

31 October 2011

Companies Officer
Australian Stock Exchange
2 The Esplanade
PERTH WA 6000

Dear Sir

**ANGLO AUSTRALIAN RESOURCES NL
REPORT ON ACTIVITIES FOR THE QUARTER
ENDED
30 September 2011**

HIGHLIGHTS

LEONORA

- A five hole drilling program is planned to test a strong 800m long bedrock Moving Loop EM conductor. The conductor, which defines the Artful Prospect, represents an exciting and compelling drilling target for base metal mineralisation similar to Jaguar and Bentley base metal deposits located on strike 25km to the north.

MANDILLA

- Open pit optimisation of the East Mandilla indicated resource (**356,805 tonnes @ 3.04g/t Au for 34,873 ounces**) concludes that at the current gold price of A\$1600 the optimum pit shell produced 220,000t @ 3.2g/t Au (21,700oz Au) and is potentially profitable.

CORPORATE

- Pursuant to a Shareholders Purchase Plan 62,000,000 fully paid shares were issued at 1.2 cents, raising a gross of \$744,000. The funds will be used to augment working capital and to fund ongoing exploration and development programmes.



CORPORATE - SHAREHOLDERS' SHARE PURCHASE PLAN

Anglo Australian Resources NL is pleased to announce that the Company has received a positive response from shareholders and its invitation to participate in a Shareholders' Share Purchase Plan, details of which were announced to the ASX on 16 August 2011.

The directors have resolved to accept all applications received in accordance with the Terms and Conditions as detailed on the application form, and a total of 111 shareholders (being 4.92% of all shareholders) subscribed for a total of 62,000,000 shares at 1.2 cents each fully paid, raising a gross of \$744,000.

The funds will be used to augment working capital and to fund ongoing exploration and development programmes.

Shares allotted pursuant to the Shareholders' Share Purchase Plan were issued on 26 September 2011.

KOONGIE COPPER – ZINC PROJECT – WA

Mining Leases 80/276, 80/277, Prospecting Licenses 80/1597 - 1611, Exploration Licences 80/3494, 80/3495, 80/4257; 80/4389

100% interest

DEVELOPMENT

The Company continues to investigate alternative treatment options for all Koongie ore types. This evaluation includes the substantial Onedin mineralisation, which has not been included within previous scoping and prefeasibility studies. To assist with this evaluation the Company engaged independent metallurgical consultant Ken Baxter of Chaparell Pty Ltd who investigated the technical viability of treating Onedin oxide and transition copper-zinc mineralisation by heap leaching methods.

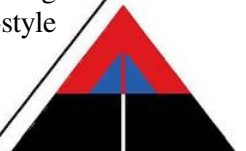
Ken concluded that a hydrometallurgical treatment route increases the overall project resource base and increases the total recoverable metal from the two resources (Sandiego and Onedin). Products from the hydrometallurgical plant comprise copper cathode and a zinc product. Further leaching testwork on Onedin ore will be required to confirm conclusions. His evaluation did not include the potential upside from precious metal products. Further consideration of precious metal recovery may be warranted once detailed test work is available.

LEONORA PROJECT – WA

Exploration Leases 37/1047, 37/1056 ELA's 37/1114-5

100 % interest

The discovery of a large Moving Loop Electromagnetic (MLEM) anomaly is an exciting development that has greatly enhanced the potential of the Leonora Project to host VMS-style massive copper-zinc deposits similar to the Jaguar and Bentley deposits.



Anglo Australian Resources NL is planning a 5 hole 1300m RC drilling program to test the significant bedrock conductor which has potential for massive copper zinc mineralisation at its Leonora Project in Western Australia. This drilling is planned to commence in the December quarter subject to the availability of a suitable drilling rig.

