



ANGLO AUSTRALIAN RESOURCES NL

ACN 009 159 077

INTERIM FINANCIAL REPORT

**FOR THE HALF YEAR ENDED
31 DECEMBER 2015**

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2015 and any public announcements made by Anglo Australian Resources NL during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

ANGLO AUSTRALIAN RESOURCES NL

31 DECEMBER 2015

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ANGLO AUSTRALIAN RESOURCES NL

31 DECEMBER 2015

DIRECTORS' REPORT

Your directors are pleased to present their report on Anglo Australian Resources NL for the half-year ended 31 December 2015.

DIRECTORS

The names of the directors who held office during or since the end of the half-year are:

- John Jones
- Graeme Smith
- Peter Stern

REVIEW AND RESULTS OF OPERATIONS

The loss after tax of the Company for the six months ended 31 December 2015 amounted to \$385,740 (31 December 2014: loss of \$250,271).

Following approval at the Annual General Meeting, Directors exchanged \$160,000 of outstanding Directors' fees for options in the capital of Anglo Australian.

EXPLORATION

Koongie Park Project – WA

Anglo Australian - 100% interest

Koongie Park Gold

Summary of Regional Gold Targeting parameters

At a regional scale the following parameters are considered favourable for gold mineralisation in the Lamboo province;

- (i) Coeval with a major supercontinent accretion episode in the period 2.0-1.8Ga
- (ii) Thick volcano-sedimentary rock successions, including mafic volcanics which suggest significant mantle linked rifting within the Lamboo province during early basin formation
- (iii) Late basin coarse clastic rocks of the Moola Bulla Fm which are localised mainly along the Angelo fault, the deep crustal suture zone between the Central and eastern zones of the Lamboo province
- (iv) Extensive mafic to granitic magmatism during the Halls Creek orogeny, particularly within the Central zone of the Lamboo province. Late intrusions appear to diminish rapidly into the Eastern zone, and are completely absent in the Western Zone.
- (v) Low pressure, high temperature metamorphism from mid-greenschist to amphibolite facies in the Central zone.
- (vi) Any older basement uplift blocks, or regional anticlines within the target province. This may include the localised uplift that exposes the Ding Dong volcanics on the western edge of the Eastern zone.
- (vii) Evidence of alkalic magmatism imply a fertile source area for gold and other metals in the mantle - alkalic volcanic and intrusive rock units of varying age and composition are present within the Lamboo province.

DIRECTORS' REPORT (continued)

