

Quarterly Report

for the three months ended **30 June 2016**

Anglo Australian Resources NL

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

Ground Floor
63 Hay Street
Subiaco WA 6008

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Email: info@anglo.com.au
www.anglo.com.au

Capital Structure

219,156,358 ordinary shares
32,300,000 options (\$0.02, exp. 30/11/19)
37,200,000 options (\$0.02, exp. 30/11/20)

Board Members

John Jones
Executive Chairman

Peter Stern
Non-Executive Director

Graeme Smith
Director / Company Secretary



Summary & Highlights

EXPLORATION

- **Feysville** - Significantly underexplored ground position strategically located only 14 kms to the south of, and along strike from, the Golden Mile in Australia's premier gold belt.
- Ground magnetic survey planned followed by AC / RAB drilling to be undertaken in September quarter.
- **Mandilla** – Review of historical gold intersections and high grade results at Selene and East Mandilla to be followed up with RC and Diamond Drilling in September quarter.
- **Koongie Park Gold** –Significantly underexplored strategically located ground position with zinc-copper resources, and a host of both zinc-copper and gold targets. Company awaiting final approvals to drill test gold targets in September quarter.

CORPORATE

- 38.8 million shares issued to sophisticated investors at a price of 1.2 cents per share to raise \$465,000 for exploration and working capital purposes
- After the conclusion of the Quarter, a Notice of Meeting was issued for shareholders to consider various resolutions including the freshening up of the Company's placement capacity and the issue of shares and options to Directors in exchange for moneys owed. This will leave additional funds for the proposed exploration campaign.

