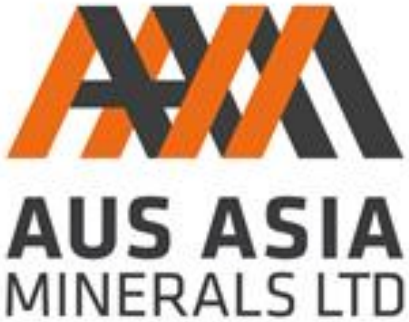

ANNUAL REPORT

FINANCIAL YEAR
ENDED 30 JUNE 2015

ACN 121 969 819

Contents

Corporate Directory

DIRECTORS

PETER HATFULL
Non-Executive Chairman

ROBERT SWARBRICK
Managing Director

GAVAN FARLEY
Non-Executive Director

COMPANY SECRETARY
BEN DONOVAN *(Resigned 15 September 2015)*

ROBERT SWARBRICK *(Appointed 15 September 2015)*

REGISTERED OFFICE
C/- Accent Accounting (WA) Pty Ltd
125 Royal Street
East Perth WA 6004
Telephone (08) 9325 3000
Facsimile (08) 9325 3099

WEBSITE
www.ausasiaminerals.com.au

FOR SHAREHOLDER INFORMATION CONTACT

SHARE REGISTRY
Security Transfer Registrars Pty Ltd
770 Canning Highway, Applecross WA 6153
Telephone (08) 9315 2333
Facsimile (08) 9315 2233

FOR INFORMATION ON THE COMPANY CONTACT

PRINCIPAL OFFICE
38/18 Stirling Highway
Nedlands, WA 6009
Telephone (08) 0438 994 445
Facsimile (08) 9325 3099

BANKERS
ANZ Banking Corporation Limited

AUDITORS
Bentleys
Level 1, 12 Kings Park Road
West Perth WA 6005
Telephone: (08) 9226 4500
Facsimile: (08) 9226 4300

STOCK EXCHANGE
Australian Securities Exchange (ASX)

COMPANY CODE (quoted)
AQJ (Fully paid shares)

ISSUED CAPITAL

765,718,100 fully paid ordinary shares.

4,000,000 options to acquire fully paid shares exercisable at $0.02 on or before 20 October 2018

Review of Operations

Project Summary

The Company underwent a significant change throughout the financial year, it acquired substantial shareholdings in two Indonesian companies which own and operate a producing iron ore mine in West Sumatra, Indonesia, and a currently non-operational but historically operating coal mine in West Sumatra, Indonesia.

90% shareholding in PT. Mineral Sukses Makmur ("MSM")

MSM is the sole owner of a producing iron ore concession in Solok, West Sumatra, Indonesia which is located approximately 80km from Padang, West Sumatra. The concession is approximately 74 hectares with current production coming from a 3 hectare area, with further drilling required to define additional mineralisation on the remaining area. MSM currently holds all valid export permits, producing licences and a smelter permit, which allows MSM to produce and export product.

There is limited information available about past production however based on the Company's due diligence enquiries, the Company is satisfied that MSM currently produces 62% Fe product, which is currently supplied to Krakatoa Steel, a leading Indonesian steel company at a price of US$80/MT. The mined iron ore is transported by road truck to stockpiles located 40 kilometres south of the mine site where it is crushed and there is a small smelter located there also. From there the iron ore is road trucked approximately 40 kilometres to another stockpile close to Taluk Beyer Port, Padang. It is then loaded at the port onto a barge and shipped CFR West Java, Indonesia for Krakatoa Steel.

Aus Asia has acquired a 90% shareholding in MSM for cash payments to date of US$925,000 out of US$2.5 million, together with a US$5 per metric ton royalty.

The company has appointed PT Britmindo, to provide mine management services. PT Britmindo are currently providing estimates on the mining operations at Solok iron ore project and will oversee all mining operations.

There is a 12,000 MT High Grade stockpile at the mine and is targeted to have our maiden barge for Krakatau Steel loaded at Telok Beyer Port, Padang, West Sumatra by end of 2015.

70% shareholding in PT Tunngal Putra Nusantara ("TPN")

TPN is the the sole owner of a high calorie anthracite coal concession in Palin, West Sumatra, Indonesia.. The concession is approximately 100 hectares with production sourced from an area of 70 hectares, and is located approximately 10 kilometres from a jetty for barging. There is limited information available about past production however based on the Company's due diligence enquiries, the Company is satisfied that the concession ceased production due to TPN having insufficient working capital to maintain the ongoing running of the mine.

The concession is close to infrastructure and has a current contract with a leading Indonesian cement factory which provides for the purchase of the product at a premium to current market prices.

The Company in its capacity as a majority shareholder in TPN intends to procure that TPN installs a wash process to improve the economics of the project. This will involve some expenditure by TPN. However it is anticipated that the proceeds of resumed production will adequately justify TPN incurring this expenditure.

Aus Asia has acquired a 70% shareholding in TPN for consideration comprising cash payments for past development costs and current exploration licence fees, totaling Rp1.5 billion, which equates to approximately US$150,000.

Aus Asia has agreed to pay an additional Rp1 billion after completion of the acquisition of the shareholdings if the Company's survey shows that the coal reserve exceeds 150,000 metric tons in the mining area which is the subject of Production Operation Mining Business Licence issued by the Regent of Pesisir Selatan on 4 November 2009 number 516/477/Kpts/BPT-PS/2009 (IUP Operasi Produksi), owned by TPN.

Due to the focus on Solok Iron Ore Project, no work has commenced on this project in the current year.

Directors Report

Your directors present their report on the Company for the year ended 30 June 2015.

Directors

The following persons were directors of Aus Asia Minerals Limited ("Aus Asia") during the whole of the year and up to the date of this report unless otherwise stated:

Mr Peter Hatfull (Non-Executive Chairman – appointed 27 July 2015)
Mr Robert Swarbrick (Managing Director)
Mr Gavan Farley (Non-Executive Director – appointed 12 May 2015)
Mr Evan Ball (Non-Executive Director –resigned 22 April 2015)
Mr Ben Donovan (Non-Executive Director resigned 24 July 2015)
Mr Chan Foo Khee (Non-Executive Independent Chairman – resigned 17 October 2014)
Mr Cheng Jew Keng (Operations Director – resigned 31 July 2014)
Mr Faris A Rahman (Finance Director – resigned 26 November 2014)
Mr Moo Hean Chong (Non-Executive Director – resigned 8 May 2015)
Mr Yeo Wee Thow (Non-Executive Director- resigned 17 October 2014)

Principal Activities

The principal activity of the Company during the year was the acquisition of shareholdings in two Indonesian companies which own iron ore and coal projects in Indonesia.

Results from Operations

During the year the Company recorded an operating loss of $13,158,516. (2014: $2,303,196).

Dividends

No amounts have been paid or declared by way of dividend by the Company since the end of the previous financial year and the Directors do not recommend the payment of any dividend.

Review of Operations

A review of operations is covered elsewhere in this Annual Report.

Earnings per share

Basic Loss per share for the financial period was 2.63 cents (2014: 2.42cents). Diluted Loss per share in respect of the both years ended 30 June 2015 and 30 June 2014 was the same as the Basic Loss per share.

Financial Position

The Company's cash position as at 30 June 2015 was $251,848, an increase from the 30 June 2014 cash balance which was $75,419.

Significant changes in the State of Affairs

Other than what is reported in the director's report above, there were no significant changes in the state of affairs of the Company during the financial period.

Matters Subsequent to the end of the financial year

On 4 August 2015, the Company incorporated a trading subsidiary, Aamtrad Pte Ltd, incorporated in Indonesia. The Company retains 33% of the share capital of Aamtrad with the balance of the equity being owned by trading partners and financiers. It is expected that Aamtrad will trade coal shipments funded by independent financiers.
Subsequent to year end, payments of $434,800 were paid in relation to the vendor loan of PT Mineral Saksur Makmur, which as at 30 June 2015 had a balance of $2,312,514 (refer Note 11).
Subsequent to year end, the Group received funds of $365,000 that the Group intend to convert into a convertible note, subject to shareholder approval.

Other matters are the appointment of Mr Peter Hatfull as Non-Executive Chairman and with Mr Swarbrick moving back to the role of Managing Director.

Likely Developments and Expected Results of Operations

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the directors believe, on reasonable grounds, that the inclusion of such information would be likely to result in unreasonable prejudice to the Company.

Environmental Issues

The Company carries out exploration operations in Indonesia which are subject to environmental regulations under Indonesian legislation. The Company's Managing Director is responsible for ensuring compliance with regulations. During or since the financial period there have been no known significant breaches of these regulations.

