

31 January 2010

Companies Officer
Australian Stock Exchange
2 The Esplanade
PERTH WA 6000

Dear Sir

**ANGLO AUSTRALIAN RESOURCES NL
REPORT ON ACTIVITIES FOR THE QUARTER
ENDED
31 December 2010**

HIGHLIGHTS

KOONGIE COPPER-ZINC PROJECT

- New resource estimates for the copper-dominant mineralisation in the Sandiego deposit total:-
2Mt @ 2.8% Cu, 1.8% Zn, 0.39 g/t Au, 18 g/t Ag
- New resource estimates includes a maiden estimate for the high grade supergene copper resource:-
0.37 Mt @ 4% Cu, 2.7% Zn, 0.29 g/t Au, 48 g/t Ag
- New resource estimates for the zinc-dominated mineralisation in the Sandiego deposit total:-
1.57 Mt @ 6.8% Zn, 0.2% Cu, 0.16 g/t Au, 22 g/t Ag
- A Scoping Study commences into the open pit development of the Sandiego Deposit primarily to extract the copper mineralisation. The Study complements the previously completed Pre-Feasibility Study into underground extraction of deeper zinc-copper mineralisation. The Scoping Study has progressed well and results will be available during February.
- A RC drilling program of consisting of 1,435m completed at the Feysville Project

CORPORATE

- Mr Christopher H Fyson, a founding director and shareholder of the company, was appointed chairman 21 January 2011.

EXPLORATION

- **Exploration expenditure totalled \$444,803.**



KOONGIE COPPER – ZINC PROJECT – WA

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

100% interest

Background

In July 2010 Anglo Australian Resources NL completed 3109m of RC and 1403.8m of diamond drilling at the Company's wholly owned Koongie Project located 25km south-west of Halls Creek in the Kimberley region of Western Australia. The program targeted supergene and sulphide copper mineralisation at the Sandiego Deposit.

Results for the RC component of the drilling program were announced to the ASX on 23 July 2010. The highlight was an intersection of **71m @ 5.04%Cu, 7.69% Zn, 68 g/t Ag and 0.43 g/t Au in SRC061**, which contained an interval of **15m @ 9.4% Cu, 214 g/t Ag and 0.19 g/t Au** corresponding to a zone of supergene enrichment. Results from the diamond drilling component were announced on 24th August 2010 and highlighted high grade sulphide intersections such as **14.5m @ 7.3% Cu, 10g/t Ag, 0.8g/t Au** and **7.45m @ 4.2% Cu, 10g/t Ag, 0.56g/t Au** from hole **SRCD064**

On completion of interpretation and compilation of the latest drilling data Coffey Mining Pty Ltd was commissioned to re-evaluate the resource model and complete new resource estimations for the Sandiego Deposit.

The Resource

The **Sandiego** deposit is a steeply plunging tabular mineralised zone that has been drilled on 20 to 40m sections over a strike length of 200m to a depth of 500m, and remains open at depth. Vertical spacing of mineralised intersections varies from 40m at shallow depths up to 120m within deeper parts of the deposit. The deposit consists of distinctly separate zinc and copper rich zones. The recent work has defined a sub horizontal high grade copper supergene cap which overlies the copper and zinc sulphide lodes.

The resource estimation was based on mineralisation envelopes interpreted by Peter Komyshan of Anglo Australian Resources as shown in Figure 1. Copper mineralisation was constrained within wireframe surfaces based on a nominal lower cut-off grade of 0.4% copper over 1.5m. Zinc mineralisation was constrained within wireframe surfaces based on a nominal lower cut-off grade and 1% zinc over 2m. Coffey Mining used Ordinary Kriging as the resource estimation methodology.