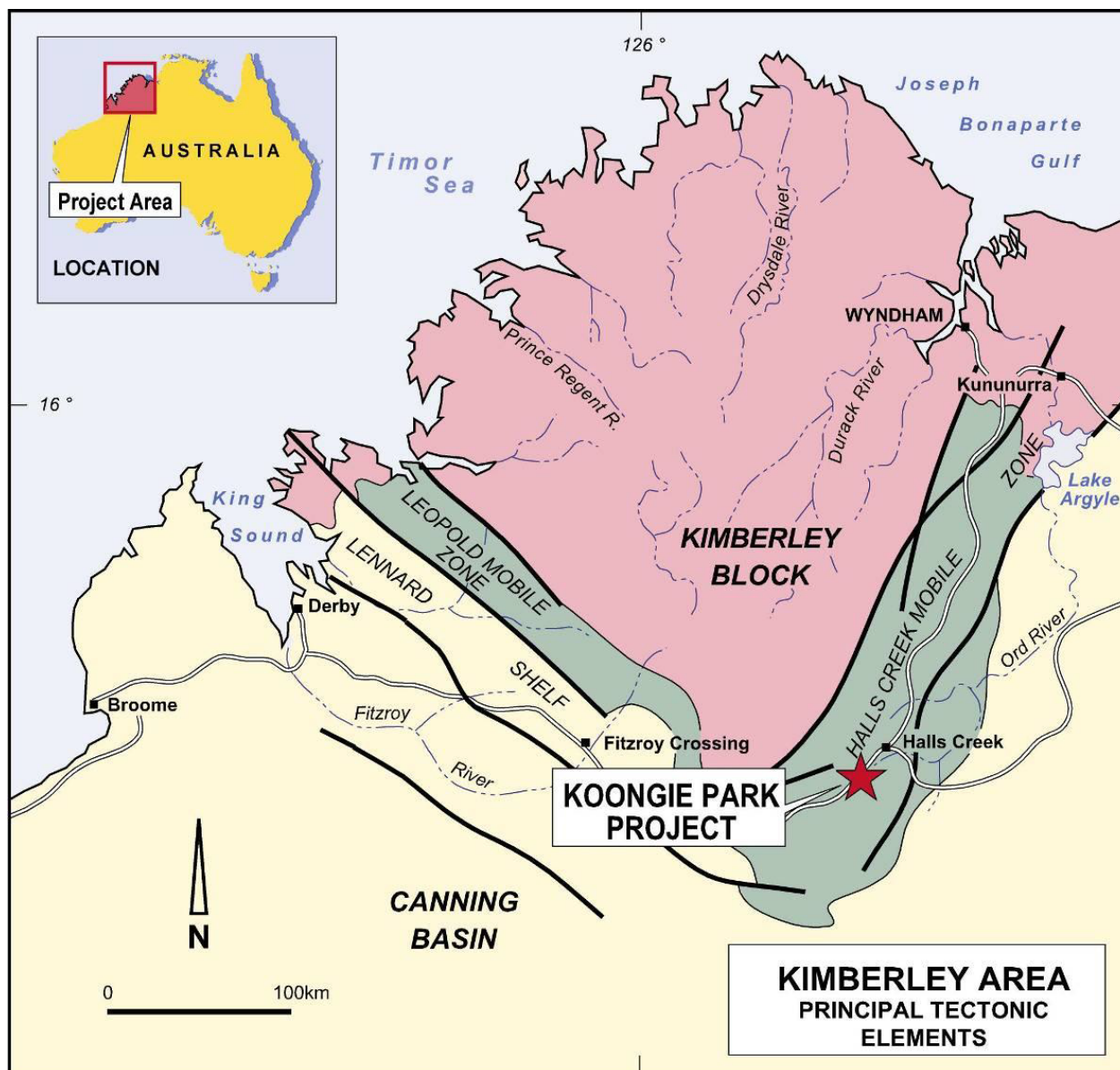
Details

EXPLORATION

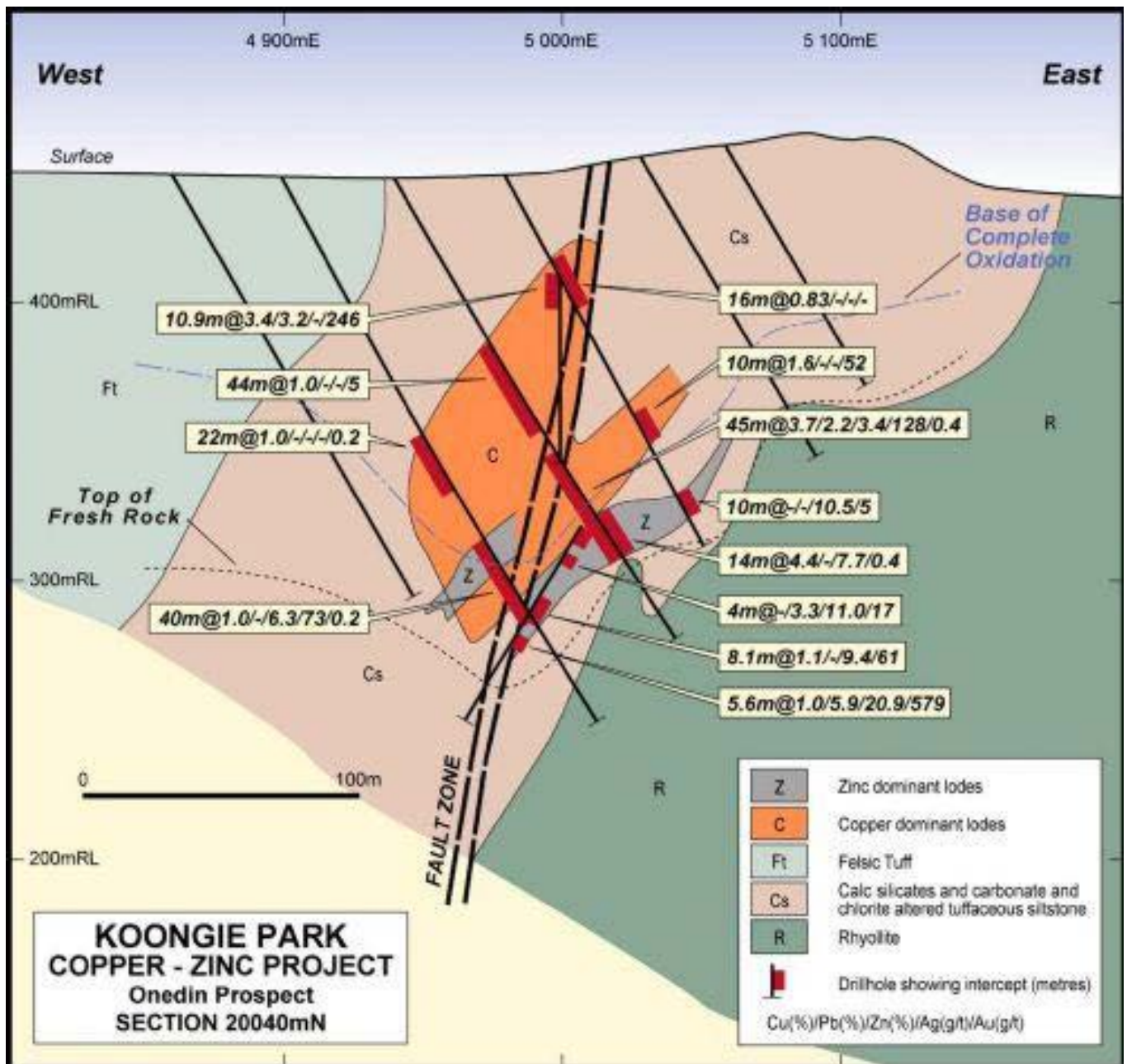
Koongie Park Project – WA

Anglo Australian - 100% interest

Koongie Park Base Metals



VMS style zinc-copper deposits in volcano sedimentary stratigraphy with resources mapped at Sandiego and Onedin



