

ANGLO AUSTRALIAN RESOURCES NL
QUARTERLY REPORT
30 JUNE 2005

29 April 2005

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 30th June 2005.

□ **EXPLORATION EXPENDITURE**

Exploration expenditure for the quarter amounted to \$267,199

□ **HIGHLIGHTS**

- **AAR announces a 50% increase in resources and a 29% increase in reserves** for the shallow Mandilla Palaeochannel deposit at West Mandilla.
- The Probable Ore Reserve within a redesigned West Mandilla pit now stands at 60,000t @ 6.19g/t Au for 11,930 ounces
- Drilling during this quarter confirmed that the West Mandilla Palaeochannel mineralisation extends south for at least 100m beyond the limit of the mineralisation as previously defined in October 2004. **High grade intersections including 4m @ 18.63g/t Au, 1m @ 11.67g/t Au and 4m @ 6.48g/t Au were returned**
- A new zone of palaeochannel mineralisation named **Endymion** was discovered 300m south of the southern limits of the West Mandilla Palaeochannel mineralisation as known in October 2004. **Intersections include a spectacular result of 3m @ 226.22g/t Au (inc. 1m @ 668.09g/t Au).** This exceptional intersection is accompanied by other significant intersections such as **3m @ 71.82g/t Au (inc. 1m @ 191.75g/t Au), 2m @ 38.95g/t Au, 2m @ 9.15g/t Au, 1m @ 128.78g/t Au, 1m @ 40.17g/t Au and 1m @ 11.8g/t Au** at depths of only 16 to 19m below surface.
- A 5 to 10m wide zone of palaeochannel mineralisation has been discovered 50m east of Endymion. **Intersections include 2m @ 26.84g/t Au, 2m @ 45.4g/t Au, 1m @ 29.04g/t Au and 1m @ 9.13g/t Au.** This zone remains open to the south.

- Preliminary results from additional metallurgical test work indicate an excellent recovery of 95% from West Mandilla with 63% from gravity processing.
- The Department of Industry and Resources has given approval to the West Mandilla Project Management Plan and other statutory approvals are expected soon.

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. It is wholly owned by Anglo Australian Resources NL (“AAR”).

The Mandilla deposit is a gold mineralised palaeochannel overlain with approximately 20m of overburden. The main gold mineralised part of the palaeochannel defined at a 1g/t Au cut off is 5 -30m wide and is over 800m in length. Mineralization generally corresponds to the zones of higher quartz content.

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.

Recent Drilling Results

Excellent results were obtained from two drilling programs (232 vertical air-core holes, 6701m) completed during April and May 2005. The programs extended the mineralisation, improved the development potential and enhanced the value of the property. The programs principally targeted possible southern extensions of the shallow gold-mineralised West Mandilla Palaeochannel

The April and May programs:-

- Confirmed that the West Mandilla Palaeochannel mineralisation extends south for at least 100m beyond the limits of the mineralisation as known in October 2004. **High grade intersections including 4m @ 18.63g/t Au, 1m @ 11.67g/t Au and 4m @ 6.48g/t Au were returned.** Table 2 shows a summary of intersections.
- Confirmed and extended a zone of very high-grade palaeochannel-type mineralisation located 300m south of the limits of the mineralisation as known in October 2004. **Intersections include a spectacular result of 3m @ 226.22g/t Au (inc. 1m @ 668.09g/t Au).** This exceptional intersection is accompanied by other significant intersections such as **3m @ 71.82g/t Au (inc. 1m @ 191.75g/t Au), 2m @ 38.95g/t Au, 2m @ 9.15g/t Au, 1m @ 128.78g/t Au, 1m @ 40.17g/t Au and 1m @ 11.8g/t Au** at depths of only 16 to 19m below surface. The average grade of

intersections in this area is much higher than elsewhere at West Mandilla. This exceptionally high grade zone of palaeochannel mineralisation (named **Endymion**). It is considered likely that Endymion and West Mandilla were parts of the same mineralised system (see Figure 1).

- Discovered a 5 to 10m wide zone of palaeochannel mineralisation 50m east of Endymion. **Intersections include 2m @ 26.84g/t Au, 2m @ 45.4g/t Au, 1m @ 29.04g/t Au and 1m @ 9.13g/t Au.** This zone remains open to the south.
- Although the drilling primarily targeted shallow palaeochannel mineralisation, some holes that were extended into underlying bedrock returned significant intersections. In particular, intersections of **1m @ 5.92g/t Au and 1m @ 7.39g/t Au** within the Selene bedrock anomaly correlate well with earlier bedrock intersections on adjacent drill traverses.
- Successfully defined an area devoid of bedrock mineralisation west of West Mandilla which would be suitable for a waste dump site.
- Collected additional samples for metallurgical test work. Preliminary results indicate a high coarse gold component of which over 60% is extractable by gravity separation methods and an overall recovery of 95%.

AAR completed an additional small aircore drilling program at West Mandilla during early July 2005 following up anomalous intersections announced in this report. Full results are expected mid-August.

New Resource/Reserve Estimates

A pit has been 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.