Directors Report

Information on Directors and Company Secretary

Peter Hatfull (Appointed Non-Executive Chairman 28 July 2015)

Based in Perth, WA, Peter has significant experience gained through a range of senior executive and Board positions with Australian and International companies. With over 35 years' experience, Peter brings significant expertise in business optimization, capital raising and company restructuring.

He is currently the Managing Director of ASX listed Algae.Tec Ltd, Chairman of Structerre Pty Ltd and has held senior financial and Board positions in Australia, Africa and the UK. He brings to the Company experience in revitalising business plans and implementing profitable strategies, which are key for the Company as it seeks to commence production. Mr Hatfull has been a director of Algae.Tec Limited within the last three years.

Mr Hatfull has no relevant interests in any securities.

Robert Swarbrick (Managing Director)

Mr. Swarbrick was appointed to the Board as Managing Director on 7 April 2014. He graduated from Griffith University, Australia with a Bachelor of Laws and Bachelor of Commerce – Accounting. Mr. Swarbrick is an experienced businessman with over 15 years' experience in capital markets with position at Hartleys, Citigroup and Ord Minnett Limited and has held a senior position at Novus Capital Limited. He has conducted extensive business dealings throughout Indonesia and Singapore, including several years dealing with vendors of coal projects throughout Indonesia. Mr. Swarbrick has not held other directorships in publicly listed companies within the last three years.

Mr Swarbrick has a relevant interest in 334,650,000 ordinary fully paid shares.

Mr Swarbrick was appointed Company Secretary on 15 September 2015.

Gavan Farley (Appointed Non-Executive Director 12 May 2015)

Mr Farley has over 35 years of commercial and senior management experience from start-ups to publically listed companies in Australia, USA and the UK. Mr Farley has wide experience with ASX listed companies in the capacity of advisor, company secretary and non-executive director. Mr Farley holds a Diploma of Business from Victoria University and a Master of Business Administration (MBA) from the University of Birmingham UK, and is a Member of the Australian Institute of Directors. Mr Farley has been a director of Indochine Mining Limited and Pilbara Minerals Limited within the last three years.
Mr Farley has no relevant interests in any securities.

Ben Donovan (Appointed Company Secretary 17 October 2014)

Mr Donovan is a member of Chartered Secretaries Australia and provides corporate advisory, IPO and consultancy services to a number of companies. Mr Donovan is currently a Company Secretary of several ASX listed and public unlisted companies involved in the resources and technology industries.

He has extensive experience in listing rules compliance and corporate governance, having served as a Senior Adviser at the Australian Securities Exchange (ASX) in Perth for nearly 3 years. In addition, Mr Donovan has experience in the capital markets having raised capital and assisted numerous companies on achieving an initial listing on the ASX, as well as for a period of time, as a private client adviser at a boutique stock broking group.

Mr Donovan has a relevant interest in 25,357,546 ordinary fully paid shares and 2,900,000 options to acquire fully paid ordinary shares.

Mr Donovan resigned as Company Secretary on 15 September 2015.

Meetings of Directors

During the financial year ended 30 June 2015, the following director meetings were held:

	Eligible to Attend	Attended
Robert Swarbrick	9	9
Gavan Farley	1	1
Ben Donovan	5	5
Evan Ball	0	0
Chan Foo Khee	5	4
Cheng Jew Keng	1	1
Faris A Rahman	5	5
Moo Hen Chong	8	5
Yeo Wee Thow	4	0

***Excludes meetings held by circular resolution**

Directors Report

Remuneration Report (Audited)

This Remuneration Report outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001.

Names and positions held of key management personnel (defined by the Australian Accounting Standards as being "*those people having authority and responsibility for planning, directing, and controlling the activities of an entity, either directly or indirectly. This includes an entity's directors*") in office at any time during the financial year were:

Key Management Person	Position
Robert Swarbrick	Managing Director and formerly Executive Chairman
Gavan Farley	Non-Executive Director
Ben Donovan	Non-Executive Director and Company Secretary
Evan Ball	Non-Executive Director
Chan Foo Khee	Non-Executive Director
Cheng Jew Keng	Non-Executive Director
Faris A Rahman	Non-Executive Director
Moo Hen Chong	Non-Executive Director
Yeo Wee Thow	Non-Executive Director

The Company's policy for determining the nature and amount of emoluments of key management personnel is set out below:

Principles of compensation - audited

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group, including directors of the Group and other executives. Key management personnel comprise of the Group directors.

Compensation levels for key management personnel of the Group are competitively set to attract and retain appropriately qualified and experienced directors and executives.

The compensation structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The compensation structures take into account:

- The capability and experience of the key management personnel
- The key management personnel's ability to control the relevant segments' performance; and
- The Group's performance including:
  - The Group's earnings;
  - The growth in share price and delivering constant returns on shareholders wealth; and
  - The amount of incentives within each key management person's compensation.

Compensation packages include a mix of fixed and variable compensation, and short and long-term performance based incentives.

Fixed compensation

Fixed compensation consists of base compensation (which is calculated on a total cost basis and includes any FBT charges related to employee benefits including motor vehicles) as well as leave entitlements and employer contribution to superannuation funds.

Compensation levels are reviewed annually by the Board through a process that considers individual, segment and overall performance of the Group.

Non-Executive Directors

- The committee is to ensure that non-executive directors are not provided with retirement benefits other than statutory superannuation entitlements.
- To the extent that the Company adopts a remuneration structure for its non-executive directors other than in the form of cash and superannuation, disclosure shall be made to stakeholders and approvals obtained as required by law and the ASX listing rules.

Directors Report

Remuneration Report (Audited) *(cont'd)*

Service contracts

Managing Director

Set out below are the key terms of employee agreement of the Managing Director, Robert Swarbrick

Term		From 1 July 2015 for a period of up to 4 years or until one of the following occurs:
	a.	The Company gives the Managing Director twelve months' notice;
	b.	The Managing Director gives the Company six months' notice;
	c.	The Company terminates the contract due to actions of the Managing Director such as serious misconduct, dishonesty and bankruptcy.
Payments on Termination		If the contract is terminated under (a) above, the Company is obliged to pay the Managing Director the equivalent amount of Remuneration in lieu of notice. If the contract is terminated under '(c) above, the Company is only obliged to pay the Managing Director any accrued remuneration, including superannuation and leave entitlements.
Remuneration		**Fixed annual remuneration:** $250,000 based salary per annum plus superannuation contribution at the rate stipulated under the Australian Government SC. (Previous contract expired 30 June 2015 and was for $240,000 per annum with no superannuation contributions. **Review of remuneration:** The remuneration will be reviewed annually, with any increase at the absolute discretion of the Company. **Annual leave:** Four weeks annual leave per annum (in addition to public holidays)

Non-Executive Chairman

Set out below are the key terms of agreement of the Non-Executive Chairman, Peter Hatfull

Term		From 27 July 2015 on a month by month basis unless otherwise negotiated
Payments on Termination	a.	Either party may cancel this agreement on 30 days written notice
	b.	The Company can terminate the agreement due to actions of the Non-Executive Chairman such as serious misconduct, dishonesty and bankruptcy.
Remuneration		**Fixed annual remuneration:** $90,000 based salary per annum, plus superannuation contribution at the rate stipulated under the Australian Government SC.

Non-Executive Director

Set out below are the key terms of agreement of the Non-Executive Director, Gavan Farley

Term		From 1 July 2015 on a month by month basis unless otherwise negotiated
Payments on Termination	a.	Either party may cancel this agreement on 30 days written notice
	b.	The Company can terminate the agreement due to actions of the Non-Executive Chairman such as serious misconduct, dishonesty and bankruptcy.
Remuneration		**Fixed annual remuneration:** $50,000 base salary per annum, plus superannuation contribution at the rate stipulated under the Australian Government SC.

Directors Report

Remuneration Report (Audited) *(cont'd)*

Relationship between Company Performance and Remuneration

There is no relationship between the financial performance of the Company for the current or previous financial year and the remuneration of the key management personnel. Remuneration is set having regard to market conditions and encourage the continual services of key management personnel.

Use of Remuneration Consultants

The Company did not employ the services of any remuneration consultant during the financial year ended 30 June 2015.

