WEST AUSTRALIAN METALS LTD

West Australian Metals Ltd
ABN 71 001 666 600

Registered Office and Administration
129 Edward Street
Perth WA 6000
Phone (08) 9227 1186
Fax (08) 9227 8178

Postal Address
PO Box 8178
Perth Business Centre WA 6849

31 January 2006

Manager Announcements
Company Announcements Office
Australian Stock Exchange Limited
20 Bridge Street
Sydney NSW 2000

Dear Sir,

ACTIVITIES REPORT FOR THE QUARTER ENDED 31 DECEMBER 2005

Summary

Annual General Meeting of Shareholders convened on 17 November 2005.

Aircore drilling programs carried out on Esperance mineral sand and bauxite option tenements.

WME enters into agreements with A1 Mineral Ltd and Navigator Resources Ltd over the proposed sale of tenements in the Laverton and Leonora areas.

CORPORATE

The Annual General Meeting of Shareholders was held on Thursday, 17 November 2005 at which shareholders approved the re-election of Mr Robert Martin and Mt Terence Shanahan as directors of the Company and adopted the Remuneration Report for the year ending June 2005.

ASTOP BIOHEALTH LTD CAPITAL REDUCTION

In August 2005 West Australian Metals disposed of all of its interests in Astop Biohealth Ltd (ABL) to eligible shareholders by way of a pro rata in specie distribution of the ABL fully paid shares to all West Australian Metals Shareholders on the basis of 4 ABL shares for every 115 West Australian Metals shares held.

A further offer by ABL for West Australian Metals' Shareholders to apply for a total of 4,000,000 ABL shares at an issue price of 12.5 cents per share closed over-subscribed on 12 September 2005.

ABL will further grant to West Australian Metals' Shareholders first priority in subscribing up to 50% of the ABL Shares offered by ABL when making its Initial Public Offer, at the same price as the remaining shares to be offered in the initial public offer by ABL. ABL is currently preparing a prospectus and has advised West Australian Metals that it intends to proceed with its IPO in the March quarter of 2006.

CAPITAL STRUCTURE

West Australian Metals Ltd issued capital (as at 31 December 2005)

	Number	*Details*
Shares	**184,972,746**	
Options – listed	69,950,000	– Exercisable on or before 24 August 2008 at 5.0 cents each.
Options – unlisted	1,000,000	– Exercisable on or before 24 November 2007 at 18.8 cents each.
	2,000,000	– Exercisable on or before 31 October 2007 at 18.8 cents each.
Partly Paid Shares – unlisted	40,000,000	– Issued at 2.4 cents each with 2.3 cents each uncalled, convertible on or before 24 August 2008.

LEGAL PROCEEDINGS – AUSTIN ENGINEERING LTD

Austin Engineering Ltd initiated proceedings in the District Court of Queensland for the recovery of $83,570.88 plus interest for claimed overpayment to West Australian Metals of costs related to the listing of Austin Engineering on ASX in March 2004.

West Australian Metals and Austin Engineering have agreed that the proceedings will be discontinued by consent with each party bearing their own costs.

EXPLORATION ACTIVITIES

ESPERANCE PROJECTS

West Australian Metals Ltd's wholly owned subsidiary, Bronzewing Gold Ltd, entered into option and joint venture agreements with Plasia Pty Ltd and Mr Scott Bishop to explore for mineral sands and bauxite in the Esperance district of Western Australia.

CONDINGUP BAUXITE

E63/831 and E63/939 – West Australian Metals Ltd can earn 80%

The Condingup bauxite area comprises two granted exploration licences, E63/831 and E63/939 covering 296km^2 which are potentially prospective for deep palaeo-valley fill bauxite accumulations developed over the glauconitic greensands of the Pallinup Siltstone and which may host an exploitable large deposit located within 50km of the Port of Esperance infrastructure.

Exploration by Bronzewing Gold included review of previous exploration and aeromagnetic data and air core drilling along road verges in the area.

Results were disappointing with only 65 metres of drilling completed in seven holes which encountered a thin veneer of pisolitic bauxite developed over the Pallinup Siltstone. No deeper palaeochannels fill deposits were detected.

