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ANGLO AUSTRALIAN RESOURCES NL
ASX ANNOUNCEMENT

SCOPING STUDY IDENTIFIES PLATFORM FOR OPEN PIT AND UNDERGROUND DEVELOPMENT OF THE SANDIEGO DEPOSIT

Anglo Australian Resources NL ("AAR") is pleased to report The Scoping Study of the Sandiego Copper Zinc Deposit at the Koongie Project in the Kimberley of Western Australia by Nigel Spicer of Minesure is now complete with positive results. The Sandiego Deposit is one of two significant copper zinc deposits in the Koongie Project.

Exploitation of the Sandiego Deposit by open pit and underground mining methods using an onsite concentrator and off-site smelting is potentially viable.

Based on metal prices and foreign Exchange rates current in the last month and having selected Cu @ US$9,400/t and Zn @ US$2,400/t (US$1: $A1) the project generates an Operating Surplus of A$60m, which equates to a net present value (NPV) of A$36M at a discount rate of 8% from net revenue of A$413M. The cashflow has an internal rate of return (IRR) of 31%.

ADDITIONAL HIGHLIGHTS FROM THE SCOPING STUDY

(1) The Project has the potential to generate 2Mt of mill feed from which 33,100t of copper, 42,900t of zinc, 6,800oz of gold and 296,000oz of silver could be recovered.

(2) In November 2010 Coffey Mining re-estimated the Sandiego Resource using results from recent drilling campaigns. The Resource contains 55kt of copper and 106kt of zinc.

(3) Optimisation of the Sandiego Resource using an annual plant throughput of 540ktpa showed that it was potentially viable to mine a 170m deep open pit which would provide 860kt of feed at grades of 2.16% Cu, 4.99% Zn, 0.3g/t Au and 35.8g/t Ag.

(4) Processing at the nameplate rate of 540ktpa commences with the open pit ore in years one and two and then treats the underground ore in year three and thereafter.

(5) Gross revenue is estimated to be A$432.7M. The royalty payments amount to A$20.0M giving a nett revenue of A$412.7M.

CORPORATE

Given the positive results of this Scoping Study and in keeping with a key recommendation, the Directors have resolved to immediately update the pre-feasibility study that may require the revision of costs to present economic conditions.

This study will continue under the guidance of Nigel Spicer of Minesure.

Peter Komyshan, the General Manager Exploration, has completed a detailed study of the Company's extensive exploration and mineral tenements in the immediate vicinity of Sandiego Deposit, with recommendations for a drilling programme commencing in the second quarter 2011. Additionally, this drilling programme will also test for further copper mineralisation at Sandiego.

BACKGROUND

The Koongie Copper Zinc Project is located 25 km SW of Halls Creek in the North East Kimberley region of Western Australia, straddling the Great Northern Highway. The port of Wyndham is located 400km to the north of the project. (Figure 3) Anglo Australian Resources NL obtained an interest in the project in 1990 and moved to 100% ownership in 2002. Between 2006 and 2010 it completed extensive diamond drilling programs for resource delineation and metallurgical testing.

A Pre Feasibility Study ("PFS") on the Sandiego Deposit based on the **underground extraction** of deeper zinc-copper mineralisation was completed in 2008. This Study concluded that, based on median metal prices that prevailed over the period of 2006-2008 (Zn US$3,136/t and Cu US$7,840/t), the project generated an Operating Surplus of A$100M. Subsequently, copper prices in US$ terms have risen, and zinc prices have decreased significantly. The PFS focused on the extraction of zinc mineralisation.

In 2010 the development economics of the project were potentially improved with the discovery and definition by drilling of a cap of high value, high grade supergene copper mineralisation at relatively shallow depth above the deeper mineralisation that formed the basis of the 2008 PFS. Importantly, the shallow position of the new mineralisation suggested the possibility of developing Sandiego by **open pit extraction**. All previous economic assessments had been based only on underground extraction. The Company, therefore, commissioned Nigel Spicer of Minesure to undertake a Scoping Study incorporating an open pit optimisation study. The results of this Scoping Study are summarised in this release.