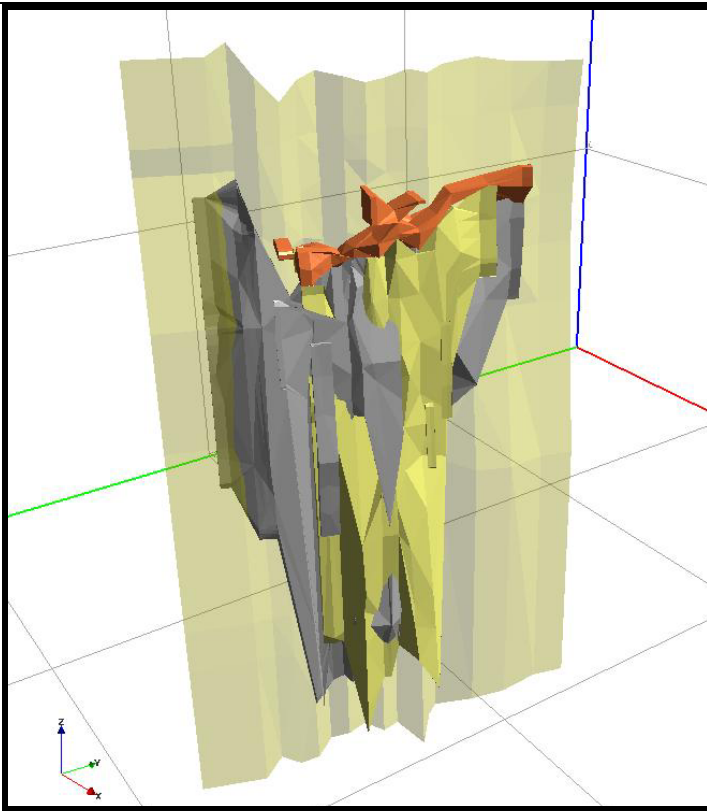


Figure 1. Sandiego Resource Wireframe Model – showing yellow copper lodes, grey zinc lodes and orange supergene copper lodes.

Total Indicated and Inferred Resources are **2Mt @ 2.8% Cu, 1.8% Zn, 0.39g/t Au and 18g/t Ag** for the copper dominant lode and **1.57Mt @ 6.8% Zn, 0.2% Cu, 0.16g/t Au, 22g/t Ag** for the zinc lode.

The full resource statement produced by Coffey Mining Pty Ltd is shown in Table 1. This resource statement refers only to the Sandiego Deposit. Previously the Company has announced resource estimates of **2.5Mt @ 1.1%Cu, 21g/t Ag 0.3g/t Au** from the Onedin copper zone; **1.3Mt @5.4% Zn 25g/t Ag 0.25g/t Au** from the Onedin zinc zone and **0.65Mt @ 8% Zn, 1.1% Cu 1.4% Pb 47g/t Ag, 0.37g/t Au** for the Copper Zinc zone. The Onedin Deposit is located 7km north east of the Sandiego Deposit.

A conservative interpretation and estimation procedure at Sandiego has resulted in an increase in copper grades, lower overall tonnes and a greater proportion of the resource categorised as Inferred as compared to earlier estimates.



Table 1: Koongie Park Project – Sandiego Mineral Resource October 2010

Classification	Tonnes (Mt)	Cu %	Zn %	Au g/t	Ag g/t	Cu Tonnes (Kt)	Zn Tonnes (Kt)	Au (K oz)	Ag (K oz)
Supergene Mineralisation (0.8% Cu lower cutoff)									
Indicated	0.37	4.0	2.7	0.29	48	15	10	4	577
Inferred	0.01	1.0	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	0.25	5	8	9	4	75
Zn dominant Transitional/Primary (3.0% Zn lower cutoff)									
Indicated	1.22	0.2	7.0	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

The resource appears to be more robust than previous estimates with better grade continuity observed within resource blocks. The high grade supergene chalcocite dominant cap relatively near to surface has also provided encouragement to examine the potential development of the deposit via an open pit. All previous economic assessments of the Sandiego deposit involved only underground development. A Scoping Study as described in the Development Studies section below, has therefore commenced.

Geotechnical Work

Geotechnical logging of drill core has been completed by contractor Dempers and Seymour. A preliminary geotechnical model, completed in the December quarter, has highlighted that there are no significant geotechnical issues at Sandiego, which would prohibit mining.

Development Studies

Open pit optimisation studies commenced in November as part of a larger scoping study undertaken by Nigel Spicer of Minesure. The Scoping Study Report will be based on new JORC Code resource estimates produced by the independent mining consultants Coffey Mining Pty Ltd.



The Scoping Study will examine various development and treatment options for commercial development of the Sandiego Deposit. In particular, the potential for an open pit mining operation at the recently discovered, high grade and relatively shallow copper mineralisation at the top of the Sandiego Deposit will be fully evaluated.

