

ANGLO AUSTRALIAN RESOURCES NL
“AAR”

28 January 2004

Company Announcement Office
Australian Stock Exchange Limited
2 The Esplanade
PERTH WA 6000

Dear Sir

**HIGH GRADE GOLD VALUES CONFIRMED IN PALEOCHANNELS AT THE
MANDILLA PROSPECT NEAR KAMBALDA, WESTERN AUSTRALIA**

Anglo Australian Resources NL “AAR” reports the results of a 97-hole, 3063m vertical air core drilling program recently completed at its wholly owned Mandilla Prospect 20km SW of Kambalda, Western Australia.

Drilling principally targeted an interpreted gold-mineralised palaeochannel (old buried stream channel) in unconsolidated sediments. A paleochannel containing high grade gold was confirmed over a length of 600m and remains open to the north. Most holes were drilled outside of the limits of the relatively narrow paleochannel and contain no gold, but good mineralisation was intersected in most holes that intersected the paleochannel (Table 1).

Highlights of the drilling include include **1m @ 29.58 g/t Au, 2m @ 19.19g/t Au and 1m @ 8.89g/t Au** from the West Mandilla prospect, following up earlier intersections (drilled by WMC Resources) of **1m @ 16.9g/t Au, 1m @ 46g/t Au, 1m @ 62g/t Au and 4m @ 76.88g/t Au**.

Gold is concentrated in quartz-rich gravel near the base of the paleochannel, typically over a width of 10 to 20 metres and a thickness of one to two metres. The mineralisation is shallow, as the base of the paleochannel lies 18 to 23 metres below surface shallowing towards the north.

Screen fire assaying and leach well tests indicate that there is a considerable coarse gold component to the mineralisation, a feature typical of paleochannel style gold deposits.

Supergene and bedrock gold mineralisation (a possible source of the paleochannel mineralisation) was intersected on all drill sections towards the northern end of the paleochannel over a strike of 300m. Although bedrock intersections obtained to date are low grade (maximum 1.7g/t Au), the drilling, which primarily focused on the shallow paleochannel, was far too shallow to test the bedrock mineralisation. Anglo Australian considers the bedrock mineralisation represents a compelling target for future drilling.

Anglo Australian recently acquired the project from St Ives Gold Mining Company Pty Ltd, a wholly owned subsidiary of Gold Fields Australia Pty Ltd, the Australian mining arm of Gold Fields Limited of South Africa.

These results from our first round of drilling are excellent and confirm the potential of the project.

In addition to the primary near surface palaeochannel target, which has excellent potential for early development, we will also be testing deeper, high-grade bedrock lodes. Strong geochemical anomalies just north of the paleochannel may indicate the source of the gold in the palaeochannel, but remain substantially untested.

The objective of Anglo Australian is to obtain a cash flow from mining the paleochannel mineralisation and custom milling the ore at nearby plants. Now that the palaeochannel mineralisation has been confirmed, closer spaced drilling will be undertaken to define the full extent of the mineralised zone and to better define its average grade. A close-spaced resource delineation drilling program will follow. Additionally, a program of deeper drilling is also planned to test the geochemical anomalies and bedrock mineralisation.

Signed on behalf of the Board of Anglo Australian Resources N.L.

**John L C Jones
CHAIRMAN**

28 January 2004

Information in this Report relating to geological data has been compiled by the Anglo Australian Resources NL Exploration Manager, Peter Komyshan, who:

- is a full-time employee of Anglo Australian Resources NL;
- is a Member of the Australasian Institute of Mining and Metallurgy
- is a Member of the Australian Institute of Geoscientists and has had more than five years' experience in the field of activity reported herein;
- has consented in writing to the inclusion of this data.

Table 1

Mandilla Drill Summary (Intersections > 1g/t Au)

Hole No	Mga_North	Mga_East	Azimuth	Dip	From	To	Metres	Au g/t	
MNAC02	6527904	358825	0	-90	21	22	1	29.58	
MNAC03	6527906	358846	0	-90	1	2	1	1.14*	
MNAC09	6527935	358808	0	-90	19	21	2	3.45	inc 1m @ 5.09g/t
MNAC11	6527976	358800	0	-90	17	18	1	1.2	
MNAC21	6528015	358826	0	-90	21	22	1	1.13	
MNAC27	6528060	358819	0	-90	20	22	2	4.16	
MNAC30	6528057	358879	0	-90	33	34	1	1.2	
MNAC40	6528138	358779	0	-90	18	19	1	2.49	
MNAC42	6528135	358819	0	-90	28	29	1	1.78*	
MNAC47	6528177	358805	0	-90	24	25	1	1*	
MNAC53	6528260	358761	0	-90	20	22	2	4.23*	inc 1m @ 7.37g/t
MNAC53	6528260	358761	0	-90	31	32	1	1.51*	
MNAC63	6527822	358880	0	-90	21	22	1	1.14	
MNAC71	6527741	358942	0	-90	22	24	2	19.19	inc 1m @ 37.20g/t
MNAC77	6527580	359262	0	-90	32	33	1	3.49*	
MNAC78	6527579	359241	0	-90	33	34	1	3.13*	
MNAC78	6527579	359241	0	-90	38	39	1	3.68*	
MNAC78	6527579	359241	0	-90	40	41	1	2.85*	
MNAC93	6527857	358848	0	-90	20	22	2	6.23	
MNAC94	6527854	358858	0	-90	20	21	1	8.89	
MNAC95	6527778	358899	0	-90	21	23	2	1	

Samples were derived from riffle splitting of air core drill chips at 1m intervals then assayed by 50g fire assay(denoted *)

Anomalous samples within the paleochannel were re-assayed by 400 g leach well analysis. Detection limits for both assay techniques is 0.01g/t