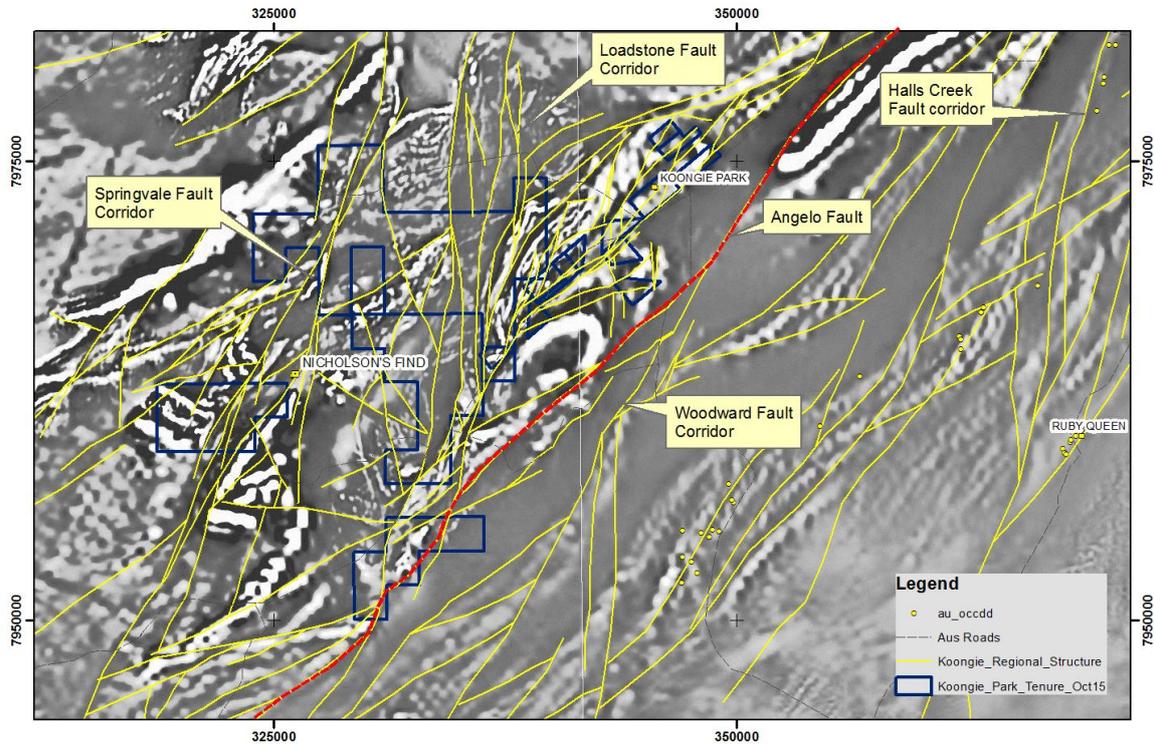


Figure 1: Structural interpretation of Koongie Park project area on regional RTP 1st vertical derivative image. Position of the Angelo fault is shown in dashed red line, and major NNE structural zones are also annotated.

Gold Targets

The most favourable conceptual target areas for new orogenic gold discoveries are;

- (i) within the Central Zone of the Lamboo province, particularly close to the suture with the Eastern zone along the Angelo fault corridor (buffered to 10km width either side of the fault)
- (ii) along later N-NNE trending sinistral fault corridors, particularly the four larger corridors shown on Figure 1. These corridors should be buffered to a width of 1km to capture the highest potential areas
- (iii) intersections between N-NNE trending faults and other key belt parallel structures (NE-ENE orientation)
- (iv) bodies of competent rock (eg small intrusions, volcanics, quartz sandstones) isolated within less competent lithologies (eg fine-grained sediments). Note this would require more work to synthesise existing mapping and refine targets.
- (v) within and around the margins of anticlines and uplifted basement blocks (requires further work to define)

DIRECTORS' REPORT (continued)

Proposed Drilling – E80/4389

A Program of Work (POW) has been approved by the DMP for drilling on E80/4389. Seven RC Holes at the Nicholson East area and 3 lines of RAB drilling comprising 11 holes on the Boundary Prospect will be drilled. Commencement of drilling is dependent on both completion of a heritage survey and the availability of funding.