Key Management Personnel Remuneration for 30 June 2015

Key Management Personnel	Short-term benefits Fees & contractual payments ($)	Post-employment benefits Statutory superannuation ($)	Total cash and cash equivalent benefits ($)	Equity settled Share Based Payments ($)	Total ($)
Robert Swarbrick	240,000	-	240,000	-	240,000
Gavan Farley	-	-	-	-	-
Ben Donovan	35,417	-	35,417	-	35,417
Evan Ball	16,667	-	16,667	-	16,667
Chan Foo Khee	14,000	-	14,000	-	14,000
Cheng Jew Keng	6,000	-	6,000	-	6,000
Faris A Rahman	19,440	-	19,440	-	19,440
Moo Hen Chong	42,000	-	42,000	-	42,000
Yeo Wee Thow	14,000	-	14,000	-	14,000
TOTAL	387,524	-	387,524	-	387,524

Year ended 30 June 2014					
Key Management Personnel	Short-term benefits Fees & contractual payments ($)	Post-employment benefits Statutory superannuation ($)	Total cash and cash equivalent benefits ($)	Equity settled Share Based Payments ($)	Total ($)
Robert Swarbrick	50,000	-	-	-	50,000
Chan Foo Khee	48,000	-	-	-	48,000
Cheng Jew Keng	72,000	-	-	-	72,000
Faris A Rahman	48,000	-	-	-	48,000
Moo Hen Chong	48,000	-	-	-	48,000
Yeo Wee Thow	48,000	-	-	-	48,000
Total	**314,000**	**-**	**-**	**-**	**314,000**

Directors Report

Remuneration Report (Audited) *(cont'd)*

Options held by Key Management Personnel

The number of options over fully paid ordinary shares in the Company held at the beginning and end of the year and movements **during the financial year** by key management personnel and/or their related entities are set out below:

30 June 2015:

Name	Balance at the start of the year	Number of options issued as remuneration	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested & exercisable at the end of the year
Ben Donovan Appointed 17 October 2014	-	-	-	2,900,000	2,900,000	2,900,000
Total	**-**	**-**	**-**	**2,900,000**	**2,900,000**	**2,900,000**

30 June 2014:

Nil

Shares held by Key Management Personnel

The number of shares in the Company held at the beginning and end of the year and net movements **during the financial year** by key management personnel and/or their related entities are set out below:

30 June 2015:

Name	Balance at the start of the year	Share movements	Balance at the end of the year
Robert Swarbrick	-	334,650,000	334,650,000
Gavan Farley	-	-	-
Ben Donovan	-	25,357,546	25,357,546
Evan Ball (i)	-	-	-
Chan Foo Khee (i)	-	-	-
Cheng Jew Keng (i)	2,818,458	-	2,818,458
Faris A Rahman (i)	2,926,792	-	2,926,792
Moo Hen Chong (i)	4,673,260	-	4,673,260
Yeo Wee Thow (i)	11,251,318	-	11,251,318
Total Ordinary shares	**21,699,828**	**360,007,546**	**381,677,374**

(i) Balance at end of the year for directors who resigned is balance at resignation date

30 June 2014:

Name	Balance at the start of the year	Share movements	Balance at the end of the year
Robert Swarbrick	-	-	-
Chan Foo Khee	-	-	-
Cheng Jew Keng	2,818,458	-	2,818,458
Faris A Rahman	2,926,792	-	2,926,792
Moo Hen Chong	4,673,260	-	4,673,260
Yeo Wee Thow	11,251,318	-	11,251,318
Total Ordinary shares	**21,669,828**	**-**	**21,669,828**

Directors Report

Remuneration Report (Audited) *(cont'd)*

Other Key Management Personnel transactions

During the period, the Company issued to Mr. Robert Swarbrick 334,650,000 shares as an introductory fee for providing the Company the opportunity to acquire PT Mineral Saksur Makmur and PT Tunngal Putra Nusantara. The total benefit as part of the fee issued is $9,033,408 (Refer Note 13).

During the period, the Company issued to Mr. Ben Donovan 25,357,500 shares and 2,900,000 options, and 5,692,500 shares and 1,100,000 options to Precipio Capital Ltd (a company whom Mr. Ben Donovan is a director), as an advisory fee for providing services to the Company in its acquisition of PT Mineral Saksur Makmur and PT Tunngal Putra Nusantara. The total benefit as part of the fee issued is $918,510 (Refer Note 13).

During the year a property owned by the Company was transferred to Accent Capital as nominee for Lambang Patara as consideration for amount owing to Lambang Patara of $105,431. The balance of the valuation of the property ($49,569) was set off against monies owed to Faris A Rahman. This transaction generated a profit on disposal of $32,733.

Share Options Granted to Directors and Officers

The Company issued 4,000,000 options to Mr Ben Donovan during the year (100% vested). No other options have been issued.

End of Audited Remuneration Report

Corporate Structure

Aus Asia Minerals Limited is a limited liability company incorporated and domiciled in Australia.

Access to Independent Advice

Each director has the right, so long as he is acting reasonably in the interests of the Company and in the discharge of his duties as a director, to seek independent professional advice and recover the reasonable costs thereof from the Company.

The advice shall only be sought after consultation about the matter with the chairman (where it is reasonable that the chairman be consulted) or, if it is the chairman that wishes to seek the advice or it is unreasonable that he be consulted, another director (if that be reasonable).

The advice is to be made immediately available to all Board members other than to a director against whom privilege is claimed.

Indemnification and Insurance of Directors and Officers

The Company has entered into agreements indemnifying, to the extent permitted by law, all the directors and officers of the Company against all losses or liabilities incurred by each director and officer in their capacity as directors and officers of the Company. During the year an amount of $27,164 (2014: NIL) was incurred in insurance premiums for this purpose.

Corporate Governance

The Company's Corporate Governance Statement can be found at:

http://ausasiaminerals.com/index.php/company-profile/corporate-directory

Options

As at the date of this report there are the following unquoted options over unissued ordinary shares in the Company:

- 4,000,000 options to acquire fully paid shares exercisable at $0.02 on or by 20 October 2018.

Directors Report

Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

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 in this annual report.

Signed in accordance with a resolution of the directors

Robert Swarbrick
Managing Director
Perth
30 September 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the financial year ended 30 June 2015

	Note	Consolidated 2015 $	2014 $
Royalties	2(a)	40,220	246,833
Profit on Disposal of Assets		32,733	-
Other income		531	122,004
Employee benefits expense	2(b)	(168,104)	(324,622)
Depreciation and amortisation expense	2(b)	(1,673)	(1,805)
Consulting and management expense		(1,050,021)	(51,855)
Professional Fees		(214,176)	-
Doubtful debts expense		(119,598)	-
Impairment losses of exploration expenditure asset	15	(693,604)	-
Impairment losses on royalties		-	(1,751,616)
Share based payments – acquisition related costs	13	(9,951,919)	-
Amortisation of royalty assets	8(b)	-	(291,936)
Unrealised Foreign Exchange Loss		(415,936)	-
Administration expenses		(616,969)	(250,199)
Net loss before income tax expenses		(13,158,516)	(2,303,196)
Income tax expense relating to ordinary activities	3	-	-
Net loss for the year		(13,158,516)	(2,303,196)
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			-
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		190,476	53,356
Other comprehensive income/(loss) for the year net of tax		190,476	53,356
Total comprehensive income		(12,968,040)	(2,249,840)
Net loss attributable to:			
Equity holders of the parent		(13,156,321)	(2,315,968)
Non-controlling interest		(2,195)	12,772
		(13,158,516)	(2,303,196)
Total comprehensive income			
Attributable to:			
Equity holder of parent		(12,965,845)	(2,262,612)
Non-controlling interest		(2,195)	12,772
		(12,968,040)	(2,249,840)
Basic loss per share(cents)	17	(2.63)	(2.42)

The Statement of Comprehensive Income should be read in conjunction with the Notes to the Financial Statements.

Consolidated Statement of Financial Position

as at 30 June 2015

	Note	Consolidated 2015 $	2014 $
Current Assets			
Cash and cash equivalents	23(a)	251,848	75,419
Trade and other receivables	6	34,139	175,708
Inventory	7	712,679	
Assets classified as held for sale	7	-	122,267
Total Current Assets		998,666	373,394
Non Current Assets			
Royalty and exploration assets	8	3,002,922	-
Property, plant and equipment	9	7,935	7,386
Total Non Current Assets		3,010,857	7,386
Total Assets		4,009,523	380,780
Current Liabilities			
Trade and other payables	10	1,798,635	768,365
Financial liabilities	11	3,809,506	334,013
Total Current Liabilities		5,608,141	1,102,378
Non Current Liabilities			
Trade and other payables	10	-	511,986
Provisions	15	205,514	-
Deferred Tax Liability	3	893,912	-
Financial Liabilities	11	-	702,031
Total Non Current Liabilities		1,099,426	1,214,017
Total Liabilities		6,707,567	2,316,395
Net Assets / (Liabilities)		(2,698,044)	(1,935,615)
Equity			
Issued capital	12	20,052,527	8,176,919
Reserves	16	193,151	(77,684)
Accumulated losses		(23,236,023)	(10,079,703)
Equity attributable to owners of the parent		(2,990,345)	(1,980,468)
Non-controlling interest		292,301	44,853
Total Equity		(2,698,044)	(1,935,615)

The Statement of Financial Position should be read in conjunction with the Notes to the Financial Statements.