No further work is planned for this area.

ESPERANCE MINERAL SANDS

E63/832, E63/833 and E63/834 – West Australian Metals Ltd can earn 80%

The Esperance Mineral Sand project is an option and joint venture between tenement owners, Plasia Pty Ltd and Bronzewing Gold Ltd, a wholly owned subsidiary of West Australian Metals Ltd. Under the terms of the agreement Bronzewing Gold may earn an 80% interest in E63/832, E63/833 and E63/834

Plasia acquired a moderate landholding in the Esperance Mineral Field in a marine setting over portion of the Esperance Eocene Embayment and palaeo-shoreline which was potentially prospective for Eucla Basin style mineral sands deposits.

Previous exploration in this area has been directed towards the location of lignite deposits and no evaluation of the heavy mineral sand potential is recorded.

Work carried out on the tenement by Bronzewing Gold since May 2005 includes review of all previous exploration data, review of available aeromagnetics, a ground magnetometer survey and an aircore drilling program consisted of 17 drill holes (EMAC5001-5017) for a total of 217 metres.

The drill holes were sampled and analysed where initial panning indicated the presence of HM above trace. The three holes assayed were EMAC5002, 4 and 9, with only EMAC5002 having two values calculated at greater than 1% VHM as ilmenite. Samples appear devoid on zircon.

Results were disappointing with only minor concentrations of fine heavy minerals detected. The depositional environment over the area appears to be a low energy shallow offshore environment, with possible back dunal or inlet peat development. The conditions are similar at Esperance today, with low grade HM in fine sands with islands off shore controlling the low energy of the shore environments.

No further mineral sand exploration is proposed for this area and the potential for HM accumulations on the south coast east of Albany appears remote.

Geophysical data including uranium, thorium and potassium profiles and gridded data and radiometrics are being assessed to evaluate the potential for uranium and base metal mineralisation in the area. Uranium anomalies identified to the north of the Esperance tenements have been covered by two new exploration licence applications, E63/1006 and E63/1007.

SCADDAN MINERAL SANDS

(ELA63/818), (ELA63/819) and (ELA63/820) – West Australian Metals Ltd can earn 80% non-basement rights

The Scaddan mineral sands area consists of the non-basement material rights over exploration licence E63/818 and applications E63/819 and 63/820 held by Mr Scott Bishop. The area covers portion of the Esperance Eocene Embayment and palaeo-shoreline and was explored in conjunction with the Esperance Mineral Sands tenements to examine the potential for a new mineral sands basin containing heavy mineral deposits similar to the Eucla Basin occurrences.

Ground magnetometer traverses and air core drilling was carried out on road verges in the area. A total of 225 metres of air core drilling was completed in 15 holes which were logged, sampled and analysed where initial panning indicated the presence of HM above trace. Four holes were assayed but as with similar drilling on the Esperance Mineral Sand tenements results were disappointing with only minor concentrations of fine heavy minerals detected.

No further mineral sand exploration is proposed for this area.

DUKETON BELT

On 5 December 2005 West Australian Metals announced that it had entered into an agreement with A1 Minerals Limited (AAM) over the sale of gold exploration properties held by its wholly owned subsidiary, Bronzewing Gold Ltd in the Laverton and Leonora area of Western Australian.

Subject to satisfactory due diligence, A1 Minerals has agreed to pay $100,000 and issue the Company with 2,000,000 A1 Minerals fully paid shares for 100% interest in the tenements which include the King of Creation, Ben Hur, Cork Tree Well, Anchor and No Mistake properties situated in the Duketon Belt and the Kismet/Windsor Well and Linger and Die properties in the Leonora area.

The acquisition by A1 Minerals will strengthen A1's gold resource base at the Bright Star Gold Project and will provide additional exploration potential while enabling West Australian Metals to focus on new project acquisitions.

KING OF CREATION

M38/160 – West Australian Metals Ltd ("WME") 100%
(ELA 38/1368), E38/1357 – WME earning 70%

The King of Creation Project is located 50km north of Laverton and is secured by Mining Lease M38/160 covering 855ha over a north trending sequence of intensely deformed and altered quartz poor sediments, banded cherts and intermediate to basic volcanics. A major trans-current shear zone is localised within and transects this sequence which hosts the King of Creation, Queen of Creation, Spes Unica and Mighty Atom prospects.

