

Anglo Australian Resources NL

ABN 24 009 159 077

Annual Report

for the year ended 30 June 2015

Corporate Information

ABN 24 009 159 077

Directors

John Jones (Executive Chairman)

Graeme Smith (Non-Executive Director)

Peter Stern (Non-Executive Director)

Company Secretary

Graeme Smith

Registered Office

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63 Hay Street

Subiaco WA 6008

Principal Place of Business

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Subiaco WA 6008

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Share Register

Computershare Investor Services Pty Ltd

Level 2, 45 St George's Terrace

PERTH WA 6000

Auditors

Somes Cooke

35 Outram Street

WEST PERTH WA 6005

Internet Address

www.anglo.com.au

Stock Exchange Listing

Anglo Australian Resources NL shares are listed on the Australian Securities Exchange (ASX code: AAR).

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Chairman's Report

Dear Shareholder

I am pleased to present to you the 2015 Annual Report for Anglo Australian Resources NL.

Once again, unfortunately, the theme of my fourth report since becoming Chairman is much the same as for my three previous reports, with:

- Sentiment in the mineral resources sector relatively weak
- Little cash at the company's disposal with which to undertake activities
- Additional capital, the lifeblood of any junior explorer, relatively difficult to come by

In such an environment, the company's level of exploration activity during the year was substantially less than what we would have liked.

As foreshadowed in my 2014 Chairman's Report, much of our effort was directed to the gold prospectivity of our Koongie Park Project, located adjacent to the recently commissioned Nicholson's Gold Mine.

A surface sampling program was undertaken over selected target areas, with results including a number of anomalous values, including a peak value of 15.67g/t gold, warranting follow-up testing on 3 gold targets. A nearby license was also acquired, bringing with it two new gold targets and one base metal resource.

Given funding we look forward to testing these opportunities in the 2015 / 2016 year.

Discussions with third parties in relation to Koongie Park's base metals resources are ongoing.

With zinc generally expected to be in short supply moving forward, we believe that Koongie Park may come to represent considerable strategic value to the company moving forward.

New tenements were acquired at the company's Feysville Gold Project which encompass a number of targets warranting testing when funds are available.

During the year, the company raised an aggregate \$455,000 of new capital by way of share placements.

In addition, some \$472,000 of debt and outstanding Directors' fees was exchanged for equity.

In October 2014, we received \$135,000 from the Department of Industry and Resources held in bonds.

We finished the year with cash on hand of approximately \$241,000.

I am encouraged by the fact that, as mentioned above, there is every reason to believe that higher zinc prices are inevitable moving forward, which bodes well for Koongie Park future exploration and mining considerations.

Moreover, with the gold price at the time of writing in Australian dollar terms not too far from its all time high, this bodes well for future exploration at the Koongie Park, Mandilla and Feysville gold targets.

Having witnessed the cyclical nature of the market space for junior explorers on many previous occasions, I am highly confident that, at some point, the malaise we are currently enduring will be replaced by new interest in the sector. To this end, positioned as we are with projects in both copper, zinc and gold, I believe there is cause for guarded optimism for the company.

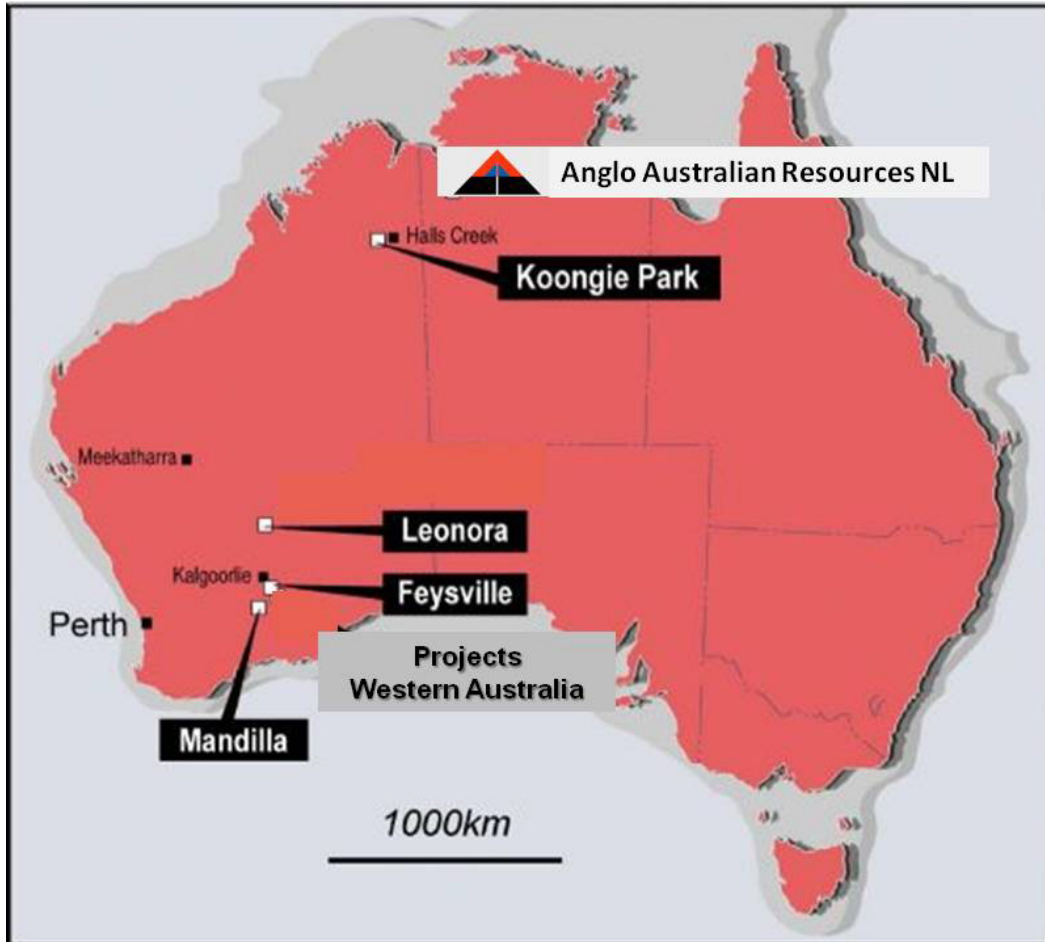
I take this opportunity to sincerely thank Anglo Australian shareholders for their patience and continued support, and my fellow directors and our consultants for their ongoing efforts under difficult circumstances.

Yours sincerely



John Jones
Executive Chairman
Anglo Australian Resources NL

REVIEW OF OPERATIONS



Koongie Park Project – WA

Anglo Australian - 100% interest

During the year, Anglo evaluated the gold prospectivity within the Koongie Park project area.

