Australasian Resources Ltd

ABN: 46 008 942 809

Annual Report 2016

CONTENTS

ACTIVITIES REVIEW

Australasian Resources Limited ("the Company") aspires to be a significant, sustainable and profitable producer of quality iron ore projects through the development of its flagship Balmoral South Iron Ore Project.

CORPORATE

FINANCES

The Company continues to be supported by its major shareholder, Clive Palmer, via loans from his wholly owned company Mineralogy. During the financial year the Company received loans of $271,179. The fees payable to Non-Executive Directors continue to accrue until a working capital solution is obtained.

HEALTH, SAFETY, ENVIRONMENT AND COMMUNITY (HSEC)

Australasian Resources Limited is committed to setting the highest standards in environmental, health, safety and community management as an integral part of its business.

There was no occupational health, safety or environmental incidents during the year.

BALMORAL SOUTH IRON ORE PROJECT

International Minerals Pty Ltd. (IM), a jointly controlled entity by Australasian Resources Ltd and Mineralogy Pty Ltd., plans to develop the world-class Balmoral South Iron Ore Project in the Pilbara region of Western Australia.

International Minerals Pty Ltd. has the right to mine 2 billion tonnes of magnetite iron ore from the Susan Palmer deposit within the "Southern Block" (Figure 1) of the Balmoral resource. The Balmoral resource is located approximately 80km southwest of the town of Karratha.

A Project Proposal for the Balmoral South Iron Ore Project was submitted in August 2012. The Proposal was rejected by the Minister for State Development however subsequent arbitration proceedings found that the Proposal was valid and that the Minister should have considered it. The Company will continue to work with joint venture partner Mineralogy to complete the proposal and also evaluate its position in regard to a damages claim against the State of Western Australia.

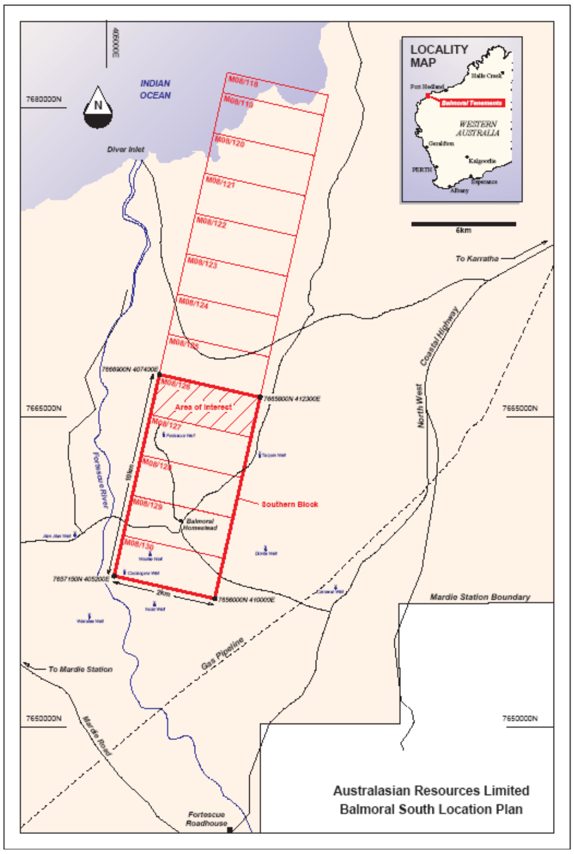

Figure 1

SHERLOCK BAY NICKEL AND SHERLOCK EXTENDED PROJECT

The Company's Sherlock Bay Nickel Project is located east of Karratha, in the Pilbara region of Western Australia. The Sherlock Extended Project (70% Australasian) surrounds the main Sherlock Bay nickel deposit.

The Sherlock Extended Project is a joint venture between Australasian and Metals Australia Ltd (30% interest) in relation to two exploration licences E47/1769 and E47/1770. Australasian is the manager of the project, with Metals Australia being 'free-carried' through to the completion of a bankable

ACTIVITIES REVIEW

feasibility study and the decision to commence commercial mining.