GEOLOGY

The Koongie Copper Zinc deposits are located within the Koongie Park Formation, within the Halls Creek Orogen. (Figure 4) The mineralisation has been traditionally classified as a volcanogenic massive sulphide and is stratabound with separate sub-parallel copper and zinc lodes. Tight folding and some faulting provide local structural controls to the mineralisation. The sulphide minerals in the Zinc lodes consist of sphalerite, pyrrhotite, galena and pyrite. The mineralogy of the Copper lodes consists of chalcopyrite, pyrite, chalcocite, covellite and marcasite.

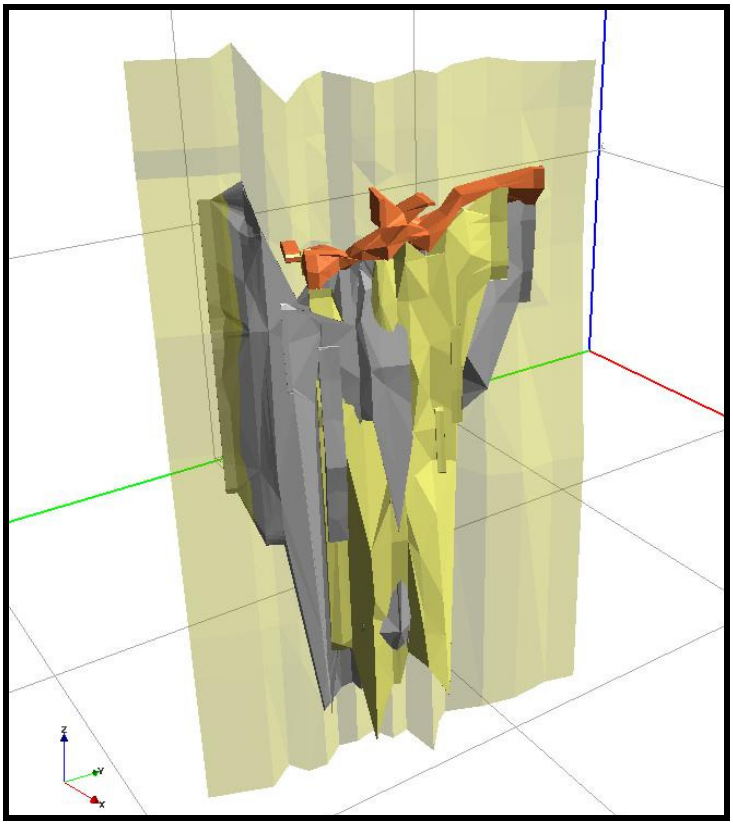

Figure 1

Sandiego Resource Wireframe Model –
showing yellow copper lodes, grey zinc lodes and orange supergene copper lodes.

The Sandiego Deposit occurs as a massive conformable wedge-shaped lens 200m in length with a maximum thickness of 75m. The nearby Onedin Deposit, which has not been included in The Scoping Study, is more complex in shape due to tight folding of the host stratigraphy. It is best described as mostly a rod-shaped plunging mineralised zone, but a high-grade horizontal component to the mineralisation is also recognised. Deep weathering profiles have been developed over both deposits. Metal depletion in the oxide zone and metal enrichment in the transition zone occurs at both deposits.

RESOURCES

The Sandiego resource model, updated by Coffey Mining in October 2010, was used as the basis of The Scoping Study.