Onedin Section 20040mN

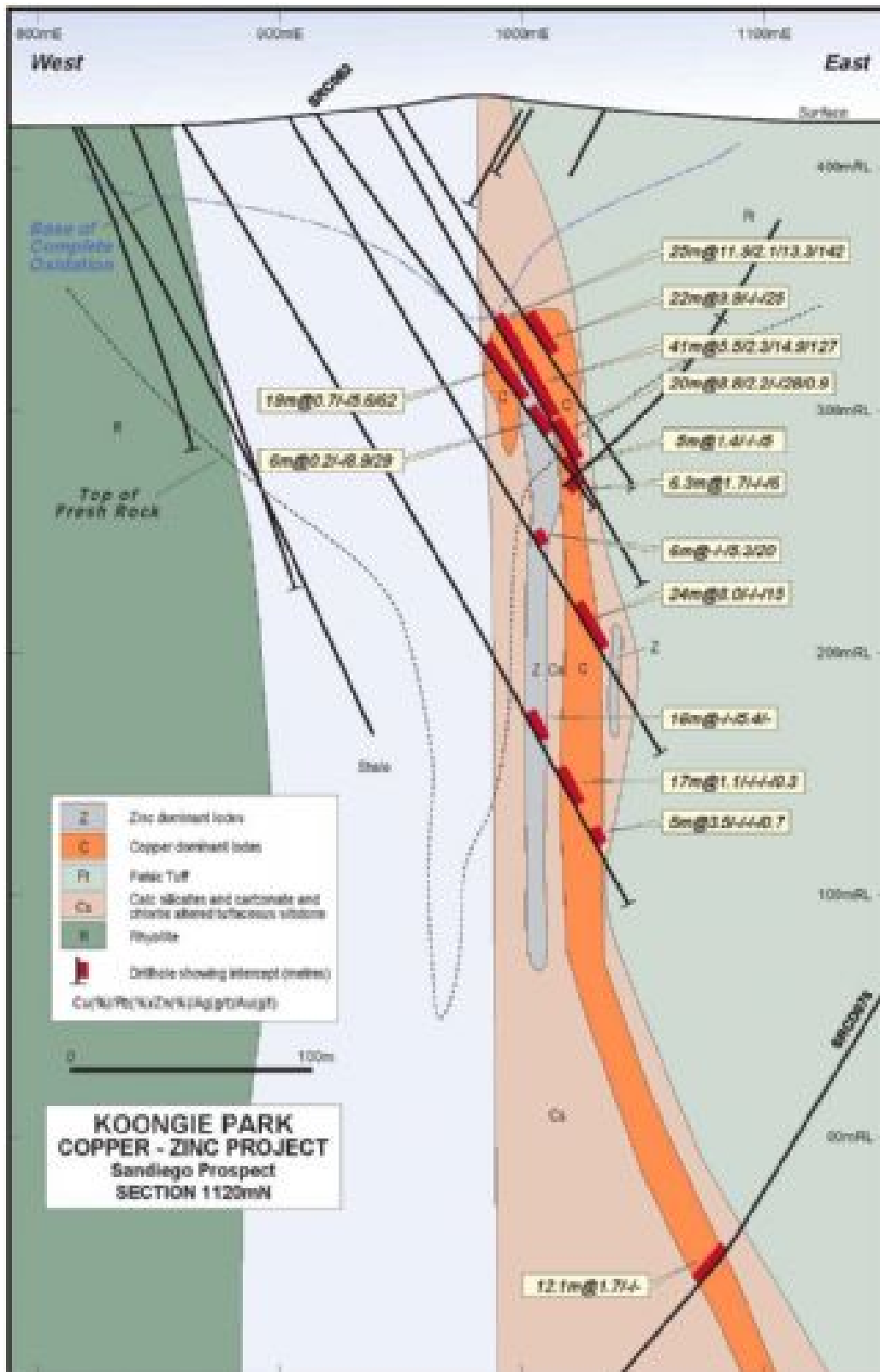
Onedin Deposit – Indicated and Inferred Mineral Resources

