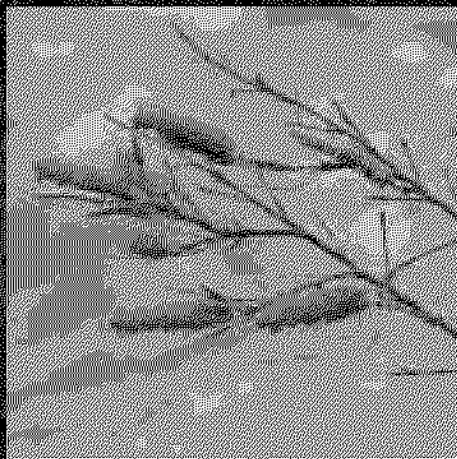


WESTERN AREAS NL



ABN 68 091 049 357

ANNUAL REPORT 2003



WESTERN AREAS NL



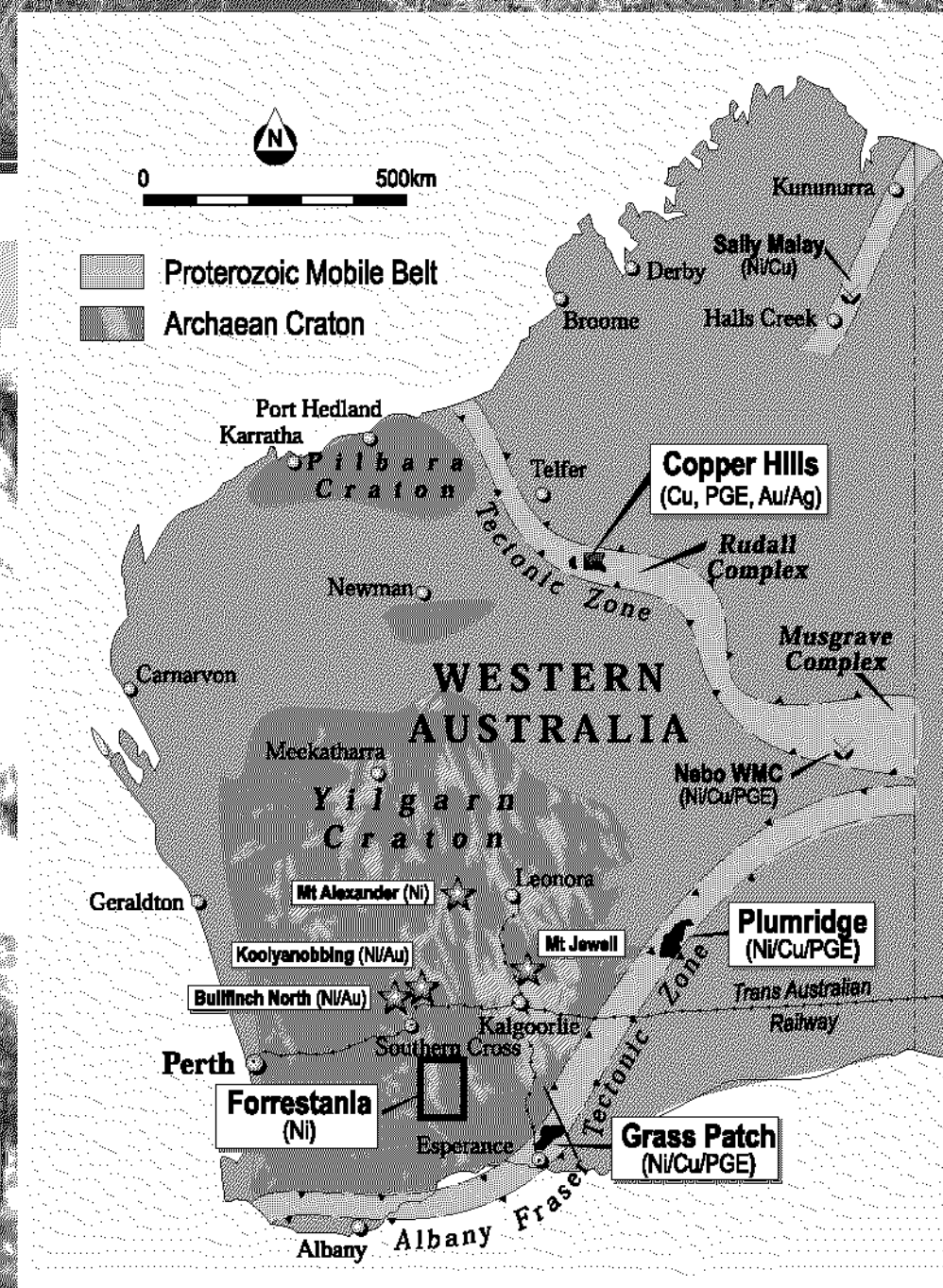
47 Ord Street, West Perth, Western Australia, 6005.

Phone: (08) 9486 7855 Fax: (08) 9486 7866

email: jhanna@westernareas.com.au

website: westernareas.com.au

FLYING FOX
FFD133 7-8% Ni



Western Areas Project Locations

Contents

Corporate Directory	1
Chairman's Letter	3
Review of Operations	4
Corporate Governance Statement	6
Directors' Report	8
Statement of Financial Performance	12
Statement of Financial Position	13
Statement of Cash Flows	14
Notes to and Forming Part of the Financial Statements	15
Directors' Declaration	27
Independent Audit Report	28
Schedule of Mining Tenements	29
Shareholders Information	31

Corporate Directory

DIRECTORS

Don Boyer
David Cooper
Julian Hanna
Timothy King
Terry Streeter

COMPANY SECRETARY

Timothy King

AUDITORS

Grant Thornton
256 St George's Terrace
Perth WA 6000

BANKERS

Commonwealth Bank of Australia
1254 Hay Street
West Perth WA 6005

SHARE REGISTRY

Security Transfer Registrars Pty Ltd
PO Box 535
Applecross 6953 WA
Phone: (08) 9315 0933
Fax: (08) 9315 2233

SOLICITORS

Steinepreis Paganin
Level 14, Chancery House
37 St George's Terrace
Perth WA 6000

STOCK EXCHANGE

Australian Stock Exchange Limited
Code: WSA

REGISTERED OFFICE

Level 1
47 Ord Street
West Perth WA 6005
Phone: (08) 9486 7855
Fax: (08) 9486 7866
Email: jhanna@westernareas.com.au
Website: westernareas.com.au

POSTAL ADDRESS

Level 1
47 Ord Street
West Perth WA 6005

Chairman's Letter

Dear Shareholder

It gives me great pleasure to present the Company's fourth Annual Report, covering an exciting period that has seen Western Areas make significant progress towards becoming a nickel producer at its flagship project at Forresteria, together with a measurable increase in shareholder value.

DOMINANT POSITION IN FORRESTERIA NICKEL PROVINCE SECURED

The Forresteria Nickel Project was the primary focus of the Company's activities during the year and subsequently. The Company earned a 75% interest in the project and in May 2003 entered into an agreement with Outokumpu to acquire the remaining 25% interest. As a result the Company has secured the nickel rights over a tract of nickel-prospective tenements 80 km in length, which represents almost the entire Forresteria nickel province.

HIGHLY SUCCESSFUL EXPLORATION PROGRAM - BANKABLE FEASIBILITY STUDY COMMENCED

The Company's highly effective diamond drilling programs at Forresteria were rewarded with the definition of the high-grade Daybreak deposit adjacent to the New Morning deposit, together with discoveries and additions to nickel resources at several prospects.

Subsequent to year's end activities at Forresteria had advanced to a point where a scoping study indicated a robust mining project, and a Bankable Feasibility Study (BFS) into the mining and treatment of nickel sulphide ore from three underground mines over an initial mine life of 6 years was commenced. All efforts are being made to fast track the project with the aim of commencing nickel production in early 2005.

NEW DISCOVERY

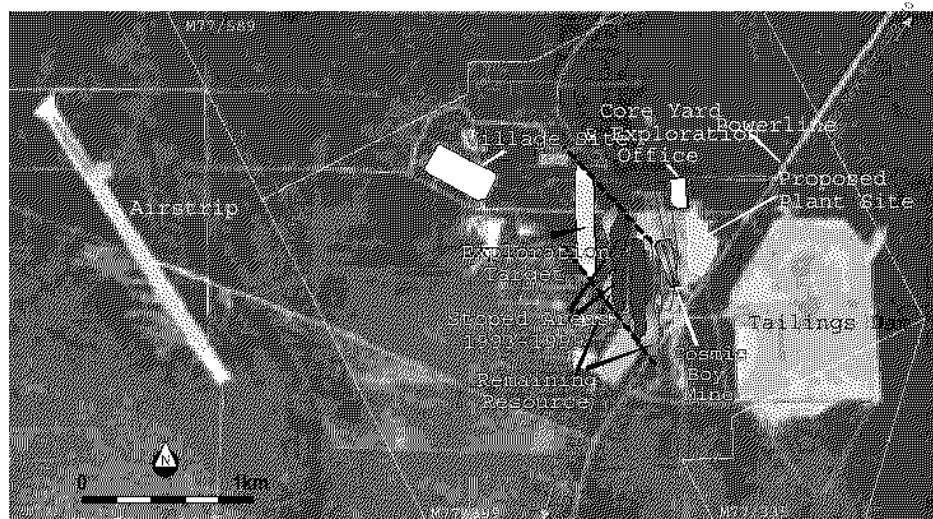
The Company's tenement holdings at Forresteria are extensive and incompletely explored. Some idea of the potential for further significant discoveries can be gained from the fact that within a month of the decision to proceed with the BFS, the Company announced the discovery of high-grade massive nickel sulphides (6.6m grading 7.9% Ni) at the Flying Fox prospect. Drilling is currently in progress at Flying Fox to define mineable reserves at the earliest opportunity. Assuming further positive results, Flying Fox may become the Company's fourth underground mine at Forresteria.

PLATINUM GROUP METAL (PGM) EXPLORATION

A second focus was exploration for platinum group metals (PGM). The price of platinum is close to an all-time high and it is considered an opportune time to acquire value-adding PGM projects. As part of this strategy, a wholly owned subsidiary (Western Platinum NL) was created and an option agreement entered into to acquire the Copper Hills project. Surface sampling has confirmed previous bonanza grade precious metals results in surface veins, and regional exploration has returned encouraging results.

