

## Anglo Australian Resources NL

(ASX Code: AAR)

www.anglo.com.au

Price **\$0.061**    **March 2007**

- Anglo Australian Resources (Anglo) is conducting a pre-feasibility study on the Koongie Park base metal deposits in the Kimberley region of Western Australia.
- Recent modelling has led to a total project resource estimate of 4.6 million tonnes averaging 5.2% zinc, 1.2% copper, 0.8% lead and 30 g/t silver.
- Mining of a shallow gold mineralised palaeochannel at the Mandilla project and subsequent toll milling of the ore at a plant at Coolgardie has commenced.
- Initial results from Mandilla indicate that the ore reserve grade may be too conservatively estimated and that the reserve estimate of 16,960 ounces of gold may be significantly exceeded. Gold production from Mandilla now totals 12,429 ounces with less than half the expected ore reserve having been mined.
- Proceeds from the Mandilla project are expected to fund the current program at Koongie Park and an associated feasibility study.

**INTERSUISSE RECOMMENDATION:** We believe that Anglo offers significant upside given the advanced stage of its Koongie Park base metal project and the expected continuing strength of base metal prices. Anglo's continued advancement of this project is supported by the cash flows being generated by its lucrative Mandilla gold project. We recommend Anglo as a Speculative Buy.

Anglo's exploration portfolio contains gold and base metal projects in the Eastern Goldfields, the Murchison District and the Kimberley Region of Western Australia. In addition the company has a base metal project in the Victoria-Birrindudu Basin in the Northern Territory that has strong affinities to the Macarthur and Nicholson Basins which host the Macarthur River and Century deposits.

The company's main focus is on the Koongie Park base metal deposit in the Kimberley Region. This project is currently the subject of a pre-feasibility study that was prompted by the significant rise in base metal prices in recent years. A revised resource estimate has recently been conducted incorporating additional drilling carried out in 2006. The total resource now stands at 4.6 million tonnes averaging 5.2% zinc, 1.2% copper, 0.8% lead and 30 g/t silver.

Metallurgical testwork is underway in tandem with a mining engineering program. This program will examine the feasibility of mining by open cut or underground methods and also consider various options for processing.

Anglo is generating important cash flows from its Mandilla gold mining operation that is exploiting a shallow palaeochannel reserve of 16,960 ounces of gold in the Eastern Goldfields. After two processing campaigns to date there are clear indications that significantly more gold will be recovered at Mandilla. These cash flows are expected to be sufficient to fund the current program at Koongie Park and a subsequent feasibility study if warranted.

<i>Monthly Share Turnover</i>	185m shares
<i>Shares on Issue</i>	501 million
<i>Market Capitalisation</i>	\$30.6 million
<i>12 Month Price Range</i>	\$0.087 - \$0.022
<i>Cash at end of 2006</i>	\$2.3m
<i>Major Shareholder:</i>	
	<i>St Ives Gold Mining Company Pty Ltd 6.58%</i>



### DIRECTORS

John Jones	Chairman
Denis Clarke	Non Executive
Christopher Fyson	Non Executive
Angus Pilmer	Non Executive

### SENIOR MANAGEMENT

Peter Komysan

(Modified extracts from the company's Annual Report and ASX announcements)

## BACKGROUND

Anglo has been listed on the ASX as a junior explorer since 1986. The company now has a strategy in place to become a mid tier miner. In the last three years Anglo's Mandilla gold project has been advanced from an exploration project to a producing mine. This mine, while lasting only nine months, will provide the company with cash flow to fund exploration and development work on its key base metal project, Koongie Park. Development of this project has the potential to provide substantial revenue for the company.