BULLABULLING ROYALTY

As announced during the 2015 financial year the Company holds a royalty agreement over tenements M15/503 and M15/1414. During the year the royalty rights for these tenements were sold for $400,000.

APPLICATION FOR FURTHER MINING LICENSES

No further licenses were applied for during the year.

FORFEITED TENEMENTS

During the year, the following tenements were forfeited; M47/0631, M47/0632, M47/0633.

SURRENDERED TENEMENTS

The Group surrendered tenement L47/0149 during the year ended 30 June 2016.

DIRECTORS' REPORT

Your Directors present their report on the consolidated entity consisting of Australasian Resources Limited ("the Company") and the entities it controlled (collectively, "the Group" or "consolidated entity") at the end of, or during the year, ended 30 June 2016.

Directors

The following persons were Directors of the Company during the financial year and up to date of this report. Directors were in office for the entire year unless otherwise stated.

MR DOMENIC MARTINO – NON-EXECUTIVE CHAIRMAN

Mr Martino was the Chief Executive Officer of Deloitte Touche Tohmatsu in Australia from 2001 to 2003. During that time he was also a member of the Global Executive Committee of Deloitte Touche Tohmatsu International. Prior to taking on the position as Chief Executive Officer he was the Managing Partner of Deloitte Touche Tohmatsu's New South Wales operations from 1998 to 2001. He was a partner of Deloitte Touche Tohmatsu and its predecessor firms from 1981 to 2003 during which time, in addition to a number of management operational roles, he specialised in the corporate finance area including mergers and acquisitions, initial public offerings and strategic opportunities.

Mr Martino is a key player in the re-birth of a broad grouping of ASX companies including Cokal Limited, Pan Asia Corporation Limited, Clean Global Energy Limited (renamed Citation Resources Ltd) and NuEnergy Capital Limited. He has a strong reputation in China, with a lengthy track record of operating in Papua New Guinea (PNG) and Indonesia, where he has successfully closed key energy and resources deals with key local players. He has proven track record in capital raisings across a range of markets. Mr Martino was a recipient of the Centenary Medal 2003 for his service to Australian society through business and the arts.

During the past three years Mr Martino held the following directorships in other ASX listed companies: Citation Resources Ltd (9 October 2009-13 December 2012), Cokal Ltd (24 December 2010 - Current), South Pacific Resources Limited (formerly Coral Sea Petroleum Limited) (3 August 2012 - Current), Pan Asia Corporation Ltd (24 December 2010 - 4 July 2017), Skyland Petroleum Limited (formerly MUI Corporation Ltd) (18 December 2013 – Current), Synergy Plus Limited (7 July 2006 - Current) and ORH Limited (6 May 2009 - Current). Mr Martino is also a director of AIM listed Gladstone Pacific Nickel Ltd (appointed 11 December 2007 - Current).

MR PAUL PIERCY – NON-EXECUTIVE DIRECTOR

Mr Piercy is a metallurgist who has held senior management and technical positions within the Rio Tinto Limited group during the 1980s and 1990s, including General Manager of Hamersley Iron's Dampier Port and Rail Operations, General Manager of Hamersley Iron's Paraburdoo & Channar Operations and Managing Director of Novacoal and Kembla Coal & Coke. More recently Mr Piercy was Managing Director of WesTrac Equipment from 1997 to 2000 before playing an integral role in the successful establishment of WesTrac China, as its Chairman/CEO based in China. Mr Piercy was Chairman of APAC Coal Limited (an unrelated ASX listed company) from 10 July 2008 to 28 February 2010. He was appointed as a non-executive director of Dragon Mountain Gold Limited on 1 October 2009 and was non-executive director of Nickelore Limited from 12 October 2010 to 22 November 2017. Mr. Piercy joined the National Ports Corporation as a non-executive director from 18 February 2016.

