

Quarterly Report

for the three months ended **31st March 2014**

Anglo Australian Resources NL

ASX Code: **AAR**
ACN: 009 159 077

Ground Floor
63 Hay Street
Subiaco WA 6008

Tel: 08 9382 8822
Fax: 08 6380 1904
Email: info@anglo.com.au
www.anglo.com.au

Capital Structure

93,641,488 ordinary shares
2,561,027 options (\$0.09, exp. 31/03/15)
3,565,004 options (\$0.08, exp. 30/06/15)
1,000,000 options (\$0.12, exp. 30/11/15)
2,600,000 options (\$0.15, exp. 30/11/15)

Board Members

John Jones

Executive Chairman

Angus Pilmer

Non-Executive Director

Peter Stern

Non-Executive Director

Graeme Smith

Director / Company Secretary



Summary & Highlights

CORPORATE

- Cash on hand at end of quarter - \$22,000
- Graeme Smith appointed to Board

Due to recent changes under the Mining Act involving bond monies, Anglo Australian is negotiating with the relevant government department for refunds of approximately \$170,000.

EXPLORATION

- The merits of a Gradient IP Survey covering three kilometres of strike length over the prospective horizon at Southeast Mandilla are being considered.
- Leonora Project – RC and Diamond Drilling program to test off hole conductors identified during previous program to commence in early May 2014. Access to the project area was achieved on Monday 21st April 2014. Site clearing for the RC precollars has now been completed.
- Mandilla Project – Recent drilling identified wide widths of low grade gold associated sulphide (MSR. C004). Anglo Australians' geologists are now looking at the possible merits of a IP Survey over three kilometres of strike length adjacent to drill hole MSR C004.
- Victoria River Downs Project – Project Manager MMG Limited has provided a summary of results from the recently completed drilling program at Mt Sanford.

Details

CORPORATE

During March 2014, Mr Graeme Smith, the company's Company Secretary, was appointed to the Board to fill a casual vacancy. Mr Smith will be up for election at this year's Annual General Meeting

As at 31 March 2014, the Company had cash on hand of \$21,620.

The Company is currently considering its capital raising options including the recovery of approximately \$170,000 in bond monies from the Western Australian DMP.

EXPLORATION

Leonora Project – WA

Anglo Australian - 100% interest

Two diamond drill holes located over a strong 800-metre long bedrock conductor were completed by Anglo Australian in October 2012. Both holes intersected a sequence of predominantly mafic and felsic volcanoclastic rocks with trace to minor amounts of disseminated sulphides.

Anglo Australian's Leonora Project comprises a 10 kilometre long zone of felsic and sedimentary rocks approximately 25 kilometres to the south of and along strike from the Jaguar and Bentley copper-zinc mines of Independence Group NL.

Subsequent downhole electromagnetic (DHEM) surveys in both holes detected off hole conductors representing possible massive sulphide lenses or stringer sulphide zones.

Anglo Australian has designed a follow-up drilling program to test these off hole conductors

Both holes will be located in the vicinity of the previous two holes but will target the south plunging, west dipping DHEM conductor offset from the existing holes. As well as testing the conductor, the new holes will provide a better stratigraphic context for the mineralisation already intersected.

Anglo Australian was advised on 13 June 2013 that its submission under the WA Government sponsored Exploration Incentive Scheme (EIS) for co-funding to complete the two diamond drill holes was successful. The EIS is a State Government initiative that aims to encourage exploration in Western Australia for the long-term sustainability of the State's resources sector. Co-funding is up to 50% of direct drilling costs and in Anglo Australian's case will amount to a maximum of \$90,000.

As advised by Anglo Australian to the market on 19 March 2014, abnormal rains and washouts through the Eastern Goldfields has meant that the proposed drilling program, due to have been undertaken in February and March, had been delayed. RC and Diamond Drilling program to test off hole conductors identified during previous program is now scheduled to commence in early May 2014. Access to the project area was achieved on Monday 21st April 2014 and site clearing for the RC precollars has now been completed.



