

ANGLO AUSTRALIAN RESOURCES NL
QUARTERLY REPORT
SEPTEMBER 2003

30 October 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 September 2003.

□ **HIGHLIGHTS**

- \$625,000 Capital Raising completed
- Drilling planned to commence next quarter at the Mandilla project.
- Nickel targets identified at Feysville

□ **EXPLORATION EXPENDITURE**

Exploration expenditure for the quarter amounted to \$153,644

□ **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 (Fig1).

At the Mandilla Project widespread gold mineralisation is spatially associated with the western margin of the Emu Rocks Granite. The western contact of the granite with metasediments is faulted and sheared. Faulting may represent a splay fault off the Zuleika Shear Zone, a regional scale structure associated elsewhere with large scale gold deposits.

Mandilla is characterised by the very high grade of both secondary and primary gold mineralisation found by previous explorer WMC.

AAR's initial interest will focus on a 400m long sector at the northern end of the West Mandilla trend. Gold anomalism at West Mandilla has been defined over 1100m of strike. However at the northern end of this trend AAR believes there is the potential to develop an early cash flow if further exploration confirms a shallow high grade mineable resource. Intersection in this area include 4m @ 76.88g/t Au and 1m @ 62.0g/t Au.

AAR plans target the West Mandilla mineralisation with a 2600m air core drilling program commencing next quarter.

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.

To assess the nickel potential of the project Anglo Australian Resources NL commissioned Southern Geoscience to conduct a review of electrical geophysics conducted by former tenement holders WMC. This study has highlighted a number of significant undrilled TEM anomalies located within stratigraphic settings favourable for nickel sulphide deposits. At least two anomalies are open ended.

Planning is in progress to test the newly recognised EM Targets as well as follow up gold anomalism defined by drilling earlier this year.

DENISON – TASMANIA

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

A small 14 hole drilling program of 953m was completed this quarter at the Denison project in Tasmania. Exploration targeted the southern plunge extension of mineralisation previously discovered by AAR, following up intersections of 20m @ 1.0g/t, including 7m @ 2.4g/t Au (EDRC12); 6m @ 6.38g/t Au (EDRC15); 5m @ 2.17 g/t Au (EDRC28) and 9m @ 1.81g/t Au (EDRC27). In addition three historical production lodes the Wiangatta, Alcatricity and Sir William Denison and the Western East Denison soil anomaly were drill tested. No significant intersections were achieved from this program, limiting the near surface gold potential of the project.

□ **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 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 identified prospects include Atlantis, Gosford and Rockhole.

The Koongie Park project is has been predominantly explored for base metals with little systematic exploration for gold. Some of the drill holes at base metal prospects Sandiego and Onedin were assayed for gold with best intersections of 9m @ 9.49g/t Au from Onedin and 5m @ 8.13g/t Au from Sandiego. The presence of gold mineralisation is also well documented in the district with numerous alluvial workings and more recent bedrock mining at Palm Springs and Nicolsons' Find. In addition Striker recently discovered gold in younger sediments to the north west with evidence of a hydrothermal system. The Koongie Park project is ideally situated to host hydrothermal gold mineralisation. Located in the Halls Creek Mobile belt the project is transected by a number of crustal structures. Carbonate rich stratigraphy (potential host material) is intensely folded and truncated against these faults. Magnetite alteration as evidenced by magnetic anomalies appears to be associated with known mineralisation highlights potential hydrothermal activity in the project area.

To test these concepts AAR has commenced an extensive termite mound geochemical sampling program testing interpreted gold structural and base metal geophysical targets

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 was completed this quarter. This review has shown that airborne EM anomalies generated by the Tasmanian Government airborne EM survey correspond either to conductive swampy areas underlain by glacial sediments or correspond to high voltage powerlines. No untested targets are evident in previous exploration data.

AAR has withdrawn from the project.

□ **CORPORATE**

The Company completed a placement of 25,000,000 fully paid ordinary shares of 2.5c each to clients of Bell Potter Securities Limited.

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 Komyshan, who:

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