

Quarterly Report

for the three months ended **31 December 2016**

Anglo Australian Resources NL

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

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Capital Structure

225,270,941 ordinary shares
32,300,000 options (\$0.02, exp. 30/11/19)
37,200,000 options (\$0.02, exp. 30/11/20)
10,500,000 options (\$0.025, exp 30/11/20)
3,000,000 options (\$0.04, exp 30/11/20)

Board Members

John Jones
Executive Chairman

Peter Stern
Non-Executive Director

Graeme Smith
Director / Company Secretary



Summary & Highlights

EXPLORATION

• Feysville

Results of ground magnetic program received which identified several targets over a 7km shear zone.

Aircore drilling undertaken (70 holes) within Ethereal Shear Zone and Kamperman Prospect.

Significant assay results received:

- FVA067 – 13m @ 8.31 g/t
- FVA022 – 12m @ 1.58g/t (including 4m @2.47g/t)

• \$100,000 co-funded drilling application approved

• Mandilla – Review of historical gold intersections and high-grade results at Selene and East Mandilla completed. Drill core reviewed.

• Koongie Park – Zinc-copper resources and a host of both zinc-copper and gold targets.

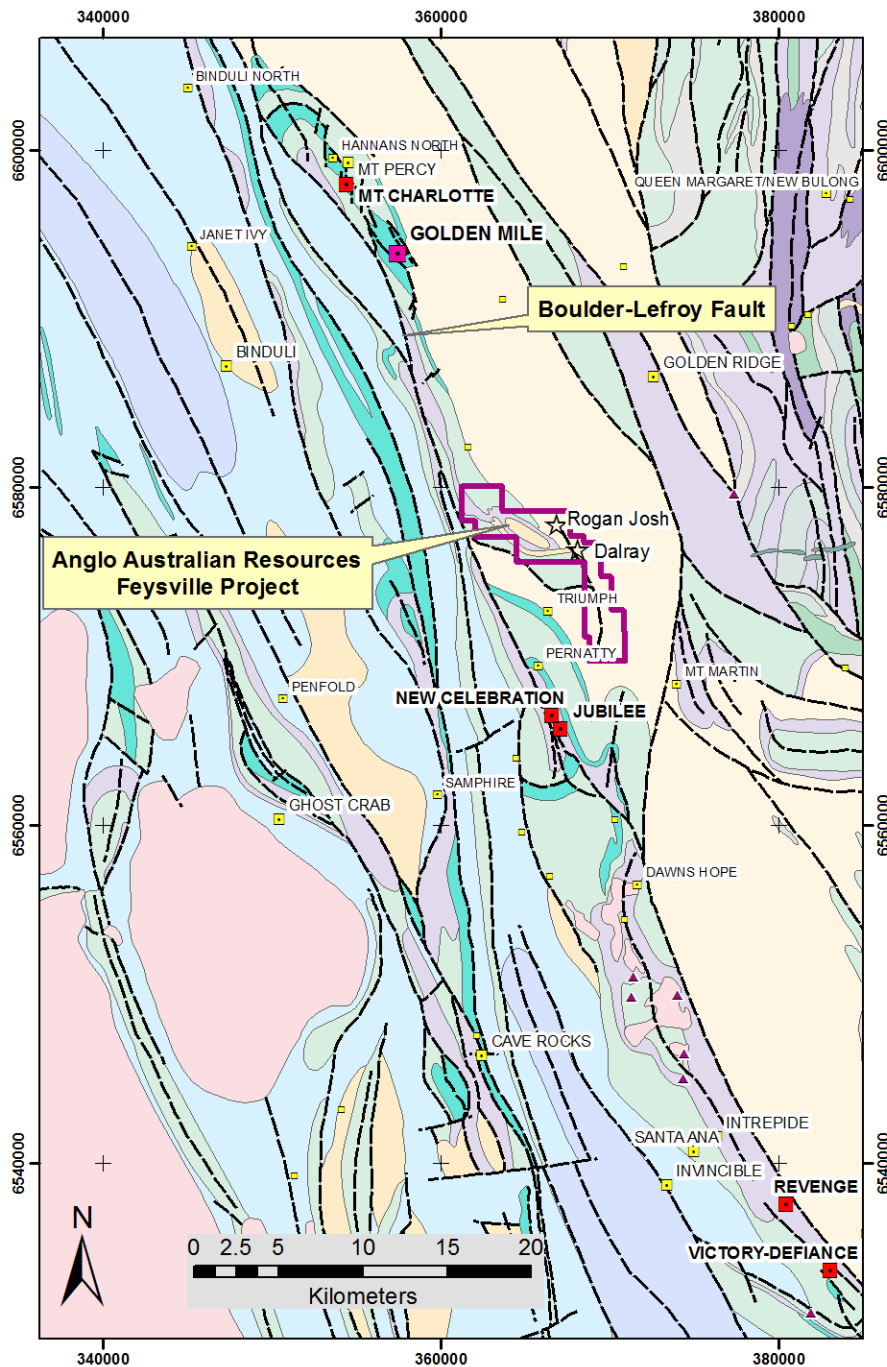
Details

EXPLORATION

Feysville – WA

Anglo Australian - 100% interest

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.

Ground Magnetic Survey

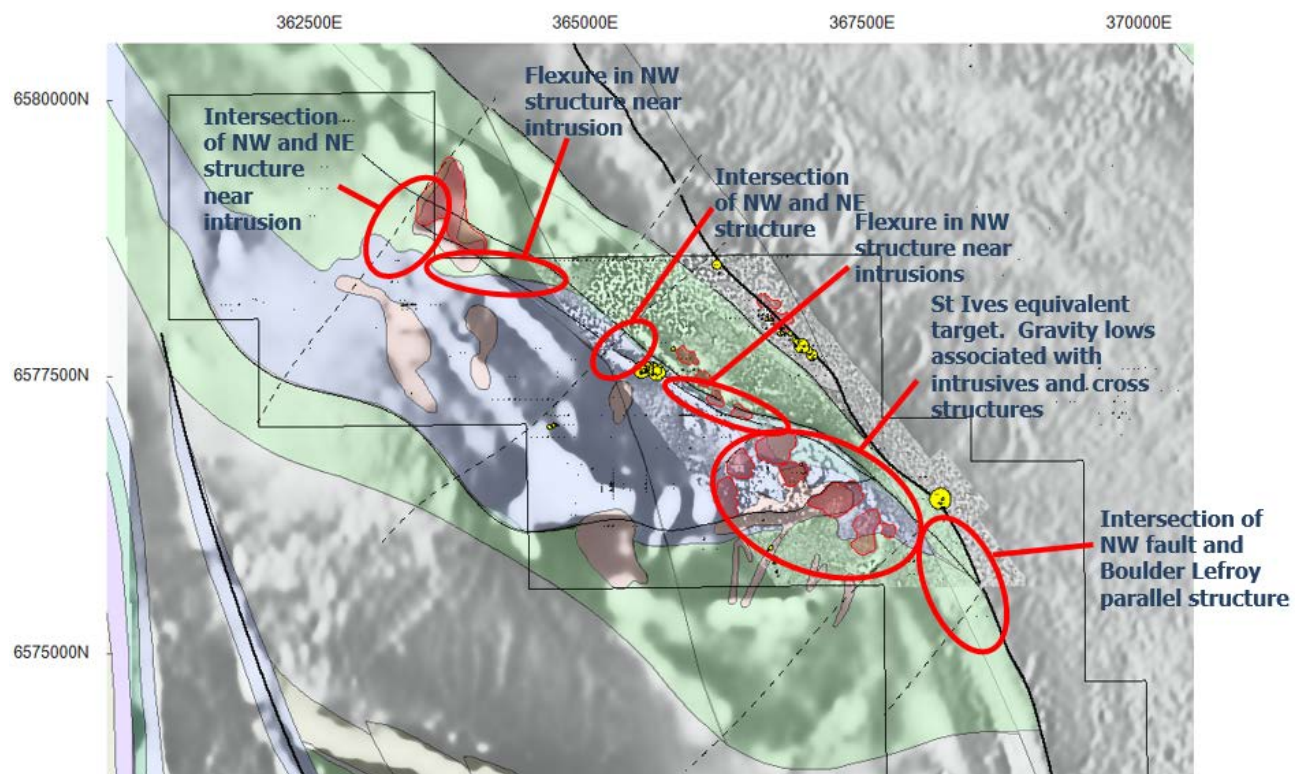
During the Quarter ended 30 September 2016, the company undertook a ground magnetic survey encompassing 7 sq km over the centre of the project, with the results