At the 100%-owned Plumridge PGM project, joint venture partner Placer Dome Australia has initiated a first-pass drilling program and results are awaited.

Cosmic Boy proposed treatment plant and camp area





OTHER EXPLORATION

In addition to the priority activities at Forrestania, exploration programs for nickel sulphides and/or gold were completed at Bullfinch North, Koolyanobbing and at Mt Jewell with encouraging results.

SHARE PRICE PERFORMANCE

The Company's share price showed a steady improvement during the year and since then the impressive results from exploration at Forrestania, coupled with the BFS decision and an improving nickel price, has seen a dramatic rise in the share price to 98c at time of writing. Nickel market indicators are very positive for the next few years, which bodes well for the Company's planned commencement of nickel production at Forrestania from the last quarter 2004.

Western Area's Board, management, and its team of consultants remain highly committed to developing the Company's projects and are to be commended for their efforts and enthusiasm during the year.

We look forward to the exciting challenges in the coming year with confidence and wish to thank shareholders for their ongoing support of the Company.

Don Boyer - Chairman

Inspecting core at Forrestania: M. Foster, T. King, D. Sharp, T. Streeter, J. Hanna and G. Egerton-Warburton



Review of Operations

INTRODUCTION

This period has seen major growth in the Company with the discovery of three new nickel deposits at Forrestania, including the recent spectacular discovery at Flying Fox. Western Area's second diamond drillhole at Flying Fox, FFD 133, intersected 21.4m of high grade massive nickel sulphide which assayed an average 7.8% nickel. This intersection was announced to the market on 6th October sparking wide interest in the Company's activities and a significant re rating of the shares.

FORRESTANIA NICKEL PROJECT

Background:

In April 2002, Western Areas executed an agreement with Viceroy Australia to acquire the right to earn a 75% interest in commodities other than precious metals, in a joint venture with Outokumpu relating to 37 tenements covering most of the 80km long Forrestania nickel province. By early 2003, the Company had earned the 75% interest at Forrestania and negotiated an agreement with Outokumpu to acquire their remaining interest in the project for \$1 million payment and a 2% net smelter royalty payable from any future production.

During the past 12 months the Company has worked to streamline the project and remove encumbrances which could impact on future exploration and mining activities. This has included resolving complaints over many of the Forrestania tenements and buying back the royalty interest from the administrators of Viceroy Australia. The acquisition of a 100% interest in the project was a complex process which required 13 different legal agreements and the efforts of many people, including a major contribution by Western Area's company secretary, Timothy King.

Bankable Feasibility Study:

On 22 August 2003, the company announced a decision to proceed to a bankable feasibility study (BFS) for Stage One of the Forrestania Nickel Project with the BFS to be completed by March 2004. This announcement followed a 12 month drilling campaign and completion of a scoping study for the Stage One development of Forrestania. This scoping study evaluated the potential to develop three mines and build a 400,000tpa treatment plant at Cosmic Boy in the centre of the project.

The mines evaluated during the scoping study were New Morning / Daybreak, reopening the existing decline at Cosmic Boy to access remnant

ore and reopening the Digger Rocks decline to access high grade ore below the mine as well as provide access to the large Diggers South deposit 400m to the south. The scoping study has indicated a robust operation with an initial six year mine life, assuming an average nickel price of US\$3.80/lb compared with the current nickel price of US\$5.00/lb.

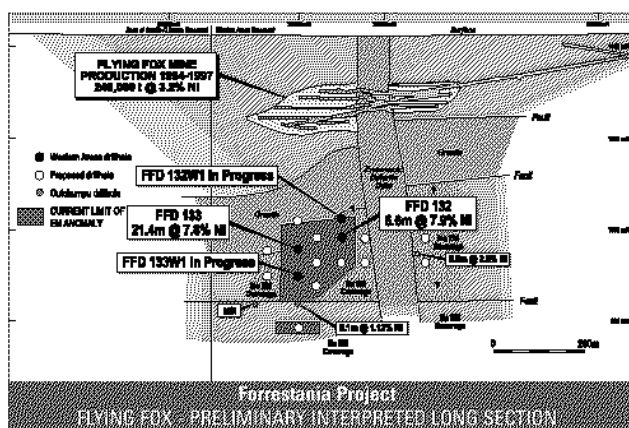
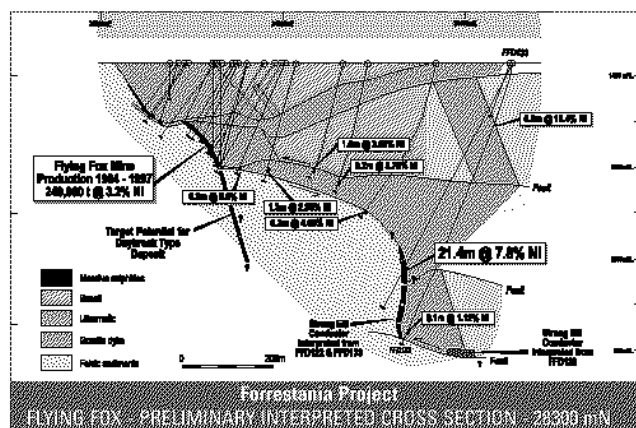
The scoping study does not include any production from the recently discovered high grade nickel zone at Flying Fox. If further drilling continues to produce positive results, the new discovery may have a major impact on the development of Forrestania. This is due to the potential for Flying Fox to increase the rate of annual nickel production, mine life and therefore cash flow from the project.

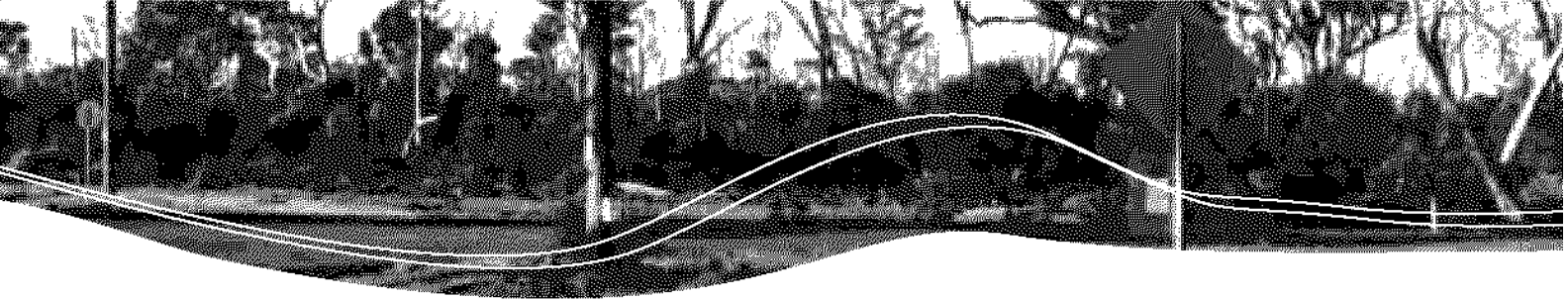
While exploration drilling is being undertaken at Flying Fox, the BFS is in progress assessing mining, metallurgy and plant design relating to the three other proposed mines. If the BFS is positive the objective will be to commence production of nickel concentrate in the first quarter of 2005. Metallurgical testwork has indicated recoveries for the various deposits in the scoping study ranging from 90% at New Morning and Daybreak to 77.5% at Diggers South.

The project benefits by having detailed records of past production from seven years of mining and ore treatment by Outokumpu. Work completed to date shows that a conventional sulphide flotation plant is suitable for batch treatment of ore from the different deposits. A preliminary design for a 400,000 tpa concentrate plant to be built at Cosmic Boy has been prepared by consultants.

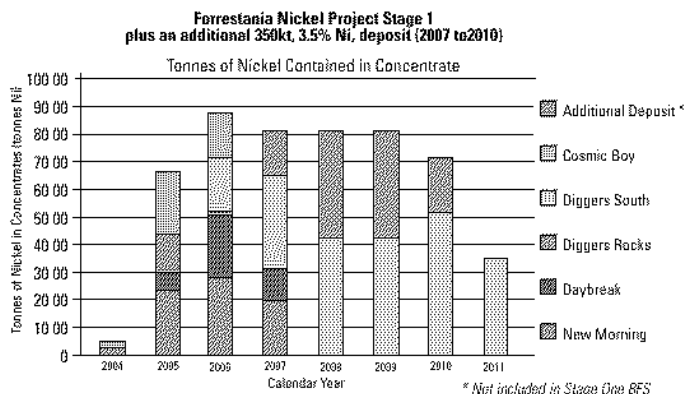
ESTIMATED MINEABLE INVENTORY -- STAGE ONE :

Deposit	Tonnes	Ni %	Tonnes Ni Contained
New Morning	200,000	4.0	8,000
Daybreak	125,000	3.5	4,375
Cosmic Boy Southend	175,000	2.7	4,725
Digger Rocks	58,000	3.6	2,070
Diggers South	1,662,000	1.7	28,750
TOTAL	2,220,000	2.2	47,920 tonnes nickel





PRODUCTION SCHEDULE -- STAGE ONE :



The production schedule for Stage One included above shows (in pink) the impact an additional resource of (say) 350,000 tonnes @ 3.5% nickel would have on maintaining production at 8,000 tpa of nickel in concentrate. This does not take into account the discovery at Flying Fox.

Exploration Strategy

A review of exploration targets at Forresteria with the potential to increase production and extend mine life beyond Stage One was completed in August 2003. Eighteen prospects or 'nickel systems' were identified on the Forresteria tenements with ten regarded as being high to medium priority. Of the ten, Western Areas selected six which were considered to have a high relative probability of success.

These are as follows:

- 1 Untested EM anomalies and 'Daybreak type' deposits - below Outokumpu's Flying Fox mine;
- 2 Untested EM anomalies on Western Nickel Belt - hosts New Morning, Daybreak and Flying Fox;
- 3 Diggers South extensions and western contact - previous intersection: 2m @ 4.3% nickel;
- 4 New Morning depth extensions - previous drilling intersected 1.8m @ 6.0% nickel;
- 5 Daybreak Deeps - previous drilling intersected 19m @ 2.0% Ni incl 2.4m @ 5.2% nickel;
- 6 Possible repetitions of large ore shoots within a wide channel, down plunge from Cosmic Boy.