Zinc Zone: 1,980,000 tonnes @ 6.25% Zn, 0.47% Cu, 32g/t Ag and 0.3g/t Au

Copper Zone: 2,500,000 tonnes @ 1.1% Cu, 0.8% Zn, 21g/t Ag and 0.3g/t Au

Total Metal: 36,000 tonnes copper & 140,000 tonnes zinc metal

(ASX Release 13.06.13)



Sandiego Deposit – Indicated and Inferred Mineral Resources

Supergene Copper: 370,000 tonnes @ 4.0 % Cu, 2.7% Zn, 48g/t Ag and 0.29g/t Au

Copper Zone: 1,140,000 tonnes @ 2.8% Cu, 1.5% Zn, 12g/t Ag and 0.43g/t Au

Zinc Zone: 1,220,000 tonnes @ 0.2 % Cu, 7.0% Zn, 26g/t Ag and 0.13g/t Au

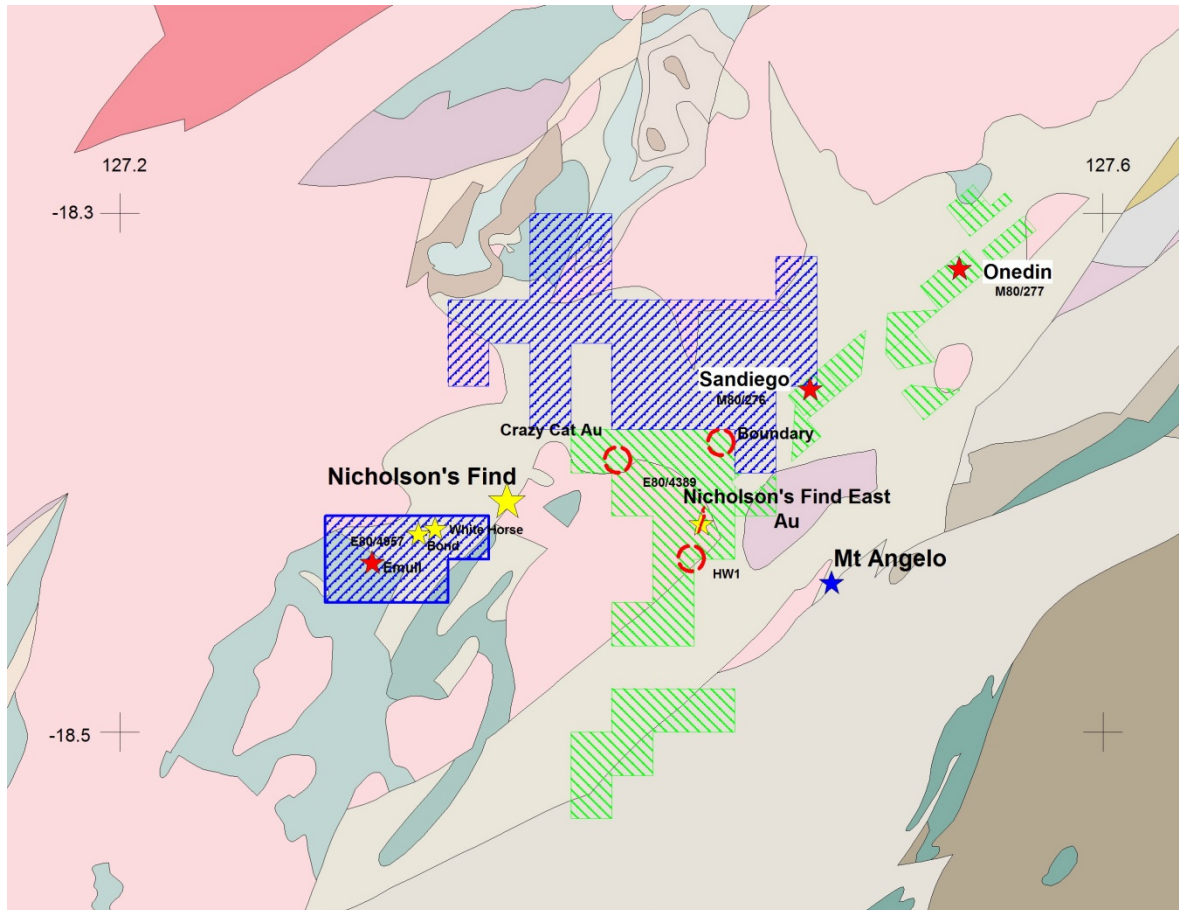
Total Metal: 50,000 tonnes copper, 115,000 tonnes zinc, 2 million ounces of silver & 26,000 ounces of gold.