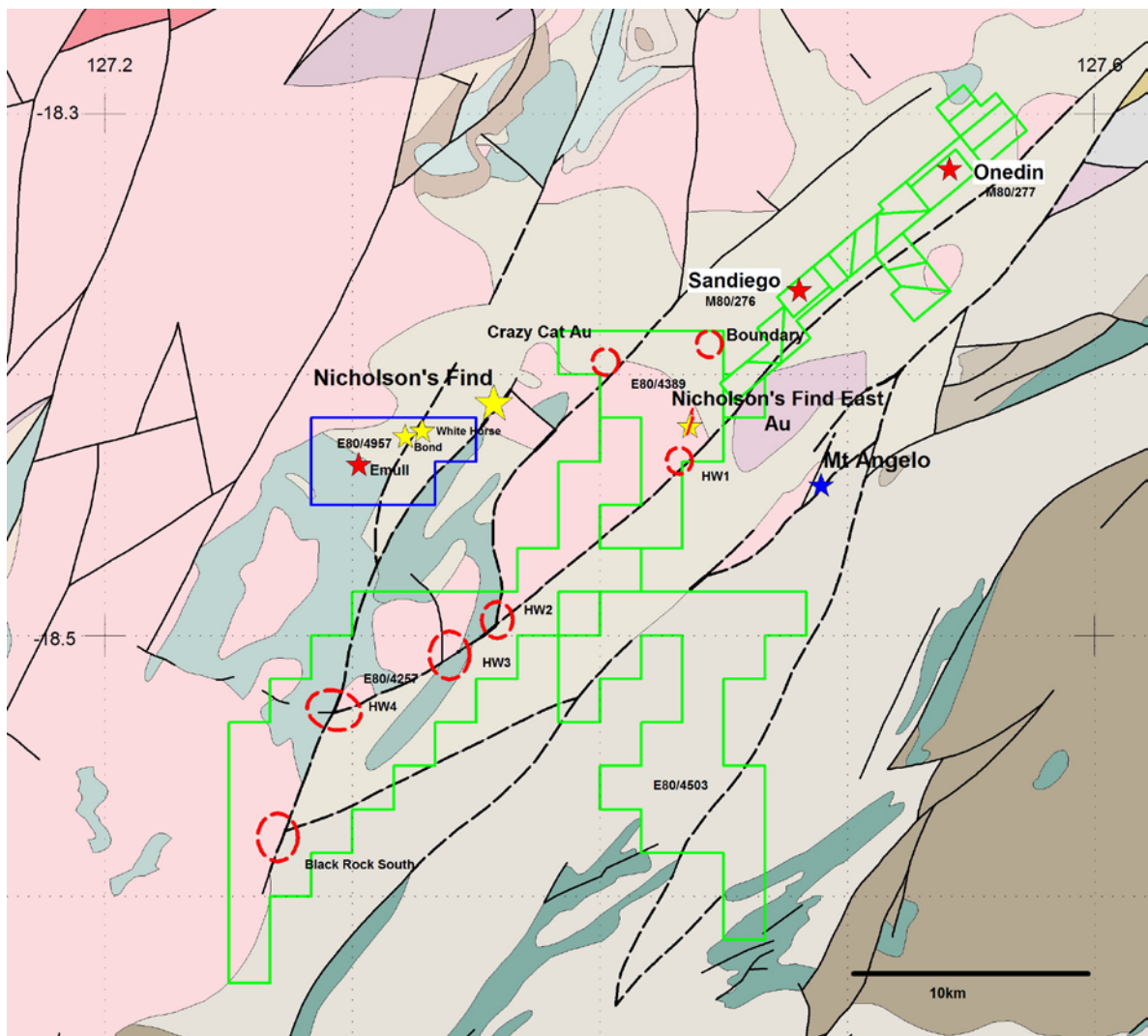


Nicholson's Find East gold bearing quartz vein

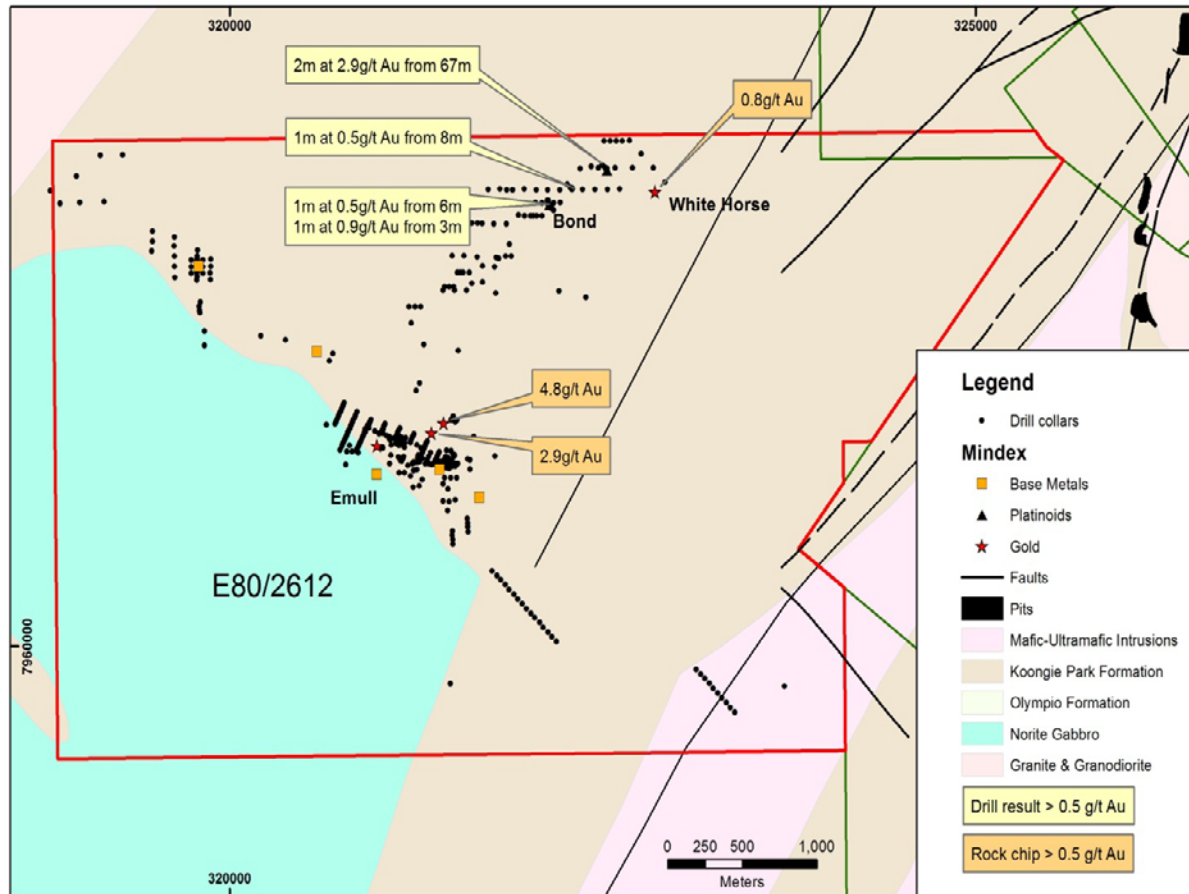
To date, a review of exploration results from work carried out previously by various companies has centred on exploration licences E80/4389, E80/4503 and E80/4257 which cover stratigraphy to the southwest, along strike, from the Sandiego base metal deposit. As well as digital data recently released by the Department of Mines and Petroleum, WA, hard copy data from earlier reports is also being evaluated.

The style of gold mineralisation in the area is exhibited in the Nicholson's Find gold deposits, held by Pacific Niugini Limited, where mineralization is structurally controlled within a 400 metre wide NNE trending strike-slip shear zone adjacent to the northwest margin of the Lodestone Monzogranite. Host rocks comprise folded and metamorphosed turbiditic greywackes, felsic volcanics, mafic volcanic and laminated siltstone and mudstone of the Koongie Park Formation. Mineralisation is strongly associated with discontinuous quartz veining and iron-silica-potassium alteration.

So far, a number of regional structural corridors have been delineated for follow-up work. Of immediate interest is the NE striking Highway shear zone which extends for about 15 kilometres along the contact of the Koongie Park Formation and the southwest edge of the Lodestone Monzogranite within Anglo Australian's tenements. This area has received minimal historical gold exploration and can easily be evaluated with surface sampling or shallow drilling.



Koongie Park base metal and gold targets.



E80/4957 prospect locations:

The Emull base metal occurrence within E80/4957 (Previously E80/2612) comprises a small copper-zinc mineral inventory from 111 drill holes. Target size is currently in the order of 1.7mT at 0.4% Cu and 70kT at 4.0% Zn and there is potential to double or triple its size.

The base metal deposit is hosted by altered and contact metamorphosed calc-silicate rocks, which have been partially assimilated by the Emull gabbro. The deposit was recognised as a series of copper stained, siliceous gossans located adjacent to the contact between the Emull gabbro and felsic volcanic rocks of the Koongie Park Formation. Thin semi-massive and disseminated mineralisation is confined to 4 discontinuous but apparently stratabound lenses, dominated by sphalerite, with subordinate chalcopyrite and galena. The largest lens has a strike length of 500m and a maximum width of 50m. Grades are higher near surface and deplete rapidly below 100m. Generally, a background grade of 0.1g/t Au is present in mineralised areas.

A second prospect, similar in character to Emull, is located approximately 800m northwest of Emull.

Reconnaissance Gold Sampling Program.

A ground inspection and surface sampling program was undertaken over selected target areas as summarised in the March 2015 Quarterly. A total of 75 composite rock chip samples and 39 orientation termite samples were collected. Samples have been submitted to Genalysis Laboratories in Perth and preliminary assay results have been received.

At Nicolson's Find East (Mt Angelo Fault) further infill sampling was undertaken along the mineralized quartz vein horizon, reported in the June 2014 Quarterly, to validate the previous sampling and delineate a favourable zone for drill testing. The sampling was extended a further 800 metres along strike to the SSW to a point where the horizon intersects the Highway Shear Zone (HW1 target zone). In this area gossanous quartz veining was sampled over a discrete 300 metre outcropping zone proximal to the contact Koongie Park Formation (Felsic – felsic volcanoclastic rocks) and the Lodestone Monzogranite. The quartz vein varies in width from 1 – 2 metres with localised boudins up to 4 metres wide. In this southern area there are two intersecting vein sets 015/130° proximal to the Koongie Park Formation contact.

Sampling in the HW1/Angelo Fault South Area (Samples 817162 – 817170) demonstrated that the mineralised vein system extends south to the Highway Fault. Proximal to the fault intersection the most southern sample 817167 returned a peak value of 15.67 g/t gold. Other weakly anomalous samples were returned with values

ranging from 0.14 and 0.41 g/t gold along strike to the north. Follow up detailed soil sampling is required to delineate the extent of the bedrock mineralisation

Sampling of the Nicolson's Find East/Mt Angelo Fault horizon confirmed the tenor of the previous assay values and has highlighted a zone of interest to the south before the horizon is obscured under transported cover for over 500 metres between Nicolson's East and HW1. This area would appear to be of interest as there is a major fault offset or a zone of structural complexity between the prospects. The samples proximal to this zone recorded values of 3.09, 3.56 and 1.01 g/t gold (Samples 817138 – 817140)

Boundary Prospect (333175 E 7958560N)

The focus of the Boundary Prospect is a discrete coherent soil geochemical anomaly identified from historical Wamex data. Here a 350 metre x 75 metre anomaly, defined by a 5ppb gold contour, was outlined by Navigator Resources Limited during 2003 and 2004. A peak value up to 64 ppb gold was returned. Gossanous quartz float occurs located proximal to the soil peak which exists within a thin veneer cover of sand and colluvium. It is interpreted that the area of interest is coincident with the contact with the Loadstone granite and metamorphosed felsic – felsic volcanoclastics and psammitic and pelitic sediments. The regional aeromagnetics indicate that the area lies on a favourable N – S structural feature called the Gliddens Target.

Quartz ironstone float coincident with the soil Geochem anomaly returned weakly anomalous values ranging from 0.149 - 0.540 g/t gold.

Crazy Cat

Rock chip sampling at Crazy Cat confirmed the tenor of the historical data with values ranging from 6.59 , 8.32, 5.87 g/t gold (Samples 817141 – 817143). The gossanous quartz vein sampled is narrow (0.40 m wide), and outcrops over 100 metres within weathered granite and rafts of metamorphosed sediments. Mineralisation which strikes at 140/320° appears to be related to regional compressional structures. It is considered that mineralisation at Crazy Cat provides a vector to potential multiple vein sets that could host economic gold mineralisation along this trend.

Leonora Project – WA

Anglo Australian - 100% interest

Anglo Australian's Leonora Project comprises a 10 kilometre long zone of felsic and sedimentary rocks approximately 25 kilometres to the south of and along strike from the Jaguar and Bentley copper-zinc mines of Independence Group NL.

Mandilla Project – WA

Anglo Australian - 100% interest

Southeast Mandilla - M15/633 (Anglo Australian 100% in gold and all other elements except nickel):

The Mandilla Gold Project, located 70km south of Kalgoorlie and 20km south east of Kambalda, comprises two mining leases covering 1819.2 ha. Geology in the project area consists of a sequence of mafic and ultramafic rocks in contact with felsic volcanoclastic and sedimentary rocks of the Mandilla Formation. The sedimentary sequence is intruded by the Emu Rocks Granite (a high level stock of porphyritic monzogranite). The western contact of the granite is faulted by an interpreted southern extension of a splay fault off the Zuleika Shear Zone, which hosts 1 million ounce deposits at Raleigh (Kundana) and Mt Marion (Ghost Crab).