## MANDILLA GOLD PROJECT

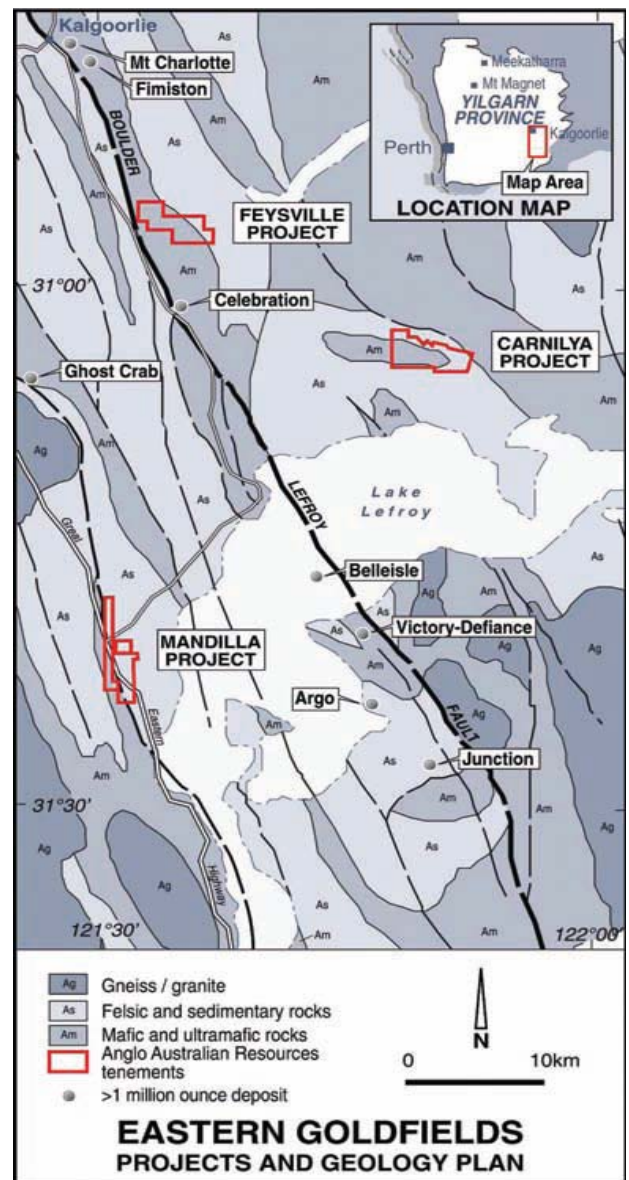
The Mandilla gold project consists of a 100% interest in the gold rights attached to two mining leases located 70 kilometres south of Kalgoorlie and 20 kilometres south east of Kambalda. Previous exploration by WMC Resources Limited and Anglo defined a resource of palaeochannel gold mineralisation at West Mandilla and a number of zones of supergene gold anomalism.

The West Mandilla deposit is a gold mineralised palaeochannel overlain by approximately 20 metres of overburden. The main gold-mineralised part of the palaeochannel, on a 1 g/t gold cut off basis, is between 5 and 30 metres wide and over 800 metres long. Anglo has estimated a probable ore reserve of 70,100 tonnes averaging 7.52 g/t gold and containing 16,960 ounces gold within a shallow open pit of approximately 20 metres depth.

Mining operations commenced in early July 2006 with the ore transported 55 kilometres to Coolgardie where it is processed on a batch by batch basis at the Higginsville toll treatment facility operated by Barmenco.

To date the project has seen the completion of two processing campaigns. These campaigns have treated a total of 30,493 tonnes of material and recovered a combined total of 12,429 ounces of gold. This is significantly ahead of the resource model. The result reflects the success of the company's mining and grade control techniques that have enabled extraction of the thin ore horizon with less dilution than originally expected. In addition it is likely that the reserve grade may have been estimated too conservatively. Mining of the remainder of the reserve is expected to be completed by April 2007 with processing of this material taking place in May/June 2007.

While most of the exploration effort has been focused on the palaeochannel, bedrock mineralisation has also been targeted. At East Mandilla, an RC drilling program conducted in 2006 tested a model that predicted very shallow south dipping lodes. The drilling intersected a number of high grade gold intersections including 4 metres averaging 105.1 g/t (including 1 metre averaging 383.2 g/t), 5 metres averaging 8 g/t, 2 metres averaging 13.8 g/t, 2 metres averaging 6.79g/t Au and 12 metres averaging 2.89 g/t.



This new model has highlighted the potential for a target open pitable resource of 130,000 tonnes averaging 6 g/t gold and containing 25,000 ounces of gold (to 60 metres below surface). In addition, the drilling has located a new, very high grade zone 85 metres below surface. A preliminary economic assessment of East Mandilla is positive and a 4,000 metre drilling program is underway.