Consolidated Statement of Changes in Equity

for the financial year ended 30 June 2015

For the year ended 30 June 2014	Attributable to equity holders					
	Issued Capital	Foreign Exchange Translation Reserve	Option Reserve	Accumulated Losses	Non-Controlling Interest	Total Equity
	$	$		$	$	$
Balance at 1 July 2014	8,176,919	(77,684)	-	(10,079,703)	44,853	(1,935,615)
Net Loss for the Period	-	-	-	(13,156,321)	(2,195)	(13,158,516)
Other comprehensive income	-	190,476	-	-	-	190,476
Total comprehensive income	-	190,476	-	(13,156,321)	(2,195)	(12,968,040)
Transactions with owners in their capacity as owners						
Ordinary shares issued during the period	11,875,608	-	-	-	-	11,875,608
Attributable to new subsidiary acquisitions	-	-	-	-	249,644	249,644
Options issue during the year	-	-	80,359	-	-	80,359
Balance at 30 June 2015	20,052,527	112,792	80,359	(23,236,024)	292,302	(2,698,044)

For the year ended 30 June 2013	Attributable to equity holders					
	Issued Capital	Exchange Reserve	Option Reserve	Accumulated Losses	Non-Controlling Interest	Total Equity
	$	$		$	$	$
Balance at 1 July 2013	8,176,919	(131,040)	-	(7,763,735)	32,081	314,225
Net Loss for the period	-	-	-	(2,315,968)	12,772	(2,303,196)
Other comprehensive income	-	53,356	-	-	-	53,356
Total comprehensive income	-	53,356	-	(2,315,968)	12,772	(2,249,840)
Transactions with owners in their capacity as owners	-	-	-	-	-	-
Balance at 30 June 2014	8,176,919	(77,684)	-	(10,079,703)	44,853	(1,935,615)

The accompanying notes form part of these financial statements

Consolidated Statement of Cash Flows

for the financial year ended 30 June 2015

	Note	Consolidated 2015 $	Consolidated 2014 $
Cash Flows from Operating Activities			
Receipt from royalty fees		40,220	138,917
Payments to suppliers and employees		(1,698,610)	(430,085)
Net cash from operating activities	23(b)	(1,658,390)	(291,168)
Cash Flows from Investing Activities			
Net Cash outflow on acquisition of subsidiaries	15	(668,033)	(2,687)
Net cash used in investing activities		(668,033)	(2,687)
Cash Flows from Financing Activities			
Ordinary Share Issue		1,770,000	317,500
Unsecured Loans		900,000	-
Repayment of Loans		(167,148)	-
Net cash provided by financing activities		2,502,852	317,500
Net increase in cash held		176,429	23,645
Effects of exchange rate changes on cash and cash equivalents		-	(152)
Cash at the beginning of the period		75,419	51,926
Cash at end of the period	23(a)	251,848	75,419

The Statement of Cash Flows should be read in conjunction with the Notes to the Financial Statements.

Notes to the Financial Statements

Summary of accounting policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report covers the consolidated group of Aus Asia Minerals Ltd and controlled entities (the Group). Aus Asia Minerals Ltd is a listed public company, incorporated and domiciled in Australia.

Going concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Group incurred a loss for the year of $13,158,516 (2014: $2,303,196), included in this loss were share based payment expenses of $9,951,919 (2014: nil) and impairment losses of $693,604 (2014: $1,751,616). During the year the Group had net cash outflows from operating activities of $1,658,390 (2014: $291,168), and as at 30 June 2015, the Group had a cash balance of $251,848 (30 June 2014: $75,419) and a working capital deficit of $4,609,475 (30 June 2014: $728,984).

Included in current liabilities is an unsecured loan of $905,132 which is expected to be converted into a convertible note subsequent to year end and a balance of $2,364,973 owed to vendors of the PT Mineral Saksur Makmur ("PT MSM") and PT Tunngal Putra Nusantara ("PT TPN") transactions of which the Board expect to renegotiate payment terms.

These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Group to continue as a going concern.

The Directors believe it is appropriate to prepare these accounts on a going concern basis because:

The Company has signed a mandate to raise on a best endeavours basis up to $2m via the issue of convertible notes and a further $500,000 via a placement of ordinary shares. The Company has raised $$720,000 to date pursuant to the mandate, and a further $180,000 from other parties reflected as an unsecured loan as at 30 June 2015. Subject to shareholder approval it is the intention of the Company to have these funds converted to a convertible note. Since year end the Company has raised a further $365,000.

The Group is in discussions with the Vendor of PT MSM to re-negotiate the payment schedule for the outstanding consideration of $2,312,514 (refer note 11),

The Group has signed a Secured Loan Agreement, to raise an initial US$375,000 to fund vendor payments and production costs, with the ability for the Company to request that the facility be increased to up to US$5million subject to lender approval;

the Directors have an appropriate plan to commence production at the PT MSM mine shortly after the receipt of finance. This includes the signing of a Memorandum of Understanding with PT Krakatau National Resources for the sale of iron ore;

The Group has recently established AAMTRADE Pte Ltd, a Singaporean company which intends to focus on sourcing, trading and financing of coal, iron ore and crude oil commodities. Aus Asia Minerals Limited have a 33% interest in the Company, and expect to generate dividends from the operations of the Company;

Deferral of creditor payments until such time as the company has sufficient cashflow to make payment. At the date of the financial report no creditor has made a demand on the company for payment.

The deferral of payables owing of approximately $1.7 million owing to former directors and their related parties until such time as alternative arrangements can be made to satisfy the amounts outstanding;

the Directors have an appropriate plan to contain certain expenditure to match the availability of funding; and

the Company has received a letter of support from Mr Robert Swarbrick confirming he will continue to support the company to enable it to pay its debts as and when they fall due for the next twelve months from the date of signing this report or until sufficient funding has been obtained.

The ability of the Group to continue as a going concern is principally dependent upon it being able to secure funds from capital raisings and other sources, finalising negotiations as mentioned above and generating positive cashflows from the recommencement of operations at the MSM project.

Should all of the above plans described above not eventuate then the company may be required to raise up to approximately $6.3 million over the 12 month period, from the date of the financial report,

Summary of accounting policies *(cont'd)*

Going concern *(cont'd)*

The directors have prepared a cash flow forecast, which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this half year financial report.

Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Company's history of raising capital to date, the directors are confident of the Company's ability to raise additional funds as and when they are required.

Should the Group be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

Basis of preparation

The financial report has been prepared on an accruals basis and is based on historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts.

(b) Employee Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the entity in respect of services provided by employees up to reporting date.

(c) Financial Instruments

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

1. **Summary of accounting policies** *(cont'd)*

(c) Financial Instruments *(cont'd)*

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity is no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Loans and receivables

Trade receivables, loans, and other receivables are recorded at amortised cost less impairment.

Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

1. Summary of accounting policies *(cont'd)*

(c) Financial Instruments *(cont'd)*

Valuation techniques

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability, The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

(i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or

1. Summary of accounting policies *(cont'd)*

(c) Financial Instruments *(cont'd)*

(ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

(d) Financial Instruments Issued by the Company

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

(e) Goods and Service Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

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

(f) Impairment of Assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

1. Summary of accounting policies *(cont'd)*

(i) Impairment of Assets *(cont'd)*

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(ii) Income Tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

1. Summary of accounting policies *(cont'd)*

(h) Exploration and Evaluation Expenditure

Exploration and Evaluation Expenditure

Exploration, evaluation and development expenditure incurred may be accumulated in respect of each identifiable area of interest. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

(i) such costs are expected to be recouped through successful development and exploitation or from sale of the area; or

(ii) exploration and evaluation activities in the area have not, at balance date, reached a stage which permit a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area are continuing.

Accumulated costs in respect of areas of interest which are abandoned are written off in full against profit in the year in which the decision to abandon the area is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(i) Inventory

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated seling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(j) Royalty Asset

Royalty assets are valued in the accounts at cost and are amortised at a rate of 10% p.a. over the period in which their benefits are expected to be realised. The balances are reviewed annually and any balance representing future benefits for which the realisation is considered to be no longer probable are written off.

(j) Operating Cycle

The operating cycle of the entity coincides with the annual reporting cycle.

(k) Payables

Trade payables and other accounts payable are recognised when the entity becomes obliged to make future payments resulting from the purchase of goods and services.

(l) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity except to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

1. Summary of accounting policies *(cont'd)*

(l) Foreign Currency Transactions and Balances *(cont'd)*

Group Companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

  Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

(m) Principles of Consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the company (the parent entity) and its subsidiaries as defined in Accounting Standard AASB 127 'Consolidated and Separate Financial Statements'. A list of subsidiaries appears in Note 18 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values of the identifiable net assets acquired exceed the cost of acquisition, the surplus is credited to profit and loss in the period of acquisition.