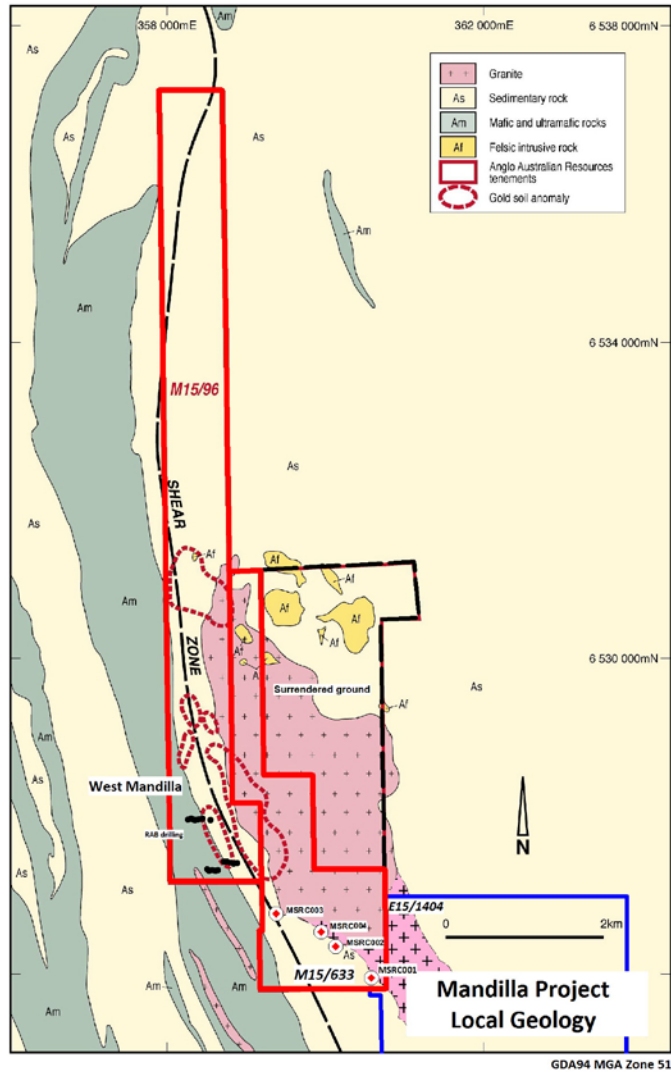
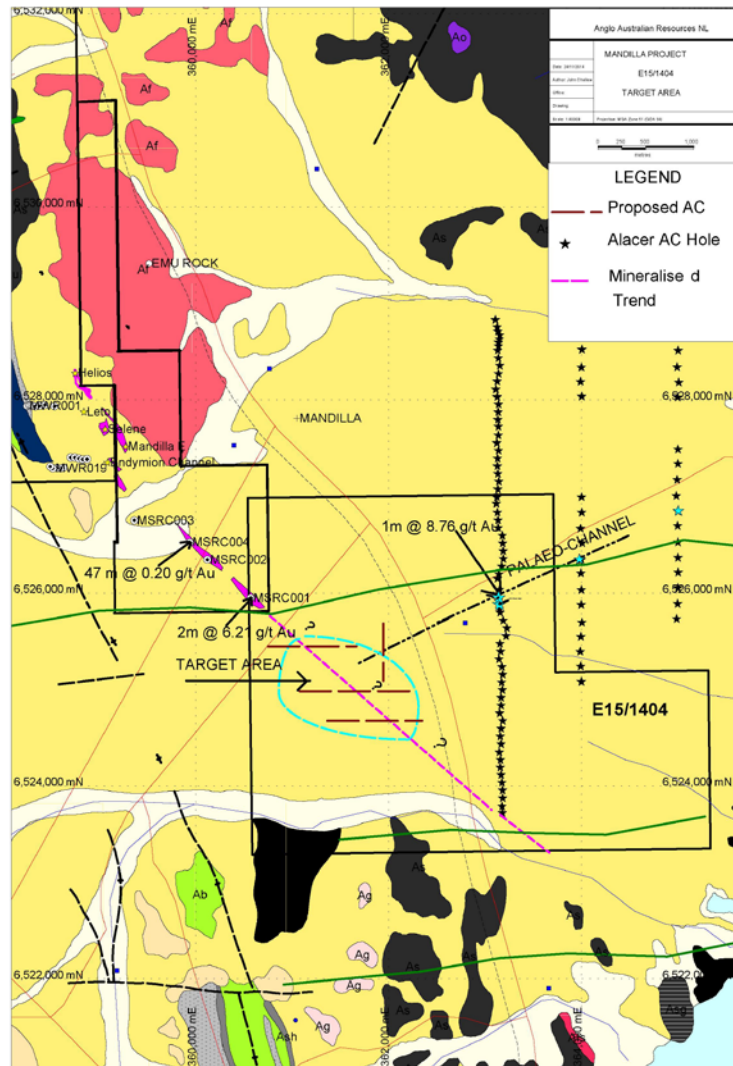


Figure 1. Mandilla Project Area



The merits of an IP Survey covering three kilometres of strike length from hole MSR C004 to the southeast over the prospective horizon is being considered.

Victoria Downs

The Victoria Downs and Laverton Project tenements were relinquished during the year and new tenements at Feysville gold project were acquired towards the end of the year

SCHEDULE OF MINING TENEMENTSAs at 30th June 2015:

Project	Tenement	Company Interest	Title Registered to
Western Australia			
Koongie Park	M80/276, 277 EL80/ 4389,4766 EL80/4503, EL80/4257 P80/1802-10, P80/1599, P80/1601-1602, P80/1605, P80/1607, P80/1610 - 1611	100%	Anglo Australian Resources NL
Feysville	P26/3942 – 3951 P26/4051 – 4052 (Application)	100%	Anglo Australian Resources NL
Mandilla	M15/96 M15/633 EL15/1404 (Application)	100% Gold Rights Only 100% Gold Rights Only 100%	Salt Lake Mining Pty Ltd Anglo Australian Resources NL Anglo Australian Resources NL
Leonora	E69/1047, 1056, 1114 – 1115 E69/1047, 1056 P37/8355- 8358, 8377	100% 100%	Anglo Australian Resources NL
Great Victoria Desert	E69/3197	100%	Anglo Australian Resources NL

Attribution

Information in this Report relating to geological data has been compiled by David Otterman who is an independent consultant from DW Otterman Exploration Consultant.

David Otterman:

- is a consultant to 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 2012 Edition);
- is a Fellow of the Australasian Institute of Mining and Metallurgy (CP Geo) and is a Member of the Australian Institute of Geoscientists and has had more than thirty years experience in the field of activity reported herein; and
 - has consented in writing to the inclusion of this data.

DIRECTORS' REPORT

The Directors present their report together with the financial report of Anglo Australian Resources NL ("the Company") for the year ended 30 June 2015 and the auditors' report thereon.

1. DIRECTORS

The Directors of the Company at any time during or since the end of the financial year are:

Name, qualifications and Independence status	Experience, special responsibilities and other directorships
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John Load Cecil Jones Executive Chairman	Mr Jones is a well known and respected mining identity who has been associated with a number of successful mining corporations in his 43 years of business. Mr Jones has been a director of the Company since February 1990, is a Kalgoorlie pastoralist and businessman formerly associated with North Kalgurli Mines NL and was a founding director of Jones Mining Limited. Mr Jones is a Non-Executive Director of Troy Resources NL, Image Resources NL and Tanga Resources Limited.
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Interest in shares and options	Shares – 17,204,344 Options - 1,000,000 - \$0.12 exp 30/11/15 Options - 1,000,000 - \$0.15 exp 30/11/15 Options - 16,200,000 - \$0.02 exp 30/11/19
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Graeme Ian Smith Non-Executive Director	Mr Smith is a finance professional with over 25 years' experience in accounting and company administration. He graduated from Macquarie University with a Bachelor of Economics degree and has since received a Master of Business Administration and a Master of Commercial Law. He is a Fellow of the Australian Society of Certified Practising Accountants, the Institute of Chartered Secretaries and Administrators and the Governance Institute of Australia.
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Mr Smith was previously a non-executive director of Rubianna Resources Limited.

Interest in shares and options	Shares – 866,666 Options – 2,500,000 - \$0.02 exp 30/11/19
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Peter Andrew Stern Non-Executive Director	Mr Stern is a graduate of Monash University with a Bachelor of Science (geology major). Mr Stern's career has been in corporate advisory, spending six years with Macquarie Bank and three years with both UBS and Deutsche Bank. In 2000, Mr Stern established Metropolis Pty Ltd, a corporate advisory firm specializing in M&A and capital raisings. Mr Stern is a Fellow of the Australian Institute of Company Directors.
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Interest in shares and options	Shares – 1,856,585 Options - 800,000 - \$0.15 exp 30/11/15 Options - 6,100,000 - \$0.02 exp 30/11/19
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2. COMPANY SECRETARY - Graeme Smith

3. DIRECTORS' MEETINGS

The number of directors' meetings held and number of meetings attended by each of the directors of the Company during the financial year were:

Director	Director Meetings		Audit Committee
	Number Held	Number Attended	
John Jones	4	4	1
Peter Stern	4	4	1
Graeme Smith	4	4	1

4. REMUNERATION REPORT - AUDITED

4.1 Principles of compensation

For the purpose of this report Key Management Personnel ("KMP") are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly.

Based on this definition, the officers listed under Key Management Personnel below will be included in the report. The report will also provide an explanation of the Company's remuneration policy and structure, details of remuneration paid to Key Management, (including directors), an analysis of the relationship between company performance and executive remuneration payments, and the key terms of executive employment contracts.

2015 Key Management Personnel:

John Load Cecil Jones	Executive Chairman
Peter Stern	Non-Executive Director
Graeme Smith	Non-Executive Director

Fixed Remuneration

Fixed remuneration – Fixed remuneration consists of base remuneration and statutory superannuation entitlements. Remuneration levels are set by the Board based on individual performance and the performance of the Company.

Performance Linked Remuneration

Due to the nature of the Company's operations, i.e., mineral exploration, Directors and Executive remuneration do not include performance-based incentives.

Options

The Board annually assesses the granting of any options to employees and executive directors based on performance and according to the prevailing industry and market practices. No options were granted during the year.

