ANGLO AUSTRALIAN RESOURCES NL
ACN 009 159 077

INTERIM FINANCIAL REPORT
31 DECEMBER 2008

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ANGLO AUSTRALIAN RESOURCES NL
CORPORATE DIRECTORY

DIRECTORS
John Load Cecil Jones (Chairman)
Denis Edmund Clarke
Christopher Hugh Fyson
Angus Claymore Pilmer

SOLICITORS
Mallesons Stephen Jaques
Level 10, Central Park
152 St George's Terrace
PERTH WA 6000

COMPANY SECRETARY
Angus Claymore Pilmer

AUDITORS
KPMG
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ANGLO AUSTRALIAN RESOURCES NL
DIRECTORS' REPORT

The directors present their report together with the financial report for the half-year ended 31 December 2008 and the review report thereon.

DIRECTORS

The directors of the Company during or since the end of the half-year are:

Name	Period of Directorship
Jones, John Load Cecil	Director and Chairman since 1990
Clarke, Denis Edmund	Director since 1999
Fyson, Christopher Hugh	Director since 1985
Pilmer, Angus Claymore	Director since 1985

RESULT OF OPERATIONS

The net loss of the Company for the half-year ended 31 December 2008, amounted to $503,507 (31 December 2007 net profit $675,311).

REVIEW OF OPERATIONS

The principal activities of the Company during the period were the completion of the Pre-Feasibility Study of the Koongie Copper Zinc Project in the Kimberley District of Western Australia and the completion of an Exploration drilling programme at the Sandiego, Onedin, and Atlantis deposits of the Koongie Copper Zinc Project.

The Company has continued to review and assess the potential to develop gold production at East Mandilla as well as identify other gold exploration targets on the Mandilla and Feysville tenements located in the Eastern Districts of Western Australia.

ASSESSMENT OF PROJECTS

As a result of a review of the Exploration and Evaluation Expenditure carried in the Balance Sheet at 31 December 2008 and in compliance with the AASB Accounting standards and in particular AASB 6 para 7.2 and the accounting policy adopted by the Board of Directors in respect of Exploration and Evaluation Expenditure, an impairment charge of $307,818 was applied to certain gold tenements and project generation costs.

The initial pre-feasibility study on one area (Sandiego deposit) of the Koongie Copper Zinc project identified at that stage the project was not viable. The subsequent exploration programme completed in December 2008 has produced a number of positive indicators which when assessed in total is expected to positively affect the findings and financial models produced for project as a whole. These positive indicators can be summarised as follows:

- The potential to increase Sandiego copper and zinc resources at depth confirmed with intersection in hole SRCD053: 27m @ 1.3% Cu, 10.1%Zn, 5g/t Ag, 0.24g/t Au, located outside the current resource model.
- Potential to increase tonnage and grade of near surface copper lodes at Sandiego highlighted with four new high grade copper intersections including SRCD031: 68m @ 6.8%Cu, 9.6% Zn, 98.7g/tAg, 0.34g/t Au.
- Wide high grade zinc intersections from Onedin including 16m @ 9.3%Zn, 198g/t Ag, (ORCD51) and 22.2m @ 1.1% Cu, 21.0% Zn, 78 g/t Ag, 0.6g/t Au; 30.3m @ 1.1% Cu, 11.7%Zn, 94 g/t Ag (ORCD50) confirm the new geological model and open up new sulphide drilling targets.

Given that the Company has not completed the analysis and measurement of these positive indicators and is to continue its assessment and exploration of all the deposits at the Koongie Copper Zinc Project it is appropriate to carry forward the Exploration and Evaluation Expenditure without impairment.

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 4 and forms part of the Directors' Report for the half-year ended 31 December 2008.

Signed at Perth, Western Australia, this 13th day of March 2009 in accordance with a resolution of the Directors.

A C PILMER
Director

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Anglo Australian Resources NL

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2008 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

K Smout
Partner

Perth

13 March 2009

ANGLO AUSTRALIAN RESOURCES NL
INTERIM INCOME STATEMENT
For the Half-Year Ended 31 December 2008

	Note	Half-year ended 31 December 2008 $	Half-year ended 31 December 2007 $
Revenue from sale of gold		-	6,789,336
Other income		-	32,071
Total income		-	6,821,407
Expenses			
Direct mining expenses		-	(5,899,721)
Royalty expense		-	(109,446)
Impairment of exploration and evaluation assets		(307,818)	(8,886)
Directors' fees		(32,500)	(32,500)
Depreciation and amortisation expenses		(3,524)	(3,020)
Employee benefits expense		(199,722)	(122,100)
Rental expense		(64,009)	(22,712)
Other expenses		(292,877)	(222,564)
Exploration allocation		221,424	133,074
Total expenses		(679,026)	(6,287,875)
Results from operating activities		(679,026)	533,532
Financial income – interest		175,519	141,779
(Loss)/Profit before tax		(503,507)	675,311
Income tax expense	6	-	-
(Loss)/Profit for the period attributable to equity holders of the Company		(503,507)	675,311
Basic (loss)/earnings per share		(0.1) cents	0.13 cents
Diluted (loss)/earnings per share		(0.1) cents	0.13 cents

The Interim Income Statement is to be read in conjunction with the notes to the interim financial statements.