Minority interests, being that portion of the profit or loss and net assets of subsidiaries attributable to equity interests held by persons outside the Group, are shown separately within the Equity section of the consolidated statement of financial position and in the consolidated statement of comprehensive income.

The consolidated financial statements include the information and results of each subsidiary from the date on which the company obtains control and until such time as the company ceases to control such entity.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

Business Combinations
Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the purchase method.

The purchase method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined as at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control together with costs directly attributable to the business combination. Any deferred consideration payable is discounted to present value using the entity's incremental borrowing rate.

Goodwill is recognised initially at the excess of cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the fair value of the acquirer's interest is greater than cost, the surplus is immediately recognised in profit or loss.

Notes to the Financial Statements

1. Summary of accounting policies (cont'd)

(n) Plant and Equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation is provided on plant and equipment. Depreciation is calculated on a diminishing value basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate (%)
Furniture and Fittings	10
Office Equipment	10

(o) Provisions

Provisions are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

(p) Revenue Recognition

Dividend, interest and royalty revenue
Dividend revenue is recognised on a receivable basis. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset. Royalty is recognised on a receivable basis.

(q) Share-based Payments

Equity-settled share-based payments are measured at fair value at the date of grant. Fair value is measured by use of the Black and Scholes model or binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the entity's estimate of shares that will eventually vest.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

1. Summary of accounting policies *(cont'd)*

(r) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key estimate — impairment

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. The Board has assessed the royalty asset for impairment as at 30 June 2015. In the face of ongoing weakness in the coal prices for the low grade Abadi Project and ongoing delys in payment of royalties by PT Toba Jaya, the Royalty Asset was impaired to nil in 2014.

Key judgement – Recoverability of Exploration Expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded.

Key Judgment – Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the company's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

Key Estimate – Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the company as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

(s) Adoption of new and revised Accounting Standards

Amendments to AASBs and the new Interpretation that are mandatorily effective for the current year

In the current year, the Consolidated Entity has applied a number of amendments to AASBs and a new interpretation issued by the Australian Accounting Standards Board (AASB) that is mandatorily effective from an accounting period on or after 1 July 2014.

The application of these amendments and interpretation does not have any material impact on the Consolidated Entity's consolidated financial statements.

Standards and Interpretations in issue 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.

Notes to the Financial Statements

1. Summary of accounting policies *(cont'd)*

(s) Adoption of new and revised Accounting Standards *(cont'd)*

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2017	30 June 2018
AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations'	1 January 2016	30 June 2017
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017
AASB 2014-6 'Amendments to Australian Accounting Standards – Agriculture: Bearer Plants'	1 January 2016	30 June 2017
AASB 2014-9 'Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements'	1 January 2016	30 June 2017
AASB 2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'	1 January 2016	30 June 2017
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	30 June 2017
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	30 June 2017
AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'	1 July 2015	30 June 2016
AASB 2015-4 'Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent'	1 July 2015	30 June 2016
AASB 2015-5 'Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception'	1 January 2016	30 June 2017

Note that the following new Standards and Interpretations are not applicable for the Group but are relevant for the period:

AASB 14 'Regulatory Deferral Accounts' and AASB 2014-1 'Amendments to Australian Accounting Standards – Part D: 'Consequential Amendments arising from AASB 14' is not applicable to the Group as the Group is not a first-time adopter of Australian Accounting Standards.

AASB 1056 'Superannuation Entities' is not applicable to the Group as the Group is not a superannuation entity.

AASB 2015-6 'Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities' is not applicable to the Group as the Group is a for-profit entity.

	Consolidated	
	2015 $	2014 $
2. Loss from operations		
(a) Revenue		
Royalty income	40,220	246,833

(b) Loss before income tax

Loss before income tax has been arrived at after charging the following revenue/ (expenses).

	Consolidated	
	2015 $	2014 $
Loan forgiveness	-	122,004
Depreciation of non-current assets	(1,673)	(1,805)
Salaries and wages	(168,104)	(324,622)

	Consolidated	
	2015 $	2014 $
3. Income tax expense		
(a) Income tax recognised in profit or loss Tax expense/(income) comprises:		
Current tax expense/(income)	-	-
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	-	-
Total tax expense/(income)	-	-
The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:		
Loss from operations	(13,158,516)	(2,303,916)
Income tax benefit calculated at 30%	(3,947,555)	(691,174)
Tax effect of:		
Non-taxable income	-	-
Non-deductible expenses	3,193,657	613,607
Movement in unrecognised temporary differences	124,781	-
Effect of current year tax loss derecognised/(recognised)	633,170	81,619
Less: Share issue expense recognised directly in equity	(4,052)	(4,052)
Income tax attributable to operating loss	-	-

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

3. Income tax expense *(cont'd)*

	Consolidated	
	2015	**2014**
	$	**$**
(b) **Deferred tax assets**		
Tax losses – revenue	2,202,906	1,577,841
Tax losses – capital	20,262	20,262
	2,223,168	1,598,103
Set-off deferred tax liabilities – 3 (c)	(2,223,168)	(1,598,103)
Net deferred tax assets	-	-
(c) **Deferred tax liabilities**		
Exploration expenditure	893,912	-
Set off deferred tax assets – 3 (b)	-	-
Net deferred tax liabilities	893,912	-
(d) **Unused tax losses and temporary differences**		
Tax revenue losses	7,343,019	5,259,470
Tax capital losses	67,540	67,540
Unused tax losses for which no deferred tax asset has been recognised	7,410,559	5,327,010

Potential deferred tax assets attributable to tax losses and exploration expenditure carried forward have not been brought to account at 30 June 2015, other than to the extent of deferred tax liability, because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:
the company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss and exploration expenditure to be realised;
the company continues to comply with conditions for deductibility imposed by law; and
no changes in tax legislation adversely affect the company in realising the benefit from the deductions for the loss and exploration expenditure

4. Interests of key management personnel (KMP)

The KMP are as follows:

Chan Foo Khee	Chairman
Robert Swarbrick	Managing Director
Julian Cheng Jew Keng	Operations Director
Faris Azmi Abdul Rahman	Finance Director
Moo Hean Chong	Director
Yeo Wee Thow	Director

Refer to the Remuneration Report contained in the Report of the Directors for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2015.

The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

	2015	**2014**
	$	**$**
Short-term employee benefits	387,524	314,000
Post-employment benefits	-	4,625
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
	387,524	318,625

4. Interests of key management personnel (KMP) *(cont'd)*

Other KMP Transactions

During the period, the Company issued to Mr. Robert Swarbrick 334,650,000 shares as an introductory fee for providing the Company the opportunity to acquire PT Mineral Saksur Makmur and PT Tunngal Putra Nusantara. The total benefit as part of the fee issued is $9,033,408 (Refer Note 13).

During the period, the Company issued to Mr. Ben Donovan 25,357,500 shares and 2,900,000 options, and 5,692,500 shares and 1,100,000 options to Precipio Capital Ltd (a company whom Mr. Ben Donovan is a director), as an advisory fee for providing services to the Company in its acquisition of PT Mineral Saksur Makmur and PT Tunngal Putra Nusantara. The total benefit as part of the fee issued is $918,510 (Refer Note 13).

During the year a property owned by the Company was transferred to Accent Capital as nominee for Lambang Patara as consideration for amount owing to Lambang Patara of $105,431. The balance of the valuation of the property ($49,569) was set off against monies owed to Faris A Rahman. This transaction generated a profit on disposal of $32,733.

	Consolidated	
	2015 $	2014 $
5. Auditors' remuneration		
Remuneration of the auditor of the parent entity:		
Audit or review of the financial report		
Current year	45,000	32,120

The auditor of Aus Asia Minerals Ltd is Bentleys.

	Consolidated	
	2015 $	2014 $
6. Trade and other receivables		
Current trade and other receivables		
Trade receivables	-	79,378
Goods and services tax (GST) recoverable	33,881	(5,414)
Withholding tax on royalty income	-	23,754
Prepayment	258	77,920
Other	-	70
	34,139	175,708

	Consolidated	
7. Inventory and Assets classified as held for sale	2015 $	2014 $
a) Inventory		
Raw materials	712,679	-
	712,679	-

The raw materials represent a stockpile of 12,000 tonnes of uncrushed ore acquired as part of the acquisition of PTMSM as disclosed in note 15.

b) Assets classified as held for sale comprise of the following:	Consolidated	
	2015 $	2014 $
Office building at carrying amount	-	122,267

The Group disposed of its office building during this financial year, for $155,000 resulting in a gain of $32,733.