## KOONGIE PARK BASE METALS PROJECT

The Koongie Park base metal project (100%) is located 25 kilometres south west of Halls Creek in the Kimberley region of WA. It covers two significant copper-zinc-lead-silver deposits, known as Sandiego and Onedin. Anglo has been associated with the project since 1989 and now wholly owns the project. Since 1972 some \$7 million has been expended on the project area.

In 2003 a detailed and independent study of the economics of mining at both deposits found them to be marginal. However, copper and zinc prices have since increased substantially. The current high commodity prices have profoundly improved the development economics of the project and Anglo is currently proceeding with a pre-feasibility study on the project.

The Sandiego deposit is a steeply plunging tabular mineralised zone that has been drilled on 40 metre spaced sections over a strike length of 120 metres to a depth of 500 metres, and remains open at depth. It consists of distinctly separate zinc and copper rich zones and a mixed zone.

A new resource estimate was announced in January 2007. The resource is virtually all within the indicated category.

### Sandiego Deposit - Total Resource

	Tonnes (Mt)	Zn (%)	Cu (%)	Pb (%)	Ag (g/t)
Zinc Zone	1.14	8.1	0.4	0.7	30.3
Copper Zone	0.93	1.0	2.4	0.1	16.1
Mixed Zone	0.26	8.3	1.7	0.5	44.4
<b>Total</b>	<b>2.32</b>	<b>5.3</b>	<b>1.3</b>	<b>0.5</b>	<b>26.2</b>

The Onedin deposit is mostly a rod shaped plunging mineralised zone, but a high grade horizontal component to the mineralisation also exists.

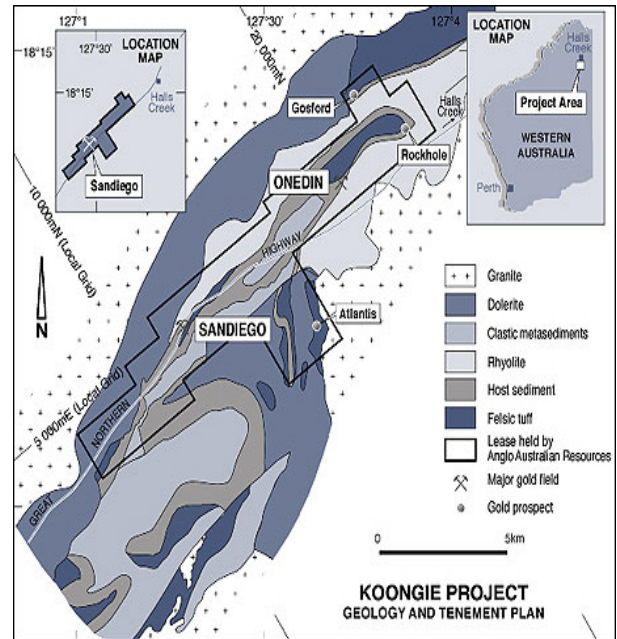
### Onedin Deposit - Total Resource

	Tonnes (Mt)	Zn (%)	Cu (%)	Pb (%)	Ag (g/t)
Zinc Zone	1.10	5.9	0.4	0.7	23.5
Copper Zone	0.87	1.8	2.8	1.3	38.4
Mixed Zone	0.36	7.2	1.5	1.4	47.7
<b>Total</b>	<b>2.33</b>	<b>4.9</b>	<b>1.1</b>	<b>1.0</b>	<b>32.8</b>

The entire Onedin resource is classified as being in the indicated category. It also was recently updated.

The total indicated resource for the Koongie Park project now stand at 4.6 million tonnes averaging 5.2% zinc, 1.2% copper, 0.8% lead and 29.6 g/t silver.

Gold and cobalt mineralisation of potential interest occurs in both deposits. However the recent resource estimation excluded these elements as many of the holes drilled in the early exploration phases were not assayed for them.



Recent drilling for metallurgical testwork intersected substantial copper mineralisation with high values of cobalt. As cobalt is a high priced commodity, potential exists for it to be a valuable co-product to copper if metallurgical testing indicates cobalt is recoverable. Samples of the mineralisation are being tested by AMTEC.