(ASX Release 13.06.13)

New prospective target areas

- San Diego and Onedin mineralized zones represent fold hinges
- Homogeneity of metal in rock strongly suggests that the metal has been remobilized (which explains the San Diego and Onedin accumulations)
- Within the Project area, airborne magnetics has identified a number of other potential hinge structures that are yet to be drill-tested

Koongie Park Gold



- Significant acreage position held adjacent to Nicolsons gold mine (Pantoro Limited): 1.8 Mt @ 5.2 g/t for a total of 294,000 ounces
- Mineralization structurally controlled within wide NNE trending shear zone adjacent to monzogranite
- Host rocks comprise folded and metamorphosed sediments, volcanics and volcano-sediments of the Koongie Park Formation
- Mineralisation strongly associated with quartz veining and Fe-Si-K alteration

The Company is awaiting final approvals to drill test a number of prospective gold targets.

The proposed program of work is currently being finalized.

It is expected that this work will be undertaken in the September quarter.

Feysville – WA

Anglo Australian - 100% interest

- **GROUND MAGNETICS:**

A contract for a detailed ground magnetic program covering 232 line kilometres has been awarded. The 3.8 x 2.15 Km area covers the prospective Golden Mile Fault corridor which hosts the Rogan Josh – Dalray gold mineralisation and Ethereal Prospect to the west. The program should be completed within the coming month.

- **DRILLING PROGRAMMES:**

A Programme of Work has been recently been approved by the Department of Mines for RAB/Aircore Drilling of two prospective target areas and RC follow up drilling of three Prospect areas including Rogan Josh and Ethereal areas.

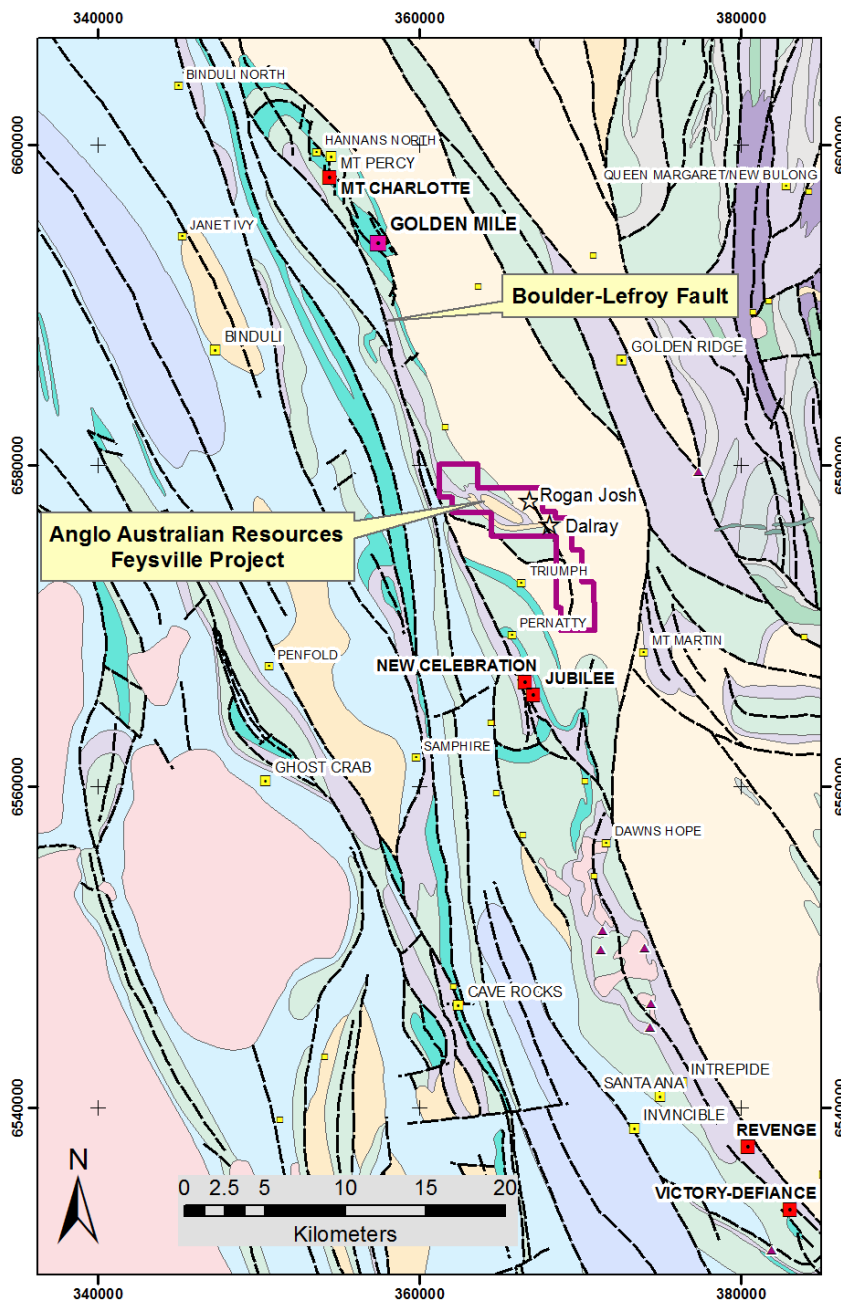
The two RAB/Aircore targets include a splay structure associated with the Boulder Lefroy Fault Zone in the North Western part of the project area and a zone of untested gold soil anomalism in a structural corridor to the South West of Rogan Josh.

