

**ANGLO AUSTRALIAN RESOURCES NL**  
**QUARTERLY REPORT**  
**30 JUNE 2004**

30 July 2004

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<sup>th</sup> June 2004.

□ **EXPLORATION EXPENDITURE**

Exploration expenditure for the quarter amounted to \$207,765.

□ **HIGHLIGHTS**

- The West Mandilla Paleochannel is estimated to contain an inferred resource of **25,000t @ 12.4g/t Au (10,000oz)**. Block grades been cut to 40g/t Au in the estimation.
- Drilling returns bonanza grade intersections from the West Mandilla Paleochannel. Intersections include **5m @171.88g/t Au** (including **1m @ 823g/t**) and **1m @ 109.94g/t Au** and **1m @ 103g/t Au**. Other intersections include **3m @ 16.93g/t Au**, **1m @30.89g/t Au**, **1m @ 46.66g/t Au**, **2m @ 30.08g/t Au**, **2m @ 49.11g/t Au** and **2m @16.33g/t Au**. Drilling also establishes good continuity of high grade mineralisation along the paleochannel.
- Paleochannel mineralisation remains open along strike.
- Preliminary Feasibility Study on the development of the paleochannel resource commences.
- High grade intersections returned from bedrock mineralisation at the East Mandilla Prospect enhances the potential for significant bedrock mineralisation.

## 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.

#### Paleochannel Mineralisation

During the June Quarter Anglo Australian Resources completed 109 vertical aircore drill holes (3133m), which targeted the interpreted central zone of the West Mandilla Paleochannel. Drill hole density was increased to 20x5m within the central zone and a spacing 20x10m elsewhere.

The aircore drilling program was designed to test the continuity of mineralisation within the paleochannel and to provide sufficient information to enable estimation of a reliable resource for the West Mandilla Paleochannel.

Numerous high grade gold intersections were obtained from the Paleochannel (Table 1 and Fig 1). Gold is concentrated in quartz-rich gravel near the base of the Paleochannel, typically over a width of 10 to 30m and a thickness of 1 to 4m. The mineralisation is shallow, as the base of the paleochannel lies 18 to 23 metres below surface shallowing towards the north.

The drilling produced a number of bonanza grade intersections eg **5m @171.88g/t Au** (including **1m @ 823g/t**) and **1m @ 109.94g/t Au** and **1m @ 103g/t Au**. Other intersections include **3m @ 16.93g/t Au**, **1m @30.89g/t Au**, **1m @ 46.66g/t Au**, **2m @ 30.08g/t Au**, **2m @ 49.11g/t Au** and **2m @16.33g/t Au**. Drilling indicates good continuity of high grade mineralisation along the length of the Paleochannel. Some 40 intersections within the paleochannel exceed 5g/t Au and 8 intersections exceed 40g/t Au.

Anglo Australian Resources has internally estimated an Inferred Resource of **25,000t @ 12.4g/t Au (10,000oz)** for the West Mandilla Paleochannel between 6,527,700N and 6,528,300N. The resource estimation was based on a conventional cross-sectional method and a 1g/t Au cut-off. A 40g/t Au top cut was applied to all block grades. A bulk density of 1.8 tonnes per cubic metre was used

The paleochannel mineralisation is defined over 600m, but remains open to the north and to the south. Potential exists to increase the resource by further infill drilling within the Paleochannel and by drilling potential strike extensions.

A Preliminary Feasibility Study into development of the Paleochannel resource has commenced. Development would involve contract mining and custom milling at a nearby mill. The resource is located on a granted mining lease, which should facilitate granting of necessary approvals for development.

A heritage survey, which is a prerequisite for any development at West Mandilla was completed this quarter.