8. Royalty and exploration assets

		Consolidated 2015 $	Consolidated 2014 $
Exploration and evaluation phase – at cost	(a)	3,002,922	-
Royalty assets – at cost	(b)	-	-
		3,002,922	-

(a) Cost carried forward in respect of areas of interest in ongoing projects:			
Balance at beginning of financial year		-	-
Addition – PT TPN (i)	15	140,607	
Addition – PT MSM (ii)	15	2,702,159	
Foreign exchange difference		160,156	-
Balance at end of financial year		3,002,922	-

(b) Balance at beginning of financial year	-	2,043,552
Amortisation expense of royalty assets	-	(291,936)
Impairment loss of royalty assets	-	(1,751,616)
Balance at end of financial year	-	-

(i) During the period, the Group acquired 70% of the shares in PT Tunngal Putra Nusantara, a company which holds a coal concession in Indonesia. The acquisition was not deemed to be the acquisition of a business. Refer to Note 15 for details.

(ii) During the period, the Group acquired 90% of the shares in PT Mineral Saksur Makmur, a company which holds an iron ore project in Indonesia. The acquisition was deemed to be an acquisition of a business. Refer to Note 15 for details.

9. Property, plant and equipment

	Furniture and Fittings $	Consolidated Office Equipment $	Total $
Gross carrying amount			
Balance at beginning of financial year	17,076	3,433	20,509
Additions	-	6,944	6,944
Disposals	(17,076)	(769)	(17,845)
Balance at end of financial year	-	9,608	9,608

	Furniture and Fittings $	Consolidated Office Equipment $	Total $
Accumulated depreciation			
Balance at beginning of financial year	12,537	586	13,123
Depreciation expense	-	1,673	1,673
Disposals	(12,537)	(586)	(13,123)
Balance at end of financial year	-	1,673	1,673
Net book value			
As at end of financial year	-	7,935	7,935

	Consolidated	
	2015 $	2014 $
10. Trade and other payables		
Due to (i) – former directors	1,087,077	641,779
Due to directors	16,667	-
Trade payables	694,891	126,586
Total current liabilities	1,798,635	768,365
Non-Current trade and other payables		
Due to directors (i)	-	444,970
Other	-	67,016
Total non-current liabilities	-	511,986
Total trade and other payables	1,798,635	1,280,351

(i) The amount due to directors are non-interest bearing and do not have any fixed repayments terms. The amount due to directors as at the date of year end closing are as follows:

Directors	2015 $	2014 $
Chan Foo Khee	138,000	124,000
Cheng Jew Keng	107,908	101,907
Faris Azmi Abdul Rahman	197,945	228,074
Moo Hean Chong	351,667	343,063
Yeo Wee Thow	199,667	185,667
Dato' Ramiah Anpalagan (passed away on 13 June 2011)	91,890	91,890
Robert Swarbrick	-	12,148
	1,087,077	1,086,749

Non-current liabilities as detailed in the accounts at 30 June 2014 have been reclassified as current liabilities in the year ended 30 June 2015. Comparative numbers have therefore been used in the detailed comparison for the current liabilities.

	Consolidated	
	2015 $	2014 $
11. Financial liabilities		
Current Financial liabilities		
Advance from Director (i)	-	317,500
Other	-	16,513
Advance from PT Toba Jaya (ii)	337,561	416,939
Loan from shareholder (ii)	180,000	180,000
Vendor loan PTMSM (iii)	2,312,514	-
Vendor loan PT TPN (iv)	52,459	-
Unsecured loan (v)	905,132	-
Other	21,840	105,092
Total current financial liabilities	3,809,506	1,036,044

Non-current liabilities as detailed in the accounts at 30 June 2014 have been reclassified as current liabilities in the year ended 30 June 2015. Comparative numbers have therefore been used in the detailed comparison for the current liabilities.

(i) This is an unsecured, interest free loan and has no fixed term of repayment obtained from director Robert Swarbrick.
(ii) These are unsecured, are interest-free and have no fixed term of repayment.

(iii) As part of the Conditional Share Purchase Agreement for the acquisition of PT Mineral Saksur Makmur, the cash consideration is payable on the following terms:

1. US $20,000 payable 5 business days from the execution of the Conditional Share Purchase Agreement
2. US $980,000 will be paid on the completion date
3. US $1,000,000 will be paid 30 days after the completion date
4. US $500,000 will be paid 60 days after the completion date

While the total amount payable of $2,312,514 are past due as at 30 June 2015, the Company is in advanced negotiations with the Vendor of PT Mineral Saksur Makmur to re-negotiate the payment schedule for the outstanding consideration. Refer Note 15 for acquisition details.
(iv) Amount remaining payable on the acquisition of PT Tunngal Putra Nusantara is due and payable. Refer Note 15 for acquisition details.
(v) These are unsecured loans accruing interest at 10% per annum. These funds are expected to be converted into convertible notes pending shareholder approval.

Unused Facilities

During the year the Group obtained a Standby Subscription Agreement for an amount of up to $2 million convertible to ordinary shares at an issue price of 80% of the 5 day VWAP preceding the drawdown. As at 30 June 2015 nil had been drawn down.

During the year, the Group entered into a Secured Loan Agreement with a facility of US $3-5 million. Under the terms of the agreement, there is an initial US $375,000 to fund vendor payments and production costs and the Group may request that the facility be increased up to US $5 million at the lenders' discretion. Repayment is 6 months from date of draw-down, however the Group have an option to extend the term for an additional 6 months. Interest on any draw-downs would be at 11%. As at 30 June 2015 nil had been drawn down.

	Consolidated	
	2015 $	2014 $
12. Issued capital		
765,718,100 (2014:95,518,100) fully paid ordinary shares	20,052,527	8,176,919

Date	Description	Shares	$
	Opening balance	95,518,100	8,176,919
28.11.2015	Issue of shares as approved by shareholders at EGM for working capital	49,500,000	495,000
28.11.2014	Working capital	69,000,000	345,000
29.12.2014	Issue of shares as part approved by shareholders at 2014 AGM for working capital	122,000,000	610,000
17.10.2014	Issue of shares as approved by shareholders - introduction fee to Mr Robert Swarbrick, Mr Ben Donovan and Mr Wayne Sims for introducing the two projects	365,700,000	234,048
17.10.2014	Loss on issue of above shares (difference between issue price of $0.00064 and market price)	-	9,871,560
30.01.2015	Capital raising for working capital	64,000,000	320,000
		765,718,100	20,052,527

Capital risk management

The consolidated entity's and the Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the consolidated entity's activities, being mineral exploration, the consolidated entity's primary source of funding is equity raisings. Therefore, the focus of the consolidated entity's capital risk management is the current working capital position against the requirements of the consolidated entity to meet exploration programmes and corporate overheads. The consolidated entity's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

	Consolidated	
	2015	2014
	$	$
Cash and cash equivalents	251,848	75,419
Trade and other receivables	34,139	175,708
Assets classified as held for sale	-	122,267
Inventory	712,679	-
Trade and other payables	(1,798,635)	(768,365)
Financial liabilities	(3,809,506)	(334,013)
Working capital position	(4,609,475)	(728,984)

13. Share based payments

Shares

On the 17 October 2014, the Company issued a total of 365,700,000 shares as part of the acquisition of PT Mineral Saksur Makmur and PT Tunngal Putra Nusantara (refer to Note 15).

	Number	$
Mr Robert Swarbrick (i)	334,650,000	9,033,408
Mr Ben Donovan (ii)	25,357,500	684,490
Precipio Capital Ltd (iii)	5,692,500	153,661
	365,700,000	9,871,560

(i) Issued to Managing Director Robert Swarbrick as an introduction fee for introducing the two projects to the Company.
(ii) Issued 25,357,500 shares to director Ben Donovan as an advisory fee.
(iii) Issued 5,692,500 shares to Precipio Capital Ltd as an advisory fee.

Options

On the 17 October 2014, the Company issued the following options as part of the advisory fee:

	Number	$
Director Ben Donovan	2,900,000	58,260
Precipio Capital Ltd	1,100,000	22,099
	4,000,000	80,359

The value of options was calculated by using a Black-Scholes option pricing model applying the following inputs:

Underlying share price	$0.027
Exercise price	$0.02
Expected share price volatility	100.11%
Risk-free rate	2.96%

14. Related party transactions

During the period, the Company issued to Mr. Robert Swarbrick 334,650,000 shares as an introductory fee for providing the Company the opportunity to acquire PT Mineral Saksur Makmur and PT Tunngal Putra Nusantara. The total benefit as part of the fee issued is $9,033,408 (Refer Note 13).