The Leonora Project is located 25 kilometres south of the Jaguar mine of Jabiru Metals Limited (Reserves: 3.23 Mt @ 1.8% Cu, 7.91% Zn, 99 g/t Ag, 0.4 g/t Au) and Jabiru's Bentley deposit (3.0 Mt @ 2.0% Cu, 9.8% Zn, 138 g/t Ag, 0.7 g/t Au) (see Figure 1 & 2). Both these deposits were discovered by drill testing bedrock electromagnetic conductors. These two volcanogenic massive sulphide (VMS) style deposits occur near the boundary between mafic and felsic units. The Leonora Project consists of two Exploration Licenses, located 10 km north of Leonora, which cover a 10 km long zone of felsic volcanics and sediments (see Figures 1 & 2) broadly analogous to the geology at Jaguar and Bentley. Based on interpretation of previous aircore drilling and of aeromagnetic data, Anglo Australian Resources considers 7km of this zone is highly prospective for VMS-style mineralisation. As bedrock in the zone is mostly covered by younger transported sediments, the Company has used a MLEM survey as its primary exploration tool to search for VMS deposits that are generally highly conductive and amenable to location by such geophysical methods.

MLEM survey completed in May 2011 at the Leonora Project targeting potential massive copper-zinc mineralisation discovered a strong 800m long bedrock conductor. Interpretation of the MLEM anomaly by geophysical consultants, Southern Geoscience, suggests the source of the conductor, (potentially massive or disseminated sulphide), commences at the base of weathering approximately 150-170m below surface and dips steeply south west.

The only previous drilling in the vicinity of the MLEM anomaly consisted of a single traverse of vertical aircore hole which were assayed for copper, zinc and lead. The hole nearest to and on the strike trend of the conductor (see Figure 3) is highly anomalous in copper, as it contains a 9m interval assaying 600ppm Cu within weathered basalt compared to background values of 40 – 60 ppm Cu. The company is also very encouraged by the extensive alteration seen in remnant chips from this and adjacent holes. All VMS deposits ubiquitously have an alteration halo around the sulphide mineralisation.



