

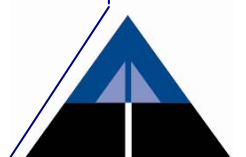
# ANGLO AUSTRALIAN RESOURCES NL ASX ANNOUNCEMENT

9 January 2007

## KOONGIE PROJECT PRE-FEASIBILITY STUDY PROGRESSES WELL. INDEPENDENT CONSULTANTS ADVISE NEW MINERAL RESOURCE ESTIMATES

### HIGHLIGHTS

- ◆ **New Mineral Resource Estimates advised:**
  - **Sandiego Deposit - 2.4 Mt @ 5.3% Zn, 1.3% Cu, 0.5% Pb, 26.2g/t Ag**
  - **Onedin Deposit - 2.3 Mt @ 4.9% Zn, 1.1% Cu, 1.0% Pb, 32.8g/t Ag**
  - **Virtually all Mineral Resources are classified under the JORC Code as Indicated Resources**
  - **Total Indicated Resources are 4.65 Mt @ 5.2% Zn, 1.2% Cu, 0.8% Pb, 29.6 g/t Ag**
- ◆ **Initial results of the comprehensive Metallurgical Testing Program are encouraging**
- ◆ **The Company achieves a significant milestone in progressing the Project towards potential development.**



## BACKGROUND

The Koongie Project, located 25km South-West of Halls Creek in the Kimberley region of Western Australia, covers two significant copper-zinc-lead-silver deposits, known as Sandiego and Onedin. Anglo Australian Resources 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.

The current high commodity prices have profoundly improved the development economics of the project and the Company now considers the Koongie Project is one of the better undeveloped base metal projects in Australia. It is, therefore, proceeding with a Pre-Feasibility Study to maximise the value of the project and to facilitate its early development.

Key components of the Pre-Feasibility Study include Metallurgical Testing and Resource Estimation. During the last half of 2006 the Company completed a program of diamond drilling to provide essential material and information for advancing the Pre-Feasibility Study. Results of the drilling program were released to the Australian Stock Exchange on 19 September 2006, 20 October 2006 and 9 November 2006.

## RESOURCE ESTIMATION

FinOre Mining Consultants (part of the CSA Australia Group) were commissioned to undertake geological modelling of the Sandiego and Onedin Deposits and estimation of Mineral Resources to be reported in accordance with the JORC Code.

### Sandiego deposit

The Sandiego deposit (Figure 1, 2) is a steeply plunging tabular mineralised zone that has been drilled on 40m-spaced sections over a strike length of 120m to a depth of 500m, and remains open at depth. It consists of distinctly separate zinc- and copper-rich zones. Recently metallurgical test hole SRCD24 confirmed the high tenor of the mineralisation within the middle of the deposit with intersections of **6.2m @ 2.14% Cu, 462g/t Ag, 41.6m @ 10.89% Zn and 29m @ 0.6% Cu, 621g/t Co.**

The Mineral Resource was estimated using ordinary kriging applied to designated wireframes which were created at cut-offs of > 3.0% Zn and > 0.8% Cu. The Mixed Domain occurs where an overlap exists which contains both high-grade zinc and copper. **Virtually all the Mineral Resource is classified as an Indicated Resource.**

Domain	Indicated					Inferred					Total				
	Tonnes (Mt)	Zn (%)	Cu (%)	Pb (%)	Ag (g/t)	Tonnes (Mt)	Zn (%)	Cu (%)	Pb (%)	Ag (g/t)	Tonnes (Mt)	Zn (%)	Cu (%)	Pb (%)	Ag (g/t)
Zinc Zone	1.14	8.1	0.4	0.7	30.3	-	-	-	-	-	1.14	8.1	0.4	0.7	30.3
Copper Zone	0.89	1.0	2.4	0.1	16.0	0.04	0.1	1.6	0.7	18.4	0.93	1.0	2.4	0.1	16.1
Mixed Zone	0.25	8.5	1.7	0.5	45.9	0.01	4.4	1.3	0.2	6.7	0.26	8.3	1.7	0.5	44.4
<b>Total</b>	<b>2.32</b>	<b>5.4</b>	<b>1.3</b>	<b>0.5</b>	<b>26.4</b>	<b>0.05</b>	<b>1.3</b>	<b>1.4</b>	<b>0.6</b>	<b>15.0</b>	<b>2.32</b>	<b>5.3</b>	<b>1.3</b>	<b>0.5</b>	<b>26.2</b>

Note differences may occur due to rounding errors

The Zinc Zone is open at depth. The Copper Zone is open at depth and possibly to the North.