Table 1: Sandiego Mineral Resource October 2010

Classification	Tonnes (Mt)	Cu %	Zn %	Au g/t	Ag g/t	Cu (Kt)	Zn (Kt)	Au (K Oz)	Ag (K Oz)
Supergene Mineralisation (0.8% Cu lower cutoff)									
Indicated	0.37	4	2.7	0.29	48	15	10	4	577
Inferred	0.01	1	0.1	0.05	3	0	0	0	1
Cu dominant Transitional/Primary (0.8% Cu lower cutoff)									
Indicated	1.14	2.8	1.5	0.43	12	32	17	16	427
Inferred	0.44	1.8	2	0.25	5	8	9	4	75
Zn dominant Transitional/Primary (3.0% Zn lower cutoff)									
Indicated	1.22	0.2	7	0.16	26	3	85	6	1042
Inferred	0.35	0.1	6.2	0.14	9	1	21	1	95

Note resource figures are based on lower cut off grades of 0.8% Cu and 3% Zn for respective lodes.

Resources at Onedin were not incorporated into this study**.**

Table 2: Onedin Mineral Resource October 2009

INDICATED RESOURCE						
Lode	**TONNES**	**Zn %**	**Cu %**	**Pb %**	**Ag g/t**	**Au g/t**
Zn	1,326,000	5.4	0.15	0.62	24.87	0.25
Cu	2,481,000	0.85	1.08	0.94	21.01	0.33
Zn+Cu	650,000	7.98	1.11	1.43	47.13	0.37
Grand Total	**4,458,000**	**3.24**	**0.81**	**0.92**	**25.97**	**0.31**

MINING

The 2008 Preliminary Feasibility Study primarily focused on the development of an underground mine and concentrator at Sandiego producing high grade copper and zinc ore concentrate. Revenue was based primarily on the zinc-rich domains. The 2010 Scoping Study has incorporated a two stage scenario, with an initial open pit followed by underground mining accessed 20m above the pit floor. The open pit mining operations would consist of conventional diesel hydraulic excavator with truck haulage. The underground mining method would be long hole stopping with partial cement back fill.

OPEN PIT OPTIMISATION

Open pit optimisation used Whittle software. Metallurgical recovery factors used were determined by earlier extensive metallurgical testwork. A copper price of US$7,500 (at an exchange rate of US$0.9: $A1.00) was selected for optimisation purposes. Slope parameters used in the optimisation were determined from geological logging of drill core and subsequent analysis by the company's geotechnical consultants (Dempers and Seymour).

The optimum pit is a 170m deep open pit which would provide 906kt of feed at grades of 2.15% Cu, 4.94% Zn, 0.3g/t Au and 35.8g/t Ag mostly from the supergene copper-rich zone. The strip ratio is 19.1:1.