During the past three years Mr Piercy held the following directorships in other ASX listed companies: Dragon Mountain Gold (1 October 2009 – Current), Nickelore Ltd (12 October 2010 – 22 November 2017) and Quest Minerals from 22 April 2013 to 1 January 2017.

DIRECTORS' REPORT

MR CLIVE MENSINK – NON-EXECUTIVE DIRECTOR

Mr Mensink was Managing Director of Queensland Nickel Pty Ltd. He is a Director of Mineralogy Pty Ltd and was previously a Director of International Minerals and Gladstone Pacific Nickel. Mr Mensink served previously as General Manager Exploration for Mineralogy from 1993 to 1998 and the Director of Project Development from 1998 to 2007. He has over 15 years of experience in the iron ore and resource industry in Western Australia and Queensland. Mr Mensink has played a key role in numerous business delegations representing Mineralogy and Queensland Nickel in the PRC, South Pacific and South East Asia including the development of the Balmoral South Iron Ore Project for Australasian Resources. Prior to joining Mineralogy, Mr Mensink worked for Australian Commercial and Development Limited from 1988 to 1993. Mr Mensink was appointed to the board of Gladstone Pacific Nickel Ltd. on 26 May 2009.

MR VIMAL SHARMA – NON-EXECUTIVE DIRECTOR (RESIGNED 10 JULY 2015)

Mr Sharma was Managing Director (Western Australia) at Mineralogy Pty Ltd (Mineralogy) and has since 1999 held responsibility for managing Mineralogy's Western Australian operations including Mineralogy's iron ore exploration and development operations. Mr Sharma has played a key role in Mineralogy's business and infrastructure development, particularly in respect of the Sino Iron project being developed by CITIC Pacific. In addition to his current role with Mineralogy, Mr Sharma has also played a key role in the management of the technical feasibility study of the Mineralogy iron ore project acquired by CITIC Pacific in 2006. Mr Sharma has been a member since 1992 of the Australian Institute of Management.

Mr Sharma has over 13 years of experience in the Australian mining industry and over 20 years of experience in senior management positions and was appointed as a Director on 8 March 2007.

ACTING CHIEF EXECUTIVE OFFICER

MR GRANT RYAN

Mr Ryan has a Bachelor of Business majoring in accounting and finance. Mr Ryan has worked in the resources industry for over 20 years being involved primarily with the drilling and mineral exploration sectors and has also worked with a number of listed companies during that time. Mr Ryan was appointed as company secretary on 9 April 2007 and Acting Chief Executive Officer on 20 June 2014. Mr Ryan ceased as Acting Chief Executive Officer on 30 June 2017 and resigned as company secretary on 24 August 2018.

COMPANY SECRETARY

MR MARK OLIVER

Mr Oliver is a graduate of Curtin Business School (B.Com, Finance and Management) and an associate member of CPA Australia. Mr Oliver has worked in the mining industry for 10 years initially working in onsite roles before spending eight years working within the accounting and finance function of Australasian Resources Ltd. He was appointed as Company Secretary on 13 August 2014 and resigned on 17 September 2015.

MR GRANT RYAN

Mr Ryan was appointed as company secretary on 17 September 2015 and resigned on 24 August 2018.

MS LOUISA MARTINO

Ms Martino provides company secretarial and accounting services to a number of listed entities through Indian Ocean Capital. Previously she worked for a corporate finance company, assisting with company compliance (ASIC and ASX) and capital raisings. She also has experience working for a government organisation in its Business Development division where she performed reviews of business opportunities and prepared business case analysis for those seeking Government funding. Prior to that, Ms Martino

DIRECTORS' REPORT

worked for a major accounting firm in Perth, London and Sydney where she provided corporate advisory services and performed due diligence reviews. She has a Bachelor of Commerce from the University of Western Australia, is a member of Chartered Accountants Australia and New Zealand and a member of the Financial Services Institute of Australasia (FINSIA).

Ms Martino was appointed as company secretary on 24 August 2018.

Principal Activities of the Consolidated Entity

The principal activities of the consolidated entity during the course of the financial year were in mineral exploration.