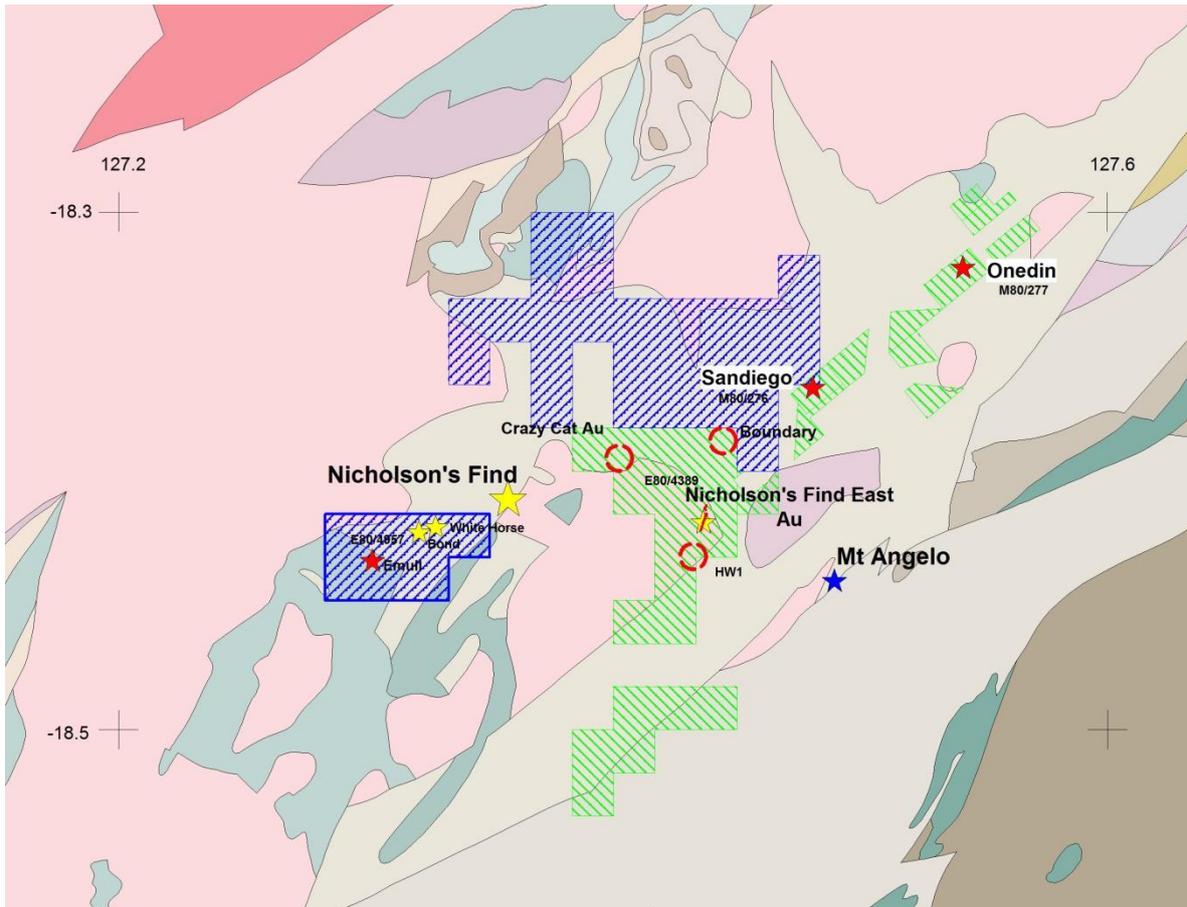


Figure 3: Koongie Park base metal and gold targets.

Feysville – WA

Anglo Australian - 100 % interest

A review by Consultant Gold Vector Pty Ltd confirms has located numerous gold targets, which will be followed up in the future.

DIRECTORS' REPORT (continued)