Non-executive Directors

Total remuneration for all non-executive directors during the year was \$172,047 which included options valued at \$65,062. The balance of \$106,985 represents directors' fees and secretarial fees, however, to date, directors fees have not been paid by the Company. The maximum shareholder approved remuneration is \$200,000 per annum. Directors' fees cover all Board activities.

Relationship between Company performance and remuneration

The objective of the Company's remuneration structure is to reward and incentivize the directors and executives so as to ensure alignment with the interests of shareholders. The remuneration structure also seeks to reward directors and executives for their contribution in a manner that is appropriate for a company at this stage of its development. As outlined elsewhere in this Report, the remuneration structure incorporates fixed component and options.

The key drivers of value for the Company: the acquisition and progression of exploration properties to the point of commercial development or realization.

The only relevant financial measure at this point in the Company's development is share price for which history is presented below:

	2015	2014	2013	2012	2011	2010	2009
Closing share price at 30 June	0.01	0.01	*0.03	*0.06	*0.15	*0.43	*0.26

* Share prices have been adjusted to reflect the cumulative dilution of the share capital consolidation completed during December 2013.

Voting and Comments Made at the Company's 2014 Annual General Meeting

The Company received approximately 99.9% of "yes" votes on its remuneration report for the 2014 financial year. The Company did not receive any specific feedback at the AGM on its remuneration practices.

4.2 Key management personnel remuneration

The following table discloses the remuneration of the key management personnel of Anglo Australian Resources NL.

	Short-Term		Post Employment	Share Based Payments	Total
	Salary & Fees - Cash	Salary & Fees - Non-Cash (Options)	Superannuation	Options	
2015	\$	\$	\$	\$	\$
Directors					
J L C Jones	50,000	40,533	-	-	90,533
P A Stern	15,000	11,599	-	-	26,599
G I Smith (incl secretarial & CFO fees)	41,985	12,930	-	-	54,915
Total	106,985	65,062	-	-	172,047
	Non-Cash		Superannuation	Options	Total
	Salary & Fees	Benefits			
2014	\$	\$	\$	\$	\$
Directors					
J L C Jones	100,000	-	-	-	100,000
A C Pilmer	22,500	-	-	-	22,500
P A Stern	30,000	-	-	10,000	40,000
G I Smith (incl secretarial fees)	22,337	-	-	-	22,337
Total	174,837	-	-	10,000	184,837

4.3 Options and rights over equity instruments granted as compensation

24.8 million options have been granted to directors during the year ended 30 June 2015. These options were issued in lieu of outstanding directors fees.

The options were ascribed a value of \$202,665 using the Black-Scholes model. Of this amount, \$65,062 relates to key management personal remuneration incurred in the year to 30 June 2015. The balance of the fair value settles amounts accrued in prior periods.

4.4 Analysis of options and rights over equity instruments granted as compensation

	Grant Date & Vesting Date	Granted Number	Expiry Date	Exercise Price (cents)	Value per option at grant date (cents)	Exercised Number	% of Remuneration
Directors							
J L C Jones	1/12/2014	16,200,000	30/11/2019	2.0	0.81	Nil	45%
P Stern	1/12/2014	6,100,000	30/11/2019	2.0	0.81	Nil	44%
G I Smith	1/12/2014	2,500,000	30/11/2019	2.0	0.81	Nil	24%

4.5 Equity instruments held by key management personnel

Share holdings

The movement during the reporting period in the number of ordinary shares in Anglo Australian Resources NL held directly, indirectly or beneficially by each key management person, and including their related parties is as follows:

Fully paid ordinary shares issued in Anglo Australian Resources NL

	Balance at 1 July 2014	Granted as Remuneration	Received on Exercise of Options	Net Other Change	Balance at 30 June 2015
	No.	No.	No.	No.	No.
<i>Directors</i>					
J L C Jones	3,871,011	-	-	13,333,333	17,204,344
P A Stern	825,000	-	-	1,031,585	1,856,585
G I Smith	200,000	-	-	666,666	866,666

Option holdings

The movement during the reporting period in the number of options over ordinary shares in the Company held, directly, indirectly or beneficially, by each key management personnel, including their related parties, is as follows (all option numbers adjusted to reflect post-consolidation balances):

	Held at 1 July 2014	Granted as compensation	Lapsed	Other Changes	Held at 30 June 2015	Vested and exercisable at 30 June 2015
	No.	No.	No.	No.	No.	No.
J L C Jones	2,000,000	16,200,000	-	-	18,200,000	18,200,000
P A Stern	800,000	6,100,000	-	-	6,900,000	6,900,000
G I Smith	100,000	2,500,000	100,000	-	2,500,000	2,500,000

4.6 Other key management personnel transactions with Directors and Director-related entities

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Company or its subsidiaries in the reporting period. The following fees were incurred on normal commercial terms and conditions to the following Director related entities:

Related Parties	Transaction	Transactions value		Balance outstanding	
		year ended 30 June		as at 30 June	
		2015	2014	2015	2014
		\$	\$	\$	\$
J L C Jones – Westbury Management Services Pty Ltd	Storage / Admin Services	1,872	19,741	23,587	21,715
J L C Jones	Loan to the company net of repayments	140,614	82,256	110,731	155,311
P A Stern	Loan & interest	20,478	-	20,478	-
G I Smith	Loan to the company	25,567	10,000	25,567	10,000
G I Smith – Wembley Corporate	Company Secretarial / CFO	25,519	14,837	10,798	3,900

End of audited Remuneration Report

5. PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year consisted of the continued exploration of gold and base metals projects in Western Australia and Northern Territory. There has been no change in the nature of these activities during the financial year.

6. OPERATING AND FINANCIAL REVIEW

Overview of the Company

During the current year, the Company conducted exploration and tenement reviews. There was no revenue for this year however the Company continued with the business activities of exploration and evaluation of gold and base metals projects.

Shareholder Returns

The net loss of the Company for the financial year, after provision for income tax was \$4,680,516 (2014 net loss: \$604,275) of which, \$4,179,045 was for the Impairment of the carrying value of Exploration & Evaluation assets and the remainder was as a result of the above activities.

Review of Principal Businesses

A review of the operations for the financial year, together with future prospects which form part of this report are set out above.

7. EVENTS SUBSEQUENT TO REPORTING DATE

There have been no events subsequent to the reporting date, other than those mentioned elsewhere in this report.

8. LIKELY DEVELOPMENTS

The Company intends to continue its exploration and evaluation programs on existing tenements and to acquire further suitable tenements for exploration.

9. DIRECTORS' INTERESTS

The relevant interest of each director in the share capital of the Company as notified by the Directors to the Australian Securities Exchange in accordance with Section 205 G (1) of the Corporations Act 2001 at the date of this report, is as follows:

	Ordinary Shares		Options over Ordinary Shares
	Directly	Indirectly	
John Jones	791,623	16,412,721	18,200,000
Peter Stern	-	1,856,585	6,900,000
Graeme Smith	200,000	666,666	2,500,000
	<u>991,623</u>	<u>18,935,972</u>	<u>27,600,000</u>

10. SHARE OPTIONS

Unissued Shares under Options

Unissued ordinary shares of Anglo Australian Resources NL under option at the date of this report are as follows:

Expiry date	Exercise price (cents)	Number of options
30 November 2015	12	1,000,000
30 November 2015	15	2,600,000
30 November 2019	2	<u>32,300,000</u>
Total number of options outstanding at the date of this report		<u>35,900,000</u>

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

11. INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

Indemnification

The Company has agreed to indemnify the following current directors of the Company, J L C Jones, G I Smith and P A Stern against all liabilities to another person (other than the Company or related body corporate) that may arise from their position as officers of the Company, except where the liability arises out of conduct involving lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company has not entered into an agreement with their current auditors, Somes Cooke, indemnifying them against any claims by third parties arising from their report on the annual financial report.

Insurance Premiums

As at the date of this report, the Company does not have insurance in relation to Directors' and Officers' indemnity.

12. NON-AUDIT SERVICES

Details of amounts payable to the Auditor for non-audit services and audit services paid during the year are set out in Note 19.

13. LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 18 and forms part of the directors' report for the financial year ended 30 June 2015.

Signed in accordance with a resolution of the Directors.



J L C Jones
Executive Chairman

Dated at Perth this 30th day of September 2015.

Auditor's Independence Declaration

To those charges with governance of Anglo Australian Resources NL

As auditor for the audit of Anglo Australian Resources NL for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Somes Cooke

SOMES COOKE

Nicholas Hollens

NICHOLAS HOLLENS

PARTNER

30 September 2015

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Anglo Australian Resources NL is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of Anglo Australian Resources NL on behalf of the shareholders by whom they are elected and to whom they are accountable.

Anglo Australian Resources NL's corporate governance practices were in place throughout the year ended 30 June 2015 and were compliant with the ASX Governing Council's best practice recommendations, unless otherwise stated.

Information on Corporate Governance is available on the Company's website at www.anglo.com.au/investors.

In fulfilling its obligations and responsibilities to its various stakeholders, the Board of directors of the Company advocates the adoption of and adherence to a framework of rules, relationships, systems and processes within and by which authority is exercised and controlled within the corporation – this is what is meant in this manual when reference is made to corporate governance. This manual outlines the Company's principal corporate governance procedures. The Board supports a system of corporate governance to ensure that the management of the Company is conducted in a manner which is directed at achieving the Company's objectives in a proper and ethical manner.

Except to the extent indicated herein, the Company has resolved that for so long as it is admitted to the official lists of the ASX it shall abide by the ASX Recommendations.

Due to the exigencies and vagaries of commercial life and changing circumstances, there will, no doubt, be occasions when, especially because of the size of the Company and the composition of its Board, that it can be expected to depart from the policies and charters which it has adopted. These policies have been adopted on the basis that, in the circumstances of the Company, they reflect what is considered to reflect a reasonable aspiration. It is not expected that these guidelines will be slavishly adhered to. Their object is to focus attention upon the issues they address and provoke thought about and awareness of those issues and the pitfalls that one could otherwise fall into inadvertently. The important thing is to develop a culture conducive only to good and appropriate conduct and practices.

Honesty and integrity must be the overriding and guiding principle in all things- substance must prevail over form and lip service. Adhering to the following policies is a condition of each contract of employment or service.

The Board encourages all key management personnel, other employees, contractors and other stakeholders to monitor compliance with this Corporate Governance manual and periodically, by liaising with the Board, management and staff; especially in relation to observable departures from the intent of hereof and with any ideas or suggestions for improvement.