Operating Results

The consolidated entity's net loss after tax for the year was $219,927 (2015: $16,352,253).

Dividends

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend since the year ended 30 June 2016 and to the date of this report.

Review of Operations

A review of operations is set out on pages 2 and 3 of this report.

Significant Changes in the State of Affairs

There have been no significant changes in the state of affairs of the Company other than those mentioned above.

Events Subsequent To Balance Date

In December 2017, the Company sold Sherlock Bay tenements, EL 47/1769, EL47/567, EL 47/1770 and L47/0124 for $150,000.

Likely Developments and Expected Results

The Group will continue to focus on development of its Balmoral South Iron Ore project.

Environmental Regulations

The Company's environmental obligations are regulated under the laws of Western Australia where the consolidated entity held mineral exploration tenements during the financial year. During the financial year ended 30 June 2016 the Entity recorded no environmental non-compliance issues.

Shares Under Option

UNISSUED SHARES

At 30 June 2016, there were nil unissued ordinary shares of Australasian Resources Limited under option. At 30 June 2016 there were nil unlisted options on issue.

There are no listed options over the ordinary shares of the Company. No option holder has any right under the options to participate in any other share issue of the Company or of any other entity.

DIRECTORS' REPORT

SHARES ISSUED AS A RESULT OF THE EXERCISE OF OPTIONS

No shares were issued as a result of the exercising of options for the years ended 30 June 2016 or 30 June 2015.

AUDIT COMMITTEE AND DIRECTORS' MEETINGS AND SHAREHOLDING INTERESTS

The number of Directors' meetings held during the financial year and the number of meetings attended by each Director and the relevant interests of each Director in the share capital of the Company, as notified to the Australian Stock Exchange in accordance with S205(G) of the Corporations Act 2001, as at the date of this report is as follows:

Board of Directors				
Director	**Meetings Eligible to Attend**	**Meetings Attended**	**Directors' Interest in Shares of the Company**	**Directors' Interest in Options of the Company**
D Martino	2	2	240,000	2,000,000
P Piercy	2	2	125,000	200,000
C Mensink	2	2	3,475	1,000,000
V Sharma	-	-	-	500,000

Indemnification of Directors and Officers

The Company has agreed to indemnify and keep indemnified the following officers: Mr Domenic Martino, Mr Paul Piercy, Mr Vimal Sharma, Mr Clive Mensink, Mr Grant Ryan and Mr Mark Oliver against all liabilities incurred by the officers as a Director or secretary of the Company (and subsidiaries) and all legal expenses incurred by the officers as a Director or Secretary of the Company (and subsidiaries).

The indemnity only applies to the extent and in the amount that the officers are not indemnified under any other indemnity, including an indemnity contained in any insurance policy taken out by the Company (or subsidiary), under the general law or otherwise.

The indemnity does not extend to any liability:

- to the Company or a related body corporate of the Company; or
- arising out of conduct of the Directors involving a lack of good faith; or
- which was incurred prior to 14 November 1980 and which is in respect of any negligence, default, breach of duty or breach of trust of which the Directors may be guilty in relation to the Company or related body corporate.

The insurance policy outlined above does not allocate the premium paid to each individual officer of the Company and under the conditions of the policy the Company is unable to disclose the premium amount.

Indemnification of Auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Hall Chadwick, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Hall Chadwick during or since the financial year.

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* and its Regulations. For

DIRECTORS' REPORT

the purposes of this report Key Management Personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company or the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent Company.

This report outlines the remuneration arrangements in place for Directors and executives of Australasian Resources Limited.

Details of Key Management Personnel

Directors
D Martino – Non Executive Chairman
P Piercy – Non Executive Director
V Sharma – Non Executive Director (Resigned 10 July 2015)
C Mensink – Non Executive Director

Executives
G Ryan – Acting Chief Executive Officer (appointed 20 June 2014, resigned 30 June 2017)
M Oliver – Company Secretary (appointed 13 August 2014/resigned 17 September 2015)

Remuneration Policy

The Company's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

The Company bases its remuneration of employees and consultants on industry standards and the Australasian Institute of Mining and Metallurgy Remuneration and Membership Survey.