The 'discovery drillhole' at Flying Fox, FFD 132, which intersected 6.6m @ 7.9% nickel was the first diamond drillhole into the first of the six targets listed above. Drilling is in progress (mid October) testing EM anomalies along the western contact at Diggers South and is planned at the Arrowhead EM anomaly on the Western Nickel Belt as soon as access approvals are received.

The discovery at Flying Fox points to a growing understanding of the geology and structural controls of the mineralisation in the highly mineralised Forresteria nickel province. It also highlights the effectiveness of the EM techniques and interpretation used in identifying drilling targets.

The directors wish to acknowledge the skills and contributions of the

Forresteria exploration team (Newexco Services) and a number of other consulting groups involved with the feasibility study (Independent Metallurgical Laboratories, AMC, ALS-Chemex and others). The feasibility study is being supervised by Western Area's Project Manager, Brian Dawes.

OTHER EXPLORATION PROJECTS

Throughout the past year the Company has been active at its other substantial nickel, platinum group elements (PGE) and gold projects. These include Bullfinch North, Koolyanobbing and Mt Jewell. Results have been encouraging and are reported in previous announcements.

At the same time Western Areas has expanded its interests in three projects which cover large Proterozoic intrusive complexes of the type that have the potential to host world class nickel-copper sulphide and PGE deposits. These projects are Copper Hills, Plumridge and Grass Patch. The Company now has one of the largest and we believe most prospective holdings for these types of deposits in Western Australia. Details of these projects are included in an announcement on 10 October 2003.



Newexco Exploration Team

The intrusive complexes are likely to become the major focus for exploration activity outside Forresteria with drilling planned to be carried out at two of the three projects in the December quarter. An experienced geologist has been assigned to each project under the supervision of the Company's Geology Manager, Terry Grammer and Geophysics Manager, Richard Stuart. Results will be announced to the market as the various exploration programs are completed.

Finally, I would like to thank you the shareholders of Western Areas for your support in what is a very exciting and rapidly changing stage in the development of the Company. The board and management team is committed to maintaining an active and successful exploration program at the same time as advancing the Forresteria Nickel Project towards production as soon as possible.

Julian Hanna
Managing Director

Corporate Governance Statement

This statement outlines the main Corporate Governance practices that were in place during the year ended 30 June 2003.

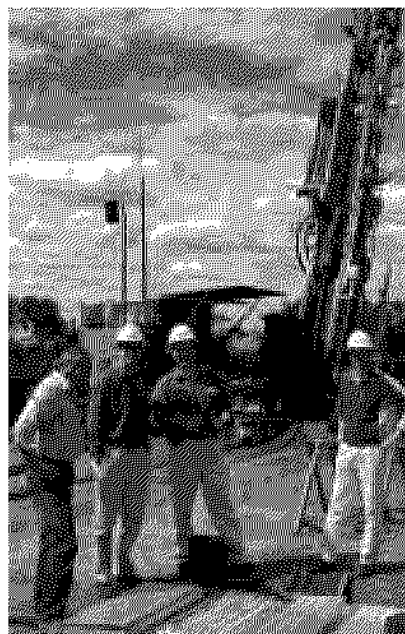
BOARD OF DIRECTORS

The Board is responsible for the overall Corporate Governance of the Company including the strategic direction, establishing goals for management and monitoring the achievement of these goals. Due to the size of the Company and the Board, Committees of the Board were not established. The Board has a framework for the management of the company including the determination of operational strategies, internal control requirements, identification and management of business and financial risks and the establishment of appropriate ethical standards.

COMPOSITION OF BOARD

The directors of the company in office at the date of this statement are:

NAME	POSITION	EXPERTISE
J Hanna	Managing Director	Geological
D Boyer	Chairman	Geological
T Streeter	Non-executive Director	Business
D Cooper	Non-executive Director	Accounting and administration
T King	Non-executive Director	Accounting and finance



Drilling at Flying Fox

The composition of the Board is determined using the following principles:

- The Board comprises at least three directors and may be increased where the directors consider that additional expertise is required in specific areas.
- The Board comprises directors with a broad range of expertise and experience.
- The composition of the Board is reviewed annually to ensure that the range of experience and expertise of Board members is appropriate for the activities and operations of the Company.

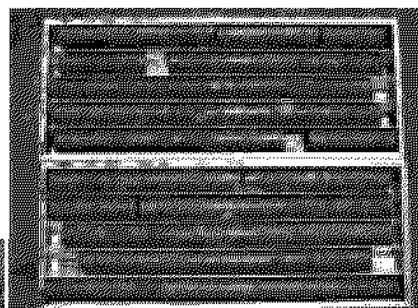
INDEPENDENT PROFESSIONAL ADVICE

Each director has the right to seek independent professional advice at the Company's expense, with the prior approval of the Chairman.

Remuneration

The remuneration packages and policies applicable to directors and senior executives are to be reviewed annually by the Board. Remuneration levels are set so as to enable the Company to attract the most qualified and experienced directors and senior executives.

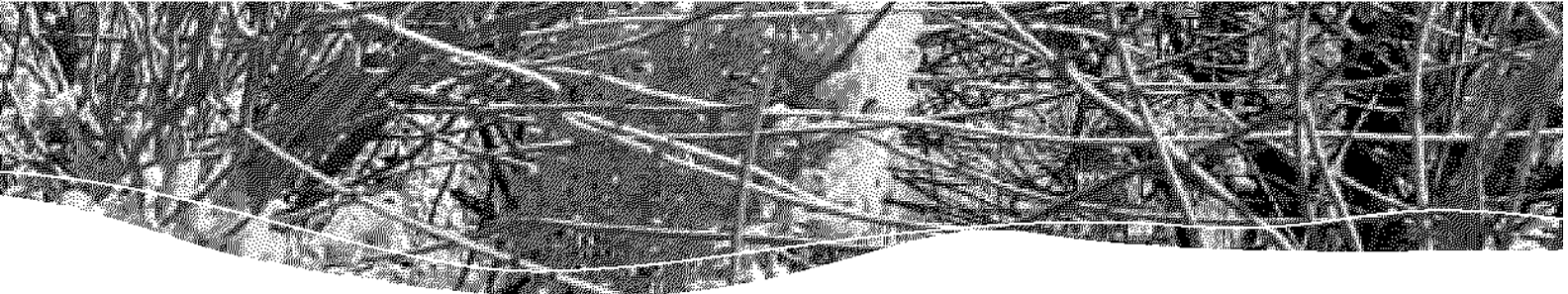
Details of directors' emoluments are set out in the Directors' Report and in the Notes to the Financial Statements.



Part of nickel sulphide core, Flying Fox 21.4m @ 7.8% nickel.

Oakover River





AUDIT

Having regard to the size and activities conducted by Western Areas NL, the Board has determined that it is not appropriate to establish a separate audit committee.

After completion of the half yearly review and annual audit, the directors obtain recommendations from the auditors in respect of matters arising from the audit, particularly the effectiveness of the accounting procedures and internal control procedures. The Board will consider, and where appropriate implement those recommendations.

The Board reviews the performance of the external auditors on an annual basis. Nomination of auditors is at the discretion of the Board.

RISK MANAGEMENT

The Board is responsible for identifying, and effectively and efficiently managing the business and financial risk inherent in the Company's operating activities. The Board meets regularly to evaluate, control, and review the Company's operations, including the identification, development and implementation of appropriate strategies to mitigate these risks.

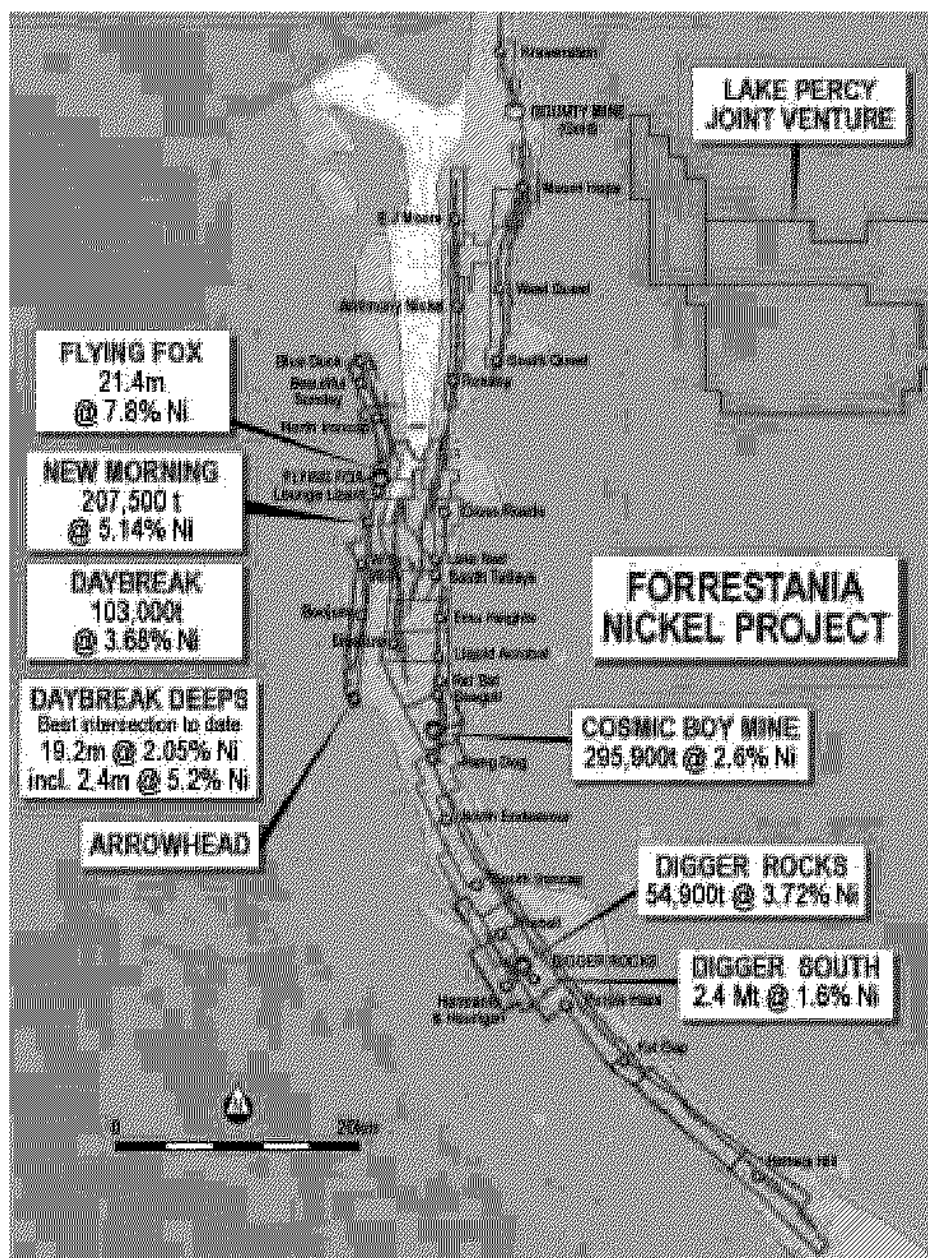
REPORTING TO SHAREHOLDERS

The Board aims to ensure that shareholders are fully informed of all major developments affecting the Company, and that the Company complies with the spirit and letter of the Stock Exchange's continuous disclosure requirements, as set out in the Listing Rules.