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

1.1	<p>A listed entity should disclose:</p> <p>(a) the respective roles and responsibilities of its board and management; and</p> <p>(b) those matters expressly reserved to the board and those delegated to management.</p>	<p>Information about the respective roles and responsibilities of our Board and management (including those matters expressly reserved to the Board and those delegated to management) is found under the Board Charter.</p>
1.2	<p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</p>	<p>The appointment of directors is undertaken under the purveyance of the Nomination committee.</p> <p>The function of the Nomination Committee is to identify and recommend candidates to fill vacancies and to determine the appropriateness of director nominees for election to the Board as well as undertake appropriate checks before appointing a person to the Board. The Board recognises the benefits arising from diversity and aims to promote an environment conducive to the appointment of well qualified Board candidates so that there is appropriate diversity to maximise the achievement of corporate goals.</p> <p>As required under the ASX Listing Rules and the Corporations Act, election or re-election of directors is a resolution put to members at each Annual General Meeting. The notice of meeting contains all material information relevant to a decision on whether or not to elect or re-elect a director.</p>
1.3	<p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	<p>Letters of appointment for each director and senior executive have been entered into by the Company.</p>
1.4	<p>The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	<p>The company secretary reports directly to the Board through the Chairman and is accessible to all directors. The function performed by the company secretary is noted in the letter of appointment of the company secretary</p>

<p>1.5</p>	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>The Company has a Diversity policy which can be found on its website under the Corporate Governance section. The Company's Diversity policy does not include requirements for the board to set measurable objectives for achieving gender diversity and given the size and nature of the Company at this stage, the Board considers this course of action reasonable.</p> <p>The Company recognises that a diverse and talented workforce is a competitive advantage and that the Company's success is the result of the quality and skills of our people. Our policy is to recruit and manage on the basis of qualification for the position and performance, regardless of gender, age, nationality, race, religious beliefs, cultural background, sexuality or physical ability. It is essential that the Company employs the appropriate person for each job and that each person strives for a high level of performance.</p> <p>The Company has not set measurable objectives for achieving gender diversity during the reporting period of 2014 – 2015.</p> <p>There are no women on the Board.</p>
<p>1.6</p>	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>Process for Evaluating Board Performance is detailed in the Board Charter.</p> <p>Information on Performance Evaluations is included in the remuneration report section of the Annual Report.</p>
<p>1.7</p>	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>The Company does not have any executives and therefore does not have a process for evaluating the performance of senior executives. Given the size and nature of the Company, the board considers this to be reasonable in the circumstances. However, the board will re-evaluate senior executive performance evaluation measures should the Company's circumstances change.</p>

PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE

<p>2.1</p>	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>The Board does not have a Nomination Committee.</p> <p>The Board considers it has an appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively. Board succession issues are discussed by the whole Board when required.</p>																												
<p>2.2</p>	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>The Board has identified that the appropriate mix of skills and diversity required of its members on the Board to operate effectively and efficiently is achieved by directors having substantial skills and experience in operational management, exploration and geology, corporate law, finance, listed resource companies, equity markets.</p> <p>The Board Skills matrix for the current Board is as follows:</p> <table border="1" data-bbox="1236 976 2033 1241"> <thead> <tr> <th></th> <th>John Jones</th> <th>Peter Stern</th> <th>Graeme Smith</th> </tr> </thead> <tbody> <tr> <td>operational management</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> <tr> <td>exploration and geology</td> <td>✓</td> <td>✓</td> <td>-</td> </tr> <tr> <td>corporate law</td> <td>-</td> <td>✓</td> <td>✓</td> </tr> <tr> <td>accounting & finance</td> <td>-</td> <td>✓</td> <td>✓</td> </tr> <tr> <td>listed resource companies</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> <tr> <td>equity markets</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> </tbody> </table>		John Jones	Peter Stern	Graeme Smith	operational management	✓	✓	✓	exploration and geology	✓	✓	-	corporate law	-	✓	✓	accounting & finance	-	✓	✓	listed resource companies	✓	✓	✓	equity markets	✓	✓	✓
	John Jones	Peter Stern	Graeme Smith																											
operational management	✓	✓	✓																											
exploration and geology	✓	✓	-																											
corporate law	-	✓	✓																											
accounting & finance	-	✓	✓																											
listed resource companies	✓	✓	✓																											
equity markets	✓	✓	✓																											

2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>The Company considers that Peter Stern and Graeme Smith are independent directors.</p> <p>John Jones is a substantial shareholder of the Company and therefore non-independent.</p> <p>Although Graeme Smith provides services, as the Principal of Wembley Corporate Services, as Company Secretary, the board considers that this does not interfere, or might reasonably be seen to interfere, with his capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the entity and its security holders generally.</p> <p>John Jones has been a director since 9 Feb 1990.</p> <p>Peter Stern has been a director since 28 Nov 2011.</p> <p>Graeme Smith has been a director since 18 Mar 2014.</p>
2.4	A majority of the board of a listed entity should be independent directors.	The majority of the board are independent directors.
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	The Chairman is not an independent director. The Board believes the Chairman is the most suitable director to undertake this role. The Company does not have a CEO.
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	The Company will provide induction material for any new directors and, depending on specific requirements, will provide appropriate professional development opportunities for directors.

PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY

3.1	<p>A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	Code of Conduct sets out the principles and standards which the Board, management and employees of the Company are encouraged to strive to abide by when dealing with each other, shareholders and the broad community
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PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING

<p>4.1</p>	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>The Company's Audit committee comprises all directors and is Chaired by Peter Stern.</p> <p>The Audit Committee charter is disclosed on the Company's website under the Corporate Governance link</p> <p>Qualifications and experience of members of the Audit Committee are found under the directors profile in both the Annual report and on the Company's website at Directors and Management</p> <p>Details of meetings of the audit committee are to be found in the Annual report of the company.</p>
<p>4.2</p>	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>The Company does not have a CEO but the Audit committee receives from it's CFO (Graeme Smith), declarations in relation to full year and half year statutory financial reports during the reporting period in accordance with section 295A of the Corporations Act.</p>
<p>4.3</p>	<p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	<p>The audit engagement partner attends the AGM and is available to answer shareholder questions from shareholders relevant to the audit.</p>

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

5.1	<p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>The Company's continuous Disclosure Policy can be found under the Corporate Governance section of the Company's website</p>
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PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS

6.1	<p>A listed entity should provide information about itself and its governance to investors via its website.</p>	<p>The Company's website provides information on the Company including its background, objectives, projects and contact details. The Corporate Governance page provides access to key policies, procedures and charters of the Company, such as the Board and Committee charters, securities trading policy, diversity policy and the latest Corporate Governance Statement.</p> <p>ASX announcements, Company reports and presentations are uploaded to the website following release to the ASX and editorial content is updated on a regular basis.</p>
6.2	<p>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	<p>A Shareholder Communication Policy can be found on the Company's website</p>
6.3	<p>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	<p>The Company encourages shareholders to attend all general meetings of the Company and sets the time and place of each meeting to promote maximum attendance by Shareholders.</p> <p>The Company encourages Shareholders to submit questions in advance of a general meeting, and for the responses to these questions to be addressed through disclosure relating to that meeting.</p> <p>The Company's Shareholder Communication Policy is disclosed on the Company's website.</p>
6.4	<p>A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	<p>It is the Company's desire that shareholders receive communications electronically in the interests of the environment and constraining costs. In an endeavour to drive this objective the Company has a policy of providing hard materials at least cost (which will generally involve a black & white presentation even where the electronic version is full colour).</p>

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>The Board has not established a Risk committee however it does have a Risk Policy which can be found on the company's website.</p> <p>Risk management is specifically discussed at the Company's board meetings during the year.</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>The Company reviews its risk management framework annually and this information is disclosed in the Annual Report.</p>
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>The Company currently does not have any staff with bookkeeping and accounting skills so these tasks are undertaken by external consultants. The external consultant discusses with its external auditor each end of year and half year whether there are any issues with internal control and improvements which could be undertaken to improve them.</p>
7.4	<p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>The Company is subject to, and responsible for, existing environmental liabilities associated with its tenements. The Company will continually monitor its ongoing environmental obligations and risks, and implement rehabilitation and corrective actions as appropriate to remain compliant. These risks may be impacted by change in Government policy.</p> <p>The Company does not believe it has any significant exposure to economic and social sustainability risks.</p>

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

<p>8.1</p>	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>		<p>The Company does not have a Remuneration committee as the Company does not have any staff.</p> <p>The whole board considers the level and composition of remuneration for directors with reference to remuneration levels set by its peers in the mining industry.</p>
<p>8.2</p>	<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>		<p>Non-executive directors are paid amounts equivalent to the remuneration received by other non-executive directors working in similarly sized exploration companies.</p> <p>The Company does not have any staff and no need for a policy on remuneration of executives.</p>
<p>8.3</p>	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>		<p>The Company does not have an equity based remuneration scheme.</p>

STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Note	2015 \$	2014 \$
Assets			
Cash and cash equivalents	18(i)	241,301	7,462
Other receivables	7	14,452	71,989
Total Current Assets		<u>255,753</u>	<u>79,451</u>
Other receivables	7	38,000	222,000
Property, plant & equipment	8	2,515	3,417
Exploration and evaluation assets	9	1,451,001	5,346,167
Total Non-Current Assets		<u>1,491,516</u>	<u>5,571,584</u>
Total Assets		<u>1,747,269</u>	<u>5,651,035</u>
Liabilities			
Trade and other payables	10	393,573	648,750
Borrowings	11	156,776	172,285
Rehabilitation provision	12	75,404	24,403
Total Current Liabilities		<u>625,753</u>	<u>845,438</u>
Total Liabilities		<u>625,753</u>	<u>845,438</u>
Net Assets		<u>1,121,516</u>	<u>4,805,597</u>
Equity			
Issued capital	13	28,668,168	27,929,019
Reserves	14(a)	432,130	174,844
Accumulated losses	14(b)	(27,978,782)	(23,298,266)
Total equity attributable to the equity holders of the Company		<u>1,121,516</u>	<u>4,805,597</u>

The above Statement of Financial Position is to be read in conjunction with the accompanying notes.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2015