The company is awaiting heritage clearance before the drilling program can commence.

The Feysville Project is located in Australia's premier gold belt, just 14km south of the giant Golden Mile deposit (70Moz) at Kalgoorlie. The belt extends for some 100km along a NNW strike, and takes in major gold deposits at New Celebration (3Moz), some 10km south of Feysville, and

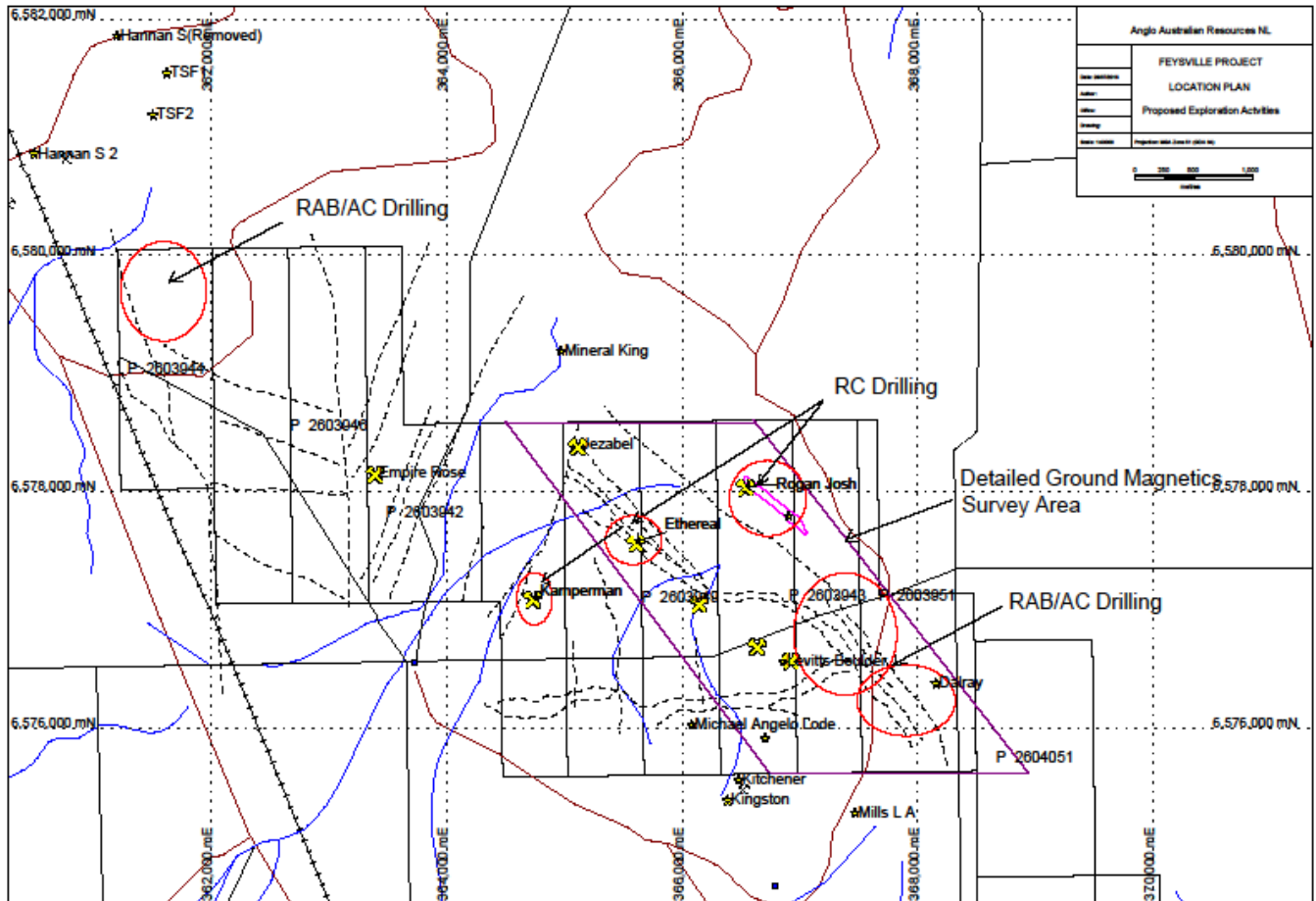
the large St Ives field (+15Moz) 30-60km to the south. Numerous other economic gold deposits have also been discovered.

