

ASX ANNOUNCEMENT

ANGLO AUSTRALIAN RESOURCES NL ANNOUNCES A 42% INCREASE IN RESERVES AT ITS MANDILLA PROJECT.

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. The project is wholly owned by Anglo Australian Resources N L (“AAR”).

The Mandilla deposit is a gold mineralised palaeochannel overlain by approximately 20m of overburden. The palaeochannel, as defined at a 1g/t Au cut-off, is 5 -30m wide and over 800m long. Mineralisation generally corresponds to the zones of higher quartz content.

In June 2005 Anglo Australian Resources NL reported a mineral resource at West Mandilla palaeochannel deposit within a designed pit shell which was classified as an Indicated Mineral Resource and directly converted to a **Probable Ore Reserve of 60,000 tonnes @ 6.19g/t Au for 11,930 ounces** gold using a top-cut of 100g/t Au.

Subsequently, additional drilling has identified strike extensions to the June 2005 resource as well as confirming the high-grade mineralisation at Endymion south of the West Mandilla pit. Independent mining consultant, Holly Mining Ltd., has redesigned the West Mandilla pit and designed a pit for Endymion. BM Geological Services, an independent resource consultant, has estimated the Ore Reserve contained within the pits.

The Identified Mineral Resource was classified by BM Geological Services as an Indicated Mineral Resource of 53,000 tonnes @ 10.22g/t Au for 17,410 ounces gold. Within the pit shells this resource was directly converted to a **Probable Ore Reserve of 70,100 tonnes @ 7.52g/t Au for 16,960 ounces** gold.

This September 2005 Reserve Estimate is 42% greater than the June 2005 Reserve Estimate.

The latest estimates are based on the Reverse Circulation (RC) and Air Core drilling data available to August 2005. Details of the estimation methodology are contained in Table1.

A Feasibility Study, which envisages a development plan involving custom treatment of the West Mandilla mineralisation at a nearby mill, has been completed with positive recommendations. The plan envisages mining over a period of 9 months with first delivery of ore within the third month. The cash

operating cost per ounce is expected to be in the range of A\$330- A\$370. Statutory approvals for development are now in place and contracts for mining and milling are being finalised.

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

John L. C. Jones
CHAIRMAN

13th September 2005

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;
- has relevant experience in relation to the mineralisation being reported on as to qualify as a Competent Person as defined by the *Australasian Code for Reporting Identified Mineral Resources and Ore Reserves*.
- is a Member of the Australasian Institute of Mining and Metallurgy and is a Member of the Australian Institute of Geoscientists and has had more than twenty years' experience in the field of activity reported herein;
- has consented in writing to the inclusion of this data.

Ore resource information has been compiled by Andrew Bewsher an independent consultant from BM Geological Services, based on work by Peter Komyshan and a pit design by Bill Holly of Holly Mining Ltd. Andrew Bewsher is a member of the Australian Institute of Geoscientists and Bill Holly is a Member of the Australasian Institute of Mining and Metallurgy and both have more than five years relevant experience in relation to the mineralisation being reported on as to qualify as a Competent Persons as defined by the *Australasian Code for Reporting Identified Mineral Resources and Ore Reserves*

TABLE 1
Criteria used in ore reserve estimation

Estimation methodology –	Ordinary Kriging
Pit Design Gold value –	A\$570/oz gold
Top Cut -	100g/t Au
Bottom Cut –	1g/t Au
Dilution Factor –	0.2m
Metallurgical Recovery	95%

