

CHAIRMAN'S ADDRESS

ADDRESS BY MR CHRIS FYSON AT THE ANNUAL GENERAL MEETING OF ANGLO AUSTRALIAN RESOURCES NL HELD AT 63 HAY STREET, SUBIACO,

PERTH AT 9:30 ON MONDAY 28 NOVEMBER 2011

This is the 26th Annual General Meeting of Anglo Australian Resources NL, and my first as Chairman of your Company. I joined the Board in 1985 as an inaugural director and became Chairman in January this year.

I refer shareholders to the Annual Report for details of the year in review. Additionally the General Manager Exploration Peter Komyshan will give a technical presentation update of our projects after the close of this meeting.

As 2011 draws to a close we look back on a year that presented enormous challenges; yet we have come through it well positioned to capitalise on our assets in 2012.

Your Company has four main project areas and it is timely to lay out the Board's strategy for their respective advancements:

- KOONGIE PROJECT**

Koongie has in recent years received by far the largest share of the Company's resources and it continues to be a significant asset. Global economic uncertainties, coupled with the copper price currently languishing at around \$7500 a tonne and the zinc price at under \$2000 a tonne make it very difficult to advance any but exceptional base metal projects. In the expectation that copper and zinc prices will firm the Board's strategy is to continue with metallurgical test work with the aim of extracting value from the Onedin transition mineralisation. This substantial resource was not included in the assessment of the Koongie project undertaken by independent consultant Nigel Spicer of Minesure in 2010. Minesure concluded at the time of the study that Koongie is a viable project based on production of copper and zinc concentrates from the Sandiego Deposit alone. If we can develop an economically viable treatment of the zinc-copper transition mineralisation at the nearby Onedin deposit then we can potentially double mine life and unlock significant value. This further test work will require funds and time to complete and, given the current difficult economic climate, the Board is also assessing various other options to advance the project more quickly.



- **VICTORIA RIVER DOWNS PROJECT, NORTHERN TERRITORY**

The company is targeting the potential for large-scale sediment-hosted lead-zinc deposits on the Victoria River Downs Project with a proposed program that has been supported by the decision of the Northern Territory Government to grant \$100,000 towards a diamond drilling. As this large project will require substantial ongoing exploration expenditure we are seeking a joint venture with a larger well-resourced explorer.

- **GOLD PROJECTS**

The Company has four gold projects two of which, Carnilya and Laverton, are considered non-core assets. Mandilla has a defined gold resource which is potentially mineable and Feysville is a mineralised body that requires limited additional drilling to get to resource stage. Our current strategy in respect of these deposits is to sell or joint venture them. The deposits are of most interest to companies with treatment plants in the area of the projects. The Board considers both projects are of value and is seeking to unlock that value to provide additional working capital.

- **LEONORA**

Leonora is a very exciting base metal prospect that we intend to drill as soon as all the environmental management hurdles have been cleared. At this stage drilling is expected to be completed before this Christmas. We are particularly encouraged by two factors that emanate from the exploration carried out by the Company and previous explorers. Firstly, the Company's ground electromagnetic survey identified an eight hundred metre long conductor which may be sourced from massive sulphide mineralisation. Secondly, wide-spaced RAB drilling by a previous explorer located strongly anomalous copper in the vicinity of the newly discovered conductor. The drilling also revealed alteration in the rocks in the vicinity of the conductor, a geological feature interpreted as being indicative of nearby mineralisation. Drilling is the only way we will find out if the conductor is caused by a copper-zinc sulphide ore body. The Leonora Project will, therefore, be the focus of our attention in the first part of 2012. It currently offers the best opportunity for getting value for our shareholders using our limited capital resources.

I thank our small team led by our General Manager Exploration Peter Komyshan who brought us the Leonora Project, and Roseanne Cousins and Gigi Hefer for their respective tenement management and bookkeeping skills. Dr Denis Clarke has again been a great asset to the company with his unstinting willingness to share his knowledge and experience with both the board and our technical team.

Your Company took the first step to restructure its board and administration with the retirement of John Jones as Chairman and later with Angus Pilmer resigning as Company Secretary as well as from his executive roles. Graeme Smith of DWCorporate has been appointed Company Secretary, Accountant and Financial Controller.

I am withdrawing my nomination for election as a Director of the company and also advise shareholders that in respect of Resolution 3 I will not be taking up any additional shares in the company.

This has been a very difficult decision to make as I am a founding director, a large shareholder and a strong believe in the quality and value of AAR's assets.





Chris Fyson FAICD

Attribution

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

- is a full-time employee of Anglo Australian Resources NL;
- has relevant experience in relation to the mineralisation being reported on as to qualify as a Competent Person as defined by the *Australasian Code for Reporting Identified Mineral Resources and Ore Reserves*.
- is a Member of the Australasian Institute of Mining and Metallurgy and is a Member of the Australian Institute of Geoscientists and has had more than twenty years' experience in the field of activity reported herein;
- has consented in writing to the inclusion of this data.