subsequently merged with larger scale open file magnetic data.

This work identified a number of significant features, announced in the December Quarter, 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 led to the identification of some six new targets along a shear zone – the Ethereal 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



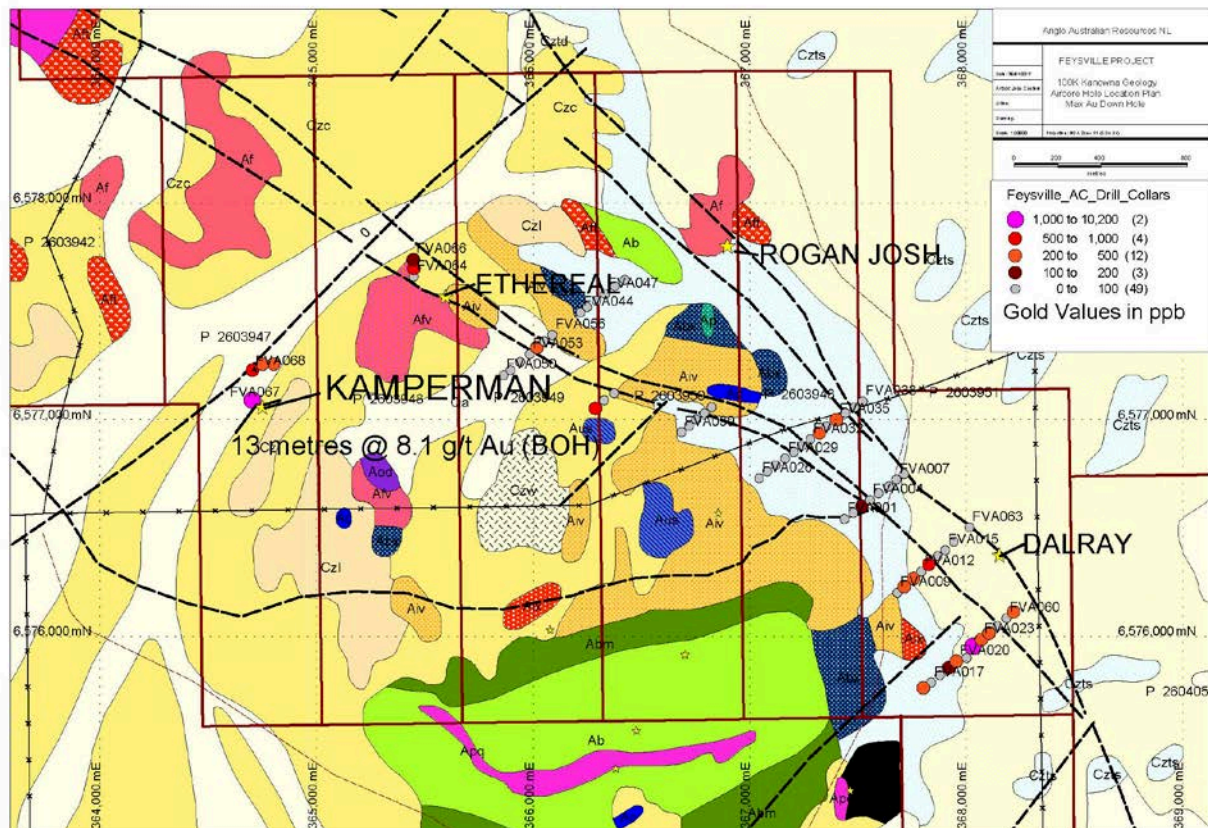
Aircore Drilling

During the December Quarter, a first round of aircore drilling at the Feysville Gold Project was completed.