ETHICAL STANDARDS

The Board requires its members and the staff to act with the utmost integrity and objectivity in relation to:

- compliance with relevant legislation;
- record keeping;
- accountability;
- conflicts of interest;
- confidentiality; and
- inside information.



Conducting a flora survey at Forrestania

Director's Report

The directors of Western Areas NL ("the parent entity") and its' controlled entity, present their report together with the financial statements for the year ended 30 June 2003.

DIRECTORS

The directors of Western Areas NL during the financial year and up to the date of this report are:

D Boyer
D Cooper
J Hanna
T King
T Streeter

PRINCIPAL ACTIVITIES

The principal activities of the economic entity during the year consisted of exploration for nickel sulphides, platinum group metals and gold.

RESULTS

The consolidated net loss after tax of the economic entity for the year ended 30 June 2003 was \$720,412.

DIVIDENDS

There were no dividends paid or declared during the year and the directors do not recommend the payment of a dividend.

REVIEW OF OPERATIONS

The review of the operations and results of operations of the economic entity for the year ended 30 June 2003 are included in the Review of Operations section of the Annual Report.

Significant Changes in the State of Affairs

Significant developments for the economic entity during the year ended 30 June 2003, were as follows:

- a) The parent entity made two placements during the financial year issuing a total of 17,277,777 fully paid ordinary shares and raising a total of \$3,517,177 net of expenses. 5,712,000 20 cent options were exercised during the financial year.
- b) The parent entity earned a 75% interest in a joint venture with Outokumpu Mining Australia Ltd relating to the Forrestania Nickel Project by spending \$2.0 million on exploration expenditure. In May 2003, the parent entity executed an agreement to acquire the remaining 25% interest at Forrestania for \$1.0 million plus a 2% net smelter royalty and any remaining rehabilitation liability of past mining activities. Final settlement of the 25% interest acquisition is by payment of \$900,000 by 31 October 2003.
- c) In July 2002, the parent entity and 100% owned unlisted subsidiary Western Platinum NL, entered into an option agreement with Wedgeside Pty Ltd to acquire 100% interest in the Copper Hills project. The Wedgeside option can be exercised before 31 December 2003 either by issuing shares in Western Platinum NL to the value of \$300,000 calculated at the IPO issue price, or, if Western Platinum is not listed on the ASX by 30 December 2003, issuing shares to the value of \$200,000 in Western Areas NL.

- d) The parent entity conducted extensive nickel sulphide, platinum and gold exploration activities on the tenements at Forrestania, Bullfinch North, Copper Hills, Plumridge, Koolyanobbing, and Cundeelee.

The controlled entity (Western Platinum NL) was established on 6th August 2001 for the purposes of acquiring platinum group metal exploration projects. The Copper Hills project is the most significant development during the year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Since the end of the financial year, the directors wish to advise that the major item which may significantly affect the operations, or the state of affairs of the economic entity in subsequent financial years was included in an announcement on 22 August 2003 which described the results of the scoping study for the Forrestania Nickel Project. The introduction states:

'The Board is pleased to announce a decision to proceed to a bankable feasibility study (BFS) for Stage One of the Forrestania Nickel Project with the BFS to be completed by March 2004. The recently completed scoping study indicates a robust mining operation at three underground mines over an initial six year mine life. All efforts will be made to fast track the project with the aim of commencing production in the last quarter of 2004.'

LIKELY DEVELOPMENTS

The economic entity intends to continue the current operations involving exploration and development of its tenements. The directors will review other tenement acquisition opportunities, which they consider have the potential to add value to the economic entity.

Likely developments are, where appropriate, included in the Chairman's Report and Review of Operations sections of the Annual Report.

ENVIRONMENTAL ISSUES

The economic entity has conducted exploration activities on mineral tenements. The right to conduct these activities is granted, subject to environmental conditions and requirements.

The economic entity aims to ensure a high standard of environmental care is achieved and, as a minimum, to comply with relevant environmental regulations.



D. Cooper, T. King, D. Boyer, T. Streeter, J. Hanna

INFORMATION ON DIRECTORS

PARTICULARS OF DIRECTORS' INTERESTS IN THE SECURITIES OF WESTERN AREAS NL						
Director	Qualifications and Experience	Special Responsibilities	Ordinary Shares	Options \$0.20**	Options \$0.40***	Options \$0.75****
D Boyer	Mr Boyer—Geologist with 30 years experience in the exploration and management of gold and base metal projects in Australia. BSc (Hons). Mr Boyer is a Director of Australian Mines Ltd and Midas Resources Ltd.	Non-executive Chairman	590,000	—	800,000	200,000
J Hanna	Mr Hanna—Geologist with 25 years experience in gold and base metal exploration and mine development. BSc MAIMM. Mr Hanna has held a number of senior management positions with Forrest Gold Pty Ltd (CRA Gold division) and North Ltd.	Managing Director	884,134	729,166	800,000	200,000
TJ King	Mr King—Chartered Accountant with over 20 years experience in accounting, taxation and corporate finance. B Comm, applied Finance and Investment with the Securities Institute of Australia. Mr King is also a director of several other publicly listed companies.	Non-executive Director	1,826,856	937,500	800,000	200,000
D Cooper	Mr Cooper—Certified Practicing Accountant with over 20 years experience in the area of taxation and business administration, including as Practice Manager for TA Mairs and Co Pty Ltd. Mr Cooper also holds directorships in several active private companies.	Non-executive Director	270,000	—	800,000	200,000
T Streeter	Mr Streeter is a businessman with extensive experience in exploration and mining companies over the past 30 years. Mr Streeter is a Director and significant shareholder in Jubilee Mines NL, owners of the Cosmos nickel orebody.	Non-executive Director	19,057,234	—	800,000	200,000

* The particulars of directors' interests in shares are at the date of this Directors' Report.

** Options are exercisable at 20 cents on or before 31 March 2004.

*** For each director 400,000 options are exercisable at 40 cents on or before 31 March 2004, and 400,000 options to each director exercisable at 40 cents on or before 31 March 2006.

**** Options are exercisable at 75 cents on or before 31 March 2005.

Drilling at New Morning, Forresteria



Director's Report *continued*

DIRECTORS' BENEFITS

No directors of the economic entity have, since the end of the previous financial year, received or become entitled to receive a benefit (other than a benefit included in the total amount of emoluments received or due and receivable by directors shown in Note 4 to the accounts) by reason of a contract made by the parent entity or a related body corporate with the director or with any entity in which the director has a substantial financial interest, with the exception of benefits that may be deemed to have arisen in relation to the transactions entered into in the ordinary course of business as disclosed in Note 20 to the accounts.

SHARE OPTIONS

As at the date of this report there were 13,018,750 options over unissued ordinary shares in the parent entity exercisable on or before 31 March 2004, of which 6,568,750 are exercisable at 20 cents and 2,500,000 are exercisable at \$0.40. 2,500,000 are exercisable at \$0.40 on or before 31st March 2006 and 1,450,000 are exercisable at \$0.75 on or before 31st March 2005.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the parent entity's directors held during the year ended 30 June 2003 and the number of meetings attended by each director.

NAMES	NUMBER OF MEETINGS HELD WHILST A DIRECTOR	NUMBER OF MEETINGS ATTENDED
D Boyer	14	14
D Cooper	14	13
J Hanna	14	14
T King	14	14
T Streater	14	13

RETIREMENT, ELECTION AND CONTINUATION IN OFFICE OF DIRECTORS

Timothy King and Don Boyer being one-third of the directors, retire at the parent entity's Annual General Meeting, and, being eligible, offer themselves for re-election.

DIRECTORS' AND EXECUTIVES' EMOLUMENTS

The determination of the levels of remuneration for directors and senior executives is the responsibility of the Board. Remuneration levels and other terms of employment are reviewed annually by the Board, having regard to qualifications and experience, relevant market conditions, and performance against goals set each year. Executive officers are given the opportunity to receive their emoluments in a variety of forms including cash and fringe benefits. It is intended that the manner of payment chosen will be optimal for the recipient without creating additional cost to the economic entity.

Remuneration packages are set at levels that are intended to attract and retain executives capable of competently managing the economic entity's businesses, and formal agreements are entered into with key executives.

Details of the nature and amount of each element of the emoluments of directors and executives of the parent entity are set out in the following tables.

NON-EXECUTIVE DIRECTORS OF WESTERN AREAS NL

NAMES	SALARY/FEEES \$	BENEFITS \$	TOTAL \$
D Boyer	39,085	34,917	74,002
D Cooper	22,333	33,410	55,743
T King	22,333	33,410	55,743
T Streater	22,333	33,410	55,743

EXECUTIVE DIRECTORS' OF WESTERN AREAS NL

NAMES	SALARY/FEEES \$	BENEFITS \$	TOTAL \$
J Hanna	144,000	44,360	188,360

OTHER EXECUTIVES' OF WESTERN AREAS NL

NAMES	SALARY/FEEES \$	BENEFITS \$	TOTAL \$
T Grammer	108,000	33,270	141,270
R Stuart	48,000	93,270	141,270

There are no other executives of Western Areas NL or related bodies corporate.