	Note	2015 \$	2014 \$
Other income		-	48,000
Consultancy		(26,140)	(125,080)
Impairment	9	(4,179,045)	-
Directors' fees		(98,882)	(167,020)
Depreciation and amortisation expenses	8	(902)	(1,843)
Rental expense		(121,993)	(134,630)
Other expenses		(193,505)	(212,778)
Share based payments expense		(54,621)	(10,000)
Results from operating activities		(4,675,088)	(603,351)
Finance income - interest		3,407	9,220
Finance expenses - interest		(8,835)	(10,144)
Loss before tax		(4,680,516)	(604,275)
Income tax expense	16	-	-
Loss for the year		(4,680,516)	(604,275)
Total comprehensive loss for the year attributable to equity holders of the Company		(4,680,516)	(604,275)
Loss per share:			
Basic loss per share	17(i)	(4.11 cents)	(0.67 cents)
Diluted loss per share	17(ii)	(4.11 cents)	(0.67 cents)

The above Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2015

	Issued Capital	Share based Payments Reserve	Accumulated losses	Total Equity
	\$	\$	\$	\$
Opening Balance at 1 July 2014	27,929,019	174,844	(23,298,266)	4,805,597
Total comprehensive loss for the period				
Loss for the period	-	-	(4,680,516)	(4,680,516)
Total comprehensive loss for the period	-	-	(4,680,516)	(4,680,516)
Transactions with owners, recorded directly in equity				
Issue of ordinary shares	739,149	-	-	739,149
Options issued	-	257,286	-	257,286
Closing balance at 30 June 2015	28,668,168	432,130	(27,978,782)	1,121,516
Opening Balance at 1 July 2013	27,421,976	114,844	(22,693,991)	4,842,829
Total comprehensive loss for the period				
Loss for the period	-	-	(604,275)	(604,275)
Total comprehensive loss for the period	-	-	(604,275)	(604,275)
Transactions with owners, recorded directly in equity				
Issue of ordinary shares	507,043	-	-	507,043
Options issued to directors	-	60,000	-	60,000
Closing balance at 30 June 2014	27,929,019	174,844	(23,298,266)	4,805,597

The Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2015

	Note	2015 \$	2014 \$
Cash Flows from Operating Activities			
Cash payments to suppliers and employees		(210,649)	(327,375)
Other revenue		-	360
Interest paid		-	-
Environmental bond refunded/(paid)		184,000	48,000
Net cash used in operating activities	18(ii)	<u>(26,649)</u>	<u>(279,015)</u>
Cash Flows from Investing Activities			
Interest received		3,407	9,220
Exploration and evaluation expenditure incurred		(383,575)	(318,333)
Proceeds from sale of property, plant & equipment		-	-
Payments for property, plant & equipment		-	(3,160)
Net cash used in investing activities		<u>(380,168)</u>	<u>(312,273)</u>
Cash Flows from Financing Activities			
Proceeds from borrowings		353,214	89,085
Repayment of borrowings		(167,558)	-
Proceeds from issue of shares (net of costs)		455,000	507,043
Net cash from financing activities		<u>640,656</u>	<u>596,128</u>
Net increase in cash and cash equivalent		233,839	4,840
Cash and cash equivalents at the beginning of the financial year		7,462	2,622
Cash and cash equivalents at the end of the financial year	18(i)	<u>241,301</u>	<u>7,462</u>

The above Statement of Cash Flows is to be read in conjunction with the accompanying notes.

For the Year Ended 30 June 2015

1. REPORTING ENTITY

Anglo Australian Resources NL (the "Company") is a for profit company domiciled in Australia. The address of the Company's registered office is Ground Floor, 63 Hay Street, Subiaco, Western Australia. The Company is involved in the exploration of mineral tenements.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial report also complies with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

The financial reports were approved by the Board of Directors on 30 September 2015.

(b) New and amended standards adopted by the Company

The Company has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to their operations and effective for the current annual reporting period.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Company's accounting policies and has no effect on the amounts reported for the current or prior years.

(c) Basis of measurement

The financial reports have been prepared on the historical cost basis, except for share based payments measured at fair value.

(d) Functional and presentation currency

These financial reports are presented in Australian dollars, which is the Company's functional currency.

(e) Use of estimates and judgements

The preparation of financial reports in conformity with AASBs 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. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions in accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In preparing this financial report, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty are as follows.

(i) Measurement of Share Based Payments

The fair value of services received in return for options granted is based on the fair value of options granted, measured using a Black Scholes model incorporating volatilities in share price.

(ii) Impairment of exploration and evaluation assets

The ultimate recoupment of the value of exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale, of the underlying mineral exploration properties. The Company undertakes at least on an annual basis, a comprehensive review for indicators of impairment of these assets. There is significant estimation and judgement in determining the inputs and assumptions used in determining the recoverable amounts.

The key area of estimation and judgement that is considered in this is the Company's market capitalisation compared to its net assets

(iii) Going concern

A key assumption underlying the preparation of the financial statements is that the Company will continue as a going concern.

A Company is a going concern when it is considered to be able to pay its debts as and when they are due, and to continue in operation without any intention or necessity to liquidate or otherwise wind up its operations. A significant amount of judgment has been required in assessing whether the entity is a going concern as set out in Note 3.

3. GOING CONCERN

The financial report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation and extinguishment of liabilities in the ordinary course of business. For the year ended 30 June 2015 the Company incurred a loss of \$4,680,516 (2014: \$604,275). \$4,179,045 of this loss was accounted for by the impairment of the value of the Company's exploration assets to approximately \$1.4 million.

The Company had net cash outflows from operations of \$26,649 (2014: \$279,015), net cash outflows from investing of \$380,168 (2014: \$312,273).

The Company will require further funding in order to meet day-to-day obligations as they fall due and to progress its exploration and evaluation projects as budgeted. The Company has a history of successful capital raisings to fund exploration. The Board of Directors is aware, of the Company's working capital requirements and the need to access additional funding. The ability of the Company to continue funding its exploration activities is dependent on the Company securing further working capital by the issue of additional equity. The Directors are currently reviewing the Company's funding needs with the intention to raise further equity; however no firm commitments exist at this time.

The Chairman has agreed to financially support the Company for the next 12 months, if required and not seek a repayment of his existing loan of \$110,731 until the Company has been re-capitalised.

The Board of Directors have reviewed the business outlook and is of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Company will achieve the matters set out above. Should the Company be unsuccessful in raising equity, there is material uncertainty which may cast significant doubt as to whether the Company will continue as a going concern and therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

4. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Property, Plant and Equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and amortisation (see below), and impairment losses (see accounting policy (e)).

Cost includes expenditures that are directly attributable to the acquisition of the asset. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Mine property assets include costs transferred from exploration and evaluation assets, once technical feasibility and commercial viability of an area of interest are demonstrable, and subsequent costs, including deferred stripping costs, to develop the mine to the production phase. Mine property assets are recognised as intangible assets

(ii) Subsequent costs

The Company recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the entity and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs are recognised in the statement of comprehensive income as an expense as incurred.

(iii) Depreciation

With the exception of mine property, depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

Depreciation rates and methods and any residual values are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only. Depreciation is charged to the statement of comprehensive income.

4. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Exploration and Evaluation Expenditure

Exploration and evaluation costs, including the costs of acquiring licences and directors and management's time are capitalised as exploration and evaluation assets on an area of interest basis. The entity subcontracts equipment on an as required basis and as a result all exploration and evaluation costs incurred are of an intangible nature. Costs incurred before the Company has obtained the legal rights to explore an area are recognised as an expense in the income statement.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- (i) the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- (ii) activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, or (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment accounting policy (e)). For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit is never larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment. Intangible assets are reclassified to mining property assets within property, plant and equipment.

(c) Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances, short term bills and call deposits.

(d) Other Receivables

Other receivables are subsequently measured at their amortised cost less impairment losses (see accounting policy (e)).

(e) Impairment

(i) Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

4. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit”). Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

The recoverable amount of deferred exploration and evaluation cost is currently assessed by directors based on the market of capitalisation of the company.

In respect of assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(f) Share Capital

Transaction costs

Qualifying transaction costs of an equity transaction, which are incremental and directly attributable to the issue of ordinary shares, are accounted for as a deduction from equity, net of any related income tax benefit.

(g) Employee Benefits

The Company does not have any employees and does not therefore provide any employee benefits such as Wages, Salaries, Annual Leave Sick Leave or Long Service Leave.

(h) Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

(i) Trade and Other Payables

Trade and other payables are measured at their amortised cost. Trade payables are non-interest bearing and are normally settled on 60-day terms.

(j) Finance income

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues, using the effective interest method.

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

4. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Earnings per Share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

(m) Determination and presentation of operating segments

For management purposes the Company is organised into one operating segment, which involves exploration throughout Australia. The Company's principal activities are interrelated, and the Company has no revenue from operations

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

(n) Borrowings

Borrowings are measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the borrowings are derecognised.

(o) New standards and Interpretations not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

The Company does not anticipate that there will be a material effect on the financial statements from the adoption of these standards.

<u>Standard/Interpretation</u>	<u>Effective for annual reporting periods beginning on or after</u>	<u>Expected to be initially applied in the financial year ending</u>
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AAASB 15 'Revenue from contracts with customers'	1 January 2017	30 June 2018

5. DETERMINATION OF FAIR VALUES

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and /or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Other receivables

The fair value of other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

6. FINANCIAL RISK MANAGEMENT

Overview

The Company have exposure to the following risks from their use of financial instruments:

- liquidity risk
- market risk
- interest rate risk
- credit risk

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

6. FINANCIAL RISK MANAGEMENT (continued)

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the company through regular reviews of the risks.

Cash

The Company limits its exposure to credit risk by only investing in deposit instruments of major Australian banking institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, commodity prices and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

The Company is exposed to interest rate risk on cash balances.

The Company adopts a policy of placing all of its cash not required for immediate cash flow in its operations in a high interest bearing cash management accounts exposed to variable interest rates.

Capital Management

Management controls the capital of the Company in order to ensure that it can fund its operations and continue as a going concern in conjunction with the continual assessment as to the underlying market value of its exploration and development projects. The Company has no external debt other than disclosed in the financial statements and there are no externally imposed capital requirements.