During the period, the Company issued to Mr. Ben Donovan 25,357,500 shares and 2,900,000 options, and 5,692,500 shares and 1,100,000 options to Precipio Capital Ltd (a company whom Mr. Ben Donovan is a director), as an advisory fee for providing services to the Company in its acquisition of PT Mineral Saksur Makmur and PT Tunngal Putra Nusantara. The total benefit as part of the fee issued is $918,510 (Refer Note 13).

During the year a property owned by the Company was transferred to Accent Capital as nominee for Lambang Patara as consideration for amount owing to Lambang Patara of $105,431. The balance of the valuation of the property ($49,569) was set off against monies owed to Faris A Rahman. This transaction generated a profit on disposal of $32,733.

(a) Equity interests in related parties

Equity interests in subsidiaries
Details of the percentage of ordinary shares held in subsidiaries are disclosed in Note 20.

(b) Key management personnel remuneration

Details of key management personnel remuneration are disclosed in Note 4 to the financial statements and the Remuneration Report.

(c) Transactions with other related parties

Amounts payable to these related parties are disclosed in notes 10 to 11 to the financial statements. All loans advanced to and payable to related parties are unsecured and subordinate to other liabilities. No interest was charged on the outstanding loans.

(d) Parent entity

The ultimate parent entity in the consolidated entity is Aus Asia Minerals Ltd.
The parent entity disclosures are shown under Note 25.

Notes to the Financial Statements

15. Acquisition of subsidiaries

- **Subsidiary acquired**

On 28 October 2014, 90% of the shares in PT Mineral Saksur Makmur (MSM) were acquired for a consideration of $2,696,729. The principal activity of MSM is the production and sale of iron ore. The transaction constituted a business combination.

- **Fair value of assets acquired and liabilities assumed at the date of acquisition**

	MSM $
Current Assets	
Inventory	672,645
Non-current Assets	
Exploration expenditure	2,702,159
Current liabilities	
Trade and other payables	(138,703)
Non-current liabilities	
Deferred tax liabilities	(843,701)
Contingent liabilities (i)	(139,632)
	2,252,768

(i) Contingent liabilities have been recognised as a provision at fair value as part of the business combination. As part of the terms of the acquisition, the vendor of MSM is entitled to a USD $5 per metric ton royalty for the iron ore produced in and sold from the mining area.

- **Non-controlling interest**

The non-controlling interest (10% ownership of MSM) recognised at the acquisition date was measured at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

- **Goodwill arising on acquisition**

	MSM $
Consideration paid/payable	2,696,729
Plus: non-controlling interests	249,643
Less: fair value of identifiable net assets acquired	(2,252,768)
Goodwill arising on acquisition	693,604

Goodwill on acquisition was fully impaired at acquisition date.
Net cash outflow on acquisition of subsidiaries

	MSM (i) $	TPN (ii) $	Total $
Consideration paid in cash	579,885	88,148	668,033
	579,885	88,148	668,033

(i) An amount of $2,312,514 remains payable at 30 June 2015. Refer to Note 11 for description of payment arrangements.

(ii) On 28 October 2014, 70% of the shares in PT Tunngal Putra Nusantara (TPN) a company which holds a coal concession in Indonesia for consideration of $140,607. The acquisition of PT Tunngal Putra Nusantara was not deemed to be the acquisition of a business (refer Note 8). An amount of $52,459 remains payable at 30 June 2015 as per to Note 11.

16. Reserves

	2015 $	2014 $
Exchange reserve	(77,684)	((131,040)
Balance at beginning of financial year	190,476	53,356
Currency translation differences	**112,792**	**(77,684)**
Balance at end of financial year		

Share options

	Consolidated	
	2015 $	2014 $
Balance at beginning of financial year	-	-
Share option reserve	80,359	-
Balance at end of financial year	**80,359**	**-**
Total Reserves	**193,151**	**(77,684)**

17. Earnings per share	Consolidated 2015 $	2014 $
Basic loss per share	2.63	2.42

The net loss and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Net loss for the year	(13,158,516)	(2,303,196)
(Gain)/Loss attributable to minority equity interest	2,195	(12,772)
Net loss used in calculation of basic earnings per share	(13,156,321)	(2,315,968)
Weighted average number of ordinary shares for the purposes of basic loss per share	500,846,505	95,518,100

18. Commitments for expenditure

The Company and its controlled entities have no minimum obligations pursuant to the terms and conditions of tenement licences and applications for tenement licences in the forthcoming year for exploration commitments. There are no exploration commitments for the time being as the Company has entered into a joint mining management agreement with a third party to commence mine operations.

19. Contingent liabilities and contingent assets

The Company has entered into an agreement with the vendor of PTMSM to pay a royalty to the vendor of UD$5.00 per tonne on iron ore sold from the mine acquired from the vendor as part consideration for the acquisition price. No mining or sales have yet been made from this asset.

20. Subsidiary

Name of entity	Country of Incorporation	Ownership Interest 2015 %	2014 %
PT Techventure Indocoal	Indonesia	95	95
Aus Asia Coal Limited	Hongkong	100%	-
Aus Asia Iron Ltd	Hongkong	100%	-
PT Mineral Sus Makmar	Indonesia	90%	-
PT Tunggal Putra Nusantara	Indonesia	70%	-

None of these subsidiaries have traded during this financial year.

21. Operating Segment

The consolidated entity operates predominantly in one geographical segment, being Indonesia, and in one industry, mineral mining and exploration. For management purposes, the Company is organised into one main operating segment, with all of its activities interrelated. The financial information reported to the Board (Chief Operating Decision Maker) is as a single segment; accordingly all signification operating decisions are based upon analysis of the Group as one segment.

22. Events after the financial year-end date

On 4 August 2015, the Company incorporated a trading subsidiary, Aamtrad Pte Ltd, incorporated in Indonesia. The Company retains 33% of the share capital of Aamtrad with the balance of the equity being owned by trading partners and financiers. It is expected that Aamtrad will trade coal shipments funded by independent financiers.
Subsequent to year end, payments of $434,800 were paid in relation to the vendor loan of PT Mineral Saksur Makmur, which as at 30 June 2015 had a balance of $2,312,514 (refer Note 11).

Subsequent to year end, the Group received funds of $365,000 that the Group intend to convert into a convertible note, subject to shareholder approval.

Other matters are the appointment of Mr Peter Hatfull as Non-Executive Chairman and with Mr Swarbrick moving back to the role of Managing Director.

	Consolidated	
	2015 $	2014 $
23. Cash flow information		
(a) Reconciliation of cash and cash equivalents		
For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:		
Cash and cash at bank	251,848	75,419
	251,848	75,419

The Group has funding facilities available to it as described in Note 11.

	Consolidated	
	2015 $	2014 $
(b) Reconciliation of loss for the year to net cash flows from operating activities		
Loss for the year attributable to equity holders of the parent	(13,158,516)	(2,303,196)
Other income	-	(122,004)
Depreciation and amortisation of non-current assets	1673	1,805
Exploration expenditure written off	119,598	-
Impairment loss of royalty assets	-	1,751,616
Impairment loss on mining asset	693,604	-
Share based payment	9,951,919	-
Unrealised foreign exchange difference	415,936	53,508
Professional fees non cash	214,176	-
Amortisation of royalty assets		291,936
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:		
(Increase)/decrease in assets:		
Trade and other receivables	141,569	(128,272)
Increase in liabilities:		
Trade and other payables	(38,349)	163,439
Net cash (used in)/generated from operating activities	(1,658,390)	(291,168)

24. Financial instruments

(a) Financial risk management objectives

The consolidated entity's manages the financial risks relating to the operations of the consolidated entity.

The consolidated entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives is governed by the consolidated entity's board of directors.

The consolidated entity's activities expose it primarily to the financial risks of changes in interest rates. The consolidated entity does not enter into derivative financial instruments to manage its exposure to interest rate.

(b) Foreign currency risk management

The Group and the parent entity operate internationally and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Indonesian Rupiah.
Foreign exchange risk arises from future commercial transactions and normalized assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations. The Group has not normalized a foreign currency risk management policy however, it monitors its foreign currency expenditure in light of exchange rate movement.

(c) Interest rate risk management

The consolidated entity is exposed to interest rate risk as it places funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate products which also facilitate access to money. However, the impact of such risk is minimal for the current year as funds levels have been low.

(d) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The consolidated entity exposure and the credit ratings of its counterparties are continuously monitored. The consolidated entity measures credit risk on a fair value basis.
Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating, or in entities that the FRMC has otherwise cleared as being financially sound.