Exploration continues to seek extensions to the defined resources. A program of downhole electromagnetic testing has been completed on the drillholes completed in 2006. Both inhole and offhole conductors of interest have been located.

In addition, a review of previous exploration has highlighted several projects at the Koongie Park project other than Sandiego and Onedin that contain high grade intersections. At the Atlantis prospect intercepts of 10 metres averaging 12.7% zinc and 6 metres averaging 14.4% zinc. These newly defined targets will be tested once the 2007 dry season commences.

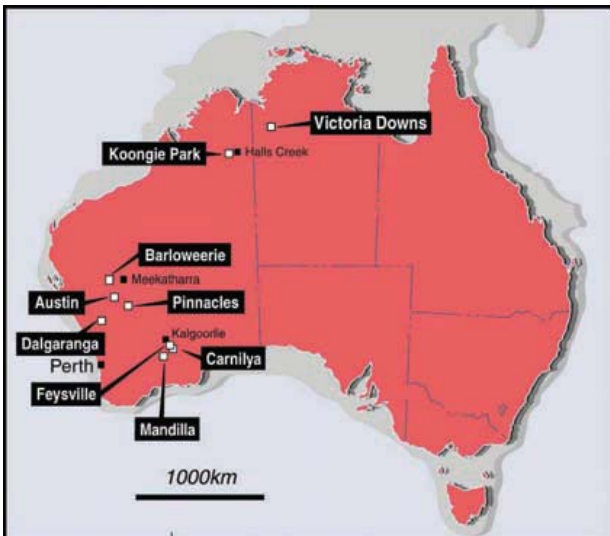
## OTHER PROJECTS

The **Feysville** (100%) project is located 16 kilometres south of Kalgoorlie and is bounded by the Boulder Lefroy fault that holds the world class gold deposits of Kalgoorlie and St Ives. The project also contains an extensive length of an ultramafic unit which may correlate with the horizon that hosts nickel sulphides at Kambalda, 30 kilometres to the south.

The **Carnilya** (100% gold rights) project is located 45 kilometres southeast of Kalgoorlie. The geology is dominated by two east-west trending ultramafic units. The gold potential of the project has been poorly tested as a result of past exploration focusing on the nickel potential.

The **Pinnacles** (farming down to 40%) project is located 20 kilometres east of Cue in the Murchison District of WA. The project area is interpreted to contain the fault bounded felsic unit that hosts most of the gold mineralisation at Tuckabianna. Assays are awaited from a sulphide altered basalt that was intersected by RC drilling.

Other projects in the Murchison District include Barloweerie, Austin and Dalgaranga.



The **Victoria Downs** project in the Northern Territory consists of tenement applications covering 67,000 square kilometres of base metal prospective ground in the Victoria-Birrinduda Basin. The project, located 200 kilometres east of Kununurra (WA) and 250 kilometres southwest of Katherine (NT), covers a sequence of Proterozoic sediments dominated by dolomitic carbonates. The Victoria-Birrinduda Basin has strong affinities to the Macarthur and Nicholson Basins which host the large Macarthur River and Century sedex-style zinc deposits. Previous exploration in the area that primarily focused on diamond exploration located large areas where stream sediments are strongly anomalous in zinc and lead.

## BOARD OF DIRECTORS

Mr John Jones, Chairman, has previously been Chairman of North Kalgurli Mines and Jones Mining and is presently the chairman of Troy Resources NL. Dr Denis Clarke has a PhD in Geology from Stanford University (California) and has more than 30 years experience in exploration and mining, principally in Australia and North America, including 15 years with Plutonic Resources Limited. Mr Fyson is a past president of the Kalgoorlie Boulder Chamber of Commerce. Mr Pilmer is a Management Accountant. He is experienced in corporate management and is a director of a number of private companies.

## SENIOR MANAGEMENT

Mr Komyschan is a well known, committed and experienced explorer with a successful record of discoveries over 24 years in exploration. From 1986 to 1998 he held senior exploration positions with Aberfoyle Resources Limited mostly in Western Australia and Queensland. He was responsible for the acquisition of a high quality exploration portfolio for Aberfoyle in Western Australia including the two million ounce Carosue Dam project.

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..... Prepared by Paul Gooday 19 March 2007