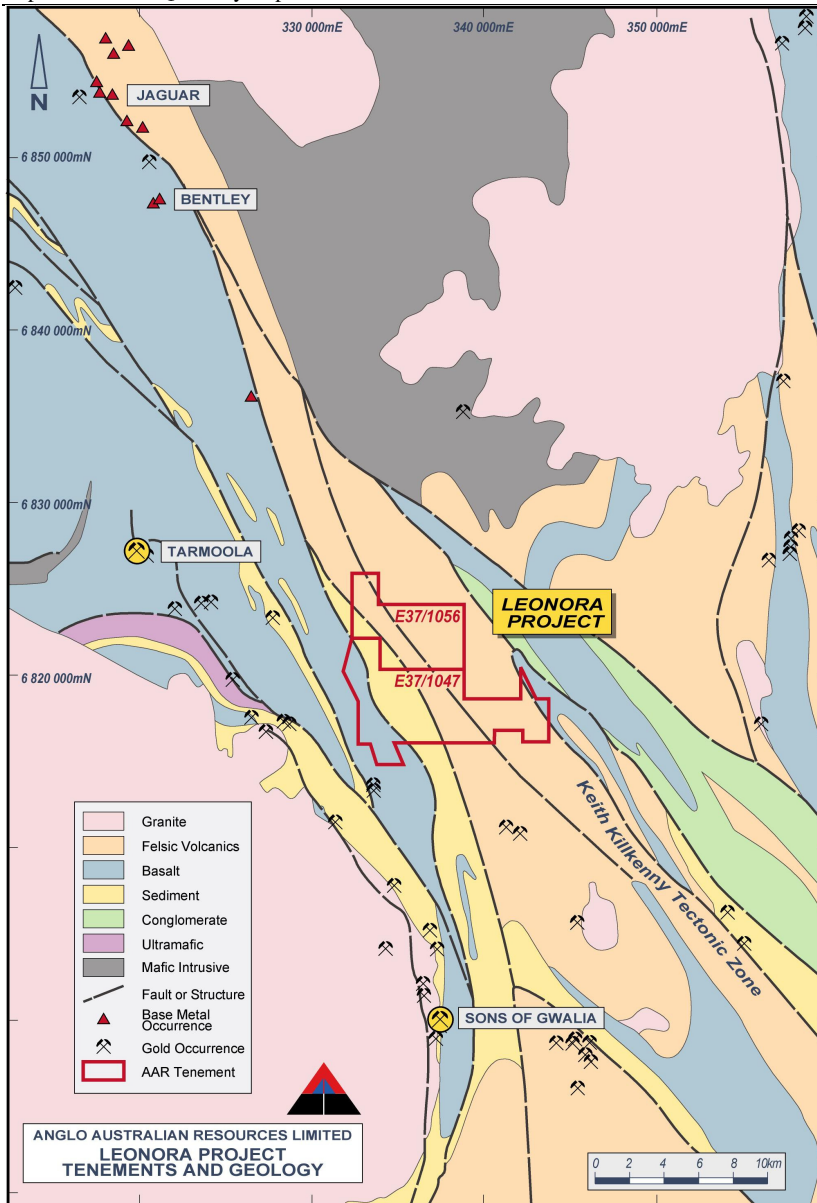


Figure 1. Leonora Geology and Project Location

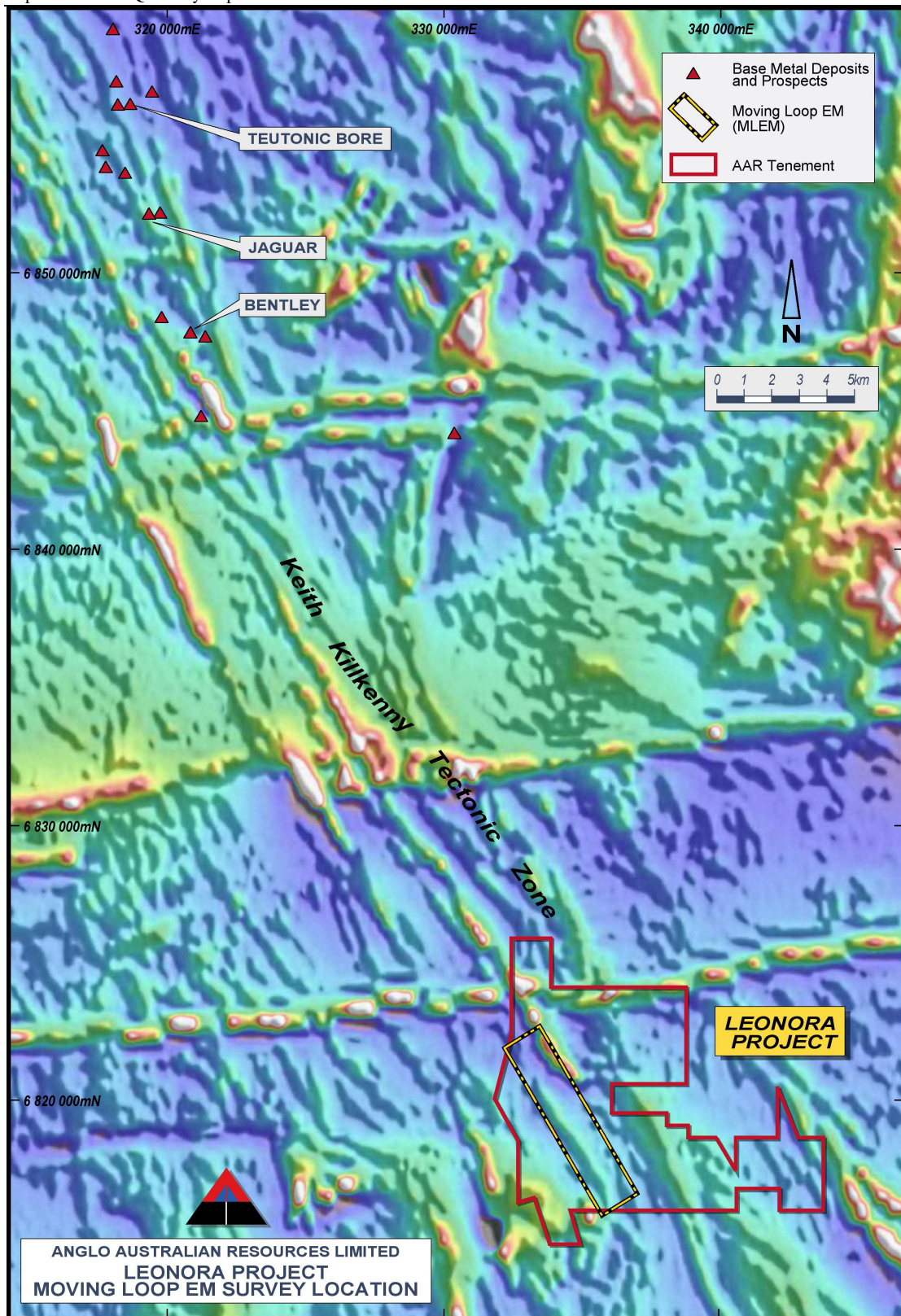