(e) Fair value of financial instruments

The directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

The fair values and net fair values of financial assets and financial liabilities are determined as follows :

The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

24. Financial instruments *(cont'd)*

(f) Liquidity risk management

Liquidity risk arises from the possibility that the consolidated entity might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.The consolidated entity manages liquidity risk by obtaining funding from a variety of sources, maintaining adequate reserves, banking facilities and reserve borrowing facilities, preparing forward looking cash flow analysis in relation to its operational activities, continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. It has also sought and obtained the support of major shareholders and creditors to mitigate the liquidity risk.

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts might not reconcile to the balance sheet. Management expects the net outflows to be covered by the anticipated royalty income that will come on stream in the 2016 financial year and, if necessary, by shareholder advances.

Financial Liability and Financial Asset Maturity Analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	$	$	$	$	$	$	$	$
Financial liabilities due for payment								
Trade and other payables (excluding est. annual leave)	1,798,635	768,365	-	511,986	-	-	1,798,635	1,280,351
Finance liabilities	3,809,506	334,013	-	702,031	-	-	3,809,506	1,036,044
Total contractual outflows	5,608,141	1,102,378	-	1,214,017	-	-	5,608,141	2,316,395
less bank overdrafts	-	-	-	-	-	-	-	-
Total expected outflows	5,608,141	1,102,378	-	1,214,017	-	-	5,608,141	2,316,395
Financial assets — cash flows realisable								
Cash and cash equivalents	251,848	75,419	-	-	-	-	251,848	75,419
Trade, term and loans receivables	34,139	175,708	-	-	-	-	34,139	175,708
Contractual inflows	285,987	251,127	-	-	-	-	285,987	251,127
Contractual outflows	-	-	-	-	-	-	-	-
Total anticipated inflows	285,987	251,127	-	-	-	-	285,987	251,127
Net outflow on financial instruments	(5,322,154)	(851,251)	-	(1,214,017)	-	-	(5,322,154)	(2,065,268)

Sensitivity analysis (exchange differences due to translation)

2015	Foreign Exchange Risk -5%		Foreign Exchange Risk +5%	
	Net Loss $	Equity $	Net Gain $	Equity $
Foreign currency exchange rate risk	(118,249)	(118,249)	118,249	118,249

2014	Foreign Exchange Risk -5%		Foreign Exchange Risk +5%	
	Net Loss $	Equity $	Net Gain $	Equity $
Foreign currency exchange rate risk	(9,141)	(9,141)	9,141	9,141

25. Parent entity disclosures

	Note	2015 $	2014 $
Financial Position			
Assets			
Current assets		285,262	372,731
Non-current assets		7,935	7,386
Total assets		293,197	380,117
Liabilities			
Current liabilities		5,997,406	148,243
Financial liabilities		-	1,595,922
Non-current liabilities		-	1,050,750
Total liabilities		5,997,406	2,794,915
Equity			
Issued capital		20,052,527	8,176,919
Reserves:		-	
Option reserve		80,359	-
Accumulated losses		(25,837,095)	(10,591,717)
Total Equity		(5,704,209)	(2,414,798)

(b) Financial Performance

Loss for the year	(15,245,378)	(1,632,975)
Other comprehensive income	-	-
Total comprehensive income	(15,245,378)	(1,632,975)

(c) Guarantees Entered into by the Parent Entity in Relation to the Debts of its Subsidiaries

No such guarantees have been given by the Parent Entity	-	-

(d) Contingent Liabilities of the Parent Entity

The Parent Entity does not have any contingent liabilities as at the end of the financial year	-	-

(e) Commitments for the Acquisition of Property, Plant and Equipment by the Parent Entity

The Parent Entity does not have any such commitments as at the end of the financial year	-	-

Directors' Declaration

1 In the opinion of the Directors of Aus Asia Minerals Limited (the 'Group'):

(a) The consolidated financial statements and notes that are set out on pages 12 to 40 and the Remuneration report in pages 6 to 11 in the Directors' report, are in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and

(ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

2 This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2015.

Signed in accordance with a resolution of the Directors

On behalf of the Board

Robert Swarbrick
Managing Director

Date: 30 September 2015
Perth, Western Australia

Bentleys
THINKING AHEAD

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To The Board of Directors

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

As lead audit director for the audit of the financial statements of Aus Asia Minerals Limited for the financial year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully

BENTLEYS
Chartered Accountants

DOUG BELL CA
Director

DATED at PERTH this 30th day of September 2015

Independent Auditor's Report

To the Members of Aus Asia Minerals Limited

Bentleys
THINKING AHEAD

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We have audited the accompanying financial report of Aus Asia Minerals Limited ("the Company") and Controlled Entities ("the Consolidated Entity"), which comprises the statement of financial position as at 30 June 2015, and 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 of the Consolidated Entity, comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

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 1, the directors also state, in accordance with Accounting Standards 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 judgment, 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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 Aus Asia Minerals Limited is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the Consolidated Entity'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*;

b. The financial statements also comply with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial report which indicates that the Consolidated Entity incurred a loss of $13,158,516 during the year ended 30 June 2015. This condition, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Consolidated Entity to continue as a going concern and 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 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 conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Aus Asia Minerals Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.

BENTLEYS
Chartered Accountants

DOUG BELL CA
Director

Dated at Perth this 30th day of September 2015

Additional Information

The following information was applicable as at 29 September 2015

Share and Option holdings

Category (Size of Holding)	Fully Paid Ordinary Shares	Options 20/10/2018
1 to 1,000	18	-
1,001 to 5,000	34	-
5,001 to 10,000	128	-
10,001 to 100,000	251	-
100,001 and over	131	2
Total	**562**	**2**

There are 447 shareholders which hold less than a marketable parcel, with a marketable parcel being 13,976,419 fully paid ordinary shares.

There are no listed options. The unlisted options are held by two parties.

Substantial shareholders:

The names of the substantial shareholders listed in the Company's register as at 29 September 2015:

Shareholder Name	Number of Shares	% of Issued Share Capital
Charbella Investments Pty Ltd	334,650,000	43.70
Alpha Prime Holdings Limited	40,000,000	5.22
Bryan Kelly and Associates Pty Ltd	40,000,000	5.22
Total	**414,650,000**	**54.14**

Twenty largest shareholders – Quoted fully paid ordinary shares:

Holder Name	Number Held	Percentage
CHARBELLA INVESTMENTS PTY LTD	334,650,000	43.70%
ALPHA PRIME HOLDINGS LIMITED	40,000,000	5.22%
BRYAN KELLY & ASSOCIATES PTY	40,000,000	5.22%
CANARY PTY LTD	30,000,000	3.92%
ELOHIM NOMINEES PTY LTD	25,357,546	3.31%
PEARCE FINANCIAL SERVICES PTY	24,108,167	3.15%
MR MICHAEL JOHN RISHWORTH &	20,000,000	2.61%
MR DAVID JOHN BROWN	15,000,000	1.96%
MAGNA EQUITIES II LLC	13,985,000	1.83%
COURAGE CITY INTERNATIONAL	12,500,000	1.63%
HSBC CUSTODY NOMINEES	12,050,000	1.57%
MISS BELINDA JAYN	12,000,000	1.57%
KARMAH NOMINEES PTY LTD	10,000,000	1.31%
MS MICHELE NATASHA JURACK	10,000,000	1.31%
CONNECTION MANAGEMENT	10,000,000	1.31%
EAST ASIA ENERGY (WA) PTY LTD	9,976,318	1.30%
SMALL ENTERPRISES (AUST) PTY	8,000,000	1.04%
IBATIN PTY LTD	8,000,000	1.04%
MS BELINDA JAYNE DING &	6,000,000	0.78%
LAWLEY INVESTMENTS PTY LTD	5,692,500	0.74%

Additional Information

There are a total of 765,718,100 fully paid ordinary shares and 4,000,000 options exercisable at $0.02 on or before 20 October 2018 on issue.

The fully paid ordinary shares are listed on Australian Securities Exchange Limited.

Buy-Back Plans

The Company does not have any current on-market buy-back plans.

Voting Rights

The voting rights attaching to ordinary shares are governed by the Constitution. On a show of hands every person present who is a Member or representative of a member shall have one vote and on a poll, every member present in person or by proxy or by attorney or duly authorised representative shall have one vote for each fully paid ordinary share held and a fraction of a vote for each partly-paid contributing share held. The fraction must be equivalent to the proportion which any amount paid (not credited) is of the total amounts paid (if any) and payable (excluding amounts credited). Any amounts paid in advance of a call are ignored when calculating these fractional voting rights. None of the options have any voting rights.

Offices and officers

Principal Registered Office

Accent Accounting (WA)
125 Royal Street
East Perth WA 6004

Business Office

Suite 38
18 Stirling Highway
Nedlands WA 6004

Company Secretary

Robert Swarbrick

Location of Share Registry

Security Transfer Registrars
770 Canning Highway
Applecross WA 6153