

**ANGLO AUSTRALIAN RESOURCES NL**  
**QUARTERLY REPORT**  
**31 MARCH 2004**

13 April 2004

Companies Officer  
Australian Stock Exchange  
2 The Esplanade  
PERTH WA 6000

Dear Sir

The Directors of Anglo Australian Resources N.L. have pleasure in submitting the Quarterly Report for the period ended 31 March 2004.

❑ **EXPLORATION EXPENDITURE**

Exploration expenditure for the quarter amounted to \$217,367

❑ **HIGHLIGHTS**

- Additional high grade gold intersections in shallow paleochannels at the Mandilla Project that have potential for early development. Follow up resource drilling program is planned.
- Significant bedrock gold mineralisation intersected in aircore drilling at three prospects at the Mandilla Project.
- Highlights of the aircore drilling include **4m @ 20.54 g/t Au, 2m @ 23.68g/t Au and 1m @ 27.54g/t Au** from the West Mandilla paleochannel as well as bedrock intersections of **3m @ 3.8g/t Au (from surface), 1m @ 4.33g/t EOH and 6m @ 2.88g/t Au.**
- Shareholders' Share Purchase Plan raises \$1,158,486 new capital.

❑ **CORPORATE**

- **Shareholders' Share Purchase Plan**

The Shareholders' Share Purchase Plan announced on 21 January 2004 and closed on 16 February 2004 resulted in an issue and placement of 42,906,899 shares at 2.7 cents each raising new capital of \$1,158,486.

- **Mandilla Settlement**

The Company completed all matters required by the formal agreements to settle the acquisition of the gold rights attached to the two Mandilla mining leases with the payment of \$50,000 and the issue of 17,500,000 ordinary shares at 2.4 cents each to the vendors.

□ **EXPLORATION – GOLD PROJECTS**

**MANDILLA –WA**

*(Anglo Australian Resources N.L. 100%)*  
Mining Leases 15/96, 15/633

The **Mandilla Project** consists of all gold rights attached to two mining leases, M15/633 and M15/96, located 70km south of Kalgoorlie and 20km south west of Kambalda.

During the March Quarter Anglo Australian Resources focused its exploration efforts on this project and completed a 98 hole vertical aircore drilling program (3609m) and a 10 hole angled RC drilling program (1152m). Additionally, a detailed aeromagnetic survey was completed over the entire project area.

The air core drilling program was designed to:-

1. Infill drill an interpreted shallow gold-mineralised paleochannel (old buried stream channel) in unconsolidated sediments to 40 x 10m spacing;
2. Test possible northern and southern extensions of the paleochannel; and
3. Test geochemical anomalies north and north west of the paleochannel

Further encouraging high grade gold intersections were obtained from the paleochannel and bedrock targets (Table 1 and Fig 1). The drilling confirmed the presence of a correlatable high grade zone of mineralisation within the paleochannel and provides a framework for a planned resource drilling program.

Gold is concentrated in quartz-rich gravel near the base of the paleochannel, typically over a width of 10 to 20 m and a thickness of 1 to 2m. The mineralisation is shallow, as the base of the paleochannel lies 18 to 23 metres below surface shallowing towards the north. The paleochannel mineralisation appears to be sourced from the Helios bedrock gold anomaly located within granitic basement rocks.

Highlights of the aircore drilling include **4m @ 20.54 g/t Au, 2m @ 23.68g/t Au and 1m @ 27.54g/t Au** from the West Mandilla paleochannel as well as bedrock intersections of **3m @ 3.8g/t Au (from surface), 1m @ 4.33g/t EOH and 6m @ 2.88g/t Au.**

The aircore drilling which partially tested a geochemical anomaly 3km north of West Mandilla near some previously undrilled workings outlined a bedrock anomaly associated with easterly dipping quartz veins (3m @3.8g/t Au). Further drilling is warranted to fully test the anomaly.

Supergene and bedrock gold mineralisation was intersected over a strike of 200m towards the southern end of the paleochannel. Supergene intersections such as 6m @ 2.88g/t Au are located 100m north of an earlier intersection of 0.55m @ 283.7g/t Au. This new prospect has been named Selene.