Gold deposits are contained within a major structural corridor centred on the Boulder Lefroy fault, which controls regional uplift and folding of a lower sequence of mafic-ultramafic rocks (purple and green) surrounded by an upper sequence of volcano-sediments (blue and yellow). Feysville contains the lower mafic-ultramafic sequence of rocks in the core of the project area, with the Boulder Lefroy fault interpreted to pass



along the western flank of the project. Another major structure parallel to the Boulder Lefroy fault passes through the eastern side of the project for some 10km, and hosts Feysville's Rogan Josh and Dalray prospects.

The company is now focusing its efforts on bringing the deposit up to JORC Code compliant status.



Feysville proposed exploration targets

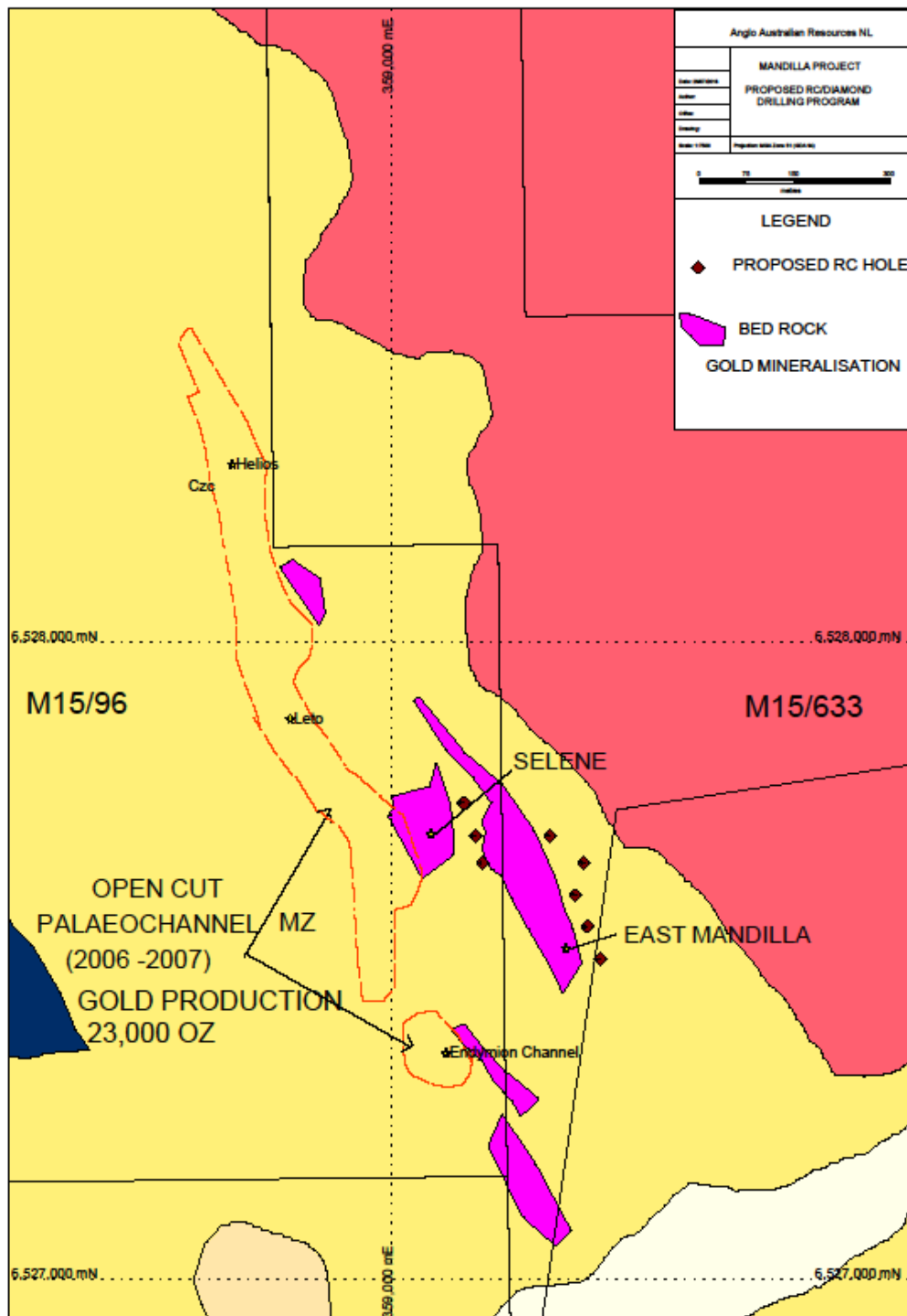
The Company is awaiting final approvals to drill test a number of prospective gold targets.