INSURANCE OF OFFICERS

During the financial period, the parent entity paid a premium under a contract insuring all Directors and Officers of the economic entity against liability incurred in that capacity. Disclosure of the nature of liabilities insured and the premium is subject to a confidentiality clause under the contract of insurance.

PROCEEDINGS ON BEHALF OF PARENT ENTITY

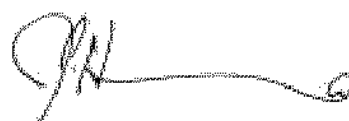
No person has applied for leave of Court to bring proceedings on behalf of the parent entity or intervene in any proceedings to which the parent entity is a party for the purpose of taking responsibility on behalf of the parent entity for all or any part of those proceedings.

The parent entity was not a party to any such proceedings during the year.

CORPORATE GOVERNANCE

The main corporate governance practices that were in place during the year ended 30 June 2003 are contained in a separate statement within the Annual Report.

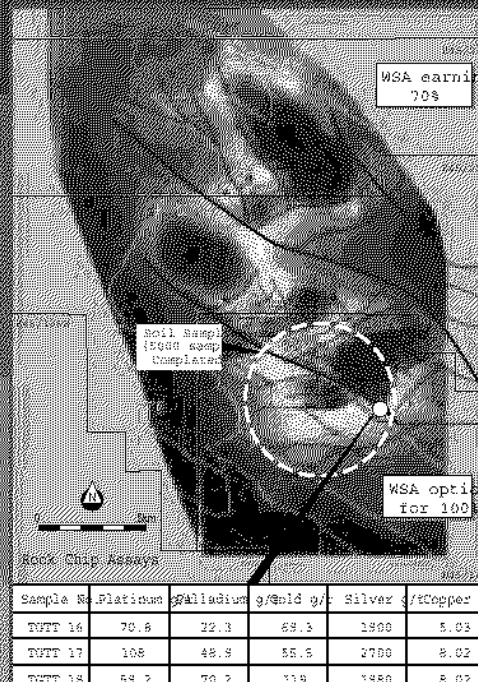
This report is made in accordance with a resolution of the directors.



J Hanna
Director

Perth
26th September 2003

Copper Hills Project, Great Sandy Desert



COPPER HILLS INTRUSIVE COMPLEX Gravity & Structural Interpretation

WESTERN AREAS N.L. AND CONTROLLED ENTITY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2003

Statement of Financial Performance	12
Statement of Financial Position	13
Statement of Cash Flows	14
Notes to and Forming Part of the Financial Statements	15
Directors' Declaration	27
Independent Audit Report	28
Schedule of Mining Tenements	29
Shareholders Information	31

STATEMENT OF FINANCIAL PERFORMANCE

For the Year Ended 30 June 2003

WESTERN AREAS N.L. AND CONTROLLED ENTITY					
	Notes	Economic Entity		Parent Entity	
		2002 \$	2003 \$	2002 \$	2003 \$
Revenues from ordinary activities	2	25,759	44,974	25,759	44,974
Employee expenses		(324,000)	(541,087)	(324,000)	(541,087)
Other expenses from ordinary activities	3	(604,215)	(224,299)	(600,674)	(223,399)
Loss from ordinary activities before income tax expense		(902,456)	(720,412)	(898,915)	(719,512)
Income tax expense relating to ordinary activities	6	—	—	—	—
Net loss attributable to members of the parent entity	17	(902,456)	(720,412)	(898,915)	(719,512)
Share issue costs		(191,811)	(242,823)	(191,811)	(242,823)
Total changes in equity other than those resulting from transactions with owners as owners		(1,094,267)	(963,235)	(1,090,726)	(962,335)
Basic earnings /(loss) per share (cents per share)	23	(0.023)	(0.01)		
Diluted earnings /(loss) per share (cents per share)	23	(0.023)	(0.01)		

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2003

WESTERN AREAS N.L. AND CONTROLLED ENTITY					
	Notes	Economic Entity		Parent Entity	
		2002 \$	2003 \$	2002 \$	2003 \$
Current Assets					
Cash assets	26	1,773,196	487,653	1,773,196	487,653
Receivables	7	218,897	308,070	218,897	308,070
Total Current Assets		1,992,093	795,723	1,992,093	795,723
Non Current Assets					
Receivables	10	—	—	1,541	379,945
Other financial assets	11	—	—	2,000	2,000
Plant and Equipment	8	37,905	142,486	37,905	142,486
Other	9	5,537,170	11,630,347	5,537,170	11,252,843
Total Non Current Assets		5,575,075	11,772,833	5,578,616	11,777,274
Total Assets		7,567,168	12,568,556	7,570,709	12,572,997
Current Liabilities					
Payables	12	674,113	1,744,095	674,113	1,744,095
Interest bearing liabilities	13	29,601	—	29,601	—
Provisions	14	32,640	54,382	32,640	54,382
Total Current Liabilities		736,354	1,798,477	736,354	1,798,477
Total Liabilities		736,354	1,798,477	736,354	1,798,477
Net Assets		6,830,814	10,770,079	6,834,355	10,774,520
Equity					
Contributed Equity	15	7,960,723	12,620,400	7,960,723	12,620,400
Reserves	16	56,875	56,875	56,875	56,875
Accumulated Losses	17	(1,186,784)	(1,907,196)	(1,183,243)	(1,902,755)
Total Equity		6,830,814	10,770,079	6,834,355	10,774,520

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2003

WESTERN AREAS N.L. AND CONTROLLED ENTITY					
	Notes	Economic Entity		Parent Entity	
		2002 \$	2003 \$	2002 \$	2003 \$
Cash Flows From Operating Activities					
Interest received		25,759	44,994	25,759	44,994
Interest paid		—	(415)	—	(415)
Cash receipts in the course of operations		117,993	505,082	117,993	505,082
Cash payments in the course of operations		(445,219)	(748,163)	(445,219)	(748,163)
Net Cash Used in Operating Activities	22	(301,467)	(198,502)	(301,467)	(198,502)
Cash Flows From Investing Activities					
Purchase of Plant and Equipment		(17,703)	(38,401)	(17,703)	(38,401)
Purchase of Option		(67,062)	—	(67,062)	—
Payment for Credit card security bond		—	(10,218)	—	(10,218)
American Travellers cheque held		—	(5,095)	—	(5,095)
Payments for exploration, evaluation and development expenditure		(1,831,591)	(5,546,715)	(1,831,591)	(5,546,715)
Payment for Subsidiary		(3,541)	—	(3,541)	—
Net Cash Used In Investing Activities		(1,919,897)	(5,600,429)	(1,919,897)	(5,600,429)
Cash Flows From Financing Activities					
Proceeds from issue of shares		2,676,000	4,902,500	2,676,000	4,902,500
Payments for prospectus expenses		(59,811)	(374,824)	(59,811)	(374,824)
Net Cash Provided by Financing Activities		2,616,189	4,527,676	2,616,189	4,527,676
Net Increase (Decrease) In Cash Held		394,825	(1,271,255)	394,825	(1,271,255)
Cash as at 1 July 2002		1,336,770	1,731,595	1,336,770	1,731,595
Cash as at 30 June 2003	26	1,731,595	460,340	1,731,595	460,340

The accompanying notes form part of these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2003

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the economic entity of Western Areas NL and its controlled entity "Economic Entity", and Western Areas NL as an individual "Parent Entity". Western Areas is a listed public company, incorporated and domiciled in Australia. Its controlled entity is a wholly owned subsidiary, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied unless otherwise stated.

(a) Principles of Consolidation

A controlled entity is an entity controlled by Western Areas NL. Control exists where Western Areas NL has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Western Areas NL to achieve the objectives of Western Areas NL. Information on the controlled entity is contained in Note 28 to the financial statements.

All inter-company balances and transactions between entities in the economic entity have been eliminated on consolidation.

(b) Plant and Equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation. The carrying amount of plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	20-27%
Furniture and fittings	13%

(c) Exploration and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to

WESTERN AREAS N.L. AND CONTROLLED ENTITY

be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(d) Income Tax

The economic entity adopts the liability method of tax affect accounting. Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless realisation of the asset is assured beyond reasonable doubt. No future income tax benefit in relation to tax losses has been brought to account as an asset as, in the opinion of the directors, it is not yet appropriate to regard recoupment of tax losses as assured beyond reasonable doubt.

(e) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(f) Cash

For the purpose of statements of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts, and investments in money market instruments with less than 14 days to maturity.

(g) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries annual leave and sick leave which will be settled after one year have been measured at their nominal amount.

Contributions are made by the economic entity to employee superannuation funds and are charged as expenses when incurred.

(h) Interests in Joint Ventures

The economic entity's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the consolidated statements of financial performance and financial position where material. Details of the economic entity's interests in joint ventures, are shown at Note 25.

(i) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS *continued*

For the Year Ended 30 June 2003

WESTERN AREAS N.L. AND CONTROLLED ENTITY

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(j) Comparative Figures

When required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(k) Receivables

The collectibility of debts is assessed at balance date and specific provision is made for any doubtful debt.

(l) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

(m) Change in Accounting Policy

The company has adopted the revised AASB 1028 Employee Benefits and the new AASB 1044 Provisions, Contingent Liabilities and Contingent Assets for the first time. There has been no material effect on the financial statements of this adoption.