Executives and employees are given the opportunity to receive fixed remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost to the Company.

The Company rewards executives and employees with a fixed and variable component of total remuneration. The fixed component involves the payment of salary in cash or benefits and the long term variable component is in the form of options issued to directors or executives. The Company considers that the granting of options as a long term variable component of the remuneration of key management personnel provides a direct relationship with the Company's performance as measured by increases in shareholders wealth via an increasing share price and the remuneration of the individuals.

A cash bonus will be considered by the Directors when a significant event or company milestone has been achieved and particular executives have been instrumental in the achievement of the event or milestone. There is no formal policy for the provision of cash bonuses and they are at the discretion of the Directors.

No cash bonuses were granted in the years ended 30 June 2016 or 30 June 2015.

Executive Director and Executives' Compensation

The remuneration of executive Directors and executives is consistent with the policies detailed above and the Board plans to have a significant portion of the executive Directors' total remuneration as long term variable remuneration in the form of share options. This provides a direct link between the increasing wealth of shareholders and executive Directors' benefits.

DIRECTORS' REPORT

Non-Executive Directors' Compensation

Non-executive Directors are eligible for share based remuneration but consideration must be given to the continuing independence of the non-executive Directors. At the Annual General Meeting of the Company held on 28 November 2007, a resolution was passed to increase the maximum limit of aggregate amount payable to non-executive Directors to $300,000 per annum.

Company Performance

The Company has been in a loss making position since inception and therefore, earnings per share, is not a meaningful measure of performance. The table below shows the performance of the Company as measured by the Company's share price and basic and diluted loss per share since incorporation (including the current period):

	2010 $	**2011 $**	**2012 $**	**2013 $**	**2014 $**	**2015 $**	**2016 $**
Share price	0.21	0.30	0.20	0.028	0.023	0.004	N/a*
Basic and diluted profit/(loss) per share	(0.08)	(0.07)	(1.26)	(0.05)	(0.013)	(0.033)	(0.0004)

** The Company was suspended from ASX at balance date*

Employment Contracts

Company Secretary, Mark Oliver, is employed under contract:

- Mr Oliver received remuneration of $100,000 per annum exclusive of any superannuation entitlements.
- Mr Oliver may resign from his position and thus terminate this contract by giving two (2) months' notice in writing.
- The Company may terminate Mr Oliver's employment contact by giving two (2) months' notice in writing or by providing payment in lieu of the notice period.

This contract was terminated on 17 September 2015.

DIRECTORS' REPORT

Directors' and Executives' Remuneration

Details of the nature and amount of emoluments of each Key Management Personnel of Australasian Resources Limited are set out in the following table:

YEAR ENDED 30 JUNE 2016 (CONSOLIDATED)

	Short term		Post Employment	Share-based Payment	Total	Performance Related Remuneration consisting of options for the year
Name	Salary & Fees $	Non-monetary Benefits $	Super-annuation $	Options $	$	%
Directors						
P Piercy[1]	**45,000**	**-**	**4,275**	**-**	**49,275**	-
D Martino[1]	**60,000**	**-**	**5,700**	**-**	**65,700**	-
C Mensink[1]	**45,000**	**-**	**4,275**	**-**	**49,275**	-
V Sharma[13]	**-**	**-**	**-**	**-**	**-**	-
Executives						
M Oliver[4]	**38,894**	**-**	**3,131**	**-**	**42,025**	-
G Ryan[2]	**159,685**	**-**	**-**	**-**	**159,685**	-
TOTALS	**348,579**		**17,381**		**365,960**	-

[1] Fees of non-executive directors have been accrued for the full 2015/16 Financial Year.
[2] Mr Ryan has been paid as a contractor during 2016 for services provided
[3] Mr Sharma resigned from the Board 10 July 2015
[4] Mr Oliver's employment contract ceased 17 September 2015