Results of the Study should be released in February.

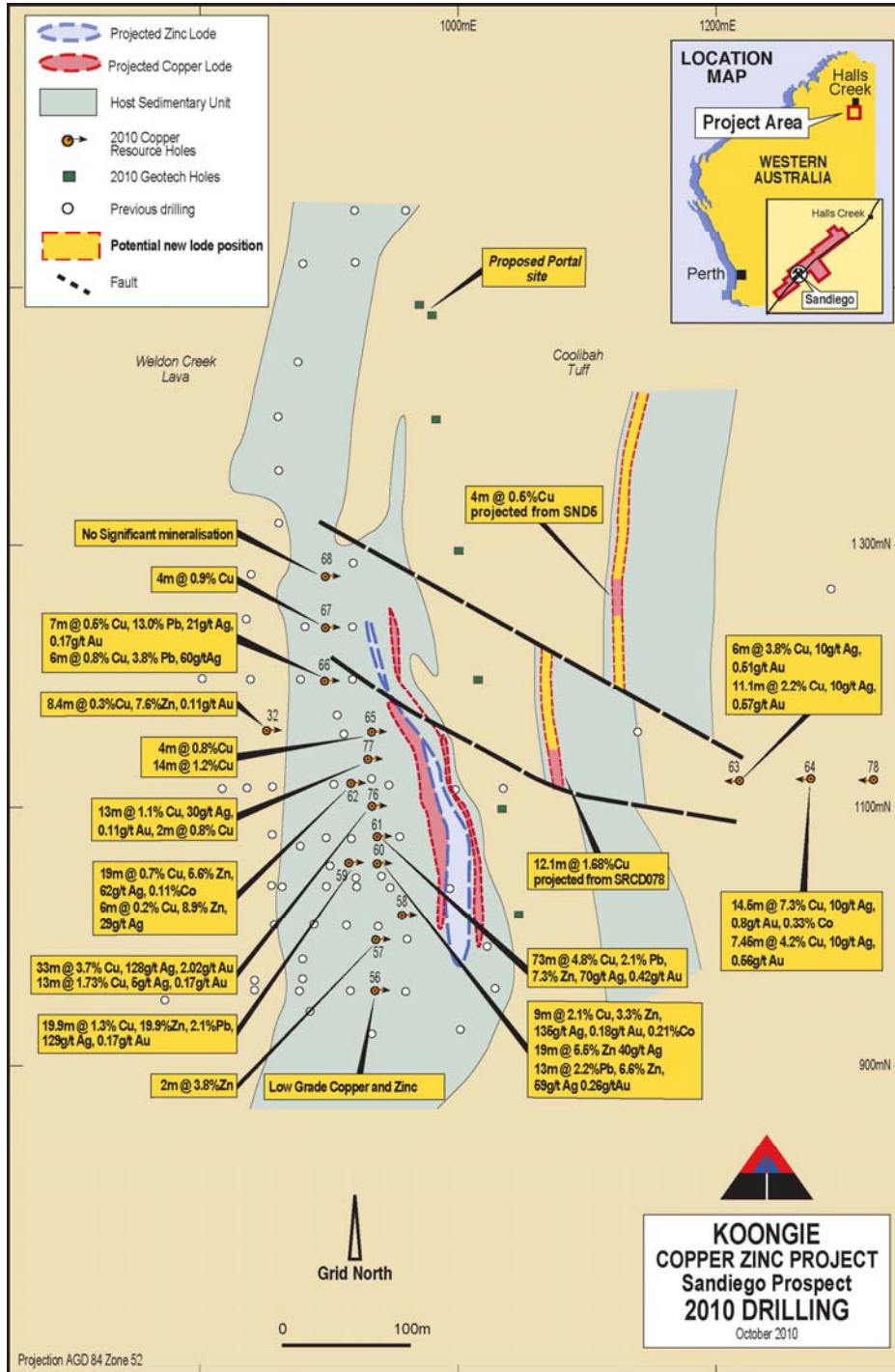


Figure 1. Sandiego Deposit 2010 Drilling

FEYSVILLE PROJECT –WA

Mining Leases 26/290, 26/291

100 % interest

Anglo Australian Resources NL completed a RC drilling program of consisting of 1,435m at the Feysville Project in December. Drilling targeted the Rogan Josh supergene deposit and extensions to the intersection of **6m @ 9.08g/t Au** at the Dalray prospect.