Figure 2. Leonora Project – Location of MLEM Survey

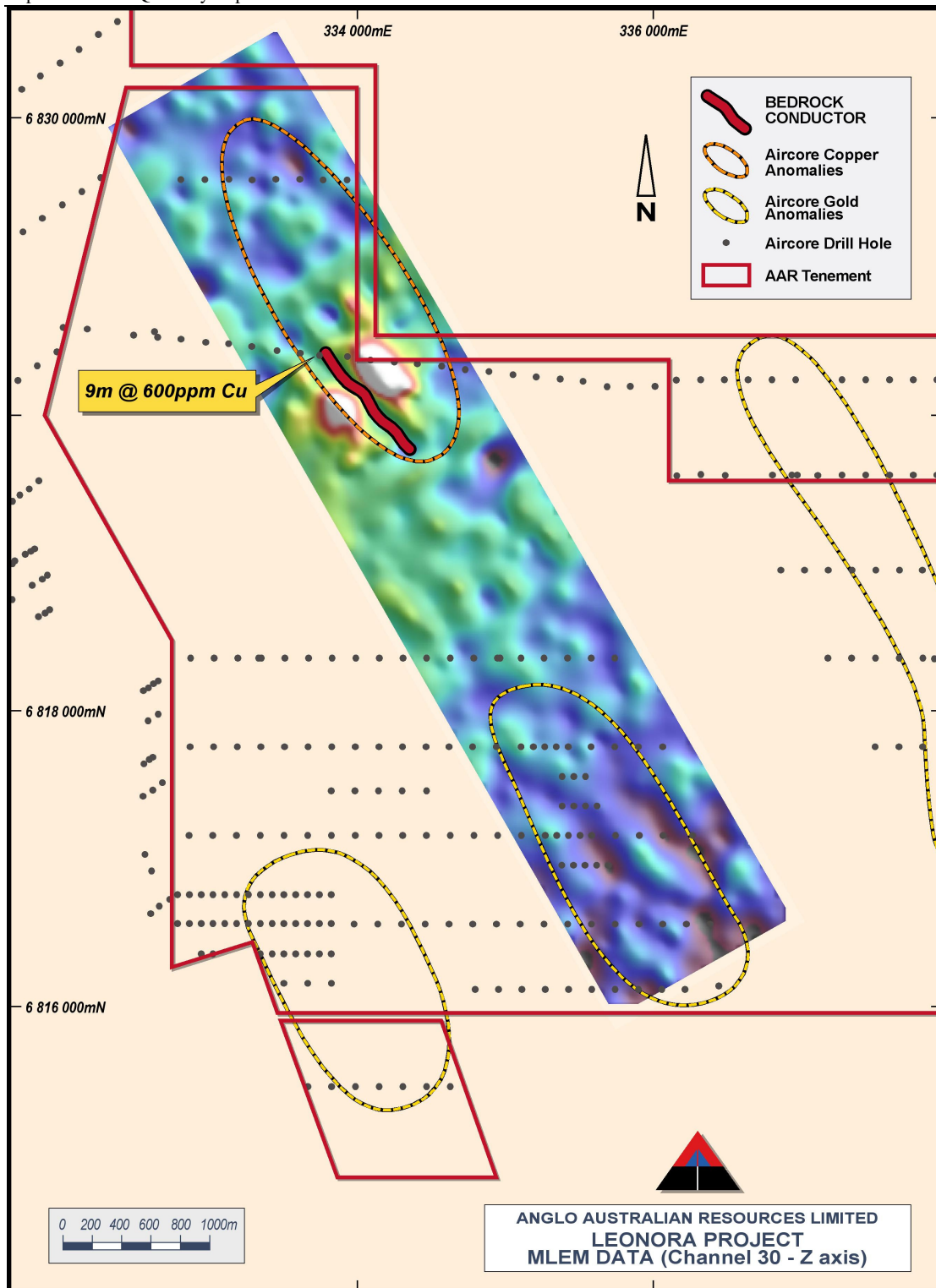


Figure 3. Leonora Project – MLEM Data (Channel 30 – Z axis)