The Selene anomaly is one of three distinct bedrock anomalies that have now been defined at the Mandilla project by AAR aircore drilling and previous WMC drilling. These include the Helios Prospect, a 300m long anomaly that appears to be the source of the high grade mineralisation in the West Mandilla paleochannel and The East Mandilla prospect (eg. 5m @13.7g/t Au and 1m @28g/t Au).

RC drilling of the Helios, Selene and East Mandilla bedrock prospects intersected broad zones of hematite and chlorite alteration associated with quartz veining within a porphyritic granite. Intersections based on 4m composite assays include **64 @ 0.9g/t Au** to end of hole (MDRC04) and **32m @ 1.04g/t Au** (MDRC07). A summary of the RC drilling is shown in table 2. Assays from one metre splits of the composite samples are awaited. The substantial widths of the intersections are very encouraging in terms of possibly finding a significant sized bedrock zone of gold mineralisation. Further drilling is planned.

The Company plans to obtain a cash flow from mining the paleochannel mineralisation and custom milling the ore at nearby plants and the results of the March Quarter's work have provided further encouragement that this objective will be achieved.

#### **FEYSVILLE –WA**

*(Anglo Australian Resources N.L. 100%)*  
Mining Leases 26/290, 26/291

The **Feysville** project consists of all mineral rights attached to two mining leases located 16km SSE of Kalgoorlie. The project is situated in the geological / structural corridor, bounded by the Boulder Lefroy Fault that hosts the world class deposits of Kalgoorlie and St Ives as well as other substantial deposits in the New Celebration, Kambalda and Hannans South areas. The project also contains an extensive strike length of an ultramafic unit, correlatable with the ultramafic horizon that hosts nickel sulphide deposits at Kambalda 30km to the south.

No work was conducted on the project during the march Quarter, as efforts were focussed on the Mandilla Project.

#### **DENISON – TASMANIA**

*(Anglo Australian Resources N.L. 90%*  
*Silverthorn Resources Pty. Ltd. 10%)*  
Exploration Licence 38/94

No exploration was conducted on the project during the quarter.

□ **EXPLORATION – BASE METAL PROJECTS**

**KOONGIE PARK JOINT VENTURE - WA**

***(Anglo Australian Resources N.L. 100%)***

Mining Leases 80/276, 80/277, 80/278, 80/371, 80/372, 80/373,

The Koongie Park Project, an advanced base metals project, is located 25km south-west of Halls Creek in the Kimberley region of Western Australia. The project area covers several base metal prospects that occur along a 15km contact of a volcano-sedimentary sequence. The area has been explored since 1972, with the discovery of several zinc-copper-lead-silver deposits, the main prospects being Sandiego and Onedin. Other identified prospects include Atlantis, Gosford and Rockhole.

Southern Geoscience have been commissioned to review all electrical geophysics conducted on the project with the objective of generating new drill targets.

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

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**John L. C. Jones**  
**CHAIRMAN**

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 Aircore Drill Summary (Intersections > 1g/t Au)**

Hole_	Mga_North	Mga_East	EOHdepth	From	To	M	Au	Type	
MNAC102	6530640	358020	13	0	3	3	3.8	B	
MNAC111	6527660	358940	45	44	45	1	4.33	B	
MNAC115	6527660	359020	45	19	20	1	1.89	P	
MNAC117	6527660	359060	47	34	40	6	2.88	B	
			inc	38	39	1	10.14	B	SF
				43	44	1	1.38	B	
MNAC118	6527660	359080	45	28	29	1	1.08	B	
				32	36	4	2.26	B	
				39	45	6	1.05	B	
MNAC122	6527720	359020	49	42	45	3	1.71	B	
MNAC124	6527740	358930	30	21	22	1	2.69	P	
MNAC127	6527820	358870	30	21	22	1	3.56	P	
MNAC129	6527980	358810	30	19	20	1	27.54	P	SF
MNAC135	6528140	358790	30	23	24	1	1.13	B	
				29	30	1	1.24	B	
MNAC138	6528180	358775	30	18	19	1	1.61	P	
MNAC141	6528220	358770	46	17	19	2	23.68	P	SF
				21	22	1	1.36	P	
				24	25	1	1.75	B	
MNAC142	6528220	358780	51	25	26	1	1.78	B	
MNAC143	6528220	358790	49	23	24	1	1.26	B	
MNAC144	6528260	358770	37	20	24	4	20.54	P	
			inc	20	21	1	72.2	P	SF
			inc	23	24	1	6.61	P	SF
MNAC159	6528420	358700	39	18	19	1	3.89	P	SF