ANGLO AUSTRALIAN RESOURCES NL
INTERIM BALANCE SHEET
As at 31 December 2008

	Note	31 December 2008 $	30 June 2008 $
Current Assets			
Cash and cash equivalents		3,101,707	6,073,888
Trade and other receivables		531,644	528,130
Total Current Assets		3,633,351	6,602,018
Non-Current Assets			
Property, plant and equipment		85,009	35,744
Exploration and evaluation expenditure	7	7,925,892	5,557,209
Total Non-Current Assets		8,010,901	5,592,953
Total Assets		11,644,252	12,194,971
Current Liabilities			
Trade and other payables		737,191	784,403
Employee benefits		7,500	7,500
Rehabilitation provision		85,000	85,000
Total Current Liabilities		829,691	876,903
Total Liabilities		829,691	876,903
Net Assets		10,814,561	11,318,068
Equity			
Issued capital	8	23,125,723	23,125,723
Accumulated losses		(12,311,162)	(11,807,655)
Total Equity		10,814,561	11,318,068

The Interim Balance Sheet is to be read in conjunction with the notes to the interim financial statements.

ANGLO AUSTRALIAN RESOURCES NL
INTERIM STATEMENT OF CHANGES IN EQUITY
For the Half-Year ended 31 December 2008

	Issued Capital $	Accumulated losses $	Total Equity $
Opening Balance at 1 July 2007	23,125,723	(11,842,752)	11,282,971
Profit for the period	-	675,311	675,311
Closing balance at 31 December 2007	23,125,723	(11,167,441)	11,958,282
Opening Balance at 1 July 2008	23,125,723	(11,807,655)	11,318,068
Loss for the period	-	(503,507)	(503,507)
Closing balance at 31 December 2008	23,125,723	(12,311,162)	10,814,561

The Interim Statement of Changes in Equity is to be read in conjunction with the notes to the interim financial statements.

ANGLO AUSTRALIAN RESOURCES NL
INTERIM STATEMENT OF CASH FLOWS
For the Half-Year ended 31 December 2008

	31 December 2008 $	31 December 2007 $
CASHFLOWS FROM OPERATING ACTIVITIES		
Cash receipts in the course of operations	-	7,581,626
Cash payments in the course of operations	(637,489)	(2,185,828)
Interest received	172,005	136,072
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	(465,484)	5,531,870
CASHFLOWS FROM INVESTING ACTIVITIES		
Payments for exploration	(2,453,907)	(636,589)
Payments for plant and equipment	(52,790)	(2,310)
NET CASH USED IN INVESTING ACTIVITIES	(2,506,697)	(638,899)
CASHFLOWS FROM FINANCING ACTIVITIES		
Exercise of options	-	-
NET CASH FROM FINANCING ACTIVITIES	-	-
Net (decrease)/increase in cash and cash equivalents	(2,972,181)	4,892,971
Cash and cash equivalents at beginning of period	6,073,888	3,478,069
Cash and cash equivalents at end of period	3,101,707	8,371,040

The Interim Statement of Cash Flows should be read in conjunction with the notes to the interim financial statements.

1. **Reporting Entity**
Anglo Australian Resources NL (the "Company") is a company domiciled in Australia. The interim financial report of the Company is for the six months ended 31 December 2008.

The annual financial report of the Company as at and for the year ended 30 June 2008 is available upon request from the Company's registered office at Level 2, 44 Ord Street, West Perth.

2. **Statement of Compliance**
The interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134: Interim Financial Reporting and the Corporations Act 2001.

The interim financial report does not include all of the information required for a full annual financial report of the Company and should be read in conjunction with the annual financial report of the Company as at and for the year ended 30 June 2008.

The interim financial report was approved by the Board of Directors on 13 March 2009.

3. **Significant Accounting Policies**

The accounting policies applied by the Company in this interim financial report are the same as those applied by the Company in its financial report as at and for the year ended 30 June 2008.

The preparation of an interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

In preparing this interim financial report, the significant judgements made by management in applying the entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report as at and for the year ended 30 June 2008.

4. **Related Parties**
Arrangements with related parties continue to be in place. For details on these arrangements, refer to the 30 June 2008 annual financial report.

5. **Segment Reporting**
The Company operates predominately in one business segment, being gold and base metal exploration and mining, and one geographical segment being Australia.

6. **Income Tax Expense**
The Company had no tax expense in the previous period due to the utilisation of previously unrecognised tax losses.

7. Exploration and Evaluation Expenditure

	31 Dec 2008	30 June 2008
	$	$
Koongie Copper Zinc Project	6,970,920	4,443,806
Gold Projects	954,972	1,113,403
	7,925,892	5,557,209

The ultimate recoupment of exploration and evaluation expenditure is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas.

A review of the Gold Projects has resulted in an impairment charge of $307,818.

8. Issued Capital

	31 Dec 2008	30 June 2008
	$	$
Issued and paid-up capital 501,068,000 ordinary shares fully paid (June 2008: 501,068,000)	23,125,723	23,125,723

ANGLO AUSTRALIAN RESOURCES NL
DIRECTORS' DECLARATION

In the opinion of the directors of the Company:

1. the financial statements and notes, as set out on pages 5 to 10 are in accordance with the Corporations Act 2001 including:

   (a) giving a true and fair view of the Company's financial position as at 31 December 2008 and of its performance as represented by the results of its operations and cash flows for the half year ended on that date; and

   (b) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors.

A C PILMER
Director

Dated at Perth, Western Australia this 13th day of March 2009

Independent auditor's review report to the members of Anglo Australian Resources NL

Report on the financial report

We have reviewed the accompanying interim financial report of Anglo Australian Resources NL, which comprises the interim balance sheet as at 31 December 2008, interim income statement, interim statement of changes in equity and interim statement of cash flows for the half-year ended on that date, a description of accounting policies and other explanatory notes 1 to 8 and the directors' declaration.

Directors' responsibility for the interim financial report

The directors of the company are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity,* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Anglo Australian Resources NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Anglo Australian Resources NL is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Company's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG

K Smout
Partner

Perth

13 March 2009