**RESOURCE ESTIMATION (Continued)****Onedin Deposit**

The Onedin deposit is mostly a rod-shaped plunging mineralised zone, but a high-grade horizontal component to the mineralisation is also recognised (Figures 3). Recently metallurgical test hole ORCD45 confirmed the geological model with outstanding intersections of **42m @ 0.7% Cu, 1.76%Pb, 15.68%Zn, 146ppm Co, 109g/t Ag (125 - 169m), 13m @ 1.93% Cu, 1.81%Pb, 13.46%Zn 143ppm Co, 146g/t Ag (178 – 191m) and 9m @ 0.56% Cu, 5.3%Pb, 7.65%Zn, 126ppm Co, 104g/t Ag (206-215m).**

The Mineral Resource was estimated using ordinary kriging applied to designated wireframes which were created at cut-offs of > 3.0% Zn and > 0.8% Cu. The Mixed Domain occurs where an overlap exists which contains both high-grade zinc and copper. **The entire Mineral Resource is classified as an Indicated Resource.**

Domain	Indicated				
	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</b>	<b>32.8</b>

**The total of Indicated Resources for the Koongie Project now stands at 4.65 Mt @ 5.2% Zn, 1.2% Cu, 0.8% Pb, and 29.6g/t Ag.**

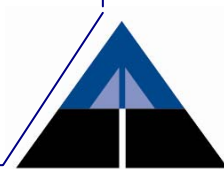
Gold and cobalt mineralisation of potential interest occurs in both deposits. However, the Resource Estimation excluded consideration of gold and cobalt as many of the holes drilled in the early exploration phases were not assayed for these elements.

**OTHER PRE-FEASIBILITY STUDY WORK****Metallurgical Testing Program**

AMMTEC under the supervision of metallurgical consultants Mineral Engineering Technical Services is continuing extensive metallurgical testing on multiple mineralisation types from both the Sandiego and Onedin Deposits. Initial results are encouraging. Final results are expected to be available within a few weeks.

**Mining Engineering Program**

Holly Mining and Associates and Brian Speechley have been commissioned to prepare a study into mining the Sandiego and Onedin Deposits. The study will examine the feasibility of mining the deposits by open cut and/or underground methods and examine various options for processing. Completion of the Metallurgical Testing Program is key to progressing the Mining Engineering Program.



## **OTHER PRE-FEASIBILITY STUDY WORK (Continued)**

### **Exploration Program**

Work continues to seek extensions to the defined resources. A program of down-hole electromagnetic (EM) testing has been completed on the drillholes completed in 2006. Both in-hole and off-hole conductors of interest have been located.

A review of previous exploration result has highlighted several prospects at the Koongie Project other than Sandiego and Onedin that contain ore-grade intersections. At the Atlantis Prospect holes have intersected **10m @ 12.7%Zn** and **6m @ 14.4% Zn**. These newly defined targets will be tested once the dry season commences.

### **CONCLUSION**

**The new Mineral Resource estimates are similar to various unclassified pre-2006 estimates that formed an important basis for the Company's enthusiasm for undertaking the Pre-Feasibility Study. This confirmation of the quantum of resources, and the classification of resources as predominantly Indicated, represent a significant step in progressing the Koongie Project towards possible development.**

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

**John L. C. Jones**  
**CHAIRMAN**

#### **For further information:**

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Information in this "ASX Announcement" relating to Exploration Results and geological data has been compiled by the Anglo Australian Resources N L Exploration Manager, Peter Komysan, who:

- Is a full-time employee of Anglo Australian resources N L;
- Is a Member of the Australasian Institute of Mining and Metallurgy
- Is a member of the Australian Institute of Geoscientists
- Has sufficient experience which is relevant to the type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code 2004 Edition);
- Has consented in writing to the inclusion of this data.