YEAR ENDED 30 JUNE 2015 (CONSOLIDATED)

	Short term		Post Employment	Share-based Payment	Total	Performance Related Remuneration consisting of options for the year
Name	Salary & Fees $	Non-monetary Benefits $	Super-annuation $	Options $	$	%
Directors						
P Piercy[1]	45,000	-	4,275	-	49,275	-
D Martino[1]	60,000	-	5,700	-	65,700	-
C Mensink[1]	45,000	-	4,275	-	49,275	-
V Sharma[13]	45,000	-	4,275	-	49,275	-
Executives						
M Oliver	91,128	-	8,657	-	99,785	-
G Ryan[2]	208,430	-	-	-	208,430	-
TOTALS	**494,558**		**27,182**		**521,740**	-

[1] Fees of non-executive directors have been accrued for the full 2014/15 Financial Year.
[2] Mr Ryan has been paid as a contractor during 2015 for services provided
[3] Mr Sharma resigned from the Board 10 July 2015

OPTIONS FORFEITED IN THE PERIOD

6,200,000 options were forfeited during the period.

There were no vested, granted or expired options during the period.

SHARES ISSUED ON EXERCISE OF COMPENSATION OPTIONS

No compensation options were exercised during the financial year.

DIRECTORS' REPORT

Directors' and Executives' Shares and Options Holding

(a) Share holdings of Key Management Personnel (Consolidated)

2016	Balance at beginning of period	Granted as remuneration	Received on exercise of options	Net change other	Balance at end of period	Balance held nominally
Non-Executives						
D Martino	**240,000**	**-**	**-**	**-**	**240,000**	**-**
P Piercy	**125,000**	**-**	**-**	**-**	**125,000**	**-**
C Mensink	**3,475**	**-**	**-**	**-**	**3,475**	**-**
V Sharma	**-**	**-**	**-**	**-**	**-**	**-**
Other KMP						
G Ryan	**-**	**-**	**-**	**-**	**-**	**-**
M Oliver	**2,300**	**-**	**-**	**-**	**2,300**	**-**
TOTAL	**370,775**	**-**	**-**	**-**	**370,775**	**-**

2015	Balance at beginning of period	Granted as remuneration	Received on exercise of options	Net change other	Balance at end of period	Balance held nominally
Non-Executives						
D Martino	240,000	-	-	-	240,000	-
P Piercy	125,000	-	-	-	125,000	-
C Mensink	3,475	-	-	-	3,475	-
V Sharma	-	-	-	-	-	-
Other KMP						
G Ryan	-	-	-	-	-	-
M Oliver	-	-	-	2,300	2,300	-
TOTAL	368,475	-	-	2,300	370,775	-

(b) Option holdings of Key Management Personnel (Consolidated)

2016	Balance at beginning of period	Granted as remuneration	Net change other	Balance at end of period	Vested at 30 June 2016		
					Exercisable	Not Exercisable	Total
Non-Executives							
D Martino	**2,000,000**	**-**	**(2,000,000)**	-	-	**-**	-
P Piercy	**200,000**	**-**	**(200,000)**	-	-	**-**	-
C Mensink	**1,000,000**	**-**	**(1,000,000)**	-	-	**-**	-
V Sharma[2]	**500,000**	**-**	**(500,000)**	-	-	**-**	-
Other KMP							
G Ryan	**300,000**	**-**	**(300,000)**	-	-	**-**	-
M Oliver	**100,000**	**-**	**(100,000)**	-	-	**-**	-
TOTAL	**4,100,000**	**-**	**(4,100,000)**	**-**	**-**	**-**	**-**