Management effectively manages the Company's capital by assessing its financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include share issues. There have been no changes in the strategy adopted by management since the prior year.

7. OTHER RECEIVABLES

	2015 \$	2014 \$
Current		
Other receivables	14,452	71,989
	<u>14,452</u>	<u>71,989</u>
Non - Current		
Security deposit – leased premises	38,000	38,000
Security deposit – environmental bonds (i)	-	184,000
	<u>38,000</u>	<u>222,000</u>

- (i) During the year, the Company joined the Mining Rehabilitation Fund run by the government of Western Australia. As a result \$148,000 was released back to the Company.

8. PROPERTY, PLANT & EQUIPMENT

Office furniture & fittings, PP&E – at cost	11 392	10,012
Accumulated depreciation	(8,877)	(6,595)
	<u>2,515</u>	<u>3,417</u>
Total property, plant & equipment	<u>2,515</u>	<u>3,417</u>

9. EXPLORATION AND EVALUATION ASSETS

Deferred exploration and evaluation assets Balance at 1 July 2014	5,346,167	5,000,000
Add:		
Expenditure during the year	283,879	346,167
Amounts impaired during the year	(4,179,045)	-
Balance at 30 June 2015	<u>1,451,001</u>	<u>5,346,167</u>

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

In light of current market conditions, the Directors have conservatively estimated the recoverable amount of its exploration and evaluation assets, based on the company's market capitalisation. As a result, deferred exploration and evaluation assets have been impaired by \$4,179,045 in the year to 30 June 2015.

As this is an estimation, the actual recoverable amount may be significantly different to this value. Future exploration and evaluation results and changes in commodity prices may increase the estimated recoverable amount in the future, which may result in the reversal of some or all of impairment recognition.

The Company's exploration properties may be subjected to claim(s) under native title, or contain sacred sites, or sites of significance to Aboriginal people. As a result, exploration properties or areas within the tenements may be subject to exploration restrictions, mining restrictions and/or claims for compensation. At this time it is not possible to determine whether such claims exist or the quantum of such claims, if any.

10. TRADE AND OTHER PAYABLES

	2015 \$	2014 \$
Current		
Trade payables and accrued operating expenses	<u>393,573</u>	<u>648,750</u>
	<u>393,573</u>	<u>648,750</u>

11. BORROWINGS

Current		
Loans	<u>156,776</u>	<u>172,284</u>
	<u>156,776</u>	<u>172,284</u>

Loan – J Jones

A loan of \$110,731 from director Mr John Jones remains at balance date. Additional loans of \$308,172 were made during the year and \$167,558 was re-paid. In addition, \$200,000 of the loan was swapped for equity during the year (Note 13). The loan is unsecured with interest charged at 6.5% per annum. No interest has been paid during the year, it has been capitalised.

Loan – P Stern

A loan of \$20,478 from director Mr Peter stern remains at balance date. The loan is unsecured with interest charged at 6.5% per annum. \$20,000 was borrowed during the year. No interest has been paid during the year, it has been capitalised.

11. BORROWINGS

11. BORROWINGS (continued)

Loan – G Smith

A loan of \$25,567 from director Mr Graeme Smith remains at balance date. The loan is unsecured with interest charged at 6.5% per annum. Additional loans of \$25,043 were made during the year. In addition, \$10,000 of the loan was swapped for equity during the year (Note 13). The loan is unsecured with interest charged at 6.5% per annum. No interest has been paid during the year, it has been capitalised.

12. REHABILITATION PROVISION

A provision has been made to cover costs of rehabilitating the Company's areas of interest. It is not expected that this will be required in the next 12 months.

	2015 \$	2014 \$
Balance at 1 July 2014	24,403	24,403
Re-estimation of provisions	51,001	-
Provisions used during the year	-	-
Balance at 30 June 2015	<u>75,404</u>	<u>24,403</u>

13. ISSUED CAPITAL

Issued and Paid Up Capital

160,575,087 ordinary shares fully paid (2014 – 93,641,488 ordinary shares fully paid)	<u>28,668,168</u>	<u>27,929,019</u>
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	<i>Issue Price</i>	2015	2014
Share movements during the year			
At beginning of year		93,641,488	800,818,001
Debt for equity – 12 September 2014	\$0.01	1,733,600	-
Debt for equity – 01 December 2014 ⁽¹⁾	\$0.015	13,999,999	-
Debt for equity – 17 December 2014	\$0.01	4,200,000	-
Placement – 17 February 2015	\$0.01	21,500,000	-
Placement – 22 June 2015 ⁽²⁾	\$0.01	25,500,000	-
Placement – 23 September 2013	\$0.004	-	108,125,000
Placement – 18 October 2013	\$0.004	-	11,220,434
Placement – 28 November 2013	\$0.004	-	1,250,000
In lieu of fees – 29 November 2013	\$0.004	-	15,000,000
1:10 consolidation – 16 December 2013 ⁽³⁾	-	-	(842,771,947)
At the end of the year		<u>160,575,087</u>	<u>93,641,488</u>

The Company does not have authorised capital or par value in respect of its issued shares.

(1) Shares issued to settle amounts owed to directors:

John Jones: \$200,000

Graeme Smith: \$10,000

(2) Includes 1.5 million shares issued for services rendered.

(3) Effective 16 December 2013 the Company enacted a 1:10 reverse share split. The total adjustment made during the consolidation process to the number of shares on issue, including applicable rounding, is shown above.

14. RESERVES AND ACCUMULATED LOSSES

	2015	2014
	\$	\$
(a) Reserves		
<i>Share-based payments reserve</i>		
Balance at beginning of financial year	174,844	114,844
Option expense	257,286	-
Shares issued to Directors	-	60,000
Balance at end of financial year	<u>432,130</u>	<u>174,844</u>
(b) Accumulated losses		
Balance at beginning of financial year	(23,298,266)	(22,693,991)
Net loss for the year	(4,680,516)	(604,275)
Balance at end of financial year	<u>(27,978,782)</u>	<u>(23,298,266)</u>

(c) Nature and purpose of reserves

The share-based payments reserve is used to recognise the fair value of options issued.

15. SHARE BASED PAYMENTS

Unlisted Options

Options over ordinary shares of the Company have been issued for nil consideration. The options cannot be transferred and will not be quoted on the ASX. Therefore no voting rights are attached to the options unless converted into ordinary shares. All options are granted at the discretion of the directors.

The terms and conditions of the grants are as follows:

Grant Date & Vesting Date	Granted Number	Expiry Date	Exercise Price (cents)	Value per option at grant date (cents)	Exercised Number
27/11/2012	2,600,000	30/11/2019	15	0.31	Nil
27/11/2012	1,000,000	30/11/2019	12	0.34	Nil
01/12/2014 (i)	24,800,000	30/11/2019	2	0.81	Nil
22/06/2015 (ii)	7,500,000	30/11/2019	2	0.73	Nil

(i) Valued using the Black-Scholes option model, inputs and assumptions were:

- Strike price: \$0.02
- Price at grant date: \$0.009
- Share volatility: 164%
- Risk free rate: 2.64%
- Expected option life: 5 years

The options were issued to directors to settle directors' fees owing.

	Options	Deemed value
Peter Stern	6,100,000	49,849
John Jones	16,200,000	132,386
Graeme Smith	2,500,000	20,430

(ii) Valued using the Black-Scholes option model, inputs and assumptions were

- Strike price: \$0.02
- Price at grant date: \$0.008
- Share volatility: 177.32%
- Risk free rate: 2.64%
- Expected option life: 4.5 years

The options were issued to non-related parties in consideration for services.

15. SHARE BASED PAYMENTS (continued)

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 2015	Number of options 2014	Weighted average exercise price 2014	Number of options 2014
Outstanding at 1 July	\$0.105	9,726,031	⁽¹⁾ \$0.105	⁽¹⁾ 9,726,031
Lapsed during period	\$0.01	(6,126,031)	-	-
Exercised during period	-	-	-	-
Granted during the period	\$0.02	32,300,000	-	-
Outstanding at 30 June	\$0.03	<u>35,900,000</u>	⁽¹⁾ \$0.105	<u>⁽¹⁾9,726,031</u>
Exercisable at 30 June	\$0.03	<u>35,900,000</u>	⁽¹⁾ \$0.105	<u>⁽¹⁾9,726,031</u>

The value of options is recognised as expenses immediately on grant date.

⁽¹⁾ The numbers of options and exercise prices have been restated to post-consolidation equivalents.

16. TAXATION

	2015	2014
	\$	\$
Current tax expense	-	-
Deferred tax expense	-	-
a) Numerical reconciliation between tax expense and pre-tax accounting loss		
Loss before tax	(4,680,516)	(604,275)
Income tax using the corporate tax rate of 30% (2014: 30%)	(1,404,155)	(181,283)
Tax effect of items not deductible in calculating taxable income	1,256,771	14,400
Movements in unrecognised temporary differences	15,301	(103,850)
Current year losses for which no deferred tax asset was recognised	132,083	270,733
Income tax expense	<u>-</u>	<u>-</u>

b) Unrecognised Deferred Tax Assets

The tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the consolidated entity can use the benefits.

17. LOSS PER SHARE

(i) **Basic loss per share**

	2015	2014
	\$	\$
Net loss attributable to ordinary shareholders	<u>(4,680,516)</u>	<u>(604,275)</u>

Effective 16 December 2013 the Company enacted a 1:10 reverse share split which has been retrospectively applied to the per share calculations. The numbers of shares and options disclosed are the post-adjustment amounts.

17. LOSS PER SHARE (continued)

	2015	2014
	No. of shares	No. of shares
Weighted average number of ordinary shares		
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	113,753,755	89,889,586
Basic loss per share	recognised <u>(4.11 cents)</u>	<u>(0.67 cents)</u>

As the Company has made a loss for the year ended 30 June 2015, all options on issue are considered antidilutive and have not been included in the calculation of diluted earnings per share. These options could potentially dilute basic earnings per share in the future.