Mandilla Project – WA

Anglo Australian - 100% interest

Southeast Mandilla - M15/633(Anglo Australian 100% in gold and all other elements except nickel):

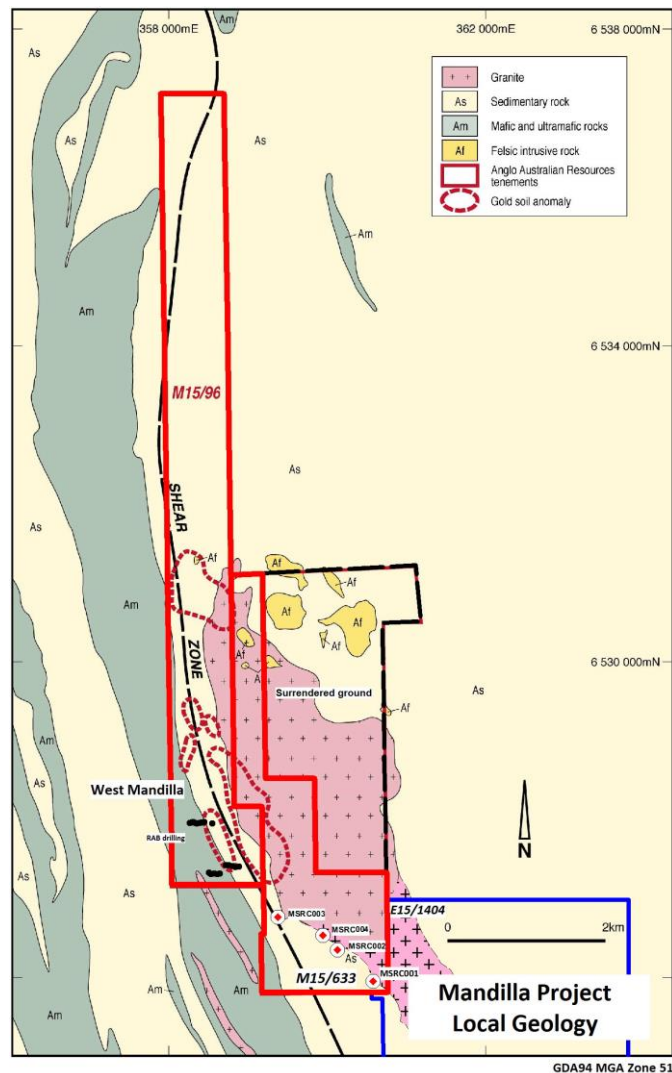


Figure 1. Mandilla Project Area

As announced last quarter, drilling identified wide widths of low grade gold associated with sulphides (MSR. C004).

The best potential for further exploration lies within the brittle porphyry host flanked by felsic volcanoclastic sedimentary rock. Only very narrow intervals of gold mineralisation have been found in the sedimentary rocks.

It is intended to extend hole MSRC004 to a greater depth. An increased sulphide content towards the bottom of the hole suggest that Induced Polarization (IP) geophysical surveying may assist with further drill hole targeting. The merits of an IP Survey covering three kilometres of strike length from hole MSR C004 to the southeast over the prospective horizon is being considered.



