

ANGLO AUSTRALIAN RESOURCES NL

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DRILLING COMMENCES AT FEYSVILLE GOLD PROJECT:

SIGNIFICANT NEW TARGETS IDENTIFIED THROUGH MAGNETIC SURVEY

Anglo Australian Resources NL (ASX:AAR) is pleased to advise that, following completion of a ground magnetic survey, the company has commenced an Aircore drilling program at its Feysville Gold Project.

The Feysville Project is located in Australia's premier gold belt, just 14 km south of the giant Golden Mile deposit (70 MOz) at Kalgoorlie. The belt extends for some 100 km along a NNW strike, and takes in major gold deposits at New Celebration (3 MOz), some 10 km south of Feysville, and the large St Ives field (+15 MOz) 30 to 60 km to the south. Numerous other economic gold deposits have also been discovered within the belt.

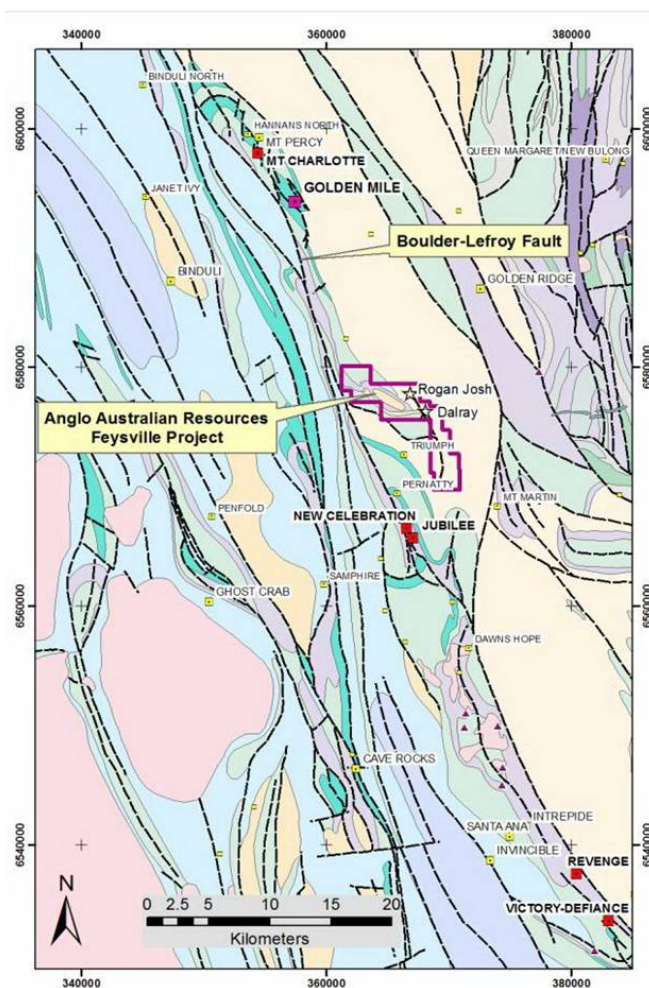


Figure 1: Feysville Location Plan

MGA 51 (GDA 94)

Gold deposits along strike are contained within a major structural corridor centered on the Boulder-Lefroy fault, which controls regional uplift and folding of a lower sequence of mafic-ultramafic rocks (purple and green in the figure above) surrounded by an upper sequence of volcano-sediments (blue and yellow).

Feysville also contains the lower mafic/ ultramafic sequence of rocks in the core project area, the closest on-strike location to south of the Super Pit to do so, with the Boulder-Lefroy fault interpreted to pass along the western flank of the Project.

The Feysville Project encompasses some 12 km of strike, a substantial holding.



With less than \$1 million having previously been spent, the Project is significantly underexplored given its highly attractive location.