The central part of the mineralised shear was previously mined by Hillmin Gold Mines and produced 57,693 ozs of gold from 811,500 tonnes of ore from an open pit up to December 1990. The mine is located on a tenement E38/1375 which is excised from M38/160 and which is the subject of a joint venture agreement between the owner, Heron Resources Limited, and West Australian Metals' subsidiary Bronzewing Gold Ltd. This joint venture also encompasses ELA38/1368 covering the northern extensions to the King of Creation shear zone.

Current indicated and inferred resource estimates for M38/160 total 435,000 tonnes grading 1.45g/t for 20,000ozs Au.

The tenements are subject to the proposed sale agreement between West Australian Metals and A1 Minerals Limited.

BEN HUR

M38/339, P38/3165 and E38/1748

WME 100%

The Ben Hur Project to the west of King of Creation covers 4km of strike of the Ben Hur shear where mineralisation is hosted in an east dipping sheared quartz dolerite unit 40m to 50m wide. High grade mineralisation is associated with narrow, north plunging veins within a broad south plunging mineralised zone at the Ben Hur and Ben Hur North deposits.

Resource estimates, based on three-dimensional block modelling, using a 1.0g/t lower cut, no top cut and a variable SG between 1.9 and 2.7t/m^3 reflecting degree of oxidisation, are

Indicated Resource	*877,000 tonnes @ 1.95g/t*
Inferred Resource	*1,285,000 tonnes @ 2.1g/t*
Total	*2,162,000 tonnes @ 2.04g/t for 142,000ozs Au*

An additional inferred polygonal resource of 130,000 tonnes @ 2.8g/t Au (12,000ozs) remains current for the Kennecott East zone on a parallel structure to the north east of the Ben Hur mineralisation.

Updating of the Ben Hur resource model was commenced during the quarter.

The tenements are subject to the proposed sale agreement between West Australian Metals and A1 Minerals Limited.

CORK TREE WELL

M38/346, G38/4, (MLA38/917), (MLA38/918), E38/1563 and (ELA38/1618)

WME 100%

The Cork Tree Well tenements are 32km north of Laverton and cover 760ha in a sequence of Archaean basic volcanics, tuffs and meta-sediments with banded iron formation. Mineralisation occurs mainly in interflow cherts and shales, which dip steeply to the east and become subsidiary to graphitic shale in the primary zone.

The Cork Tree Well open pits on M38/346 were mined by Austwhim Resources NL between 1985 and 1988 and produced 699,115 tonnes at a grade of 2.3g/t Au. Current inferred resource estimates within the Cork Tree tenements total 243,000 tonnes @ 2.2g/t Au.

The tenements are subject to the proposed sale agreement between West Australian Metals and A1 Minerals Limited.

ANCHOR

M38/302 and L38/85

WME 100%

The Anchor project, located 108km north of Laverton, consists of Mining Lease 38/302 covering an area of 936ha extending 6km over an ultramafic contact which hosts high grade gold mineralisation at the Anchor open pit.

The Anchor deposit in the north of the lease produced 29,000 tonnes of high-grade ore grading 26g/t Au from a small open pit in 2000/2001. The gold mineralisation is associated with a highly altered siliceous chert zone, up to 4m in width on the ultramafic contact and is controlled by northwest trending cross faulting.

Indicated mineral resources in the vicinity of the open pit, based on 0.5g/t lower cut-off, no top cut and SG of 2.4t/m^3 are 76,700 tonnes @ 4.4g/t for 10,800ozs Au.

The Anchor tenement lies immediately to the south of Regis Resources' Moolart Well project where recent drilling has identified extensive shallow gold mineralisation over a four kilometre strike.

The tenement is subject to the proposed sale agreement between West Australian Metals and A1 Minerals Limited.

NO MISTAKE

P38/2659 (MLA38/802)
WME 100%

The No Mistake mining lease application covers an area of 11.25ha and is located 75km north of Laverton.