### **Bedrock Mineralisation**

Four metre composite samples from RC drilling completed in the March Quarter were re-assayed on the basis of one metre splits. Results for the Helios, Selene and East Mandilla bedrock prospects are listed in Table 2. A number of narrow high grade zones of gold mineralisation were intersected within MDRC04 (eg 1m @10.5g/t Au, 1m @15.42g/t Au and 6m @ 3.06g/t Au inc. 1m @11.24g/t Au) and within MDRC08 (1m @16.36g/t Au and 4m @8.54g/t Au). The mineralisation is associated with broad zones of hematite and chlorite alteration and quartz veining within a porphyritic granite. These intersections confirm the bedrock potential for high grade mineralisation at the Helios and East Mandilla prospects and complement other high grade intersections from previous explorers. However, additional drilling is required to establish continuity of the mineralisation. Currently Anglo Australian Resources is concentrating on evaluation of the Paleochannel mineralisation as a first priority. However it recognises that substantial bedrock potential exists for investigation in the future.

### **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. The project has been subject to extensive exploration by Anglo Australian Resources during the last year.

No work was conducted on the project during the June Quarter. A ground EM survey targeting nickel sulphides is planned for the September quarter.

### **DENISON – TASMANIA**

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

No exploration was conducted on the project during the 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

Anglo Australian Resources' interest in this project has been sold by conditional contract for \$80,000 to an unlisted public company.

□ **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.

Southern Geoscience has been commissioned to review all electrical geophysics conducted on the project with the objective of generating new drill targets.

A termite mound sampling program that was commenced last year, was completed this quarter. Assay results are awaited. The program targeted both gold and base metal targets within the project.

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 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 five 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 No	Northing	Easting	Depth	From	To	Interval	Au g/t	Type
MNAC196	6528299	358748	44	20	23	3	16.93	P SF
MNAC200	6528283	358758	39	20	21	1	2.46	P
MNAC203	6528262	358773	37	18	20	2	5.36	P SF
MNAC204	6528260	358753	42	21	22	1	2.45	P
MNAC207	6528240	358768	34	18	19	1	30.89	P SF
MNAC210	6528220	358772	49	17	18	1	6.48	P
MNAC211	6528240	358762	33	19	20	1	6.15	P
MNAC212	6528240	358772	39	17	18	1	13.10	P SF
MNAC213	6528261	358765	38	20	21	1	6.56	P SF
				22	23	1	1.48	B
				25	27	2	2.88	B
				31	32	1	1.08	B
MNAC214	6528199	358768	50	18	19	1	46.66	P SF
				28	29	1	1.13	B
MNAC215	6528199	358773	51	18	19	1	3.60	P
MNAC217	6528200	358778	45	17	18	1	2.10	P
MNAC218	6528178	358778	48	17	18	1	2.85	P
MNAC221	6528162	358773	24	17	18	1	1.31	P
MNAC222	6528162	358778	24	16	19	3	12.51	P SF
MNAC223	6528162	358788	24	22	23	1	1.23	B
MNAC224	6528139	358774	24	18	20	2	6.80	P SF
MNAC226	6528119	358780	24	19	20	1	10.82	SF
MNAC227	6528119	358785	24	19	20	1	2.00	
MNAC229	6528100	358785	24	19	20	1	3.16	
MNAC230	6528100	358795	24	19	20	1	7.01	SF
MNAC234	6528057	358814	26	20	22	2	30.08	SF
MNAC243	6528018	358851	26	19	21	2	49.11	B SF
MNAC244	6528018	358858	26	19	20	1	1.05	P
MNAC245	6527998	358811	26	20	21	1	19.49	P SF
MNAC247	6527998	358816	26	20	22	2	3.47	P
MNAC251	6527999	358850	26	19	20	1	1.04	P
MNAC252	6527979	358795	26	18	19	1	1.91	P
MNAC254	6527963	358818	26	20	21	1	1.19	P
MNAC258	6527963	358797	24	18	19	1	109.54	P SF
MNAC259	6527937	358803	24	19	20	1	5.54	P
MNAC262	6527921	358829	26	20	23	3	2.50	P
MNAC263	6527921	358819	26	21	22	1	2.65	
MNAC263B	6527923	358819	26	21	26	5	171.88	P SF
			inc	21	22	1	823.15	P SF
MNAC264	6527922	358815	26	20	22	2	16.33	P SF
MNAC265	6527922	358810	26	20	21	1	2.49	P
MNAC266	6527903	358829	26	22	24	2	3.94	P
MNAC268	6527901	358841	26	21	24	3	4.40	P