Nevertheless, in previous work undertaken, anomalous gold has been identified at a number of prospects, most notably at Rogan Josh where an at-surface exploration target of 300,000 to 350,000 tonnes at 2.0 to 2.5 grams per tonne gold has been identified (ASX release 4/4/16). Mineralization, comprising gold grades enhanced in the weathering profile, remains open to the east within the central part of the anomaly and at depth. The primary source of mineralization remains largely untested with drilling having only been undertaken down to an average depth of 81metres.

Anomalous gold has also been identified at other prospects such as Ethereal, Dalray, Jezabeel, Empire Rose and Hyperno.

The company has recently undertaken a ground magnetic survey encompassing 7 sq km over the centre of the project, with the results subsequently merged with larger scale open file magnetic data.

This work has identified a number of significant features including:

- Confirmation of strong NNW-NW trending structural corridors that represent subsidiary splay structures from the Boulder-Lefroy fault. The orientation of the structures is similar to key mineralized structures at the Golden Mile
- Ethereal prospect lies on one of these newly identified structures, and is the only area of drilling for some 3.5 km of strike on this highly prospective feature
- Identification of several small-scale intrusion centres which may be important in localizing gold mineralization

Interpretation of this work has led to the identification of some six new targets along a shear zone over seven km in length, untested except for the highly prospective Jezabeel prospect at the shear's interpreted north-western extremity.

The project is considered prospective for typical high-grade shear-hosted gold lode styles, and for bulk-tonnage intrusion-hosted gold systems

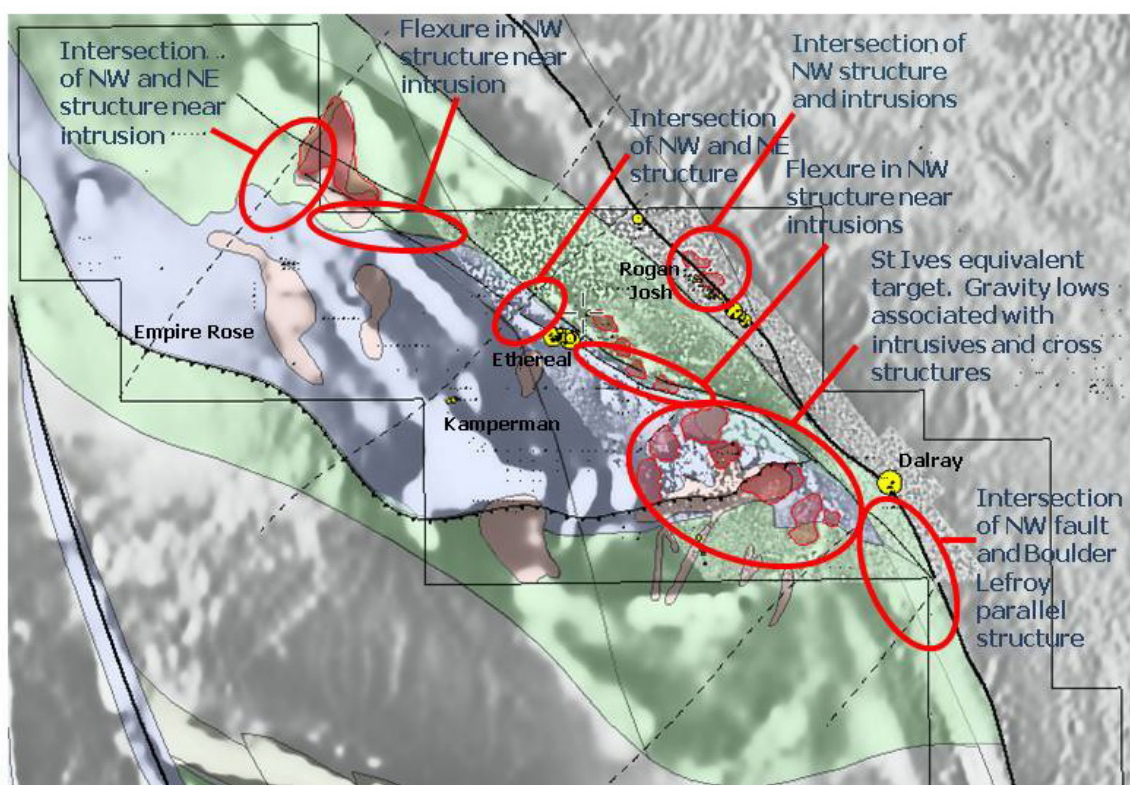


Figure 2: Feysville Interpretation of 1stvd magnetic image showing distribution of intrusions and target areas.