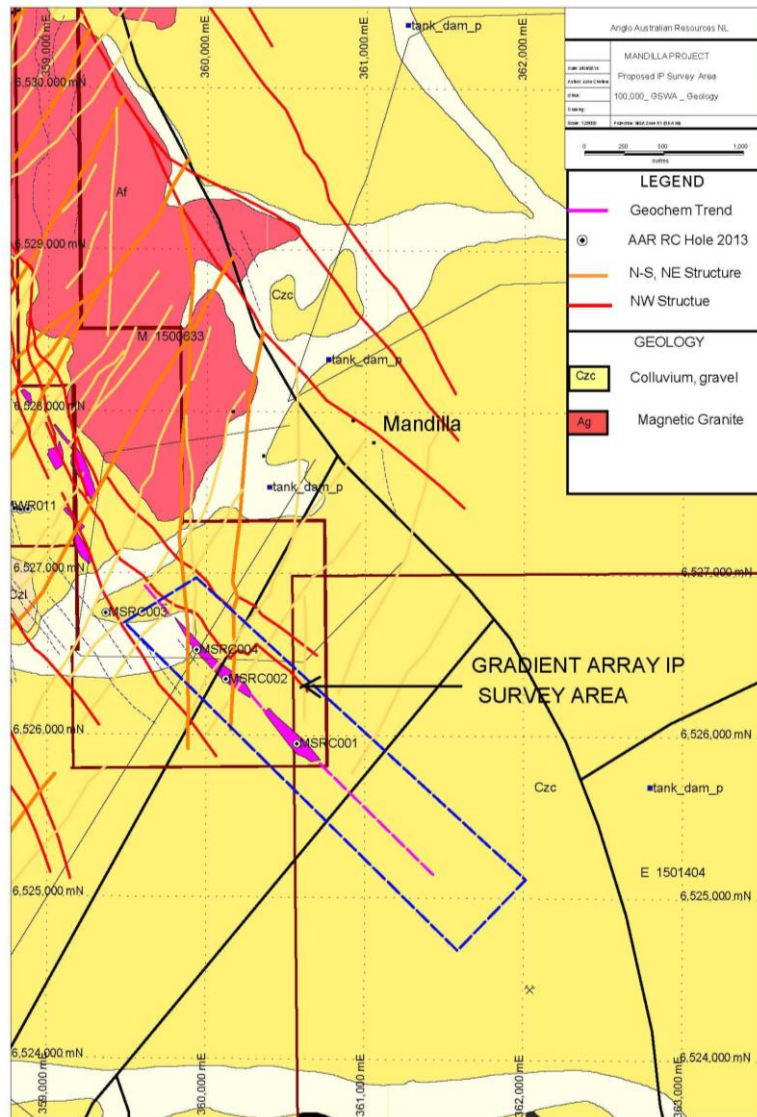


Figure 2. Mandilla Southeast – Proposed Gradient Array IP Survey area.

Victoria River Downs - NT

Anglo Australian - 100% interest (MMG Limited earning 80% interest)

During the quarter ended 30 December 2013, MMG completed a diamond core drilling program with a final total of 1,006.4m drilled. Brief reconnaissance mapping was also undertaken to familiarise MMG geologists with the local geology.

MMG have advised that the results of the exploration campaign were mixed. A positive outcome was achieved by the TEMPEST Survey which adequately tested the area. The level of anomalism was very low (50-100ohm.m) and consistent with a siltstone dominated package.

Drilling intersected poorly developed shales in the area, but more importantly, the stratigraphy was much younger than hoped (Tijunna Group and Upper Bullita Group). The thick column of siliciclastic dominated geology adequately explains the low residual gravity anomaly in comparison to the carbonate dominated packages to the east and west.

Rehabilitation activities will commence in May.



MMG summarised the results of the drilling program as follows:

- Drilling adequately tested the Bouguer gravity low anomaly.
- The EM survey represented area with regard to occurrence of shales
- Drilling intersected minor shales which were poorly developed
- Numerous intra-formational breccias representing regular subsidence/extension proximal to source material were encountered.
- Occurrences of sulphides was rare