	Economic Entity		Parent Entity	
	2002 \$	2003 \$	2002 \$	2003 \$
NOTE 2: REVENUE				
Operating Activities				
Interest Received	25,563	44,974	25,563	44,974
Other Revenue	196	—	196	—
Total Revenue	25,759	44,974	25,759	44,974
NOTE 3: LOSS FROM ORDINARY ACTIVITIES				
Loss from ordinary activities before income tax has been determined after:				
Expenses:				
Depreciation of non-current assets				
— Plant and equipment	13,944	16,076	13,944	16,076
— Furniture and fittings	1,167	1,283	1,167	1,283
Rental expenditure operating leases	47,046	47,577	47,046	47,577
Exploration expenditure written off	403,839	—	403,839	—
Purchase option written off	67,062	11,333	67,062	11,333
Loss on sale of Asset	—	165	—	165

WESTERN AREAS N.L. AND CONTROLLED ENTITY

	Economic Entity		Parent Entity	
	2002 \$	2003 \$	2002 \$	2003 \$
NOTE 4: REMUNERATION AND RETIREMENT BENEFITS:				
(a) Director's Remuneration				
Income paid or payable to all directors of Western Areas N.L. and any related parties:	271,129	492,552	271,129	492,552

The names of economic entity directors who have held office during the financial year are:

Mr J Hanna

Mr T Streeter

Mr D Cooper

Mr T King

Mr D Boyer

The number of directors of the economic entity whose income from the economic entity was within the following bands were:

	2002 No.	2003 No.	2002 No.	2003 No.
\$20,000 — \$29,999	2	—	2	—
\$30,000 — \$39,999	1	—	1	—
\$50,000 — \$59,999	1	2	1	2
\$70,000 — \$79,999	—	1	—	1
\$110,000 — \$119,999	—	1	—	1
\$120,000 — \$129,999	1	—	1	—
\$180,000 — \$189,999	—	1	—	1

	Economic Entity		Parent Entity	
	2002 \$	2003 \$	2002 \$	2003 \$
b) Remuneration of Executives				
Remuneration received, or due and receivable, from the economic entity or related parties, by executive officers (working within Australia) whose remuneration is \$100,000 or more:				
\$140,000 — \$149,999	—	2	—	2

(c) Retirement and Superannuation Payment

The directors were paid the statutory 9% superannuation amount on their remuneration.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS *continued*

For the Year Ended 30 June 2003

WESTERN AREAS N.L. AND CONTROLLED ENTITY

	Economic Entity		Parent Entity	
	2002	2003	2002	2003
	\$	\$	\$	\$
NOTE 5: AUDITOR'S REMUNERATION:				
Remuneration of the auditor				
- auditing or reviewing the financial report	14,150	15,200	14,150	15,200
NOTE 6: INCOME TAX:				
The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:				
Prima facie income tax calculated at 30 %	270,737	216,124	269,675	215,854
Tax losses not brought to account	(270,737)	(216,124)	(269,675)	(215,854)
Income tax expense attributed to Loss from ordinary activities	—	—	—	—
Future income tax benefits not brought to account, the benefits or which will only be realised if the conditions for deductibility set out below occur:				
Tax losses carried forward (at 30%)	210,606	546,625	209,544	545,293
Timing Differences (at 30%)	9,792	(19,015)	9,792	(19,015)
Eligible exploration expenditure (at 30%)	916,990	1,946,909	916,990	1,946,909
	1,137,388	2,474,519	1,136,326	2,473,187
The benefits will only be obtained if:				
(a) the economic entity derives future assessable income of a nature and of an amount sufficient to enable the benefits from the deductions for these losses to be realised;				
(b) the economic entity continues to comply with the conditions for deductibility imposed by tax legislation; and				
(c) no changes to tax legislation adversely affect the economic entity realising the benefit from the deductions for the losses.				
NOTE 7: RECEIVABLES				
Current				
Other debtors and prepayments	115,128	81,673	115,128	81,673
GST refund due	103,769	226,397	103,769	226,397
	218,897	308,070	218,897	308,070

WESTERN AREAS N.L. AND CONTROLLED ENTITY

	Economic Entity		Parent Entity	
	2002 \$	2003 \$	2002 \$	2003 \$
NOTE 8: PLANT AND EQUIPMENT				
Plant and Equipment -- at cost	52,466	173,297	52,466	173,297
Less: Accumulated Depreciation	(24,189)	(40,448)	(24,189)	(40,448)
	28,277	132,849	28,277	132,849
Furniture and Fittings -- at cost	11,549	12,842	11,549	12,842
Less: Accumulated Depreciation	(1,921)	(3,205)	(1,921)	(3,205)
	9,628	9,637	9,628	9,637
Total	37,905	142,486	37,905	142,486

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	<i>Plant and Equipment</i> \$	<i>Furniture and Fittings</i> \$	<i>Total</i> \$
Balance at beginning of year	28,277	9,628	37,905
Additions	120,831	1,293	122,124
Disposals	(183)	—	(183)
Depreciation expense	(16,076)	(1,284)	(17,360)
Carrying amount at end of year	132,849	9,637	142,486

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS *continued*

For the Year Ended 30 June 2003

WESTERN AREAS N.L. AND CONTROLLED ENTITY

	Economic Entity		Parent Entity	
	2002	2003	2002	2003
	\$	\$	\$	\$
NOTE 9: OTHER ASSETS				
Non current				
Exploration, evaluation and development expenditure in the exploration and evaluation phase				
- At cost	5,537,170	11,630,347	5,537,170	11,252,843
	5,537,170	11,630,347	5,537,170	11,252,843
Exploration, evaluation and development expenditure in the exploration and evaluation phase, at cost:				
Opening Balance	3,992,024	5,537,170	3,992,024	5,537,170
Expenditure (including acquisition costs) incurred	1,948,985	6,093,177	1,948,985	5,715,673
Expenditure written off	(403,839)	—	(403,839)	—
Closing balance	5,537,170	11,630,347	5,537,170	11,252,843

Mineral Exploration Expenditure

The recovery of the costs of expenditure carried forward is dependent upon the discovery of commercially viable mineral and other natural resource deposits and their development and exploration or alternatively their sale. The economic entity's title to certain mining tenements is subject to Ministerial approval and delivery of the Certificates of Registration relating thereto.

	Economic Entity		Parent Entity	
	2002	2003	2002	2003
	\$	\$	\$	\$
NOTE 10: RECEIVABLES				
Wholly owned group entity	—	—	1,541	379,945
NOTE 11: OTHER FINANCIAL ASSETS				
Investment at cost	—	—	2,000	2,000
Controlled entity - unlisted	—	—	—	—
NOTE 12: PAYABLES				
Current				
Trade creditors	674,113	844,095	674,113	844,095
Accruals in respect of tenement acquisition	—	900,000	—	900,000
	674,113	1,744,095	674,113	1,744,095
NOTE 13: INTEREST BEARING LIABILITIES				
Current				
Bank overdrafts	29,601	—	29,601	—

WESTERN AREAS N.L. AND CONTROLLED ENTITY

	Economic Entity		Parent Entity	
	2002 \$	2003 \$	2002 \$	2003 \$
NOTE 14: PROVISIONS				
Current				
Employee Entitlements	32,640	54,382	32,640	54,382
Number of employees at year end:	3	4	3	4
NOTE 15: ISSUED CAPITAL				
(a) Paid Up Capital				
75,711,093 ordinary shares fully paid (2002: 52,721,316)	7,960,723	12,620,400	7,960,723	12,620,400
(a) Ordinary Shares				
At the beginning of the reporting period 52,721,316 ordinary shares (2002 37,395,000)	5,476,534	7,960,723	5,476,534	7,960,723
Shares issued during the year				
- on 6 December 2002 12,277,777 fully paid shares issued at 18 cents per share	—	2,210,000	—	2,210,000
- on 5 March 2003 5,000,000 fully paid shares issued at 31 cents per share	—	1,550,000	—	1,550,000
Options exercised during the year				
- 20c 31.3.04, 5,712,500 options	—	1,142,500	—	1,142,500
Prior period share issues	2,676,000	—	2,676,000	—
Transaction costs relating to share issues	(191,811)	(242,823)	(191,811)	(242,823)
At end of the reporting period 75,711,093 ordinary shares (2002 : 52,721,316)	7,960,723	12,620,400	7,960,723	12,620,400

(b) Share Capital Issued during the year

- (i) On 6th December 2002 12,277,777 shares were issued at 18 cents per share.
- (ii) On 5th March 2003 5,000,000 shares were issued at 31 cents per share.
- (iii) On 9th May 2003 87,500 20c (31.3.04) options were exercised.
- (iv) On 17th June 2003 5,625,000 20c (31.3.04) options were exercised.

(c) Share Options on Issue

The following options were outstanding at 30 June 2003:

Number	Exercise Price	Expiry Date
6,568,750	\$0.20	31 March 2004
2,500,000	\$0.40	31 March 2004
2,500,000	\$0.40	31 March 2006
1,450,000	\$0.75	31 March 2005

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS *continued*

For the Year Ended 30 June 2003

WESTERN AREAS N.L. AND CONTROLLED ENTITY

	Economic Entity		Parent Entity	
	2002 \$	2003 \$	2002 \$	2003 \$
NOTE 16: RESERVES:				
Option Reserve				
Opening Balance	56,875	56,875	56,875	56,875
Closing balance	56,875	56,875	56,875	56,875
The option reserve relates to the value of options issued.				
NOTE 17: ACCUMULATED LOSSES				
Accumulated losses of the beginning of the financial year	(284,328)	(1,186,784)	(284,328)	(1,183,243)
Net loss attributable to the members of the parent entity	(902,456)	(720,412)	(898,915)	(719,512)
Accumulated losses at the end of the financial year	(1,186,784)	(1,907,196)	(1,183,243)	(1,902,755)

NOTE 18: STATEMENT OF OPERATIONS BY SEGMENTS

The economic entity operated predominantly in the mineral exploration industry in Australia.