70 holes (FVA001 – 070) were drilled for a total of 1764 metres, with an average hole depth of 25.2 metres. All holes were drilled at -60° towards 230°, perpendicular to the regional strike of the geology. All holes were drilled to blade refusal; however, on occasions, the AC hammer was used to penetrate quartz veining.

Significant gold assay results were received, as announced to the market on 31 January 2017.

The figure below illustrates drill hole locations and results.



In respect of the Ethereal Shear Zone, drill traverses were completed at 400 metre intervals with holes spaced mainly at 50 metres along the lines. The broad drill spacing was aimed at defining gold-in-regolith anomalism to confirm the potential of the structure to host significant bedrock gold mineralisation.

Drill results define a coherent anomalous zone within the interpreted structural corridor parallel to the regional fault zone that hosts the gold-endowed Rogan Josh and Dalray Prospects to the east. Anomalous gold results have been defined over a minimum strike length of 1200 metres and up to 300m in cross-strike width, with the zone still open to the north and south.

A best result of 12 metres at 1.58g/t from 48 metres was returned from hole FVA022. This lies within a broader anomalous zone of greater than 200ppb Au overlying complex structure and felsic intrusives identified by interpretation of magnetic data. This area presents a St Ives equivalent target consisting of gravity lows associated with intrusive and cross structures.

Three holes were drilled to intersect the interpreted west-north-west-trending structure 100 metres along strike from the Ethereal Prospect. Two of the holes FVA065 and FVA066 intersected gold mineralisation (bottom of holes) and confirmed the existence of anomalous mineralisation structure to the west-north-west of Ethereal.

Four aircore holes were also drilled at the Kamperman Prospect to the south west of the Ethereal Shear Zone. These holes were drilled to test the orientation of mineralisation previously intersected by WMC. The four holes, which are located 150 metres north of the previous drilling, recorded gold values from bottom of hole samples.

Hole FVA067 intersected a high-grade interval of 13 metres at 8.31 g/t Au from 24 metres to the bottom of the hole. Mineralisation is hosted by altered schistose porphyry and ultramafic rocks. Further drilling will be required to evaluate the zone.