The Feysville Project consists of all mineral rights attached to two mining leases located 16km SSE of Kalgoorlie. The Project is situated in the geological/structural corridor, bounded by the Boulder Lefroy Fault, that hosts the world class plus million ounce deposits of Mt Charlotte, Fimiston, New Celebration, Victory-Defiance, Junction, Argo and Revenge/Belleisle of St Ives, as well as other deposits such as the 60,000oz Au Hannans South deposit (located 3km north of the Project). The Rogan Josh deposit has strong geological affinities to the Hannans South deposit which is largely a supergene gold deposit occurring within the Hannans South Shear Zone.

The Rogan Josh prospect is an attractive target with significant supergene and bedrock gold mineralisation already located. The mineralisation occurs about 10 - 30m below the surface. In 2009 and 2010 Anglo Australian Resources NL completed 3 RC drilling programs primarily to test the supergene-mineralised zone. Encouraging intersections, including **2m @ 5.43g/t Au, 2m @ 14.34g/t Au, 1m @ 12.09g/t Au, 4m @ 5.39g/t Au** and **3m @ 3.68g/t Au** confirmed the supergene-mineralised zone and also discovered high-grade bedrock gold mineralisation within carbonate-sericite altered quartz feldspar porphyry with intersections of **4m @ 5.42g/t Au** and **6m @ 8.24g/t Au**, as well as discovering new high grade bedrock mineralisation 1.7km to the south of Rogan Josh at Dalray. Rogan Josh mineralisation remains open to the south.

The new drilling program specifically drill tested interpreted strike extensions of the Dalray mineralisation. The Dalray mineralisation is located in sheared porphyry but is located beneath a thin veneer of overlying clays and has no surface expression. Nine holes were drilled in this area.

At Rogan Josh a further 15 holes tested southern extensions of supergene and bedrock mineralisation as well as providing better continuity in areas of sparse drilling. Additional supergene and bedrock gold intersections are also expected to improve the resource potential of the project. Final one metre samples, covering anomalous zones delineated by composite sampling, have been collected and submitted to the laboratory. Results are expected early February.

OTHER PROJECTS

No field work was completed this quarter on the company's other projects.



CORPORATE

Mr Christopher H Fyson, a founding director and shareholder of the Company, has been appointed Chairman of Directors. This appointment follows Mr John LC Jones advising shareholders at the Annual General Meeting held in November 2010 that he had decided to stand down as Chairman, a position he had held since January 1988, due to other work pressures.

For further information:

Angus C. Pilmer – Executive Director

**Peter Komyschan – General Manager
Exploration**

Telephone: (08) 9382 8822

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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 Komyschan, 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 Komyschan 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")

DECEMBER 2010

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation	(445)	(1,435)
(b) development	(15)	(15)
(c) production		
(d) administration	(194)	(352)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	5	22
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Net GST (refundable)	16	8
Net Operating Cash Flows	(633)	(1,772)
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)	(633)	(1,772)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(633)	(1,772)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	210	2,739
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)	(25)	(151)
	Net financing cash flows	185	2,588
	Net increase (decrease) in cash held	(448)	816
1.20	Cash at beginning of quarter/year to date	1,704	440
1.21	Exchange rate adjustments to item 1.20		
		1,256	1,256
1.22	Cash at end of quarter		

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	70
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Directors Fees (6 months)	33
Admin, Accounting & Secretarial Costs	37

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	150
4.3 Production	
4.4 Administration	150
Total	550

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	896	62
5.2 Deposits at call		1,182
5.3 Bank overdraft		-
5.4 Other (provide details) (Deposits)	360	460
Total: cash at end of quarter (item 1.22)	1,256	1,704

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 E37/1056 P38/3890-3892 EL27934	NIL NIL NIL NIL	100% 100% 100% 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 (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	575,768,000	575,768,000		Fully Paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	6,000,000	6,000,000	3.5 cents	
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	3,000,000		<i>Exercise price</i> 3.0 cents	<i>Expiry date</i> 4 May 2012
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ 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:



Date: 31 January 2011

(Company secretary)

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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