

ANGLO AUSTRALIAN RESOURCES NL
QUARTERLY REPORT
31 MARCH 2005

29 April 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 31st March 2005.

□ **EXPLORATION EXPENDITURE**

Exploration expenditure for the quarter amounted to \$208,582

□ **HIGHLIGHTS**

- Drilling during this quarter confirmed that the West Mandilla Palaeochannel mineralisation extends south for at least 100m beyond the limit of the mineralisation as previously defined in October 2004. **High grade intersections including 3m @ 70.59g/t Au (inc. 1m @ 199.79g/t Au), 1m @ 14.22g/t Au and 2m @ 5.31 g/t Au were returned.** The drilling program extended the mineralisation, improved the development potential and enhanced the value of the property.
- A new zone of palaeochannel mineralisation was discovered 300m south of the southern limits of the West Mandilla Palaeochannel mineralisation as known in October 2004. **Intersections include a spectacular result of 3m @ 250.07g/t Au (inc. 1m @ 739.76g/t Au).**
- A program of 3158m of additional aircore drilling was undertaken in April 2005 to test the southern extensions of the West Mandilla Palaeochannel. Results are expected mid- May.
- As part of statutory requirements for development, AAR has submitted a Project Management Plan, a Notice of Intent and an Application for Clearing to regulatory authorities. A vegetation survey was completed early in the quarter. Approvals are expected towards the end on the June Quarter. The development plan involves custom treatment of the West Mandilla Palaeochannel mineralisation at a nearby mill. In preparation for possible mining, sterilisation drilling (859m of aircore, 71m of RAB) was also completed over proposed sites for waste dumps.

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. It is wholly owned by Anglo Australian Resources NL (“AAR”).

Excellent results were obtained from a drilling program (93 vertical air-core holes, 2635m) completed during January 2005. The program extended the mineralisation, improved the development potential and enhanced the value of the property.

The program principally targeted possible southern extensions of the shallow gold-mineralised West Mandilla Palaeochannel. Several phases of drilling by AAR had previously defined a Probable Reserve of 32,000 tonnes @ 9.01g/t Au (9270 ounces) over a channel length of 600m (Announced October 2004). Drilling in November 2004 had returned high-grade intersections of **5m @ 65.31g/t Au** (inc. **1m @ 238.57g/t Au**) and **2m @ 10.77g/t Au**, and had indicated that the palaeochannel mineralisation was likely continued to the south.

The January program produced very encouraging and significant results whereby,

- It confirmed that the West Mandilla palaeochannel mineralisation extends south for at least 100m beyond the previous (October 2004) known limits of the mineralisation. **High grade intersections including 3m @ 70.59g/t Au (inc. 1m @ 199.79g/t Au), 1m @ 14.22g/t Au and 2m @ 5.31 g/t Au were returned.** A summary of intersections is shown in Table 1. Importantly, the palaeochannel mineralisation remains open to the south.
- A new zone of palaeochannel mineralisation was discovered 300m south of the previous known limit of the mineralisation.. **Intersections include a spectacular result of 3m @ 250.07g/t Au (inc. 1m @ 739.76g/t Au).** This exceptional intersection is accompanied by other significant intersections such as **1m @ 13.2g/t Au, 1m @ 11.2g/t Au, 1m @ 10.17g/t Au and 1m @ 6.7g/t Au** at depths of only 16 to 19 metres below surface. At present there is insufficient drilling in this area to determine conclusively whether these intersections are from a southern extension of the West Mandilla Palaeochannel. However, based on a strong correlation between surface gold geochemistry and the position of the palaeochannel, it is believed that there is strong potential to add an additional 300-400m to the length of the palaeochannel mineralisation (see Figure 1).
- Although the drilling primarily targeted shallow palaeochannel mineralisation, some holes that were extended into underlying bedrock returned significant intersections. In particular, intersections of **1m @ 11.12g/t Au** and **1m @ 13.2 g/t Au** (EOH) at the southern end of the Selene bedrock anomaly correlate well with earlier bedrock intersections on adjacent drill traverses of **2m @ 7.95g/t Au** and

4m @ 3.04g/t Au. The intersections, which are spaced over 80m, are interpreted to be from a steeply dipping north-northwestly trending quartz lode. As the bedrock is known to contain very high-grade quartz veins elsewhere on the property, this newly discovered vein represents a significant target for deeper drilling.

