

**ANGLO AUSTRALIAN RESOURCES NL**  
**QUARTERLY REPORT**  
**31 DECEMBER 2004**

24 January 2005

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 31<sup>st</sup> December 2004.

□ **EXPLORATION EXPENDITURE**

Exploration expenditure for the quarter amounted to \$200,450

□ **HIGHLIGHTS**

- A feasibility study on a **Probable Ore Reserve** of **32,000 tonnes @ 9.01g/t Au** for **9,270** ounces gold so far identified in the **West Mandilla** palaeochannel concludes that a project based on mining of the palaeochannel mineralisation and custom milling at a nearby mill is likely to be profitable.
- Drilling during November 2004 on the southern end of the designed pit at **West Mandilla** intersected bonanza grades, such as **5m @ 65.31g/t Au** (inc. **1m @ 238.57g/t Au**) and **2m @ 10.77g/t Au**, and indicated that potential exists to extend the palaeochannel mineralisation to the south.
- This potential southern extension of the palaeochannel has been tested by a 2600m aircore drilling program completed in January 2005. Assays are awaited.

## 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.

#### **Feasibility Study – West Mandilla**

Anglo Australian Resources NL has identified a probable ore reserve of 32,000 tonnes @ 9.01g/t Au (9270 ounces gold) at West Mandilla. The gold mineralisation occurs within a palaeochannel system with approximately 20m of overburden. The resource and reserve is contained within a designed pit based on \$550/oz gold value. A feasibility study has indicated that mining of this reserve using contract miners and toll milling ore at a nearby plant would be profitable.

A project management plan has been completed. Other statutory requirements for development, such as a notice of intent, an application for clearing and a vegetation survey are in preparation

#### **November 2004 Drilling Program – West Mandilla**

An additional 9 Aircore holes totalling 234m were drilled during December quarter to better define the southern end of the designed West Mandilla pit. South of 6527800N the palaeochannel appears to split into two separate high grade channels 5-10m wide, separated by a zone of low grade. On the basis of earlier drilling, the mineralisation also appeared to be diminishing in grade to the south. However, this recent drilling program, with bonanza intersections of **5m @ 65.31g/t Au** (inc. **1m @ 238.57g/t Au**) and **2m @ 10.77g/t Au**, has shown that rather than diminishing in grade the two narrow high grade zones continue to the south. A summary of intersections is shown in Table 1. The mineralisation also shallows from 22m below surface on 6527740N to 16m below surface on 6527680N. Additionally, mineralisation in earlier WMC drillholes on Section 6527600N (1m @ 3.05g/t Au and 1m @ 1.5g/t Au), located 15m below surface, was previously interpreted as supergene mineralisation in bedrock, It is now interpreted to be a probable strike extension of the palaeochannel mineralisation. Potential exists to increase the strike length of the palaeochannel by at least 100 - 300m.

A program of 2600m of aircore drilling was completed in January 2005 to test for the extension. Assays are awaited.

#### **November 2004 Drilling Program – Bedrock drilling**

5 RC holes (total 450m) were also completed in December quarter on the Helios and Selene bedrock anomalies. Significant intersections are shown on Table 2.

Four holes(MDRC011-14) tested the southern and northern portions of the Helios bedrock anomaly. Holes MDRC011-13 that tested the northern end of the anomaly did

not confirm the presence of a shallow west dipping lode that had been interpreted as a possible source of the palaeochannel mineralisation. MDRC011 collared closer to the palaeochannel edge intersected weak mineralisation (0.44g/t to 0.97g/t Au) over 7m at the transition zone between strongly and weakly weathered granite directly below the palaeochannel. The source of the palaeochannel mineralisation remains uncertain. Drill hole MDRC014, which tested the southern extension of the Helios anomaly, intersected two moderate zones of mineralisation at weathering boundaries. The deepest intersection of 2m @ 3.76g/t Au sits directly below intersections of 3m @ 5.15 g/t Au within earlier hole WID2152, suggesting a steeply dipping lode structure.

At the Selene prospect hole MDRC015 that was drilled in the opposite direction to MDRC008 (4m @ 8.54g/t Au) intersected a broad zone of alteration and a 20m wide zone of low grade gold mineralisation containing narrow zones of higher grade e.g. 2m @ 2.47g/t Au. No clear conclusions can be drawn as to the orientation of mineralised zones.

#### **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.

No exploration was conducted on the project during the quarter.

#### **MAYNARDS DAM – WA**

*(Anglo Australian Resources N.L. 100%)*

Exploration Licences 15/776, 15/835

The project is located 35km south east of St Ives and 4km north east of the Paris gold workings. Geologically the project is located 5km east of the Boulder Lefroy Fault Zone and contains a sequence of gabbros and basalts, faulted against a volcano-sedimentary sequence. Late northeast trending faults, which control some of the mineralisation in the St Ives area, are interpreted to crosscut the stratigraphy. Both tenements have now been granted and compilation of previous exploration activity is in progress.

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

The tenement expired and all rights to the project were relinquished.

□ **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 south-west 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.

No exploration work was conducted on this project this quarter. Anglo Australian Resources is seeking to joint venture the project.

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

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**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 Komysan, 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.

**Table 1**  
**Mandilla Aircore Drill Summary (Intersections > 1g/t Au)**

Hole Id	North (MGA94)	East (MGA94)	Depth	Azimuth	1m Fire Assay	
MNAC36 9	6527700	358995	26	0	NSV	
MNAC37 0	6527700	358985	26	0	NSV	
MNAC37 1	6527700	358975	26	0	19 -20m	1m @ 1.72g/t
MNAC37 2	6527700	358965	26	0	17 - 22m	5m @ 65.31g/t
				Inc.	19 – 20m	1m @ 238.57g/t
					23 - 24m	1m @ 1.15g/t
MNAC37 3	6527680	358990	26	0	NSV	
MNAC37 4	6527680	358995	26	0	16 - 17m	1m @ 1.74g/t
MNAC37 5	6527680	359000	26	0	16 - 18m	2m @ 10.77g/t
MNAC37 6	6527680	359005	26	0	NSV	
MNAC37	6527680	359010	26	0	NSV	

Samples were derived from riffle splitting of air core drill chips at 1m intervals then assayed by 50g fire assay.

Anomalous samples within the palaeochannel were re-assayed by screen fire analysis (SF).

Detection limits for both assay techniques is 0.01g/t

**Table 2 RC Significant Intersections**

RC Hole	North (MGA94)	East (MGA94)	Depth	Azimuth	Prospect	1m Fire Assay	
MDRC01 1	6528260	358735	86	90	Helios	51- 52m	1m @ 1.0g/t Au
MDRC01 2	6528260	358720	87	90	Helios	NSV	
MDRC01 3	6528200	358730	93	90	Helios	NSV	
MDRC01 4	6528100	358840	96	90	Helios	37 - 39m	2m @ 2.16g/t
						58 - 60m	2m @ 3.76g/t
						80- 81m	1m @1.16g/t
MDRC01 5	6527700	359015	88	90	Selene	47 - 48m	1m @ 2.1 g/t Au
						55 - 56m	1m @ 1.91g/t Au
						59 - 61m	2m @ 2.47g/t Au
						63 - 64m	1m @ 1.1g/t Au
						71 - 72m	1m @ 3.38g/t Au

Samples were derived from riffle splitting of air core drill chips at 1m intervals then assayed by 50g fire assay.