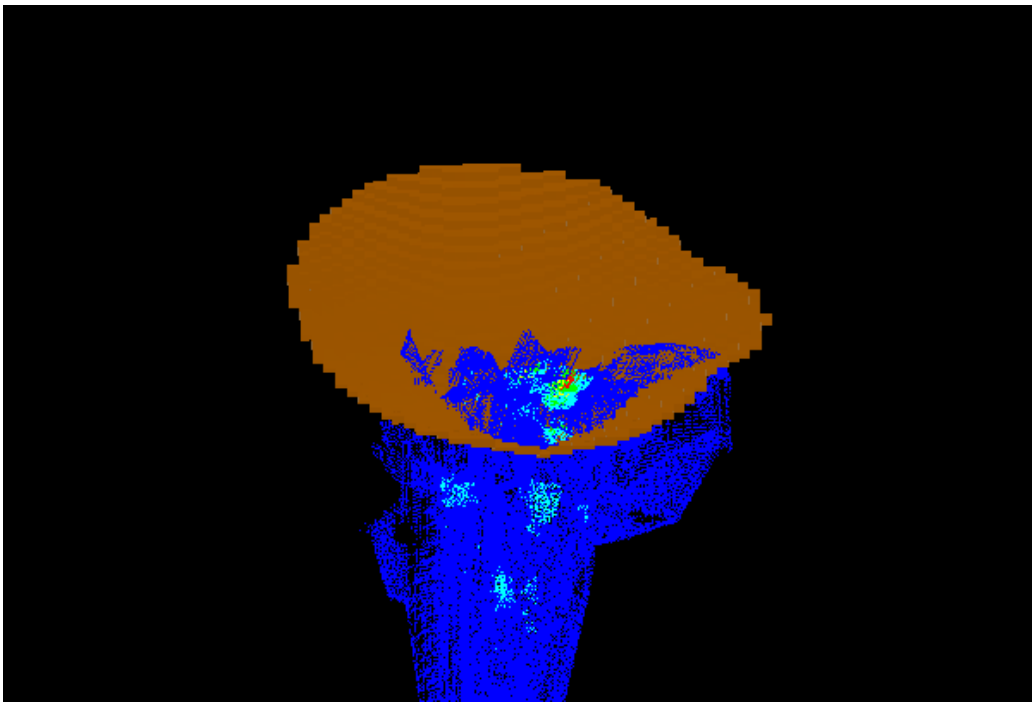

Figure 2

Sandiego Deposit – Optimum pit shell to 170m below surface.

UNDERGROUND MINING

The Scoping Study also incorporated development of portion of the deeper mineralised zone beneath the optimised pit. Potential underground production is restricted by the available tonnes per vertical metre, which averages 5300 for Sandiego. Based on several earlier studies of underground mining at Sandiego, a vertical decent rate of 80m per year was selected. This equates to an annual production rate of 420, 000 tonnes per year.

The Scoping Study envisages underground production of 1.13Mt @ 2.11% Cu, 1.99% Zn, 0.34g/t Au and 13.77g/t Ag.

METALLURGICAL FACTORS

Since 2006 Anglo Australian Resources has undertaken very extensive metallurgical testwork programs on the Sandiego Deposit. These have demonstrated that:

- Saleable grade copper concentrate (>25% Cu) with high silver and gold credits can be produced from the following:
  a) Sandiego high grade supergene copper ore through flotation
  b) Sandiego transitional copper ore through sulphidation and flotation
  c) Sandiego polymetalic sulphide ore by flotation of the copper
- Saleable grade zinc concentrate (48% – 52% Zn) can be produced from the following:
  a) Sandiego transitional zinc ore through sulphidation and flotation
  b) Sandiego polymetalic sulphide ore by flotation of the zinc
- All concentrate grades will be of high quality with no significant impurities and some silver and gold credits.

The process flow sheet incorporates a three stage crushing circuit and single ball mill. Concentrates would be transported by road to the port of Wyndham for delivery by ship to custom smelters.

INITIAL CAPITAL COSTS ESTIMATES

Capital cost for plant and onsite infrastructure costs (including the concentrate plant, site infrastructure, services, power station, water supply, access and site roads, mining development and camp facilities) is estimated at A$58.9M including a contingency.

Capital is anticipated to be paid back within 2 years.

OPERATING COSTS

Open pit mining costs have been estimated from first principles assuming that equipment would be dry hired. Underground mining, processing, trucking and shipping costs were derived from the 2008 PFS. Owners Costs were estimated based on a nominal staffing

Grade control costs for open pit were based on drilling reverse circulation (RC) drill holes on a nominal 12m x 6m pattern and are estimated to be A$0.88/t of mill feed. Royalties were applied in accordance with the West Australian state government standards.

REVENUE

Based on metal prices and foreign Exchange rates current in the last month and having selected Cu @ US$9,400/t and Zn @ US$2,400/t (US$1: $A1) the Project generates an Operating Surplus of A$60m which equates to a net present value (NPV) of A$36M at a discount rate of 8% from net revenue of A$413M. The cashflow has an internal rate of return (IRR) of 31%. The Project is very sensitive to metal price and foreign exchange rates and less so to operating and capital costs.

Current metal prices (15th February) for 3 month contracts are US$10,124/t Cu and US$2,500/t Zn.

PERMITTING

The two key deposits are located on granted mining leases.

ON GOING PROGRAM

The Scoping Study focused solely on the viability of developing the Sandiego Deposit primarily by open pit methods.