2 V Sharma resigned 10 July 2015

DIRECTORS' REPORT

2015					Vested at 30 June 2015		
	Balance at beginning of period	Granted as remuneration	Net change other	Balance at end of period	Exercisable	Not Exercisable	Total
Non-Executives							
D Martino	2,000,000	-	-	2,000,000	2,000,000	-	2,000,000
P Piercy	200,000	-	-	200,000	200,000	-	200,000
C Mensink	1,000,000	-	-	1,000,000	1,000,000	-	1,000,000
V Sharma [2]	500,000	-	-	500,000	500,000	-	500,000
Other KMP							
G Ryan	300,000	-	-	300,000	300,000	-	300,000
D Wang[1]	600,000	-	(600,000)	-	-	-	-
M Oliver	-	-	100,000	100,000	100,000	-	100,000
TOTAL	**4,600,000**	**-**	**500,000**	**4,100,000**	**4,100,000**	**-**	**4,100,000**

1 D Wang resigned 20 June 2014
2 V Sharma resigned 10 July 2015

	CONSOLIDATED	
	2016	**2015**
	$	**$**
(c) Other transactions with Key Management Personnel and their related parties		
Expenses of International Minerals Pty Ltd paid for on behalf of Mineralogy Pty Ltd, a controlled entity of Mr Clive Palmer.	**16,220**	37,122
During the years Mineralogy Pty Ltd, QNI Metals Pty Ltd and QNI Resources Pty Ltd, controlled entities of Mr Clive Palmer provided working capital loans with no interest payable and the total amount repayable on call.	**181,128**	879,853
Indian Ocean Corporate Pty Ltd, of which Mr Martino is a director, provided accounting services for the 2016 financial year	**20,000**	-
The Company reimbursed companies in which KMP have a relevant interest, at normal commercial rates, for out of pocket expenses as follows:		
Fees for storage of samples paid to Macrete Pty Ltd. A company owned by Mr Grant Ryan.	**3,135**	12,755

END OF AUDITED REMUNERATION REPORT

DIRECTORS' REPORT

Non-Audit Services

The Auditors have not provided any non-audit services during the financial year ended 30 June 2016.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Australasian Resources Limited support and have adhered to the principles of corporate governance. The Company's Corporate Governance Statement will be included in the Annual Report distributed to Shareholders.

Auditors' Independence Declaration

Section 307C of the Corporations Act 2001 requires the Company's auditors, Hall Chadwick, to provide the directors with a written Independence Declaration in relation to their audit of the financial report for the year ended 30 June 2016. This written Auditor's Independence Declaration is included on page 57 of this report.

Signed in accordance with a resolution of the Directors.

D Martino
Chairman
Date:12 September 2018

Financial Statements

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2016

		CONSOLIDATED	
		2016	2015
	Notes	$	$
Revenue	4(a)	**878**	1,354
Other income	4(b)	**401,395**	1,440
Employee expenses	5(a)	**(181,971)**	(353,275)
Corporate and administrative expenses		**(310,835)**	(492,848)
Depreciation	5(b)	**(997)**	(2,370)
Impairment of exploration expenditure	13	**(109,248)**	(238,515)
Impairment of interest in joint venture	14	**-**	(15,230,000)
Share of (loss) from joint venture	14	**(19,149)**	(38,039)
Loss before income tax		**(219,927)**	(16,352,253)
Income tax expense	6	**-**	-
Net loss after tax		**(219,927)**	(16,352,253)
Basic and diluted loss per share	7	**(0.0004)**	(0.033)

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

Financial Statements

Statement of Financial Position

As at 30 June 2016

	Notes	CONSOLIDATED 2016 $	CONSOLIDATED 2015 $
Current assets			
Cash and cash equivalents	8	**268,701**	48,136
Trade and other receivables	9	**18,573**	21,311
Total current assets		**287,274**	69,447
Non-current assets			
Other financial assets	10	**44,077**	44,077
Net interest in jointly controlled entity	14 (a)	**9,560,970**	9,580,119
Loan to jointly controlled entity	14 (b)	**60,407**	43,022
Property, plant and equipment	12	**868**	1,865
Total non-current assets		**9,666,322**	9,669,083
Total assets		**9,953,596**	9,738,530
Current liabilities			
Trade and other payables	15	**753,047**	568,132
Borrowings	16	**2,727,226**	2,472,267
Provisions	17	**-**	4,881
Total current liabilities		**3,480,273**	3,045,280
Total liabilities		**3,480,273**	3,045,280
NET ASSETS		**6,473,323**	6,693,250
Equity			
Contributed equity	20	**386,519,974**	386,519,974
Reserves	19	**18,972,986**	18,972,986
Accumulated losses	18	**(399,019,637)**	(398,799,710)
TOTAL EQUITY		**6,473,323**	6,693,250