In summary, the program extended the palaeochannel mineralisation and enhanced its development potential, as further drilling can confidently be expected to materially increase the October 2004 Probable Reserve. Additionally, it provided further evidence of the project's excellent prospectivity for high-grade vein style mineralisation.

- AAR's primary objective remains the development of the shallow, high-grade West Mandilla Palaeochannel. As part of statutory requirements for development, AAR has submitted a Project Management Plan, a Notice of Intent and an Application for Clearing to regulatory authorities. A vegetation survey was completed early in the quarter. Approvals are expected towards the end on the June Quarter. The development plan involves custom treatment of the West Mandilla Palaeochannel mineralisation at a nearby mill. In preparation for possible mining, sterilisation drilling (859m of aircore, 71m of RAB) was also completed during April 2005 over proposed sites for waste dumps. Fully assays are awaited.

AAR undertook phase one of a two phase aircore drilling program at West Mandilla during April 2005. 3158m of additional aircore drilling was completed to test the southern extensions of the West Mandilla Palaeochannel. Full results are expected mid-May. The second phase of drilling is planned to commence in early May.

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. A number of companies have expressed interest in joint venturing the project

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.

□ **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. AAR is seeking a joint venture partner for 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 N L Exploration Manager, Peter Komyshan, 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';
- Has consented in writing to the inclusion of this data.

Table 1

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

Hole_id	Mga_North	Mga_East	EOHdepth	From	To	Interval	Grade g/t Au	Type
MNAC378	6527720	358974	26	17	18	1	1.22	P
MNAC379	6527719	358946	26	20	21	1	0.51	P
MNAC382	6527679	358974	26	20	21	1	2.05	P
MNAC383	6527680	358979	26	19	22	3	70.59	P
			inc.	19	20	1	199.79	P
MNAC385	6527660	358991	26	16	17	1	4.29	P
MNAC386	6527653	359004	26	16	17	1	14.22	P
MNAC387	6527655	359009	26	16	17	1	0.47	P
MNAC390	6527641	359029	26	19	20	1	1.89	P
MNAC392	6527642	359015	26	16	17	1	7.32	P
MNAC395	6527642	359000	26	17	18	1	5.27	P
MNAC402	6527600	359051	32	28	29	1	4.41	B
MNAC405	6527605	359025	26	18	19	1	5.03	P
MNAC406	6527604	359020	26	16	18	2	5.31	P
MNAC413	6527560	359080	34	25	26	1	1.69	B
MNAC414	6527560	359076	26	21	22	1	1.81	P
MNAC415	6527560	359071	39	26	28	2	1.63	B
				29	30	1	1.04	B
MNAC417	6527559	359061	41	39	40	1	1.04	B
MNAC421	6527502	359070	46	41	42	1	1.04	B
				45	46	1	2.93	B
MNAC426	6527500	359110	42	38	40	2	1.36	B
MNAC433	6527436	359219	24	14	16	2	1.01	P
MNAC446	6527380	359130	42	41	42	1	26.33	B
MNAC450	6527360	359135	24	13	14	1	1.73	P
MNAC451	6527358	359131	24	16	17	1	13.20	P
MNAC455	6527356	359101	24	0	1	1	1.27	
MNAC457	6527362	359080	24	0	1	1	1.08	
MNAC458	6527364	359075	24	0	1	1	1.10	
				11	12	1	4.37	P
MNAC459	6527362	359068	24	19	22	3	250.07	P
			inc	19	20	1	739.76	P
MNAC460	6527364	359062	24	0	1	1	2.07	
				18	19	1	10.17	P
MNAC461	6527360	359057	24	16	17	1	2.94	P
MNAC466	6527339	359140	41	39	40	1	11.12	B
MNAC468	6527340	359159	41	16	17	1	6.72	P

Samples were derived from riffle splitting of air core drill chips at 1m intervals then assayed by 50g fire assay
 Anomalous samples >5g/t Au were re-assayed by screen fire assay. Detection limits for both assay techniques is
 0.01g/t

P indicates Palaeochannel intersection; B indicates bedrock intersection.

Figure 1