Development Activities

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 approval process has however taken longer than anticipated. The development plan involves custom treatment of the West Mandilla mineralisation at a nearby mill.

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 exploration was conducted on the project during the quarter. A number of companies have expressed interest in joint venturing the project

MAYNARDS DAM – WA

(Anglo Australian Resources N.L. 100%)

Exploration Licences 15/776, 15/835

The project is located 35km south east of St Ives and 4km north east of the Paris gold workings. Geologically the project is located 5km east of the Boulder Lefroy Fault Zone and contains a sequence of gabbros and basalts, faulted against a volcano-sedimentary sequence. Late northeast trending faults, which control some of the mineralisation in the St Ives area are interpreted to crosscut the stratigraphy. Both tenements have now been granted and compilation of previous exploration activity is in progress.

A reconnaissance RAB program testing regional structural targets commenced at the end of the quarter. No results to hand.

AUSTIN - WA

(Anglo Australian Resources N.L. 100%)

Exploration Licence 21/102,
Exploration Licence Applications 20/510, 21/114

Agreement reached with Yamatji land Council to conduct a heritage survey on the project. A small RAB drilling program testing geochemical targets is expected to be conducted in the next 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.

No field exploration work was conducted on this project this quarter. AAR is seeking a joint venture partner for the project.

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 NL Exploration Manager, Peter Komysan, who:

- is a full-time employee of Anglo Australian Resources NL;
- has relevant experience in relation to the mineralisation being reported on as to qualify as a Competent Person as defined by the *Australasian Code for Reporting Identified Mineral Resources and Ore Reserves*.
- is a Member of the Australasian Institute of Mining and Metallurgy and is a Member of the Australian Institute of Geoscientists and has had more than twenty years' experience in the field of activity reported herein;
- has consented in writing to the inclusion of this data.

Ore resource information has been compiled by Andrew Bewsher an independent consultant from BM Geological Services, based on work by Peter Komysan and a pit design 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 *Australasian Code for Reporting Identified Mineral Resources and Ore Reserves*