The tenement is located within the Erlistoun resource area where Newmont Exploration and Regis Resources NL have delineated significant mineralisation. Newmont Exploration conducted broad spaced reverse circulation drilling on behalf of Bronzewing Gold in May 2004, which confirmed continuity of the mineralised vein structure through the No Mistake tenement. Further infill drilling is warranted to establish resources on the tenement.

The tenement is subject to the proposed sale agreement between West Australian Metals and A1 Minerals Limited.

LEONORA PROJECTS

PERSEVERANCE

M37/422, M37/487, P37/4018 (MLA37/538), (MLA37/926), (MLA37/927)
WME 100%

The Perseverance tenements are located 35km east of Leonora and cover 1,616ha of faulted and folded sequence of mafic extrusive and intrusive units with interlayered tuffs and sediments. Gold mineralisation is associated with quartz veining in a variety of lithologies and the prospect incorporates the historic Prince of Wales Mine, the Perseverance - Webster's Find mines and the Benalla Mine.

The Webster's Find and nearby Perseverance mines produced a total of 21,529 tonnes of ore at an average grade of 18.26g/t Au between 1897 and 1909.

On 14 December 2005 West Australian Metals Ltd advised that the Company had entered into an agreement with Mazzelli Holdings Limited, a subsidiary of Navigator Resources Ltd (NAV), to sell the Perseverance gold exploration tenements held by the West Australian Metals' wholly owned subsidiary, Bronzewing Gold Ltd.

Navigator Resources has agreed to issue Bronzewing Gold with 500,000 ordinary fully paid shares in Navigator Resources for 100% interest in the tenements. The acquisition by Navigator Resources will provide additional exploration potential for Navigator's Cardinia resource project.

WINDSOR WELL/KISMET

M39/334, (MLA39/367), (MLA39/381), (MLA39/382), (MLA39/482), (MLA39/483) (MLA39/528), (MLA39/529), (MLA39/530) and (MLA39/663)
WME 100%

The tenements are located 50km east of Leonora and cover $14km^2$ over a sequence of mafic and ultramafic intrusive rocks with narrow sedimentary and volcanic units and occasional felsic intrusives. Gold mineralisation associated with high-grade quartz veining on the mafic-sediment contacts.

The tenements are subject to the proposed sale agreement between West Australian Metals and A1 Minerals Limited.

LINGER AND DIE PROSPECT

M37/787
WME 100%

The prospect is located 28km north of Leonora and is secured by a mining lease covering 200ha over the old Dodgers Well Mining Centre. The area produced 2,000ozs of gold from 1,400 tonnes of ore from 1897 and more recent mining in the 1980's extracted 2,007 tonnes at an average grade of 11.8g/t Au, the ore being mined from small pits along the old line of historical workings.

The tenement is subject to the proposed sale agreement between West Australian Metals and A1 Minerals Limited.

NORTHAMPTON BASE METAL PROJECT

Victoria Locations 833 and Part 118, 119 and E66/50
WME 100%

West Australian Metals currently holds approximately 282ha of ground under Victoria Locations 118, 119 and 833 and a further 60km^2 under E66/50 in the Northampton copper-lead-zinc province near Geraldton in Western Australia.

The mineral field hosts numerous small lead-zinc-silver and copper deposits which have been intermittently mined since 1850 and West Australian Metals' freehold titles and exploration licence application cover the Protheroe and Narra Tarra Pb-Zn mines which were among the deepest, richest and most prolific producers in the region.

The Northampton area holds potential for modest tonnages of high-grade lead, zinc and copper mineralisation.

West Australian Metals is in the process of finalising the sale of the property.

BADGEBUP

WME 1.125% gross product share

West Australian Metals Ltd holds a 1.125% interest in gross production income from the Badgebup Gold Project in the South West Mineral Field of WA.

No gold royalty was received during the quarter.

Leases in brackets are applications going through the Native Title process.

Yours faithfully,
for **WEST AUSTRALIAN METALS LTD**

D A Hamlyn
Executive Director

NOTE: The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr D Hamlyn, a full time employee of the company, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Hamlyn has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Hamlyn consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.