18. NOTES TO THE STATEMENT OF CASH FLOWS

(i) Reconciliation of Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and at bank and short term deposits. Cash and cash equivalents as at the end of the financial year, as shown in the Statement of Cash Flows is reconciled to the related items in the balance sheet as follows:

	2015	2014
	\$	\$
Cash on hand	300	300
Cash at bank	<u>241,001</u>	<u>7,162</u>
	<u>241,301</u>	<u>7,462</u>

(ii) Reconciliation of cash flows from operating activities

Loss for the period after income tax	(4,680,516)	(604,275)
Adjustments for:		
Depreciation	902	1,843
Impairment	4,179,045	
Consultancy	26,140	125,080
Share based payments expense	165,202	60,000
Capitalised interest expense	8,834	10,144
Interest received	<u>(3,407)</u>	<u>(9,220)</u>
Operating loss before changes in working capital and provisions	<u>(303,800)</u>	<u>(416,428)</u>
Change in other receivables	225,710	6,916
Change in operating trade and other payables	51,441	130,497
Net cash used in operating activities	<u>(26,649)</u>	(279,015)

19. AUDITOR'S REMUNERATION

	2015	2014
	\$	\$
Auditor's services		
Audit and review of financial reports	<u>21,000</u>	<u>30,636</u>

20. COMMITMENTS

Mineral Tenement Leases

The Company has minimum expenditure obligations in pursuance of the terms and conditions of tenement licences in the forthcoming year of approximately \$619,320 (2014: \$912,130). The aforementioned expenditure obligations can be subject to variation to a lesser amount as a result of: reduction in tenement areas; relinquishment of tenements; and/or farm out of project areas to third party joint venture partners who assume responsibility for the expenditure obligations. These obligations are expected to be fulfilled in the normal course of operations of the Company. If the current status of the tenements is maintained, then for one year or later and not more than five years the total obligations are approximately \$3,096,600 (2014: \$3,648,520) and for later than five years the total obligations are nil (2014: \$Nil).

Operating Leases

Non-cancellable operating lease rentals are payable as follows:

	2015 \$	2014 \$
Less than one year	74,375	35,082
Between one and five years	297,500	-
More than five years	-	-
	371,875	35,082

The Company leases business office premises under a non-cancellable operating lease, expiring in the 2020 financial year.

21. FINANCIAL INSTRUMENTS

Credit risk

The carrying amount of the Company's financial assets represents the maximum credit exposure. The Company's maximum exposure to credit risk at the balance sheet date was:

	Note	Carrying amount	
		2015 \$	2014 \$
Other Receivables	7	52,452	293,989
Cash and cash equivalents	18(i)	241,301	7,462
		293,753	301,451

None of the company's other receivables are past due (2014: nil).

Liquidity Risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

30 June 2015			
Non-derivative financial liabilities	Carrying amount	Contractual cash flows	6 mths or less
Trade and other payables	393,573	393,573	393,573
30 June 2014			
Non-derivative financial liabilities	Carrying amount	Contractual cash flows	6 mths or less
Trade and other payables	648,750	648,750	648,750

22. FINANCIAL INSTRUMENTS (continued)

Currency risk

The Company is not exposed to foreign currency risk.

Interest rate risk

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

	Weighted average interest rate	Floating interest rate \$	Fixed interest rate more than a year \$	Total \$
2015				
Financial Assets				
Cash and cash equivalents	2.0%	241,301	-	241,301
Other receivables	3.35%	-	38,000	38,000
		<u>241,301</u>	<u>38,000</u>	<u>279,301</u>

2014

Financial Assets

Cash and cash equivalents	2.34%	7,462	-	7,462
Other receivables	4.95%	-	222,000	222,000
		<u>7,462</u>	<u>222,000</u>	<u>229,462</u>

Fair values

The fair values of financial assets and liabilities of the Company at the balance date approximate the carrying amounts in the financial statements, except where specifically stated.

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables.

	Profit or loss		Equity	
	100bp increase	100bp decrease	100bp increase	100bp decrease
30 June 2015				
Variable rate instruments	380	(380)	380	(380)
Cash flow sensitivity (net)	<u>380</u>	<u>(380)</u>	<u>380</u>	<u>(380)</u>
30 June 2014				
Variable rate instruments	2,220	(2,220)	2,220	(2,220)
Cash flow sensitivity (net)	<u>2,220</u>	<u>(2,220)</u>	<u>2,220</u>	<u>(2,220)</u>

Fair values versus carrying amounts

The fair values of financial assets and liabilities are the same as the carrying value.

23. RELATED PARTIES

The following were key management personnel of the Company at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

John Load Cecil Jones – Executive Chairman

Peter Stern - Non-executive director

Graeme Smith – Non-executive director / Company Secretary / CFO

Information regarding individual directors and executives' compensation is required by the Corporations Regulations 2M.3.03 and 2M.6.04 to be provided in the Remuneration Report section of the Directors' Report on pages 12 to 15. Apart from the details disclosed in this note, no director has entered into a material contract with the Company since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

Related Parties	Transaction	Transactions value year ended 30 June		Balance outstanding as at 30 June	
		2015	2014	2015	2014
		\$	\$	\$	\$
J L C Jones – Westbury Management Services Pty Ltd	Storage / Admin Services	1,872	19,741	23,587	21,715
J L C Jones	Loan to the company net of repayments	140,614	82,256	110,731	155,311
P A Stern	Loan & interest	20,478	-	20,478	-
G I Smith	Loan to the company	25,567	10,000	25,567	10,000
G I Smith – Wembley Corporate	Company Secretarial / CFO	25,519	14,837	10,798	3,900

24. SUBSEQUENT EVENTS

No matters or circumstances, besides those disclosed elsewhere in this Report, have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years

DIRECTORS' DECLARATION

1. In the opinion of the directors of Anglo Australian Resources NL
 - a) The financial statements and notes, and the Remuneration Report in the Directors' Report, set out on pages 12 to 15 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Company and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001;
 - b) the directors draw attention to Note 2(a) to the financial statements, which includes a statement of compliance with International Financial Reporting Standards;
 - c) as set out in Note 3, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Company Secretary (who performs the Chief Financial Officer's function) for the financial year ended 30 June 2015.

Signed in accordance with a resolution of directors:



J L C Jones
Executive Chairman
Anglo Australian Resources NL

Dated at Perth this 30 September 2015

Independent Auditor's Report

To the members of Anglo Australian Resources NL

Report on the Financial Report

We have audited the accompanying financial report of Anglo Australian Resources NL, which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Opinion

In our opinion:

- (a) the financial report of Anglo Australian Resources NL is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Emphasis of matter - Inherent uncertainty regarding continuation as a going concern

Without modifying our opinion, we draw attention to Note 3 to the financial statements which outlines that the ability of the company to continue as a going concern is dependent on the Company securing further working capital by the issue of additional equity.

As a result there is material uncertainty related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 15 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Anglo Australian Resources NL for the year ended 30 June 2015, complies with section 300A of the Corporations Act 2001.

Somes Cooke

SOMES COOKE

Nicholas Hollens

NICHOLAS HOLLENS

Level 2, 35 Outram Street
West Perth
WA 6005

30 September 2015

ASX Additional Information

Additional information required by Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 28 September 2015.

(a) Issued Capital

The issued capital of the Company at 28 September 2015; 160,575,087 ordinary fully paid shares.

(b) Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

			Ordinary shares	
			Number of holders	Number of shares
1	-	1,000	485	263,390
1,001	-	5,000	695	1,959,741
5,001	-	10,000	326	2,736,275
10,001	-	100,000	620	20,953,901
100,001		and over	193	134,661,780
			2,319	160,575,087
The number of shareholders holding less than a marketable parcel of shares are:			1,995	16,276,747

(c) Twenty largest shareholders

The names of the twenty largest holders of quoted ordinary shares are:

		Listed ordinary shares	
		Number of shares	Percentage of ordinary shares
1	PORTERSTREET INVESTMENTS PTY LTD	15,021,783	9.35%
2	WISE PLAN PTY LTD	14,000,000	8.72%
3	HSBC CUSTODY NOMINEES AUST LTD	5,464,501	3.40%
4	NATIONAL NOMINEES LTD	4,052,225	2.52%
5	DIXTRU PTY LTD	3,726,191	2.32%
6	REC WA PTY LTD	3,000,000	1.87%
7	CORONA LAND HOLDINGS PTY LTD	3,000,000	1.87%
8	RHETT JONES	2,644,687	1.65%
9	GEORGE LOPEZ	2,600,000	1.62%
10	SABINA FONTANA	2,201,039	1.37%
11	BLADE SKATE PTY LTD	2,000,000	1.25%
12	MARGOT CHARTRES	2,000,000	1.25%
13	BLADESKATE PTY LTD	2,000,000	1.25%
14	M W BARCLAY	2,000,000	1.25%
15	WORLDWISE ENTERPRISES PTY LTD	2,000,000	1.25%
16	FLEUBAIX PTY LTD	2,000,000	1.25%
17	VIEW CREEK INTERNATIONAL LTD	2,000,000	1.25%
18	PIVOT GROUP PTY LTD	1,855,764	1.16%
19	BLUE SPEC MINING PTY LTD	1,733,600	1.08%
20	MINING INVESTMENTS PTY LTD	1,500,000	0.93%
		74,799,790	46.61%

(d) Substantial shareholders

Porter Street Investments Pty Ltd - 9.35%

Wise Plan Pty Ltd - 8.72%

(e) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

(f) Unquoted Securities

At 28 September 2015, the Company has a total 35,900,000 unlisted options as follows:

Number of Options	Number of Holders	Exercise Price	Expiry Date
32,300,000	6	\$0.02	30 November 2019
2,600,000	3	\$0.15	30 November 2015
1,000,000	1	\$0.12	30 November 2015
35,900,000	10		

SCHEDULE OF MINING TENEMENTS

As at 15 September 2015

Project	Tenement	Company Interest	Title Registered to
Western Australia			
Koongie Park	M80/276, 277 EL80/ 4389,4766 EL80/4503 P80/1802-10 EL80/4957, 4960 (Application)	100%	Anglo Australian Resources NL
Feysville	P26/3942 – 3951 P26/4051 – 4052 (Application)	100%	Anglo Australian Resources NL
Mandilla	M15/96 M15/633 EL15/1404 (Application)	100% Gold Rights Only 100% Gold Rights Only 100%	Salt Lake Mining Pty Ltd Anglo Australian Resources NL Anglo Australian Resources NL
Leonora	EL37/1047, 1056, 1114 – 1115 P37/8355- 8358, 8377	100%	Anglo Australian Resources NL