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%

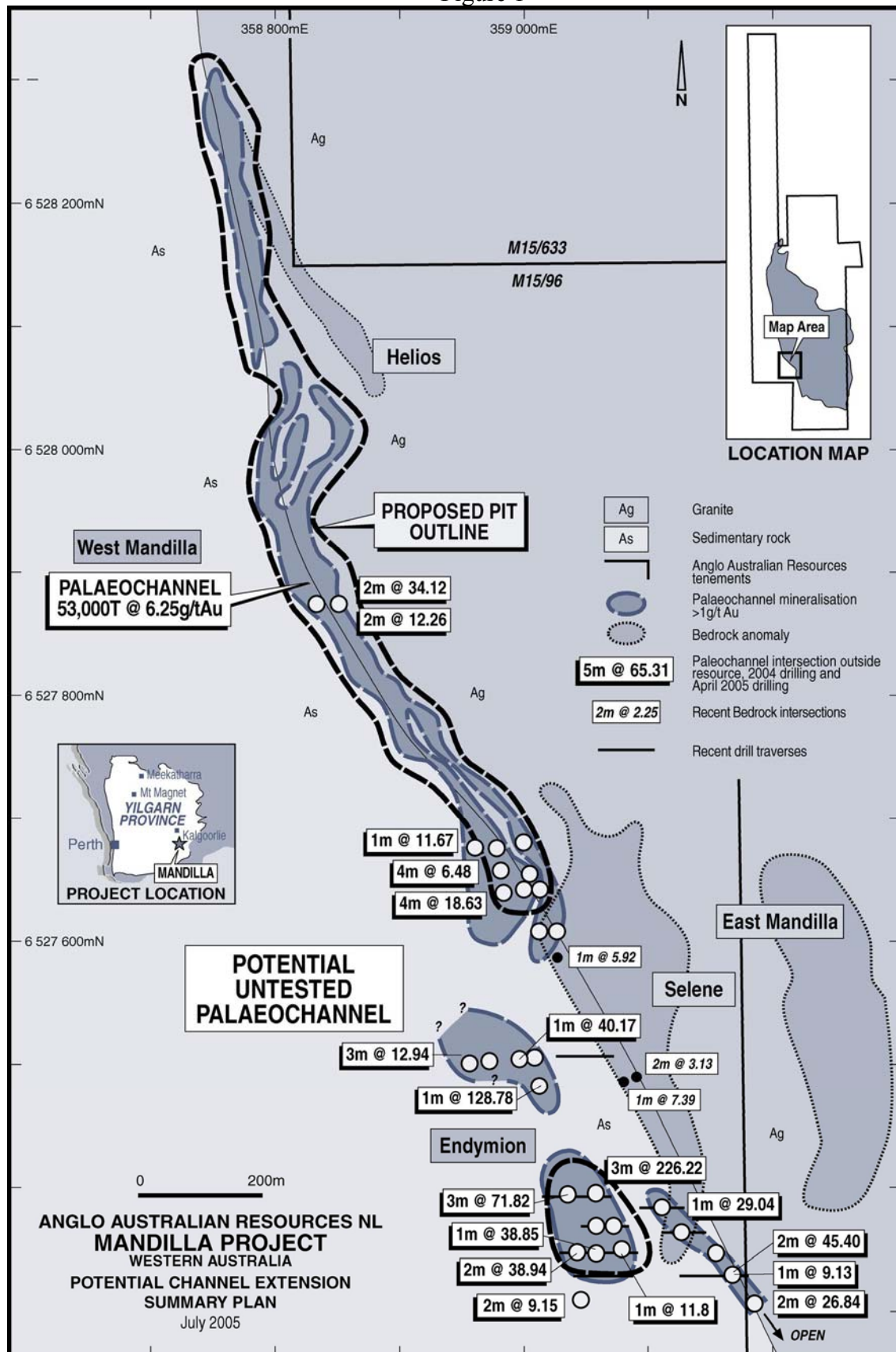
Table 2

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

Hole_id	Mga_North	Mga_East	EOH depth	From	To	M	Grade (g/t)	Type
MNAC471	6527657	358986	26	16	20	4	6.48	P
MNAC472	6527643	358995	26	19	20	1	2.33	P
MNAC473	6527643	358990	26	15	19	4	18.63	P
MNAC475	6527623	359000	26	19	20	1	1.16	P
MNAC481	6527582	359030	46	21	22	1	2.21	P
				45	46	1	6.28	B
MNAC496	6527463	359094	47	45	47	2	3.13	B
MNAC498	6527460	359073	44	41	42	1	7.09	B
MNAC504	6527454	359006	26	19	20	1	2.77	P
MNAC523	6527378	359119	26	16	17	1	29.04	P
MNAC528	6527379	359067	35	34	35	1	3.96	B
MNAC529	6527379	359062	24	20	23	3	226.22	P
			inc	20	21	1	668.09	P
MNAC532	6527379	359047	35	20	23	3	71.82	P
			inc	20	21	1	191.75	P
MNAC534	6527340	359055	24	16	18	2	38.94	P
			inc	16	17	1	75.05	P
MNAC537	6527340	359070	24	15	16	1	34.76	P
MNAC539	6527340	359080	24	12	13	1	1.23	P
MNAC541	6527340	359090	24	18	19	1	12.68	P
MNAC551	6527322	359171	26	16	17	1	8.81	P
MNAC552	6527318	359161	35	16	17	1	4.48	P
MNAC563	6527299	359051	37	14	16	2	14.86	P
MNAC576	6527298	359190	45	15	16	1	1.56	P
MNAC599	6527882	358825	26	19	21	2	34.12	P
MNAC600	6527882	358830	26	20	22	2	12.26	P
MNAC603	6527882	358845	26	21	22	1	15.18	P
MNAC604	6527882	358850	26	21	22	1	1.63	P
MNAC607	6528242	358772	26	17	19	2	5.92	P
MNAC609	6527960	358785	26	16	17	1	5.33	P
MANC615	6527680	358968	26	19	20	1	11.67	P
MNAC618	6527640	358985	26	19	20	1	1.83	P
MNAC620	6527640	358970	26	16	17	1	5.71	P
MNAC631	6527580	358975	26	21	22	1	1.65	P
MNAC648	6527460	358960	26	16	19	3	12.94	P
MNAC649	6527460	358970	26	17	20	3	2.04	P
MNAC652	6527460	358995	26	20	21	1	40.17	P
MNAC660	6527440	359015	26	20	21	1	128.78	P
MNAC693	6527320	359175	26	16	18	2	45.4	P
MNAC694	6527300	359185	26	16	18	2	26.84	P

All original samples assayed by 50g Fire Assay methods. Anomalous samples >5g/t Au were re-assayed by screen fire assay. Detection limits for both assay techniques is 0.01g/t. P indicates Palaeochannel intersection; B indicates bedrock intersection.

Figure 1



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

009 159 077

Quarter ended ("current quarter")

JUNE 2005

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (... 3 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration and evaluation	(267)	(892)
	(b) development	(32)	(32)
	(c) production		
	(d) administration	(99)	(240)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	11	27
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material)	(7)	(11)
Net Operating Cash Flows		(394)	(1,148)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a)prospects		(2)
	(b)equity investments		
	(c) other fixed assets		
1.9	Proceeds from sale of: (a)prospects		70
	(b)equity investments		
	(c)other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
Net investing cash flows		NIL	68
1.13	Total operating and investing cash flows (carried forward)	(394)	(931)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(394)	(931)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		1,280
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 (Listing Fees / Brokerage)	(10)	(85)
	Net financing cash flows	(10)	(85)
	Net increase (decrease) in cash held	(404)	115
1.20	Cash at beginning of quarter/year to date	1,268	749
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	864	864

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	58
1.24	Aggregate amount of loans to the parties included in item 1.10	
1.25	Explanation necessary for an understanding of the transactions	
	Directors' fees to 30 June 2005	33
	Rent on property expenses	3
	Admin Accountancy and Secretarial Services	22

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

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- 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

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+ See chapter 19 for defined terms.

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	100,000	NIL
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	
4.2 Development	
Total	

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	8,863	1,268
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	863	1,268

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 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	360,000,000	360,000,000		Fully Paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <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 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