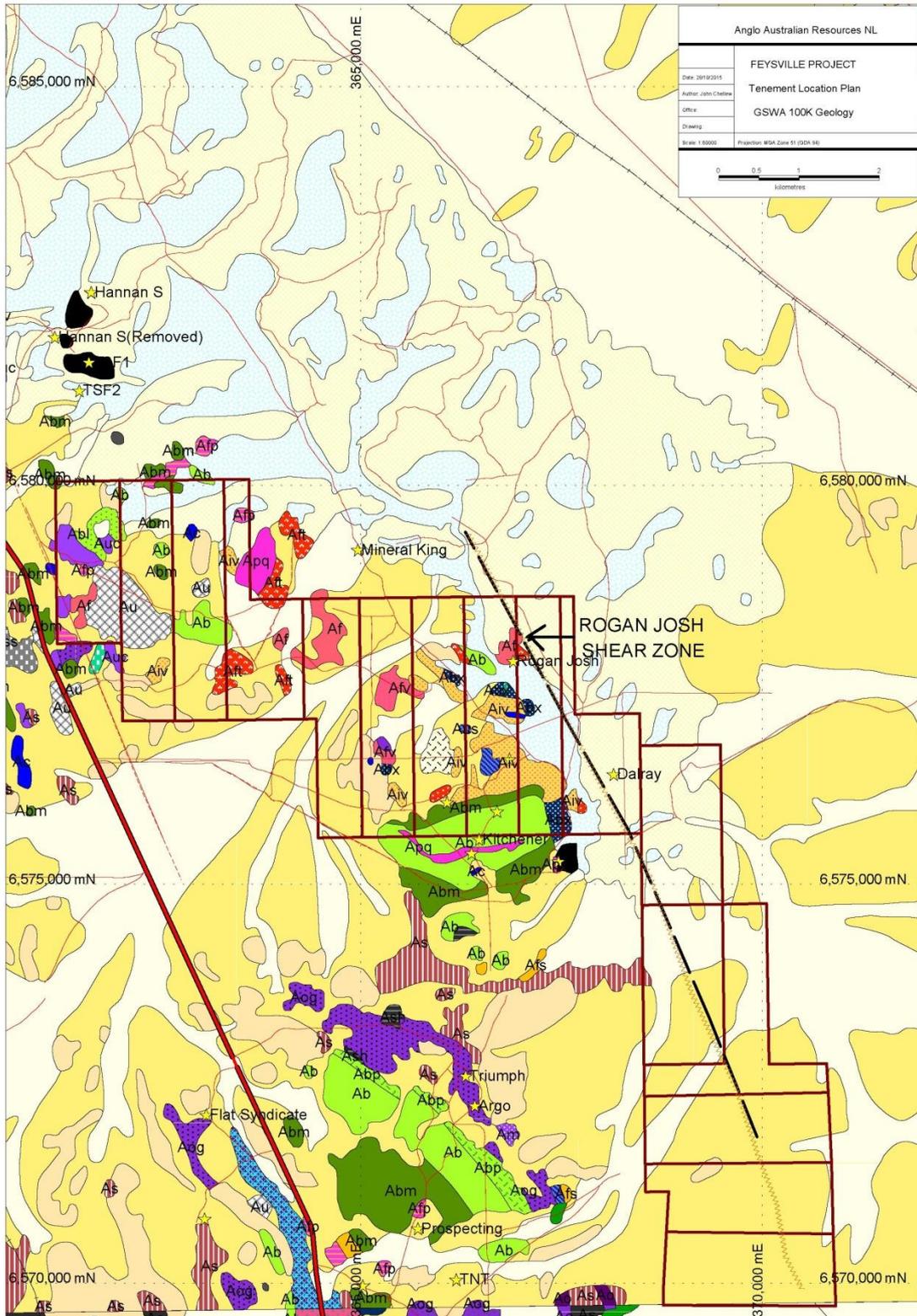


Figure 4: Feysville tenement location plan on GSWA 100k geology

DIRECTORS' REPORT (continued)

Compliance Statement

The information in this report that relates to Exploration Targets and Exploration Results is based on information compiled by David Otterman, who is an independent consultant from DW Otterman Exploration Consultant.

Mr Otterman is a Fellow of The Australasian Institute of Mining and Metallurgy (CP) and a Member of the Australian Institute of Geoscientists (RP Geo).

Mr Otterman has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Otterman consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Mr Otterman has disclosed to the reporting company the full nature of the relationship between himself and the company, including any issue that could be perceived by investors as a conflict of interest. He verifies that the Report is based on and fairly and accurately reflects in the form and context in which it appears, the information in supporting documentation relating to Exploration Targets and Exploration Results.

SUBSEQUENT EVENTS

Other than noted elsewhere in this report, no matters or circumstances have arisen since the end of the half year that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

ANGLO AUSTRALIAN RESOURCES NL

31 DECEMBER 2015

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 10.

This report is made in accordance with a resolution of directors.



John Jones

Chairman

15 March 2016

Auditor's Independence Declaration

To those charged with the governance of Anglo Australian Resources NL

As auditor for the review of Anglo Australian Resources NL for the half year ended 31 December 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 review; and
- ii) no contraventions of any applicable code of professional conduct in relation to the review.

Somes Cooke

Somes Cooke

Nicholas Hollens

Nicholas Hollens
Partner

Perth

15 March 2016

ANGLO AUSTRALIAN RESOURCES NL

31 DECEMBER 2015

**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

| | Half-year | |
|---|------------------|------------------|
| | 2015 | 2014 |
| | \$ | \$ |
| Directors' fees | - | (33,800) |
| Depreciation and amortisation expenses | (316) | (902) |
| Finance costs – interest | - | (6,344) |
| Rental expense | (37,386) | (78,118) |
| Share based payments expense | (57,640) | - |
| Other expenses | (123,743) | (107,516) |
| Exploration expenses | (166,655) | (23,591) |
| | | |
| LOSS BEFORE INCOME TAX | (385,740) | (250,271) |
| Income tax expense | - | - |
| | | |
| TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF ANGLO AUSTRALIAN RESOURCES NL | (385,740) | (250,271) |
| | | |
| Basic and diluted loss per share (cents per share) | (0.25) | (0.26) |