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MNAC269	6527880	358850	26	21	22	1	4.36	P	
MNAC271	6527881	358840	26	22	23	1	1.43	P	
MNAC272	6527881	358835	26	21	22	1	3.81	P	
MNAC273	6527881	358829	26	21	25	4	30.61	P	SF
			inc	21	22	1	103.06	P	SF
MNAC275	6527860	358842	26	21	22	1	67.83	P	SF
MNAC277	6527840	358866	26	21	22	1	6.37	P	SF
MNAC278	6527840	358871	26	21	24	2	1.80	P	
MNAC281	6527819	358866	26	21	22	1	10.13	P	SF
MNAC284	6527798	358892	26	22	23	1	1.82	P	
MNAC285	6527799	358896	26	21	22	1	1.16	P	
MNAC286	6527798	358902	26	21	22	1	2.08	P	
MNAC288	6527776	358928	26	22	23	1	2.44	P	
MNAC291	6527758	358909	26	21	22	1	5.71	P	SF
MNAC294	6527758	358928	26	22	23	1	20.86	P	SF
MNAC299	6527721	358949	26	19	21	2	14.55	P	SF

P = Paleochannel intersection; B = Bedrock intersection

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

Anomalous samples within the paleochannel were re-assayed by screen fire analysis (SF). Detection limits for both assay techniques is 0.01g/t

Table 2  
**Mandilla RC Drilling Summary**

Hole No	Northing	Easting	Depth	Azimuth	From	To	M	Au g/t	Prospect
MDRC01	6530640	358050	90	270				NSV	Northern Anom
MDRC02	6527400	359350	120	270				NSV	East Mandilla
MDRC03	6527450	359335	107	270				NSV	East Mandilla
MDRC04	6527500	359355	120	270	61	63	2	1.02	East Mandilla
					71	72	1	10.51	
					74	75	1	15.42	
					84	87	3	4.77	
					92	94	2	2.13	
					102	103	1	6.57	
					105	111	6	3.06	
				inc.	106	107	1	11.24	
MDRC05	6527550	359335	140	270				NSV	East Mandilla
MDRC06	6527600	359320	140	270				NSV	East Mandilla
MDRC07	6527500	359140	120	270	49	50	1	2.38	Selene
					58	60	2	1.45	
					65	66	1	2.83	
					74	75	1	1.05	
MDRC08	6527700	359110	105	270	45	46	1	1.63	Selene
					66	70	4	8.54	
				inc	66	67	1	21.04	
					72	74	2	3.64	
					78	79	1	1	
					83	84	1	1.13	
					89	90	1	16.36	
MDRC09	6528100	358935	110	270	65	66	1	1.27	Helios
MDRC10	6528260	358820	100	270				NSV	Helios

Note all samples were derived from riffle splitting RC drill chips at 1m intervals then assayed for Au by 50g fire assay. Samples with assays in excess of 10g/t Au have been re-assayed by screen fire assay.

**OPEN**

# MANDILLA PROJECT WEST MANDILLA PALEOCHANNEL

4m @ 20.64

1m @ 46.66

*Sediments*

e525100 mN

2m @ 30.08

2m @ 162.5

2m @ 109.54

5m @ 171.8

e527900 mN

1m @ 29.68

4m @ 30.61

1m @ 67.83

e527700 mN



100m

365700 mE

366900 mE

362100 mE

5m @ 171.8

Paleochannel intersection  
(metres g/t Au)



+20g/tAu



+10g/tAu



+ 5g/tAu



Mineralised hole

600m



*Sediments*

*Granite*