

31 October 2001

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 30 September 2001.

CORPORATE

The company issued a prospectus on 7 September 2001 for the issue of 10,500,000 shares at 2.1 cents each.

Exploration expenditure for the quarter amounted to \$26,286

EXPLORATION

WEST MUSGRAVE JOINT VENTURE - WA

*(Anglo Australian Resources N.L. 50%
PayLODE Pty Ltd 50%)*

Exploration Licences 69/1672, 69/1673, 69/1675, 69/1676, 69/1678, 69/1682, 69/1683,
69/1684 & 69/1686

Exploration Licence Applications 69/1674, 69/1677 & 69/1685

The remote Musgrave Range province that straddles the Western Australian, South Australian and Northern Territory borders is currently the focus of much exploration and investor interest. This follows the announcement of drilling results by WMC Limited that suggests the area has potential for world class nickel-copper-platinum group element deposits.

Anglo Australian moved very early to establish a strategic position in this high profile, intensively competitive area. In July 2000 in joint venture with PayLODE Pty Ltd it jointly applied for 10 Exploration Licences in the West Musgrave area in Western Australia. Additionally, it entered into a joint venture on two Exploration Licence Applications held by PayLODE. In all, the tenements cover 1,715 square kilometres. Each joint venture party has a 50% interest in the tenements and Anglo Australian, which is the Operator, is to sole fund initial exploration expenditure on each licence. PayLODE's parent, ReLODE Limited, has now completed a \$4 million initial public offering on these and other tenements it has in the area. Detailed descriptions of the Musgrave Province and of PayLODE's exploration model and strategy are set out in the ReLODE Limited prospectus.

The Joint Venture's licences were selected on the basis of a geological and geophysical interpretation by PayLODE. This interpretation suggested that the West Musgrave geology was similar to that which hosts the WMC Limited mineralisation further to the east. The

licences cover a series of magnetic anomalies associated with the flank of a positive gravity anomaly. PayLODE believes that magnetic and gravity data indicate the licences cover

portion of the western extension of the Giles Complex rocks beneath sedimentary cover. The Middle Proterozoic Giles Complex, a suite of mafic to ultramafic intrusives, is considered to have potential to host significant magmatic nickel-copper-platinum group element deposits. The WMC Limited mineralisation is hosted by the Giles Complex and is believed to be of magmatic nickel-copper sulphide style. A key target type for exploration purposes in the Musgrave Province is the Voisey Bay deposit-type. In 1994 the very large Voisey Bay nickel-copper sulphide deposit was found in Labrador, Canada in a geological environment in many ways similar to that of the Giles Complex. Its discovery provided geologists with new criteria to apply in exploration worldwide. The current "rush" to the Musgrave Province in part arises from the recognition that it, and in particular the Giles Complex, has geological similarities to the Nain Plutonic Suite that hosts the Voisey Bay deposit.

As the target mineralisation in the Joint Venture's West Musgrave property is expected to contain both disseminated and massive sulphides, the opportunity exists to explore using airborne electromagnetic and magnetic surveys to define conductors possibly associated with massive nickel-copper sulphides. Conductors would provide the necessary focus for drilling.

Four exploration licences have already been granted to the Joint Venture in April 2001. Ongoing negotiations with the Ngaanyatjarra Land Council culminated with the signing of an Access Agreement late in the quarter. The objections to the granting of the leases were subsequently lifted and as a consequence a further 5 leases have been granted, bringing the total of granted leases to 9 out of 12. The remaining 3 ungranted leases fall within a gazetted Conservation and Flora Reserve in the north western corner of the lease holding.

Exploration throughout the whole Musgrave Province should accelerate as access agreements are finalised, as WMC Limited continues its aggressive program and as other parties complete capital raisings prior to commencement of their exploration activities. This should create a momentum that will make the Musgrave Province a major focus of exploration for many years.

The Joint Venture is fortunate to already have some priority targets (magnetic spot highs) that warrant investigation initially by airborne electromagnetic surveys and Anglo Australian anticipates that it will play a substantial role in the exploration of this new exciting mineral province.

EAST DENISON – TASMANIA

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

A programme of stepout drilling to follow up results of earlier drilling by the Company, as reported in previous Quarterly Reports, is under review.

BULGA DOWNS JOINT VENTURE - WA

(Anglo Australian Resources N.L. 40.7%
Sipa Exploration N.L. 59.3%)
Exploration Licences 29/117 & 29/279
Mining Lease Application 29/258

No fieldwork was undertaken during this quarter.

KOONGIE PARK JOINT VENTURE - WA

(Anglo Australian Resources N.L. 45.68%
Lachlan Resources 54.32%)
Mining Leases 80/276, 80/277, 80/278, 80/371, 80/372, 80/373,

No fieldwork was undertaken during this Quarter.

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, Dennis Kruger, who:

- is a full-time employee of Anglo Australian Resources NL;
- is a Member of the Australasian Institute of Mining and Metallurgy 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.