

31 January 2003

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 December 2002.

□ **EXPLORATION EXPENDITURE**

Exploration expenditure for the quarter amounted to \$48,020.00

□ **NEW PROJECTS**

Anglo Australian Resources NL ("AAR") is pleased to announce the acquisition of two high quality gold projects in the Yilgarn Province of Western Australia which was negotiated during the quarter but finalised in January 2003.

AAR has completed an agreement with St Ives Gold Mining Company Pty Ltd a wholly owned subsidiary of Gold Fields Australia Pty Ltd, the Australian mining arm of Gold Fields Limited of South Africa to acquire two key gold exploration projects - **Feysville** and **Carnilya** - located south east of Kalgoorlie (refer attached map).

Consideration for the acquisition is 15,000,000 fully paid ordinary AAR shares at a price of 2.6c each and 7,500,000 options exercisable at 5c each. The acquisition and issue of shares and options will be subject to shareholder approval.

As a consequence of a prior transaction between St Ives Gold Mining Company Pty Ltd and WMC Resources Limited the **Feysville** project is subject to a 1% gross royalty on gold and nickel as well as a 4% gross royalty on gold production in excess of 250,000oz and a price opportunity royalty of 10% of every dollar the gold price exceeds A\$600 and the acquisition of the gold mining rights at **Carnilya** is subject to approval by WMC Resources Limited.

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.

Previous exploration by WMC Resources Ltd targeted gold and nickel with initial focus on the ultramafic unit for nickel sulphides, with best results of 2m @ 1%Ni and 1m @ 2.2%Ni. Exploration has consisted of a comprehensive soil survey, 264 RAB / Aircore holes, 444 RC holes and 5 diamond holes. The soil survey defined an area of extensive gold anomalism clustered in the SE corner of the tenement package. Follow-up drilling confirmed the gold potential of the area with intersections such as 7m @ 2.47g/t Au at Empire Rose, 10m @ 9.1g/t Au at Ethereal, 8m @ 2.08g/t at Kamperman and 8m @ 3.26g/t Au at Rogan Josh.

At Ethereal gold mineralisation has been defined over at least a 200m strike length to a depth of 120m below surface and remains open in a number of directions. There is potential to define a small resource at this prospect. The other nine prospects containing significant intersections are at early stages with mineralisation open along strike and at depth. Much of the drilling elsewhere has been to shallow depths. However the substantial secondary gold mineralisation defined by these shallower holes provide targets for deeper drilling. Undrilled geochemical anomalies and conceptual targets defined from interpretation of detailed ground magnetic data provide additional exploration targets.

Details of a drilling programme on the **Feysville** project will be announced on completion of the formal documentation.

CARNILYA –WA

(Anglo Australian Resources N.L. 100%)

Mining Leases 26/453, 26/47, 26/48, 26/49

The **Carnilya** project consists of the gold mining rights only attached to four mining leases located 45km south east of Kalgoorlie. The gold potential of the project has been poorly tested as a result of past exploration focusing on the nickel potential. Only 10% of all holes drilled on the project were assayed for gold.. Gold exploration targets include two partially tested gold in soil anomalies (values up to 4m @ 2.14g/t Au).

□ EXPLORATION – GOLD PROJECTS

AUSTIN - WA

(Anglo Australian Resources N.L. 100%)

Exploration Licence 21/102, 20/452
Exploration Licence Applications 20/510, 21/114
Prospecting Licence P20/1862

Examination of gold in soil anomalous area delineated during the September 2002 quarter noted sheared and highly altered mafic volcanics with sericite pyrite altered porphyry intrusive units. Drilling of the anomaly is planned for later this year.

EAST DENISON – TASMANIA

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

A small drilling program of approximately 1000m is proposed for the Denison project on Nabowla tenement E38/94 to test the southern plunge extension of the Eastern East Denison mineralisation, the Wiangatta, Alcatricity and Sir William Denison historical workings and the Western East Denison soil anomaly. Commencement of this program is expected at the end of the March 2003 Quarter.

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

Joint Venture partner and project manager, Sipa Exploration NL reported no fieldwork undertaken during this quarter.

□ **EXPLORATION – BASE METAL PROJECTS**

KOONGIE PARK JOINT VENTURE - WA

(Anglo Australian Resources N.L. acquires 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 southwest 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 known identified prospects include Atlantis, Gosford and Rockhole.

AAR is seeking a joint venture partner for the project.

CUTTY SARK - TASMANIA

(Anglo Australian Resources N.L. 100%)

Exploration Licence Application 37/2002

The project application (submitted September 2002) is located on the West Coast of Tasmania, straddling the central part of the Mt. Read Volcanic Belt between the world class Rosebery and Hellyer base metal deposits. Exploration on this project will target volcanic hosted massive sulphide base metal deposits (VHMS) and structurally controlled gold mineralisation. A review of airborne geophysical and previous exploration data is in progress.

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

31st January 2003

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 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.