LAVERTON PROJECT – WA

Exploration Leases 38/2392, Prospecting Licences P38/3890-2

100 % interest

This project, which is a new field for the Company, is located north east of the 1 million ounce Lancefield deposit. A review of historical data has highlighted two zones of mineralisation over a three kilometre shear zone. The company will focus on following up previous high grade intersections of 14m @ 7.55g/t Au, 8m @ 4.02 g/t Au, 2m @ 15.12 g/t Au, 2m @ 12.72 g/t Au and 1m @ 29.4 g/t Au.

FEYSVILLE – WA

Mining Leases 26/290, 26/291, Prospecting Licences P26/3772-3776

100 % interest

No field work was completed on this project during the quarter. The Company is investigating various options to maximize the value of this project where it has previously discovered substantial gold mineralisation. A number of discussions are underway with third parties.

MANDILLA PROJECT – WA

Mining Leases 16/96, 16/633

At East Mandilla gold mineralisation occurs in stacked quartz veins within hematite-altered porphyritic granite to the east of the West Mandilla Palaeochannel Deposit. The veins strike roughly east-west and dip very shallowly south. Strike length of veins is about 50m and the veins range from a few centimetres to 6m in thickness. Drilling has so far traced the veins down dip for 400m.

BM Geological Services, an independent resource consultant, estimated a resource for the East Mandilla bedrock mineralisation as:

Indicated Resource 356,805 tonnes @ 3.04g/t Au for 34,873 ounces (25g/t cut)

Open pit optimisation of this resource was completed by Garry McRae of Mincomp this quarter. This study concluded that at the current gold price of A\$1600 the optimum pit shell produced 220,000t @ 3.2g/t Au (21,700oz Au) with a strip ratio of 23:1 and is potentially profitable.

VICTORIA RIVER DOWNS PROJECT – NT

Exploration Licences, 25422-3, 25728, 27736, 27923, Exploration Licence Applications 25420, 25424, 25729, 25730, 25540, 26443, 26444, 27739, 277409, 28753.

100% interest

No field work was conducted on this project this quarter.



For further information:

Christopher Fyson – Chairman

**Peter Komyshan – General Manager
Exploration**

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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;
- 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 of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2004 Edition)*;
- 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.

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.



Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

ANGLO AUSTRALIAN RESOURCES NL

ABN

24 651 541 976

Quarter ended ("current quarter")

SEPTEMBER 2011

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (3 months) \$A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation	(288)	(288)
	(b) development	-	-
	(c) production		
	(d) administration	(208)	(208)
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	Net GST (refundable)	2	2
Net Operating Cash Flows		(494)	(494)
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		NIL	NIL
1.13	Total operating and investing cash flows (carried forward)	(494)	(494)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(494)	(494)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	744	744
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (Costs of Capital Raising)		
	Net financing cash flows	744	744
	Net increase (decrease) in cash held	250	250
1.20	Cash at beginning of quarter/year to date	273	273
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	523	523

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	50
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Admin, Accounting & Secretarial Costs 17
Directors' Fees (6 months) 33

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		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	250
4.2 Development	
4.3 Production	
4.4 Administration	100
Total	350

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	257	7
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Deposits	266	266
Total: cash at end of quarter (item 1.22)	523	273

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	E80/4503	Koongie	NIL	100%

+ 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	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	630,268,000	630,268,000		Fully Paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	62,000,000	62,000,000	\$0.012	Fully Paid
7.5 +Convertible debt securities (description)				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options (description and conversion factor)	3,000,000		Exercise price 3.0 cents	Expiry date 4 May 2012
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures (totals only)				
7.12 Unsecured notes (totals only)				

+ 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 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: 
(Company secretary)

Date: 31 October 2011

Print name: AC PILMER

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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting 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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