The proposed program of work is currently being finalized.

It is expected that this work will be undertaken in the September quarter.

Mandilla Project – WA

Anglo Australian - 100% interest



Proposed RC Drilling locations

RC/DIAMOND DRILLING PROGRAMME:

During the quarter the drilling data base has been reviewed and validated. This will allow for the planning of a deep RC/Diamond program at the Selene and East Mandilla Prospects. The proposed program has been designed to follow up on high grade narrow intersections as reported by WMC/Anglo Australian Resources NL. The focus being on the NNW striking high grade steeply dipping structural veins with 50 metre step outs to assess the continuity of the mineralisation and validate earlier results.

For further information:

John 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, who is an independent consultant from DW Otterman Exploration Consultant.

Mr Otterman 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.

SCHEDULE OF MINING TENEMENTS

| Project | Tenement | Company Interest | Title Registered to |
|--------------------------|---|--|-------------------------------|
| Western Australia | | | |
| Koongie Park | M80/276, 277 EL80 4389,4766 EL80/4503, ELA 80/4957 EL80/4960 P80/1802-10 | 100% | Anglo Australian Resources NL |
| Feysville | P26/3945 – 3951 P26/4051- 4052 P26/4074 – 4077 P26/3942 - 3944 | 100% | Anglo Australian Resources NL |
| Mandilla | M15/96 M15/633 EL15/1404 | 100% gold rights only 100% gold rights only 100% | Anglo Australian Resources NL |
| Leonora | E37/1047 P37/8355 – 8358, P37/8377 | 100% | Anglo Australian Resources NL |

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")

30 June 2016

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 (b) development (c) production (d) administration | (32) - - (78) | (202) - - (238) |
| 1.3 Dividends received | - | - |
| 1.4 Interest and other items of a similar nature received | - | - |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Other (provide details if material) | - | - |
| Net Operating Cash Flows | (110) | (440) |
| Cash flows related to investing activities | | |
| 1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets | - - - | - - - |
| 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 | - | - |
| 1.13 Total operating and investing cash flows (carried forward) | (110) | (440) |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

| | | | |
|------|--|------------|------------|
| 1.13 | Total operating and investing cash flows (brought forward) | (110) | (440) |
| | Cash flows related to financing activities | | |
| 1.14 | Proceeds from issues of shares, options, etc. | 340 | 533 |
| 1.15 | Proceeds from sale of forfeited shares | - | - |
| 1.16 | Proceeds from borrowings | 42 | 362 |
| 1.17 | Repayment of borrowings | - | (416) |
| 1.18 | Dividends paid | - | - |
| 1.19 | Other – Bond refund | - | - |
| | Net financing cash flows | 382 | 479 |
| | Net increase (decrease) in cash held | 272 | 39 |
| 1.20 | Cash at beginning of quarter/year to date | 8 | 241 |
| 1.21 | Exchange rate adjustments to item 1.20 | - | - |
| 1.22 | Cash at end of quarter | 280 | 280 |

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

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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

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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

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+ See chapter 19 for defined terms.

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 | 100 |
| 3.2 Credit standby arrangements | Nil | Nil |

Estimated cash outflows for next quarter

| | \$A'000 |
|--------------------------------|------------|
| 4.1 Exploration and evaluation | 100 |
| 4.2 Development | - |
| 4.3 Production | - |
| 4.4 Administration | 30 |
| Total | 130 |

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 | 280 | 8 |
| 5.2 Deposits at call | - | - |
| 5.3 Bank overdraft | - | - |
| 5.4 Other (provide details) | - | - |
| Total: cash at end of quarter (item 1.22) | 280 | 8 |

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

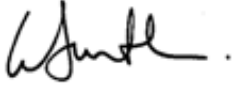
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

| | 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 | 209,311,348 | 209,311,348 | | |
| 7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs | 28,936,261 | 28,936,261 | | |
| 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> | 32,300,000 37,200,000 | | <i>Exercise price</i> 2 cents 2 cents | <i>Expiry date</i> 30 November 2019 30 November 2020 |
| 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:  Date: 29 July 2016
(Company secretary)

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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