The above condensed statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

ANGLO AUSTRALIAN RESOURCES NL

31 DECEMBER 2015

**CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015**

| | Note | 31 December 2015 \$ | 30 June 2015 \$ |
|-----------------------------------|------|---------------------------|-----------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | 19,861 | 241,301 |
| Trade and other receivables | | 11,081 | 14,452 |
| TOTAL CURRENT ASSETS | | 30,942 | 255,753 |
| NON-CURRENT ASSETS | | | |
| Other receivables | | 38,000 | 38,000 |
| Plant and equipment | | 2,199 | 2,515 |
| Exploration and evaluation assets | 3 | 1,451,078 | 1,451,001 |
| TOTAL NON-CURRENT ASSETS | | 1,491,277 | 1,491,516 |
| TOTAL ASSETS | | 1,522,219 | 1,747,269 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 320,700 | 393,573 |
| Borrowings | | 54,699 | 156,776 |
| Rehabilitation provision | | 75,404 | 75,404 |
| TOTAL CURRENT LIABILITIES | | 450,803 | 625,753 |
| TOTAL LIABILITIES | | 450,803 | 625,753 |
| NET ASSETS | | 1,071,416 | 1,121,516 |
| EQUITY | | | |
| Issued capital | 4 | 28,866,168 | 28,668,168 |
| Reserves | | 569,770 | 432,130 |
| Accumulated losses | | (28,364,522) | (27,978,782) |
| TOTAL EQUITY | | 1,071,416 | 1,121,516 |

The above condensed statement of financial position should be read in conjunction with the accompanying notes.

ANGLO AUSTRALIAN RESOURCES NL

31 DECEMBER 2015

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

| | Issued Capital \$ | Options Reserve | Accumulated Losses \$ | Total \$ |
|---|----------------------------------|----------------------------|--------------------------------------|---------------------|
| BALANCE AT 1 JULY 2014 | 27,929,019 | 174,844 | (23,298,266) | 4,805,597 |
| Loss for the half-year | - | - | (250,271) | (250,271) |
| TOTAL COMPREHENSIVE LOSS | - | - | (250,271) | (250,271) |
| TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS | | | | |
| Options issued to directors | 269,149 | - | - | 269,149 |
| Shares issued during the period | - | 202,665 | - | 202,665 |
| BALANCE AT 31 DECEMBER 2014 | 28,198,168 | 377,509 | (23,548,537) | 5,027,140 |
| BALANCE AT 1 JULY 2015 | 28,668,168 | 432,130 | (27,978,782) | 1,121,516 |
| Loss for the half-year | - | - | (385,740) | (385,740) |
| TOTAL COMPREHENSIVE LOSS | - | - | (385,740) | (385,740) |
| TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS | | | | |
| Shares issued | 198,000 | - | - | 198,000 |
| Options issued during the period | - | 137,640 | - | 137,640 |
| BALANCE AT 31 DECEMBER 2015 | 28,866,168 | 569,770 | (28,364,522) | 1,071,416 |

The above condensed statement of changes in equity should be read in conjunction with the accompanying notes.

ANGLO AUSTRALIAN RESOURCES NL

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**CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

| | Half-year | |
|--|------------------|------------------|
| | 2015 | 2014 |
| | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Payments to suppliers | (149,757) | (145,915) |
| Bond refunded | - | 184,000 |
| Net cash (used in)/provided by operating activities | (149,757) | 38,085 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Payments for exploration and evaluation expenditure | (124,607) | (153,850) |
| Net cash used in investing activities | (124,607) | (153,850) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from issue of ordinary shares | 155,000 | - |
| Repayment of borrowings | (102,076) | - |
| Proceeds from borrowings | - | 109,274 |
| Net cash provided by financing activities | 52,924 | 109,274 |
| Net (decrease) in cash and cash equivalents | (221,440) | (6,491) |
| Cash and cash equivalents at the beginning of the half-year | 241,301 | 7,462 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR | 19,861 | 971 |

The above condensed statement of cash flows should be read in conjunction with the accompanying notes.

ANGLO AUSTRALIAN RESOURCES NL

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2015 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by Anglo Australian Resources NL during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

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 half-year ended 31 December 2015 the Company incurred a loss of \$385,740 and had a net negative working capital balance of \$419,861 as at 31 December 2015.

