

22 January 2004

Dear Shareholder

**INVITATION TO PARTICIPATE IN THE ANGLO AUSTRALIAN
RESOURCES NL SHAREHOLDER SHARE PURCHASE PLAN**

I have much pleasure, on behalf of the Board of Directors of Anglo Australian Resources NL, in inviting all Australian and New Zealand registered shareholders to participate in the most exciting development yet for the Company through a Shareholder Share Purchase Plan (the “Plan”).

Each of the Directors, who are all shareholders and as such are entitled to participate in the Plan, intend to participate and increase their shareholdings by taking further shares in the Company.

If you wish to participate in this Plan, you must complete and lodge the enclosed application form together with your payment by the closing date of 16 February 2004.

The offer is being made to shareholders so that they can increase their shareholdings and participate in the growth of the Company as it advances exploration and possible development of the Mandilla gold project.

A one page summary of the Mandilla gold project is enclosed for your information.

The Mandilla gold project, wholly owned by Anglo Australian, contains a compelling, near surface gold target outlined by earlier drilling. The Company commenced a detailed resource definition drilling programme in mid-December 2003 with results expected to be received progressively over the next several weeks. The objective is to define a high grade oxide gold deposit that can be profitably developed by low cost, shallow, open pit mining methods and custom milling.

I am impressed by Mandilla’s potential to generate a quick cash flow.

The Plan

The Plan entitles you, as an eligible shareholder in the Company and irrespective of the size of your shareholding, to purchase up to \$4,995 (185,000 shares) worth of new shares in the Company at an issue price of 2.7 cents per share. During the year Anglo Australian shares have traded between 2.1 and 4.4 cents.

The record date for determining your eligibility to participate is 22 January 2004.

Purchase of shares under the Plan is free of all brokerage, commission and stamp duty, and represents an opportunity for all shareholders to increase their shareholdings free of normal transaction duties. The **maximum purchase** is \$4,995 worth of shares (185,000) and the **minimum purchase** is \$540 worth of shares (20,000). Shareholders may also apply for any number of shares between the maximum and minimum purchase levels.

The Plan provides a particular opportunity for shareholders who hold less than a marketable parcel of shares (\$500 worth) to increase their shareholding to greater than the marketable parcel level without other charges.

The Company will not issue more than 35 million ordinary shares under the Plan, which represents 13.5% of the current issued capital of Anglo Australian. The maximum amount that would be raised is approximately \$945,000. If applications are received for more than the maximum of 35 million shares, applications will be scaled back by the Company to conform to the maximum amount. Directors reserve the right to close the offer earlier than the closing date of 16 February 2004 without notice.

Participation, Key Dates and Additional Information

Participation in the Plan is entirely at your discretion and is subject to the Terms and Conditions enclosed. The share price may rise or fall before the date shares are issued to you and you should therefore seek financial advice in relation to your participation in the Plan. The shares subscribed for will be issued, and quotation of the shares on the ASX applied for, on or before 19 February 2004.

Applications must be received prior to the close of the offer at 5pm on 16 February 2004. If you wish to participate, please forward your completed application form, together with your cheque payable to “Anglo Australian Resources NL Share Application Account”, to Computershare Investor Services in the enclosed reply paid envelope. Mailed applications must be received or the envelope postmarked on or before the closing date of 16 February 2004.

Your directors commend this issue to you as an opportunity for you to increase your shareholding.

If you have any questions in relation to the Plan, please contact the Company Secretary, Mr Angus Pilmer, during normal business hours on +61 8 9322 1788 or enquiries@anglo.com.au. Additional information on the Company and its projects is also available on our website www.anglo.com.au.

Yours sincerely



John L C Jones
Chairman
Anglo Australian Resources NL

ANGLO AUSTRALIA RESOURCES NL
SHAREHOLDER SHARE PLAN PURCHASE
INFORMATION SHEET
MANDILLA GOLD PROJECT

The Mandilla gold project, located 70km south of Kalgoorlie, heads up a suite of Eastern Goldfields projects controlled by Anglo Australian Resources NL that gives the Company a strong presence in the premier gold mining region of Western Australia with the potential to become a producer in the short to medium term.

The Mandilla gold project was initially owned by WMC Resources Limited but was sold to Gold Fields of South Africa as part of WMC's divestment of its gold assets. Anglo Australian acquired the project from Gold Fields in 2003 and that company has now become a substantial shareholder in Anglo Australian. The Company paid Gold Fields \$470,000 for the project - \$50,000 in cash and 17.5 million shares at 2.4cents.

WMC's initial exploration outlined very high-grade secondary and primary gold mineralisation and two zones of shallow supergene mineralisation.

The first zone, at West Mandilla, is 1100 metres long and includes intersections of 4m at 76.88 g/t gold and one metre 62.0 g/t gold. The zone remains open to the north and south. The second zone, East Mandilla, is 400m long and includes intersections of 7m at 16.89 g/t gold and 6m at 5.47 g/t gold.

In addition limited bedrock drilling intersected multiple narrow, but exceptionally high grade, quartz lodes that included 0.55m at 283.7 g/t gold, one metre at 28 g/t gold and 2.09m at 97.82 g/t gold.

Anglo Australian has planned a detailed resource delineation drilling programme at Mandilla. The immediate objective is the definition of a shallow, high-grade, mineable resource at West Mandilla that could provide early cash flow through custom milling of ore at nearby plants.

In addition to the shallow high-grade resource targets, the Company will, in due course, also drill test the deeper, high-grade bedrock targets.

ANGLO AUSTRALIA RESOURCES NL
SHAREHOLDER SHARE PLAN PURCHASE
INFORMATION SHEET
TABLE OF APPLICATION ELECTIVES

The following table has been assembled in order to assist shareholders select the most suitable investment cover within the minimum and maximum levels.

No. of Fully Paid Shares	Application Monies	Comment
185,000	\$4,995	Maximum application
180,000	\$4,860	
160,000	\$4,320	
140,000	\$3,780	
120,000	\$3,240	
100,000	\$2,700	
80,000	\$2,160	
60,000	\$1,620	
40,000	\$1,180	
20,000	\$540	Minimum application

Note: Shareholders may elect to apply for any number of new shares between the maximum and minimum.