

ASX ANNOUNCEMENT

ANGLO AUSTRALIAN RESOURCES NL ANNOUNCES A 50% INCREASE IN RESOURCES AND A 29% INCREASE IN RESERVES AT ITS MANDILLA PROJECT.

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.

The West Mandilla Deposit is a gold-mineralised palaeochannel overlain by approximately 20m of overburden. The portion of the palaeochannel defined by a 1g/t Au cut-off is 5 -30m wide and over 800m long.

In October 2004 Anglo Australian Resources NL announced that the deposit, based on drilling to that date, was estimated using a top-cut of 60g/t Au to contain an in-pit Probable Ore Reserve of 32,000 tonnes @ 9.01g/t Au for 9,270 ounces gold.

Since October 2004 additional drilling has been undertaken that has identified extensions to the previously known palaeochannel mineralisation and discovered a new zone of high grade mineralisation (named Endymion) south of the planned West Mandilla pit. A pit has designed at Endymion and the previously planned West Mandilla pit has been redesigned. The mineralisation is now estimated at:-

Indicated Resource 47,600 tonnes @ 9.13g/t Au for 13,990 ounces gold

Probable Ore Reserve 60,000 tonnes @ 6.19g/t Au for 11,930 ounces gold

The Resource is inclusive of the Reserve. The estimates are based on the reverse circulation and air-core drilling data available to 31 May 2005. Details of the estimation methodology are contained in Table1.

Examination of the statistical distribution of assays within the resource suggests that a 100g/t Au top-cut is appropriate. The robustness of the selected 100g/t top-cut is indicated by modelling at a 60g/t Au top-cut, which produced only a decrease of 9% in contained ounces in the Indicated Resource. If a 250g/t Au top-cut is used the increase in contained ounces is 40%. The deposits are characterised by the frequent occurrence of very high-grade intersections.

Anglo Australian Resources N L's primary objective is the development of the shallow, high-grade West Mandilla deposit. As part of statutory requirements for development, the Company has submitted a Project Management Plan, a Notice of Intent and an Application for Clearing to regulatory authorities. Approval has

now been given to the Project Management Plan and other approvals are expected soon. The development plan involves custom treatment of the West Mandilla mineralisation at a nearby mill.

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

John L. C. Jones
CHAIRMAN

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

- Is a full-time employee of Anglo Australian resources N L;
 - Is a Member of the Australasian Institute of Mining and Metallurgy
 - Is a member of the Australian Institute of Geoscientists
 - Has sufficient experience which is relevant to the type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves';
 - Has consented in writing to the inclusion of this data.
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- Ore resource information has been compiled by Andrew Bewsher an independent consultant from BM Geological Services, based on work by Peter Komyshan and pit designs by Bill Holly of Holly Mining Ltd. Andrew Bewsher is a member of the Australian Institute of Geoscientists and Bill Holly is a Member of the Australasian Institute of Mining and Metallurgy and both have more than five years relevant experience in relation to the mineralisation being reported on as to qualify as a Competent Persons as defined by the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Both have consented in writing to inclusion of this data.

TABLE 1
Resource Estimation Methodology

Estimation methodology	Ordinary Kriging
Pit Design Gold Price	A\$550/oz gold
Top Cut	100g/t Au
Bottom Cut	1g/t Au
Dilution Factor	0.2m
Metallurgical Recovery	94%