Inclusion of additional mineralisation from the Onedin deposit and from other prospects in the Company's extensive exploration and mineral tenements in the immediate vicinity would extend project life and improve project economics.

The Directors have already approved the immediate progress to update the Pre-feasibility Study and await the final review of the proposed Exploration Programme to commence in the second quarter 2011.

Signed on behalf of the Board of Anglo Australian Resources NL.

For further information:

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ATTRIBUTION

Information in this Report relating to geological data has been compiled by the Anglo Australian Resources NL General Manager Exploration, Peter Komyshan, who:

- Is a full-time employee of Anglo Australian Resources NL;
- Is a Member of the Australasian Institute of Mining and Metallurgy
- Is a member of the Australian Institute of Geoscientists
- Has sufficient experience which is relevant to the type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves';
- Has consented in writing to the inclusion of this data.

The information in this Report that relates to Mineral Resources at Koongie was compiled and completed by David Slater, MAusIMM, a full time employee of Coffey Mining Pty Ltd, who is a Competent Person as defined by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2004 Edition) and who consents to the inclusion in this report of the matters based on the information in the form and context in which it appears. The information in this report that relates to in-situ Mineral Resources is based on information provided by Peter Komyshan of Anglo Australian Resources NL.

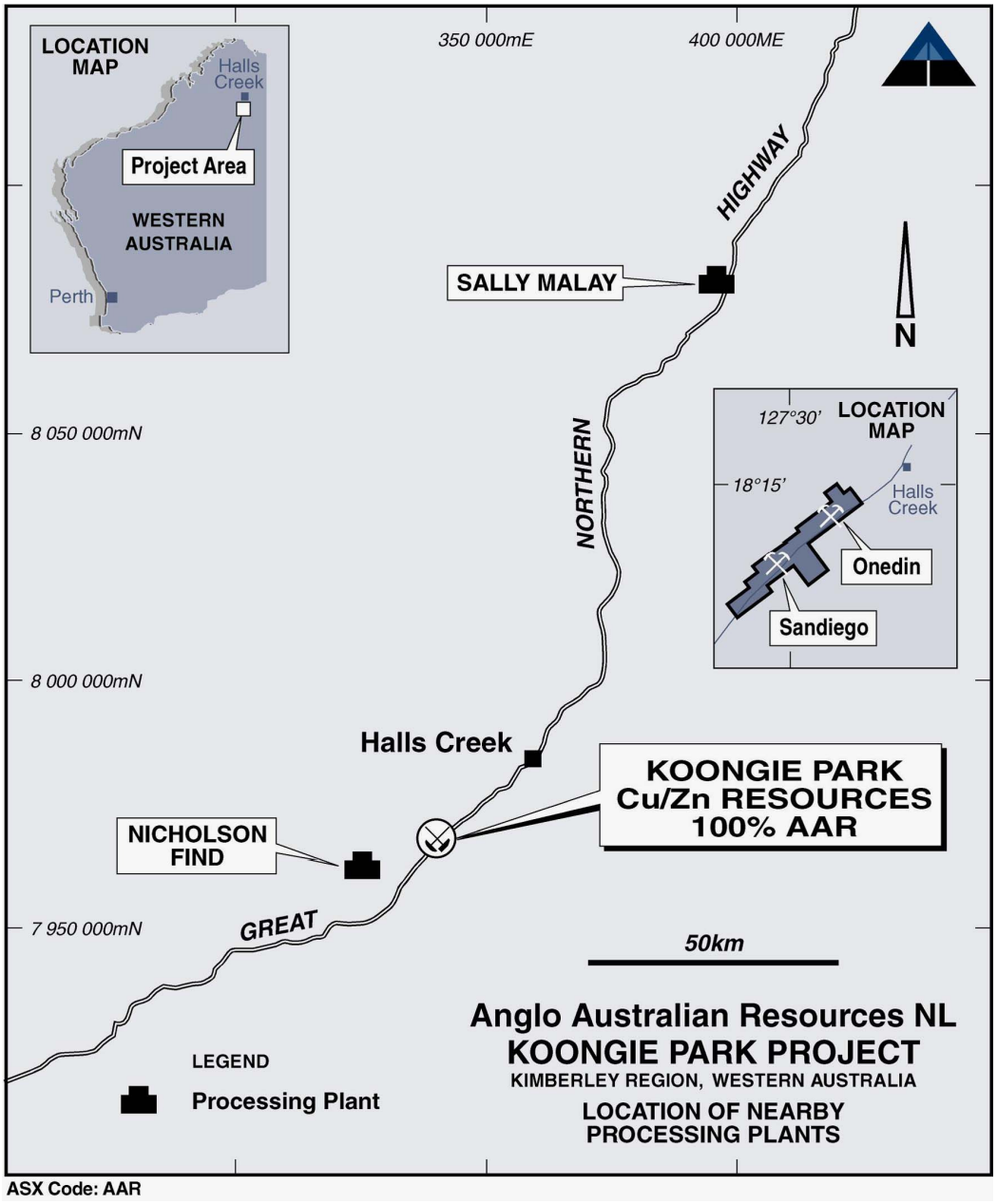

Figure 3

Koongie Project Location Plan.

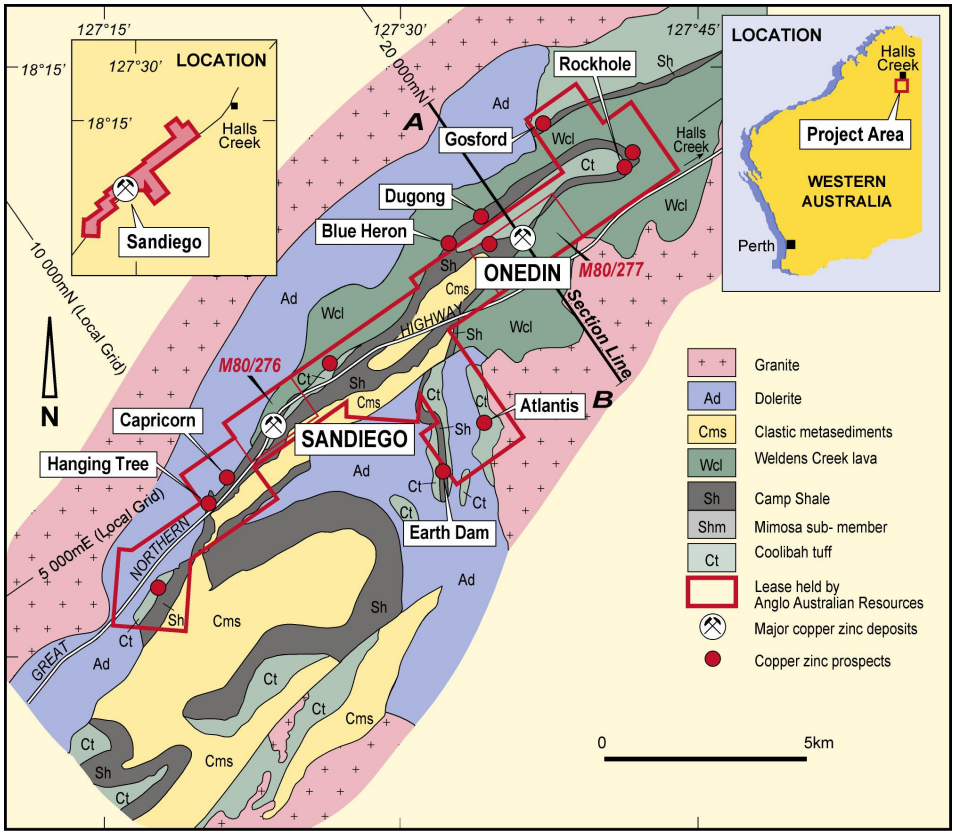

Figure 4

Koongie Geology and Prospect Location.