P = Paleochannel intersection; B = Bedrock intersection

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

Anomalous samples within the paleochannel were re-assayed by screen fire analysis (SF). Detection limits for both assay techniques is 0.01g/t

Table 2  
**Mandilla RC Drilling Summary**

Hole Id	North (MGA94)	East (MGA94)	Depth	Azimuth	From	To	M	Au	Sample
MDRC01	6530640	358050	90	270				NSV	Northern Anomaly
MDRC02	6527400	359350	120	270	96	100	4	0.26	C East Mandilla
MDRC03	6527450	359335	107	270				NSV	East Mandilla
MDRC04	6527500	359355	120	270	56	120	64	0.9	C East Mandilla
				inc	72	76	4	1.33	C
				inc	84	88	4	2.51	C
				inc	100	104	4	3.66	C
MDRC05	6527550	359335	140	270				NSV	East Mandilla
MDRC06	6527600	359320	140	270				NSV	East Mandilla
MDRC07	6527500	359140	120	270	48	52	4	0.51	C Selene
					56	60	4	0.75	C
					64	68	4	0.74	C
					72	76	4	0.45	C
MDRC08	6527700	359110	105	270	44	48	4	0.61	C Selene
					60	92	32	1.04	C
				inc	64	68	4	2.92	C
				inc	88	92	4	2.93	C
MDRC09	6528100	358935	110	270	36	44	8	0.19	C Helios
					64	68	4	0.57	C
MDRC10	6528260	358820	100	270				NSV	Helios

Note all assays are based on 4m composite samples collected from individual spear sampled 1m intervals and assayed for Au by AAS methods.

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

ANGLO AUSTRALIAN RESOURCES NL

ABN

24 651 541 976

Quarter ended ("current quarter")

31 MARCH 2004

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (...9... months) \$A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration and evaluation	(217)	(531)
	(b) development		
	(c) production		
	(d) administration	(71)	(168)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	7	11
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material)	2	(11)
<b>Net Operating Cash Flows</b>		<b>(279)</b>	<b>(699)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a)prospects	(50)	(66)
	(b)equity investments		
	(c) other fixed assets		(53)
1.9	Proceeds from sale of: (a)prospects		
	(b)equity investments		
	(c)other fixed assets		20
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
<b>Net investing cash flows</b>		<b>(50)</b>	<b>(99)</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(329)</b>	<b>(798)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(329)	(798)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	1,158	1,783
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (Brokerage and listing fees)	(21)	(57)
	<b>Net financing cash flows</b>	1,137	1,726
	<b>Net increase (decrease) in cash held</b>	808	928
1.20	Cash at beginning of quarter/year to date	256	136
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	1,064	1,064

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	51
1.24	Aggregate amount of loans to the parties included in item 1.10	
1.25	Explanation necessary for an understanding of the transactions	
	Consulting, administrative and accounting services including reimbursement of expenses (9 mnths)	51

**Non-cash financing and investing activities**

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

NIL

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

NIL

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	

+ See chapter 19 for defined terms.



3.2 Credit standby arrangements		
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### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	164
4.2 Development	
<b>Total</b>	<b>164</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,064	256
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>1,064</b>	<b>256</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed				
6.2 Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	319,296,589	319,296,589		Fully Paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	42,906,889 17,500,000	42,906,889 17,500,000		Fully Paid 2.7c Fully Paid 2.4c
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	7,500,000		<i>Exercise price</i> 5c	<i>Expiry date</i> 11 December 2006
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act [or other standards acceptable to ASX \(see note 4\)](#).
- 2 This statement does /does not\* *(delete one)* give a true and fair view of the matters disclosed.

Sign here: ..... Date: 13 April 2004  
(Director/Company secretary)

Print name: A C PILMER

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+ See chapter 19 for defined terms.