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. As at the date of signing this financial report, the Company had a cash balance of approximately \$7,000 and a net negative working capital balance of approximately \$90,000 necessitating a new capital raising within the next 1 to 2 months. The ability of the Company to continue funding its exploration activities and ongoing corporate 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.

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 (in particular the carrying value of the exploration and evaluation assets) and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2015, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2015.

It has been determined by the Company that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Company accounting policies.

The Company has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2015. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Company accounting policies.

ANGLO AUSTRALIAN RESOURCES NL

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)

NOTE 2: SEGMENT INFORMATION

The Company has identified its operating segments based on the internal reports that are reviewed by the Board in assessing performance and determining the allocation of resources. The Company has also had regard to the qualitative thresholds for the determination of operating segments.

For management purposes the Company is organised into one operating segment, which involves mining exploration and mining throughout Australia. The Company's principal activities are interrelated, and the Company has no revenue from operations. Furthermore the Company has no assets or liabilities arising from operations based outside of Australia.

All significant operation decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

The accounting policies applied for internal reporting purposes are consistent with those applied in preparation of the financial statements.

NOTE 3: EXPLORATION & EVALUATION EXPENDITURE

| | 31 Dec 2015 | 30 June 2015 |
|---|--------------------|---------------------|
| | \$ | \$ |
| Balance at beginning of the period | 1,451,001 | 5,346,167 |
| Exploration expenditure capitalised during the period | 77 | 283,879 |
| Exploration expenditure written off during the period | - | (4,179,045) |
| Balance at end of the period | 1,451,078 | 1,451,001 |

NOTE 4: CHANGES IN EQUITY SECURITIES ON ISSUE

| | 31 Dec 2015 Shares | 31 Dec 2015 \$ | 30 Jun 2015 Shares | 30 Jun 2015 \$ |
|---|-----------------------------------|-------------------------------|-------------------------------|---------------------------|
| Issues of ordinary shares during the half-year | | | | |
| Balance at 1 July | 160,575,087 | 28,668,168 | 93,641,488 | 27,929,019 |
| Shares issued at approximately 1 cent per share | 15,500,000 | 155,000 | 19,933,599 | 269,149 |
| Share based payments | 4,300,000 | 43,000 | 47,000,000 | 470,000 |
| Balance at 31 December | 180,375,087 | 28,866,168 | 160,575,087 | 28,668,168 |

Movements of options during the period

| | Number of options Half-year Ended | |
|---|--|--------------------|
| | 31 Dec 2015 | 31 Dec 2014 |
| Exercisable at 2 cents, expiring 30 November 2019 | 32,300,000 | 24,800,000 |
| Exercisable at 2 cents, expiring 30 November 2020 | 37,200,000 | - |
| | 69,500,000 | 24,800,000 |

ANGLO AUSTRALIAN RESOURCES NL

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)

NOTE 5: CONTINGENCIES

There has been no change in contingent liabilities or contingent assets since the last annual reporting date.

NOTE 6: SUBSEQUENT EVENTS

No matter or circumstance have arisen since 31 December 2015, which has significantly affected, or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years.

ANGLO AUSTRALIAN RESOURCES NL

31 DECEMBER 2015

DIRECTORS' DECLARATION

In the directors' opinion:

1. the financial statements and notes set out on the preceding pages are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the company's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
2. there are reasonable grounds to believe that Anglo Australian Resources NL will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



John Jones

Chairman

15 March 2016

Independent Auditor's Review Report

To the members of Anglo Australian Resources NL

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Anglo Australian Resources NL, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*. As the auditor of Anglo Australian Resources NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- (a) giving a true and fair view of the company's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.

Emphasis of matter – inherent uncertainty regarding continuation as a going concern

Without modifying our conclusion, we draw attention to note 1 in the financial statements which indicates that the company made a net loss of \$385,740 in the six months ended 31 December 2015 and the ability of the company to continue as a going concern is dependent on the company securing additional funding through the issue of additional equity.

As a result, there is a 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.

Somes Cooke

SOMES COOKE

Nicholas Hollens

Nicholas Hollens
Partner

15 March 2016

Perth
Western Australia