The company has now commenced a drilling program to test some of the targets identified.

The program will involve drilling approximately 2,000 metres of Aircore in a series of traverses across the prospective structural corridor, as shown in pink in the map below.

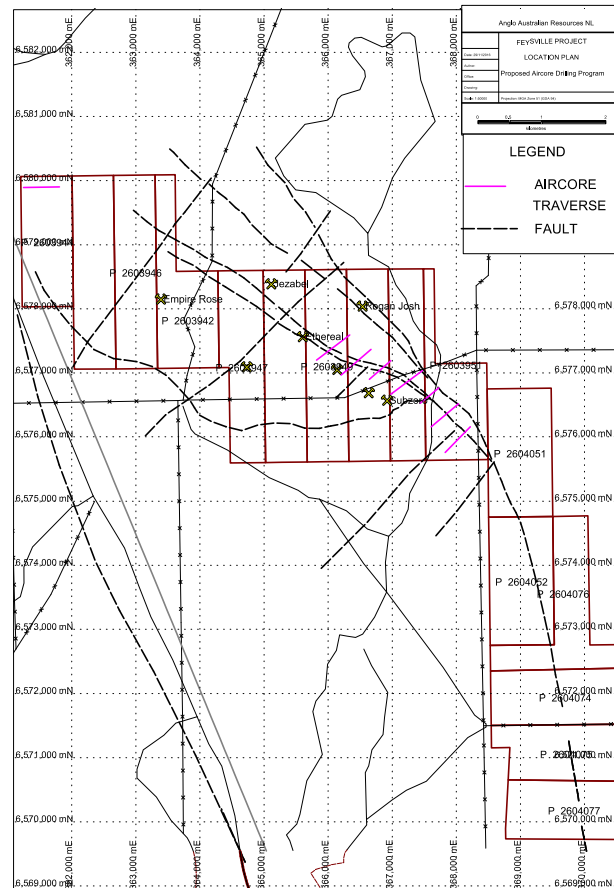


Figure 3: Feysville Aircore Drilling traverse locations

Anglo Australian Chairman, Mr John Jones, said today:

“We have always believed that Feysville represented a world-class exploration location. However, the recent ground magnetic survey has led to a significantly enhanced understanding of the opportunity the Project represents.

“As keen as we are to go back and fully evaluate Rogan Josh and some previously identified prospects with anomalous gold, we might have to park these opportunities for the current time so we can turn our attention to what we believe are some intriguing targets. Who knows what we might find here.

“As a past Chairman of North Kalgurli Gold Mines Limited, the leases of which made way for the Super Pit, the prospectivity of the area is of considerable interest to me. Moreover, born in Kalgoorlie and raised nearby, nothing would please me more than assisting in bringing employment and prosperity to the region.

“Shareholders can be assured that the results of the drilling program will be released to the market just as soon as they come to hand.”

Separately, the company has recently secured an option to acquire tenements P26/3684 and P26/3685 that encompass the interpreted south-eastern extremity of the shear zone referred to above.

Meanwhile, the company has recently been notified that its application to Department of Mines and Petroleum, Western Australia under its Exploration Incentive Scheme Co-funded Exploration Drilling Program to secure funding assistance in relation to the drilling of three deep holes at Feysville has been granted to the amount of \$100,000. Anglo Australian will use such funds in order to target potentially gold mineralized structures at depth.

For further information:

John L C Jones – Chairman

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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.