The information in this "ASX Announcement" relating to in-situ Mineral Resources has been based on information compiled by Gerry Fahey of FinOre Pty Ltd. Gerry Fahey is a Chartered Professional and a Member of the Australasian Institute of Mining and Metallurgy, and a Member of the Australian Institute of Geoscientists, and has sufficient experience, which is relevant to the style of mineralization and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person in terms of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code 2004 Edition). Gerry Fahey consents to the inclusion of such information in this "ASX Announcement" in the form and context in which they appear.



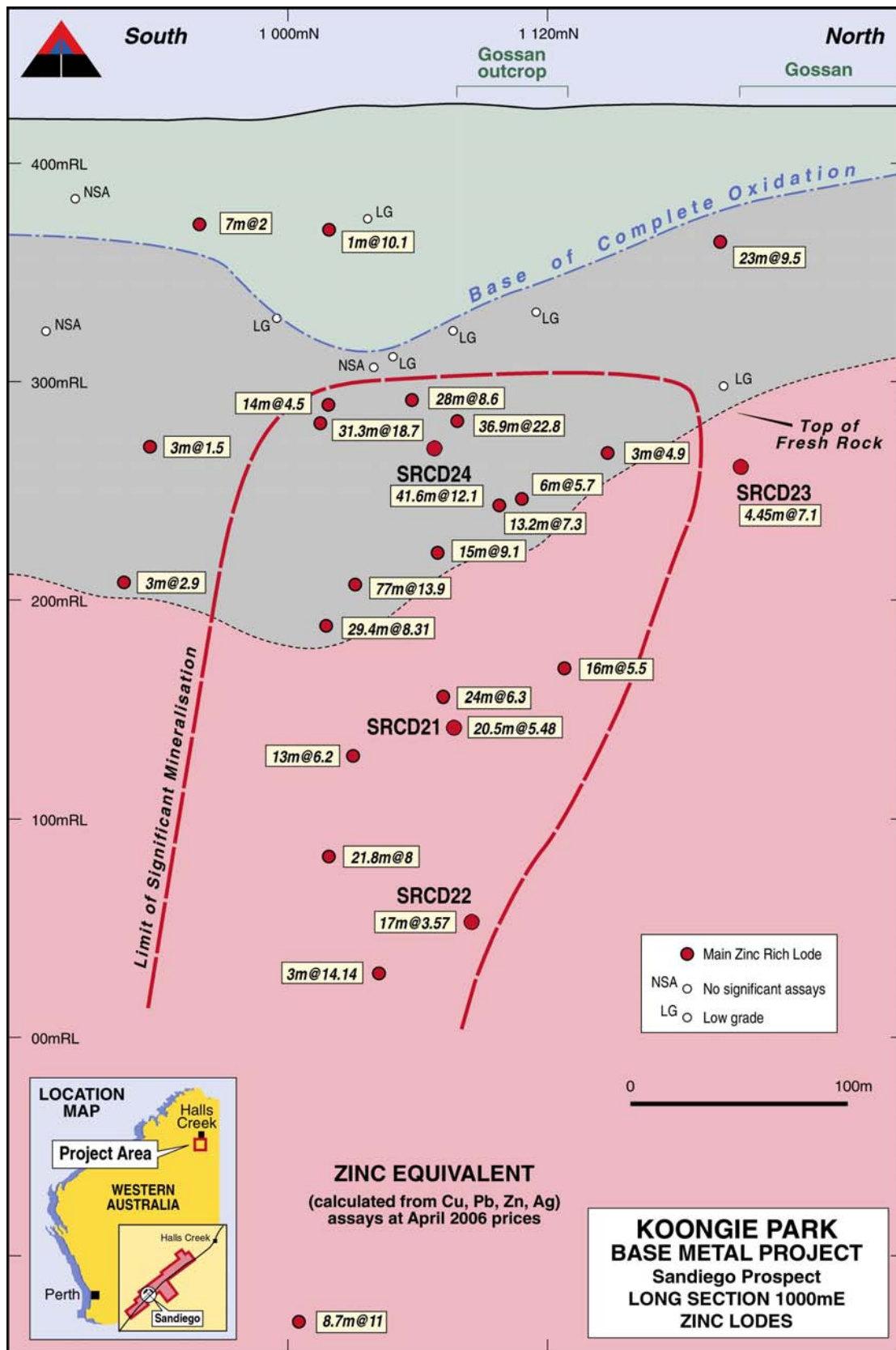


Figure 1 Sandiego Long Section 1000E (Zinc Lodes) - Showing Location of SRCD21-24 intersections