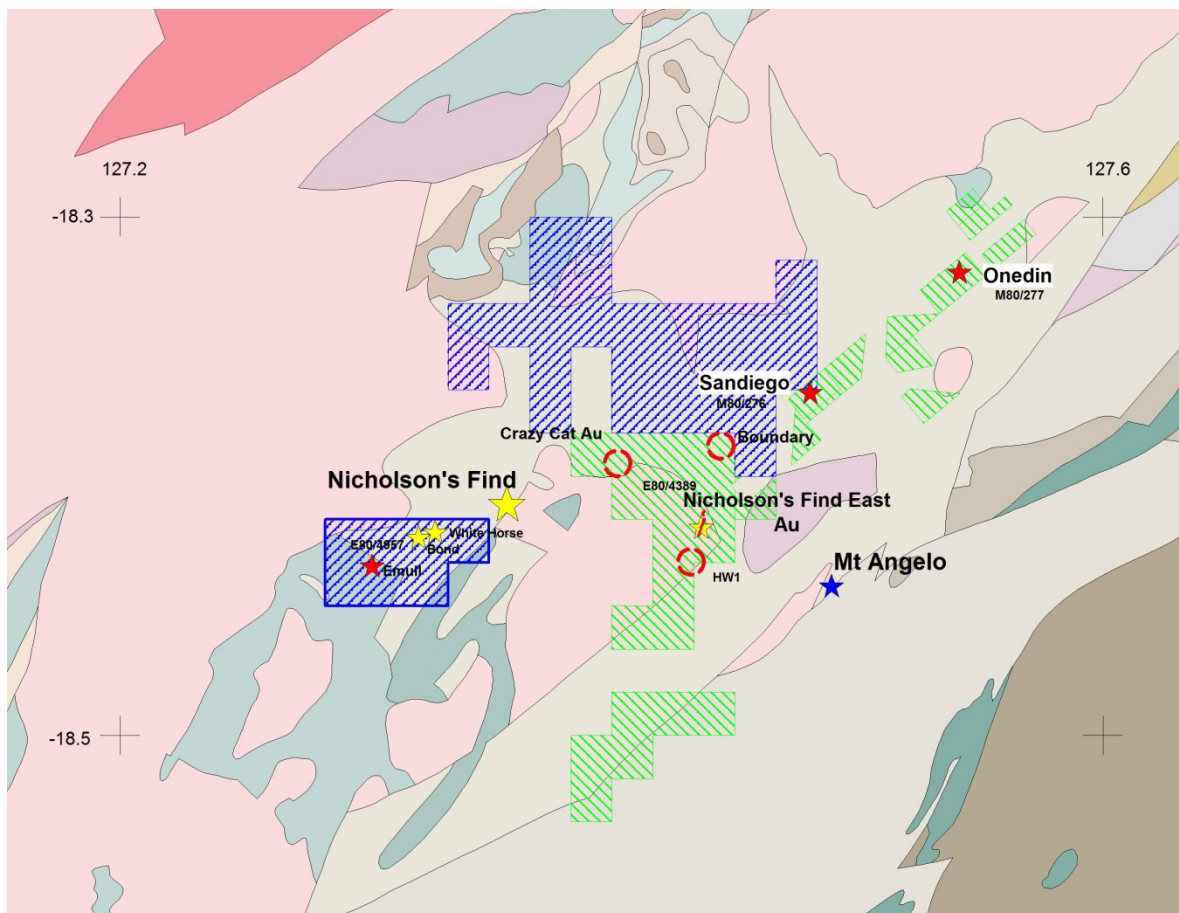
Co-funded Exploration Drilling Program

During the December Quarter, the company was 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.

Koongie Park Project – WA

Anglo Australian - 100% interest

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

Discussions ongoing in relation to access for drilling and heritage agreements.

Mandilla Project – WA

Anglo Australian – 100%

Drill core reviewed in the December quarter. A report is currently being prepared.

The Inferred Resource for East Mandilla is 357,000t @ 3.3 g/t Au for 38,000 ounces. (ASX_AAR Annual Report 2008). The high-grade mineralisation is hosted within narrow quartz veins and hematite, sericite, chlorite alteration in a porphyritic granitoid. A Program of Work submitted to the Department of Mines during the September Quarter has now been approved.