NOTE 19: COMMITMENTS AND CONTINGENT LIABILITIES:

The Directors are not aware of any contingent liabilities, other than those listed below, as at the date of these financial statements:

1. Employment contracts with the three full time executive employees of Western Areas NL provide for the payment of benefits upon the termination of employment by the parent entity. The employees are entitled to up to 12 months termination pay plus other entitlements.
2. In May 2003, the parent entity executed an agreement to acquire the remaining 25% interest at the Forreastania Nickel Project. The purchase price included a commitment to pay a 2% net smelter royalty to carry and any remaining rehabilitation liability.
3. In July 2003, the parent entity entered into an agreement with Image Resources to farm in to the Lake Percy Project. Western Areas must meet minimum exploration expenditure of \$75,000 by February 2004 before the company can withdraw from the agreement.
4. 100% owned subsidiary, Western Platinum NL extended the option agreement with Wedgeside Pty Ltd for the Copper Hills project by payment of \$30,000 to Wedgeside in 31 December 2002. Western Platinum must meet minimum exploration expenditure of \$150,000 by 31 December 2003.
5. The economic entity may earn a 60% interest in the Koolyanobbing Project (East Joint Venture) tenements, by incurring exploration costs of \$190,000, subject to the right of the other party to contribute to expenditure and claw back such that Western Areas NL would then have a 49% beneficial interest.
6. The economic entity has obligations to incur minimum amounts of expenditure to maintain the tenements it acquired at the time of the Initial Public Offering and subsequently keep in good standing with the Department of Industry and Resources.

Western Areas NL has additional obligations to perform minimum exploration work. These obligations may vary from time to time in accordance with the economic entity's exploration budget and Department of Industry and Resources expenditure requirements.

Actual funds spent on projects depends upon the length of time the relevant tenements are held and operated by the economic entity, and the nature and extent of potential Department of Industry and Resources exemptions from the above expenditure.

7. Details of lease commitments are set out in Note 24.

NOTE 20: NATIVE TITLE:

As at 30 June 2003, several of the mineral tenements were subject to Native Title claims. Negotiations were continuing with the relevant parties involved. The negotiations should not impede any significant exploration activity on granted tenements in the foreseeable future. Conversion to mining leases over the other projects may be subject to delays in relation to Native Title and the economic entity believes such delays will not impede any significant exploration activity.

NOTE 21: RELATED PARTY TRANSACTIONS:

All transactions with related parties are made on arm's length terms and conditions except where indicated.

- (i) The following related party transactions occurred during the reporting period:

Accounting and Company Secretarial fees were paid, or are due and payable, at normal commercial rates to:—

WESTERN AREAS N.L. AND CONTROLLED ENTITY

	Economic Entity		Parent Entity	
	2002	2003	2002	2003
	\$	\$	\$	\$
NOTE 21: RELATED PARTY TRANSACTIONS (cont)				
Accounting Fees				
King and King	20,414	28,225	20,414	28,225
Company Secretarial Fees				
King and King	16,829	34,736	16,829	34,736
	37,425	62,961	37,425	62,961

(ii) Security Interests of Directors

Interests in the equity instruments and share options of the parent entity held by Directors and their related entities at balance date:

Name	Fully paid ordinary shares	20c options	40c options	75c options
T. King	1,826,856	937,500	800,000	200,000
J. Hanna	884,134	729,166	800,000	200,000
D. Boyer	590,000	—	800,000	200,000
D. Cooper	270,000	—	800,000	200,000
T. Streeter	19,057,234	—	800,000	200,000

(iii) Shares and options in Western Areas NL acquired and disposed of by the directors and their directors related entities during the year were as follows:

	Fully paid ordinary shares:	Acquired	Disposed
T. King		494,356	100,000
J. Hanna		100,000	Nil
T. Streeter		8,675,991	Nil

	Economic Entity		Parent Entity	
	2002	2003	2002	2003
	\$	\$	\$	\$
NOTE 22: CASH FLOW INFORMATION				
Reconciliation of Cash Flow from Operations with Profit from ordinary activities after income tax				
Loss from ordinary activities after income tax	(962,456)	(720,412)	(898,915)	(719,512)
Depreciation and Amortisation	15,111	17,544	15,111	17,544
GST Relating to non operating activity	91,663	437,251	91,663	437,251
Write down in tenement carrying value	403,839	—	403,839	—
Purchase Option write off	67,062	—	67,062	—
Change in Assets and Liabilities				
Increase / (decrease) in accounts payable	12,913	44,472	12,913	44,472
Increase / (decrease) in provisions	6,860	21,743	6,860	21,743
Increase / (decrease) in investments	3,541	900	—	—
Increase / (decrease) in receivables	—	—	—	—
Net Cash Flows used in Operating Activities	(301,467)	(198,502)	(301,467)	(198,502)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS *continued*

For the Year Ended 30 June 2003

WESTERN AREAS N.L. AND CONTROLLED ENTITY

	Economic Entity		Parent Entity	
	2002 \$	2003 \$	2002 \$	2003 \$
NOTE 23: EARNINGS/(LOSS) PER SHARE				
Earnings used in the calculation of basic earnings / (loss) per share	(902,456)	(720,412)	(898,915)	(719,512)
Weighted average number of ordinary shares used in the calculation of basic earnings/(loss) per share	38,664,325	61,707,306	38,664,325	61,707,306
Effect of dilutive securities	—	4,023,802	—	4,023,802
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	38,664,325	65,731,108	38,664,325	65,731,108
NOTE 24: LEASE COMMITMENTS				
Operating Lease Commitments				
Non-cancelable operating leases contracted for but not capitalised in the accounts				
Rental commitments payable	47,047	15,840	47,047	15,840

NOTE 25: INTERESTS IN JOINT VENTURES

At balance date the economic entity had entered into the following unincorporated joint ventures:

Joint Venture	Percentage Interest	Principal Activities	Investment \$
1. Bullfinch North	70%	Nickel & Gold	1,251,043
2. Koolyanobbing East	30%	Nickel & Gold	167,373
3. Koolyanobbing Central	70%	Nickel & Gold	382,602

The joint ventures are not separate legal entities but are contractual arrangements between the participants for sharing costs and output and do not in themselves generate revenue or profit. The only asset held by the joint ventures is Exploration and Evaluation Expenditure, no liabilities exist in the joint ventures.

	Economic Entity		Parent Entity	
	2002 \$	2003 \$	2002 \$	2003 \$
NOTE 26: CASH				
Cash on hand	410	410	410	410
Cash at bank	1,760,786	459,930	1,760,786	459,930
Short Term Deposit	12,000	12,000	12,000	12,000
Credit Card Security Deposit	—	10,218	—	10,218
American Travellers cheques	—	5,095	—	5,095
	1,773,196	487,653	1,773,196	487,653
Cash at the end of the period as shown in the statement of financial position is reconciled to items in the statement of cash flows as follows:				
Cash assets	1,773,196	487,653	1,773,196	487,653
Term deposit	(12,000)	(22,218)	(12,000)	(22,218)
Bank overdraft	(29,601)	—	(29,601)	—
Other Cash Asset	—	(5,095)	—	(5,095)
	1,731,595	460,340	1,731,595	460,340

NOTE 27: FINANCIAL INSTRUMENTS

The economic entity has not engaged in any foreign exchange contracts, interest rate swap agreements or other hedging programs during the reporting period.

Interest Rate Risk

The economic entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, are as follows:

2002 Economic Entity		Fixed Interest maturing in					
		Floating	1 year	Over 1 to	More than	Non-Interest	Total
	Notes	Interest Rate	or less	5 years	5 years	Bearing	
		\$	\$	\$	\$	\$	\$
Financial Assets							
Cash	26	171,789	—	—	—	1,601,407	1,773,196
Receivables	7	—	—	—	—	218,897	218,897
		171,789	—	—	—	1,820,304	1,992,093
Weighted Average Interest Rate		4.01%	—	—	—	—	—
Financial Liabilities							
Trade Creditors and Accruals	12	—	—	—	—	674,113	674,113
Bank overdrafts	13	29,601	—	—	—	—	29,601
		29,601	—	—	—	674,113	703,714
Weighted Average Interest Rate		1.90%	—	—	—	—	—
Net Financial Assets/(Liabilities)		142,188	—	—	—	1,146,191	1,288,379

2003 Economic Entity		Fixed Interest maturing in					
		Floating	1 year	Over 1 to	More than	Non-Interest	Total
	Notes	Interest Rate	or less	5 years	5 years	Bearing	
		\$	\$	\$	\$	\$	\$
Financial Assets							
Cash	26	464,956	—	—	—	22,697	487,653
Receivables	7	—	—	—	—	308,070	308,070
		464,956	—	—	—	330,767	795,723
Weighted Average Interest Rate		4.30%	—	—	—	—	—
Financial Liabilities							
Trade Creditors and Accruals	12	—	—	—	—	1,744,095	1,744,095
		—	—	—	—	1,744,095	1,744,095
Weighted Average Interest Rate	—	—	—	—	—	—	—
Net Financial Assets/(Liabilities)		464,956	—	—	—	(1,413,328)	(948,372)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS *continued*

For the Year Ended 30 June 2003

WESTERN AREAS N.L. AND CONTROLLED ENTITY

	Economic Entity		Parent Entity	
	2002 \$	2003 \$	2002 \$	2003 \$
NOTE 27: FINANCIAL INSTRUMENTS <i>continued</i>				
Reconciliation of Net Financial Assets to Net Assets				
Net Financial Assets/(Liability)	1,288,979	(948,372)	1,291,920	(566,427)
Property, Plant and Equipment (Note 8)	37,905	142,486	37,905	142,486
Mineral Interests (Note 9)	5,537,170	11,630,347	5,537,170	11,252,843
Provisions (Note 13)	(32,640)	(54,382)	(32,640)	(54,382)
Net Assets	6,830,814	10,770,079	6,834,355	10,774,520

Credit Risk

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount, net of any provisions of doubtful debts of those assets, as disclosed in the balance sheet and notes to the financial statements.

Net Fair Values

For assets and liabilities, the net fair values approximate their carrying value.

No financial assets or liabilities are readily traded on organised markets in standardised form other than listed investments.

NOTE 28: CONTROLLED ENTITY

Country of Incorporation		2002 %	Percentage Owned % 2003 %
Parent Entity			
Western Areas NL	Australia	—	—
Subsidiary of Western Areas NL			
Western Platinum NL	Australia	100	100

On 6 August 2001, Western Platinum NL was incorporated for the purpose of managing platinum projects. It is a wholly owned subsidiary of Western Areas NL.

NOTE 29: COMPANY DETAILS

The registered office and principal place of business of the company is:

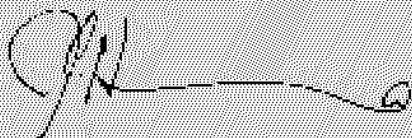
47 Ord Street
West Perth
Western Australia 6005

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 12 to 26 are in accordance with the Corporations Act 2001:
 - (a) comply with Accounting Standards and the Corporations Regulation 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2003 and of the performance for the year ended on that date of the company and economic entity.
2. In the directors opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to be 'J. Hanna', with a long horizontal line extending to the right and a small flourish at the end.