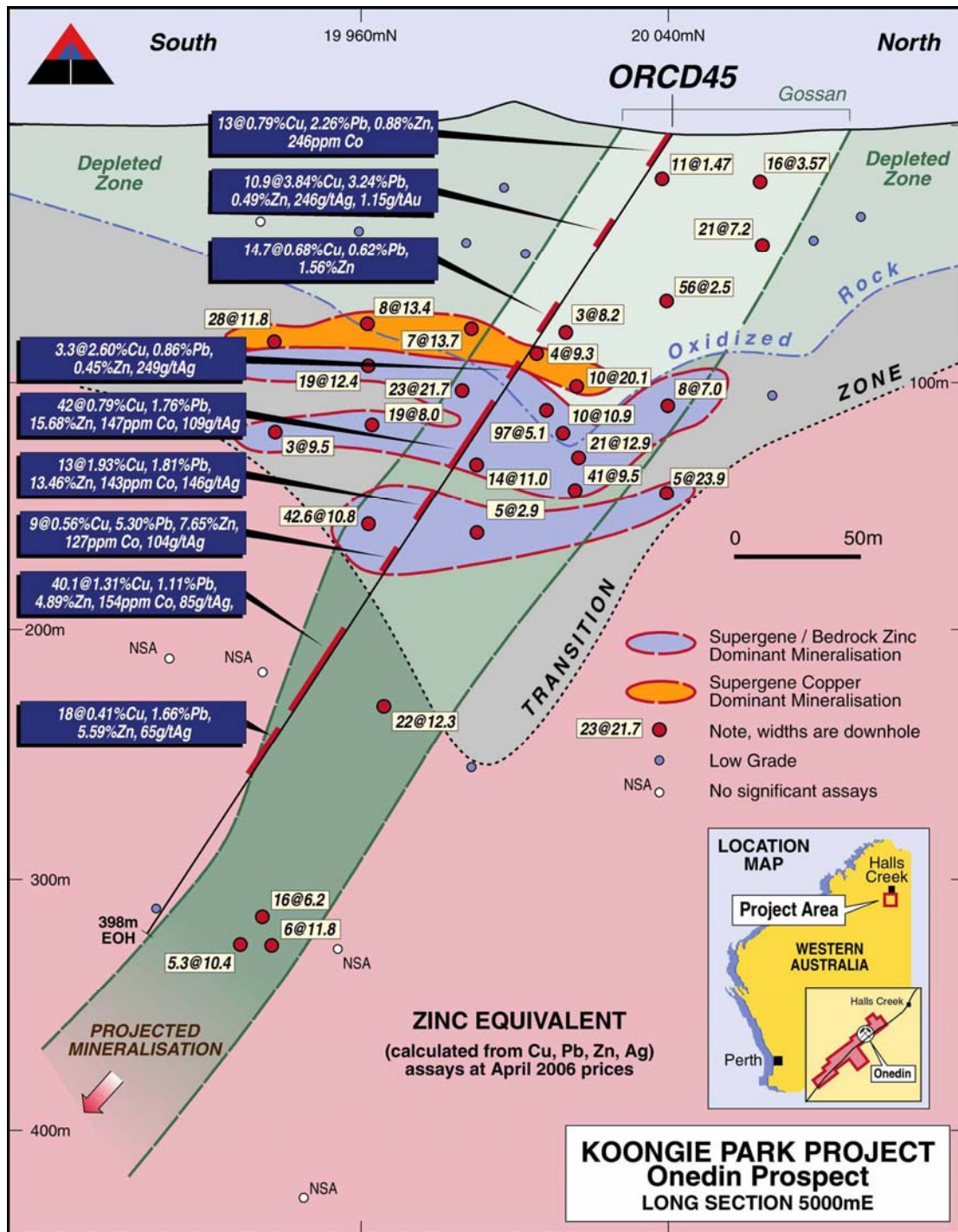


Figure 3 Onedin Long Section 5000E