

ANGLO AUSTRALIAN RESOURCES NL

ACN 009 159 077

7 February 2014

Mr D Filov
Senior Adviser, Listings Compliance (Perth)
ASX Compliance Pty Limited
Level 8 Exchange Plaza
PERTH WA 6000

Dear Mr Filov

In response to your letter of 5 February 2014, we wish to advise:

- 1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 5B, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?*

There are other factors to be considered.

The Company is aware of its cash position at the end of the quarter. It has access to additional funds from interim loans from the Executive Chairman to meet its funding obligations for any working capital requirements.

The Company is currently considering the most suitable method for raising capital and will advise the market in due course.

The Company is waiting for a refund of bonds totalling \$93,000 lodged in respect of its Mandilla project.

The Company has been advised that its submission under the WA government sponsored Exploration Incentive Scheme (EIS) for co-funding to complete two diamond drill holes to test a strong off-hole conductor at its Leonora Project was successful. Co-funding will cover up to 50% of direct drilling costs up to a maximum of \$90,000.

Having regard to the above matters, the Company believes that it will have sufficient funds to fund its activities.

- 2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?*

As the Company does not have a source of Operating Cash Flow, it does expect to have negative operating cash flows in the future, which is typical of junior exploration companies. The Company currently expects that, in the foreseeable future, the quantum of negative operating cash flow will be broadly similar to that reported for the most recent quarter, however, expenditure will naturally be matched with the amount of funds raised.

As stated above, the Company is currently considering the most suitable method for raising capital and will advise the market in due course.



Any type of capital raising is expected to provide the Company with sufficient funds to continue its operations at this rate for the foreseeable future.

3. *What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?*

The Company's response to question 1 above sets out steps that it is proposing to take in respect of raising capital to meet its business objectives.

In addition, the Company holds a portfolio of exploration projects, some of which are or could potentially be of interest to other organisations, and from which other organisations funding to investigate such projects could potentially be made available.

The Company is actively pursuing these and other types of arrangements in respect of its various other exploration projects.

4. *Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?*

The Company can confirm that it is compliance with LR 3.1.

5. *Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.*

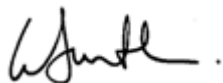
As stated above in responses to question 3, the company holds a portfolio of exploration projects at various stages of advancement.

In the case of two projects – Mandilla and Koongie Park – mineral resources are currently mapped. The Victoria River Project has been considered sufficiently prospective to attract the interest of leading global base metals producer MMG Limited. The Company believes that both its Leonora and Koongie Park Projects have material value.

The Company has minimal liabilities.

For the reasons set out above, and also in the response to your question 1 the Company has access to funds and accordingly, the Company believes that it is in compliance with listing rule 12.2.

Yours sincerely



Graeme Smith
Company Secretary
Anglo Australian Resources NL
(t) 0408 447 493

Cc. Mr JLC Jones – Executive Chairman



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5 February 2014

Mr Graeme Smith
Company Secretary
Anglo Australian Resources NL
Ground Floor, 63 Hay Street
SUBIACO WA 6008

By email

Dear Graeme

Anglo Australian Resources NL ("Company")

I refer to the Company's Quarterly Report in the form of Appendix 5B for the period ended 31 December 2013, released to ASX Limited ("ASX") on 30 January 2014, (the "Appendix 5B").

ASX notes that the Company has reported the following.

1. Receipts from product sales of nil.
2. Net negative operating cash flows for the quarter of \$373,000.
3. Cash at end of quarter of \$49,000.

In light of the information contained in the Appendix 5B, please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 5B, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?
5. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me on facsimile number +61 8 9221 2020 or email dave.filov@asx.com.au. It should not be sent to ASX Market Announcements.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **3.00 pm WST on Friday 7 February 2014**.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries please let me know.

Yours sincerely,

[sent electronically without signature]

Dave Filov

Senior Adviser, Listings Compliance (Perth)