J. Hanna

Director

Dated this 26th day of September 2003

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Western Areas NL (the company) and Western Areas NL and its controlled entity (the consolidated entity), for the year ended 30 June 2003. The consolidated entity comprises both the company and the entities it controlled during the year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Our audit did not involve an analysis of the prudence of business decisions made by the directors or management.

We have read the other information in the annual report to determine whether it contained any material inconsistencies with the financial report.

Independence

In conducting our audit, we followed the applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit opinion

In our opinion, the financial report of Western Areas NL is in accordance with:

- (a) the Corporations Act 2001, including:
 - i) giving a true and fair view of the Western Areas NL consolidated entity's financial position as at 30 June 2003, and of its performance for the year ended on that date; and
 - ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.



GRANT THORNTON
CHARTERED ACCOUNTANTS



SEAN MCGURK
Partner

Perth, Western Australia

Dated this 26th day of September

SCHEDULE OF MINING TENEMENTS

<i>Areas of interest</i>	<i>Tenements</i>	<i>Company's interest</i>	<i>Joint venture partners</i>
WESTERN AUSTRALIA			
Mt Jewell	EL 27/83	100%	
	EL 24/63	100%	
	MLA 24/597	100%	
	MLA 24/598	100%	
Mt Alexander	MLA 29/313	100%	
	EL 29/189	100%	
	EL 29/192	100%	
	ML 29/36	100%	Barra Resources
	ML 29/37	100%	Barra Resources
Koolyanobbing	EL 77/438	51%	Delta Gold
	EL 77/874	51%	Delta Gold
	ML 77/676	51%	Delta Gold
	ML 77/737	51%	Delta Gold
	MLA 77/839	51%	Delta Gold
	MLA 77/1046	51%	Delta Gold
	EL 77/1004	30%	Portman Res
	ELA 77/1088	30%	Portman Res
	EL 77/1089	30%	Portman Res
	M 77/606	0%	Portman Iron Ore
	M 77/607	0%	Portman Iron Ore
	M 77/611	0%	Portman Iron Ore
	ML77/988	0%	Portman Iron Ore
	ML77/989	0%	Portman Iron Ore
	ML77/990	0%	Portman Iron Ore
Bullfinch North	EL 77/474	70%	Polaris Metals
	EL 77/485	70%	Polaris Metals
	EL 77/733	70%	Polaris Metals
	EL 77/922	70%	Polaris Metals
	EL 77/932	70%	Polaris Metals
	EL 77/933	70%	Polaris Metals
	EL 77/944	70%	Polaris Metals
	ELA 77/879	70%	Polaris Metals
	EL 77/907	70%	Polaris Metals
	ELA 77/920	70%	Polaris Metals
	EL 77/924	70%	Polaris Metals
	EL 77/1010	70%	Polaris Metals
	EL 77/1012	70%	Polaris Metals
	EL 77/1022	70%	Polaris Metals
	ML 77/123	70%	Polaris Metals
	ML 77/228	70%	Polaris Metals
	PL 77/3292	70%	Polaris Metals
	PL 77/3295	70%	Polaris Metals
	PL 77/3301	70%	Polaris Metals
	PL 77/3302	70%	Polaris Metals
	PL 77/3303	70%	Polaris Metals
	PLA 77/3304	70%	Polaris Metals
	PL 77/3307	70%	Polaris Metals
	PL 77/3313	70%	Polaris Metals
	EL 77/1046	70%	Polaris Metals
	EL 77/1058	70%	Polaris Metals

SCHEDULE OF MINING TENEMENTS *continued*

<i>Areas of interest</i>	<i>Tenements</i>	<i>Company's interest</i>	<i>Joint venture partners</i>
WESTERN AUSTRALIA			
Cundeelee	EL 28/522	100%	ReLODE Ltd
Plumridge	EL 69/882	100%	Placer Dome AP
	EL 69/883	100%	Placer Dome AP
	EL 69/1252	100%	Placer Dome AP
	EL 69/1550	100%	Placer Dome AP
	EL 39/904	100%	Placer Dome AP
	EL 39/905	100%	Placer Dome AP
	EL 39/906	100%	Placer Dome AP
	EL 39/909	100%	Placer Dome AP
	EL 39/915	100%	Placer Dome AP
	ELA 69/1721	100%	Placer Dome AP
Cue Gold	ELA 20/427	100%	
	ELA 20/428	100%	
Forrestania	E 77/555	75%	Forrestania
	M 74/057	75%	Forrestania
	M 74/058	75%	Forrestania
	M 74/064	75%	Forrestania
	M 74/065	75%	Forrestania
	M 74/081	75%	Forrestania
	M 74/090	75%	Forrestania
	M 74/091	75%	Forrestania
	M 74/092	75%	Forrestania
	M 77/098	75%	Forrestania
	M 77/215	75%	Forrestania
	M 77/216	75%	Forrestania
	M 77/219	75%	Forrestania
	M 77/284	75%	Forrestania
	M 77/285	75%	Forrestania
	M 77/286	75%	Forrestania
	M 77/329	75%	Forrestania
	M 77/335	75%	Forrestania
	M 77/336	75%	Forrestania
	M 77/389	75%	Forrestania
	M 77/399	75%	Forrestania
	M 77/458	75%	Forrestania
	M 77/542	75%	Forrestania
	M 77/543	75%	Forrestania
	M 77/550	75%	Forrestania
	M 77/568	75%	Forrestania
	M 77/574	75%	Forrestania
	M 77/582	75%	Forrestania
	M 77/583	75%	Forrestania
	M 77/584	75%	Forrestania
	M 77/585	75%	Forrestania
	M 77/586	75%	Forrestania
	M 77/587	75%	Forrestania
	M 77/588	75%	Forrestania
	M 77/589	75%	Forrestania
	M 77/911	75%	Forrestania
	M 77/912	75%	Forrestania
Copper Hills	E 45/1435	0%	Wedgeside
	E 45/1492	0%	Wedgeside
	E 45/1568	0%	Wedgeside
	E 45/1691	0%	Wedgeside
	E 45/1692	0%	Wedgeside

SHAREHOLDER INFORMATION

The shareholder information set out below shows the position as at 25 September 2003.

a) Distribution of Shareholdings

Ordinary Shares*

i) Distribution schedule of holdings:	
1 – 1,000	14
1,001 – 5,000	170
5,001 – 10,000	246
10,001 – 100,000	466
100,001 – over	97

Total number of holders 993

ii) Number of holders of less than a marketable parcel 8

iii) Number of overseas Holders 28

iv) Percentage held by 20 largest holders 52.99%

* All ordinary shares carry one vote per share without restriction.

b) Largest Security Holders

i) Names of the 20 largest holders of Ordinary Shares are listed below:

NAME	NO. SHARES HELD	%
Jungle Creek Gold Mines NL	19,057,234	23.21
Northmead Holdings Pty Ltd	2,640,000	3.22
Eclipse Resources Pty Ltd	2,551,971	3.11
Perth Select Seafoods Pty Ltd	2,345,000	2.86
Arredo Pty Ltd	2,100,000	2.56
Marinovich John	1,770,000	2.16
Marchesani Michael	1,417,700	1.73
Sydney Fund Managers Ltd	1,340,000	1.63
Arotinco Resources NL	1,301,000	1.58
Marinovich Brett John	1,000,000	1.22
Lincoln Areas NL	999,170	1.22
Citicorp Nominees Pty Ltd	895,300	1.09
Tsallis Georgina	873,000	1.06
Marchesani Michele	800,000	.97
Dalla-Copsta Melville R	800,000	.97
Timothy King	760,000	.93
Invesco Nominees Pty Ltd	755,635	.92
Cannavo Francesco & Anthony	750,000	.91
Hanna Julian Philip	685,834	.84
Rexfam Trading Pty Ltd	656,856	.80
Total	43,498,700	52.99

SHAREHOLDER INFORMATION *continued*

ii) Names of the Option holders are listed below:

NAME	NO. OF 20c OPTIONS (1)	%	NO. OF 40c OPTIONS (2)	%	NO. OF 40c OPTIONS (3)	%	NO. OF 75c OPTIONS (3)	%
Jungle Creek Gold Mines					400,000	16	200,000	13.79
Ross Norgard	1,171,875	20.68						
Trevor Clohessy	1,171,875	20.68						
Timothy King	937,500	16.54	400,000	16			100,000	6.90
Jennifer King					400,000	16	100,000	6.90
Joe Treacy	100,000	1.76						
Terrence Grammer			250,000	10	250,000	10	150,000	10.34
Richard Stuart	129,167	2.28	250,000	10	250,000	10	150,000	10.34
Julian Hanna	364,583	6.43	400,000	16	400,000	16	100,000	6.90
Patricia Hanna	364,583	6.43					100,000	6.90
Don Boyer			400,000	16	400,000	16	200,000	13.79
David Cooper			400,000	16				
Fidene Nominees Pty Ltd					400,000	16	200,000	13.79
Terry Streeter			400,000	16				
David Paterson	50,000	0.88						
Peter Woods	50,000	0.88						
Francesco & Anthony								
Cannavo	500,000	8.82						
Frank Cannavo	100,000	1.76						
Deborah Dawes							100,000	6.90
Corrinne Ford							50,000	3.45
Northmead Holdings P/L	729,167	12.86						
TOTAL	5,668,750	100	2,500,000	100	2,500,000	100	1,450,000	100

1) Options exercisable at \$0.20 on or before 31 March 2004

2) Options exercisable at \$0.40 on or before 31 March 2004

3) Options exercisable at \$0.40 on or before 31 March 2006

4) Options exercisable at \$0.75 on or before 31 March 2005

c) Substantial Shareholders

NAME	NUMBER OF SHARES HELD	%
Jungle Creek Gold Mines NL	19,057,234	23.21
Northmead Holdings Pty Ltd	2,640,000	3.22
Eclipse Resources Pty Ltd	2,551,971	3.11