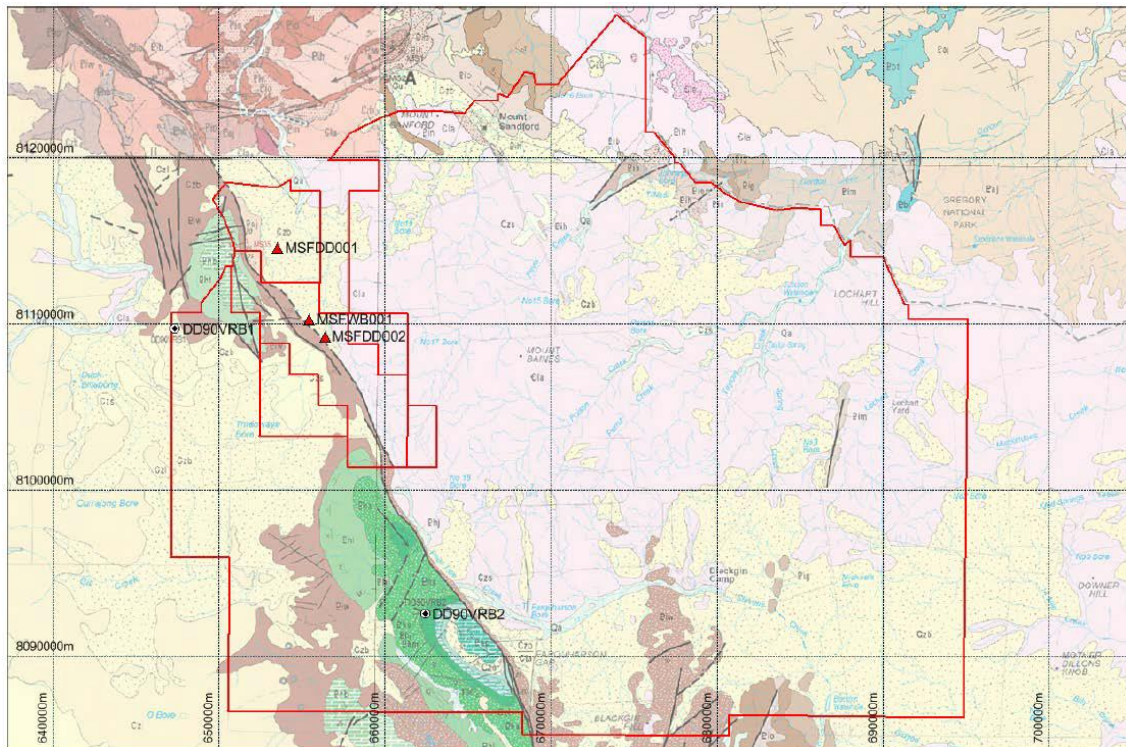


Figure 3. Victoria River - Mt Sandford Drilling 2013

MMG has yet to advise Anglo Australian of its future plans with respect to the project.

Koongie Park Project - WA

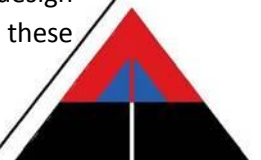
Anglo Australian - 100% interest

Options for carrying the project forward continue to be investigated.

A review of data has been undertaken by NEWEXCO, the company's geophysical consultants.

Below is their **Conclusion and Recommendations**

The regionally exposed and interpreted host horizon is considered highly prospective and poorly explored. This is recommended for an AEM survey with ground follow-up and use of some innovative experimental exploration geophysics. There are several unexplained anomalies particularly OC-1 with interpreted bedrock conductive sources that are recommended for follow up. The modelling of DHTeM at both Sandiego and Onedin suggest the presence of unexplained conductive sources. It is recommended to revisit this interpretation and, possibly, design transmitters to better couple with the unexplained and down plunge extents of these mineralization rather than the known portions.



It is also highly recommended to erect a rigorous 3D model using complete survey information of all drill holes and geophysical interpretation for ease of discussion and targeting.

For further information:

John L C Jones – Chairman

Telephone: (08) 9322 1788

Compliance Statement

The information in this report that relates to Exploration Targets and Exploration Results is based on information compiled by David Otterman, a Competent Person who is a Fellow of The Australasian Institute of Mining and Metallurgy (CP) and a Member of the Australian Institute of Geoscientists (RP Geo).

Mr Otterman has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Otterman consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Mr Otterman has disclosed to the reporting company the full nature of the relationship between himself and the company, including any issue that could be perceived by investors as a conflict of interest. He verifies that the Report is based on and fairly and accurately reflects in the form and context in which it appears, the information in supporting documentation relating to Exploration Targets and Exploration Results.



Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

Anglo Australian Resources NL

ACN

009 159 077

Quarter ended ("current quarter")

31 March 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	14	(218)
(b) development	-	-
(c) production	-	-
(d) administration	(84)	(283)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	-	(14)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(70)	(515)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(3)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	(3)
1.13 Total operating and investing cash flows (carried forward)	(70)	(518)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(70)	(518)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	35	507
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	4	30
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	4	-
	Net financing cash flows	43	537
	Net increase (decrease) in cash held	(27)	19
1.20	Cash at beginning of quarter/year to date	49	3
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	22	22

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	-
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	100	94
3.2	Credit standby arrangements	Nil	Nil

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	50
4.2	Development	-
4.3	Production	-
4.4	Administration	50
Total		100

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	22	49
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	22	49

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1		Interests in mining tenements relinquished, reduced or lapsed		
6.2		Interests in mining tenements acquired or increased		

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	93,641,488	93,641,488		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	3,565,004 2,561,027 1,000,000 2,600,000	- - - -	<i>Exercise price</i> 8 cents 9 cents 12 cents 15 cents	<i>Expiry date</i> 30 June 2015 31 March 2015 30 November 2015 30 November 2015
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: 
(Company secretary)

Date: 30 April 2014

Print name: **Graeme Smith**

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 Accounting Standards ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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