MANDILLA DRILL CROSS SECTION

SELENE AND EAST MANDILLA

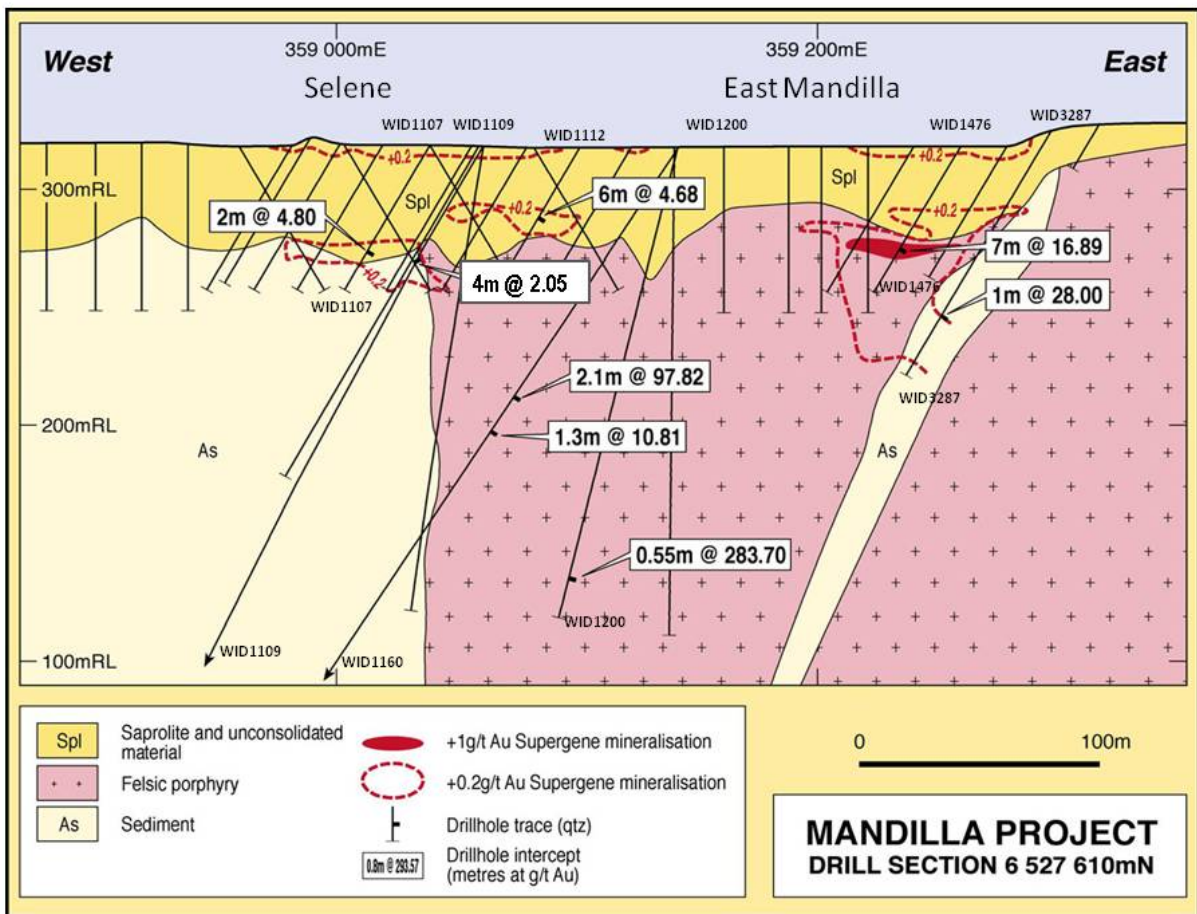


Figure 4

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 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 E37/1287	App 100%	

Appendix 5B

Mining exploration entity and oil and gas 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, 01/05/13, 01/09/16

Name of entity **ANGLO AUSTRALIAN RESOURCES NL**

ABN 24 009 159 077	Quarter ended ("current quarter")
	31 December 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(66)	(191)
(b) development		
(c) production		
(d) staff costs		
(e) administration and corporate costs	(51)	(134)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(117)	(325)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities		
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares		110
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options		
3.5	Proceeds from borrowings	10	10
3.6	Repayment of borrowings		(70)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	10	50
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	112	280
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(117)	(325)
4.3	Net cash from / (used in) investing activities (item 2.6 above)		
4.4	Net cash from / (used in) financing activities (item 3.10 above)	10	50
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	5	5

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	5	112
5.2 Call deposits		
5.3 Bank overdrafts		
5.4 Other (provide details)		
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5	112

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available

Add notes as necessary for an understanding of the position

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
100	100

Loan from J Jones – unsecured, interest 6.5%pa

9. Estimated cash outflows for next quarter**\$A'000**

9.1 Exploration and evaluation

9.2 Development

9.3 Production

9.4 Staff costs

9.5 Administration and corporate costs

9.6 Other (provide details if material)

9.7 Total estimated cash outflows

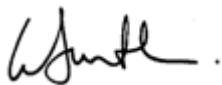
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10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
(Company secretary)

Date: ...31 January 2017.....

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.