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

Financial Statements

Statement of Cash Flows

For the Year Ended 30 June 2016

	Notes	CONSOLIDATED 2016 $	2015 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		**(310,027)**	(645,565)
Other income		**1,395**	1,440
Interest received	4(a)	**878**	1,354
Deposits released		**-**	12,000
Net cash used in operating activities	8(c)	**(307,754)**	(630,771)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration expenditure		**(109,248)**	(256,306)
Proceeds from sale of royalty rights		**400,000**	-
Loan to jointly controlled entity		**(33,612)**	(43,022)
Net cash used in investing activities		**257,140**	(299,328)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		**271,179**	848,631
Net cash provided by financing activities		**271,179**	848,631
Net increase / (decrease) in cash held		**220,565**	(81,468)
Cash at the beginning of the reporting period		**48,136**	129,604
Cash at the end of the reporting period	8	**268,701**	48,136

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

Financial Statements

Statements of Changes in Equity

For the Year Ended 30 June 2016

	Notes	Contributed Equity $	Accumulated Losses $	Option Reserve $	Total $
CONSOLIDATED ENTITY					
At July 2014 – Previously reported		386,519,974	(382,447,457)	18,972,986	23,045,503
Profit/(Loss) for the period	18	-	(16,352,253)	-	(16,352,253)
Total comprehensive Income/(Loss) for the period	18	-	(16,352,253)	-	(16,352,253)
Equity Transactions					
Shares issued		-	-	-	
Share based payments		-	-	-	
At 30 June 2015	18,19,20	386,519,974	(398,799,710)	18,972,986	6,693,250
CONSOLIDATED ENTITY					
At July 2015 – Previously reported		**386,519,974**	**(398,799,710)**	**18,972,986**	**6,693,250**
Profit/(Loss) for the period	18	**-**	**(219,927)**	**-**	**(219,927)**
Total comprehensive Income/(Loss) for the period	18	**-**	**(219,927)**	**-**	**(219,927)**
Equity Transactions					
Shares issued		**-**	**-**	**-**	**-**
Share based payments		**-**	**-**	**-**	**-**
At 30 June 2016	18,19,20	**386,519,974**	**(399,019,637)**	**18,972,986**	**6,473,323**

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The financial report of Australasian Resources Limited (the Company) for the year ended 30 June 2016 was authorised for issue in accordance with a resolution of the directors on 7 September 2018.

Australasian Resources Limited (the parent) is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The nature of operations and principal activities of the Group are mineral exploration.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

The financial report has also been prepared on a historical cost basis.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar unless otherwise stated.

(b) Going Concern

The Group has made a loss of $219,927 (30 June 2015: loss of $16,352,253), has cash outflows from operating activities of $307,754 (30 June 2015: outflows of $630,771), has cash and cash equivalents at the end of the period of $268,701 (30 June 2015: $48,136), and has a working capital deficiency of $3,192,999 at 30 June 2016 (30 June 2015: $2,975,833). The Group requires ongoing funding to enable it to meet its operating commitments as and when they fall due, including its funding commitments to its Joint Venture, International Minerals Pty Ltd.

Notwithstanding the above the directors consider it appropriate to prepare the financial statements on a going concern basis. They have based this consideration on the following pertinent matters:

(1) The Group's major shareholder has provided the Group with funding, via his controlled entities, as and when required over a number of years including over the six months to 30 June 2016 and subsequent to year end.

(2) Mineralogy Pty Limited, QNI Metals Pty Ltd and QNI Resources Pty Ltd, controlled entities of the Group's major shareholder, have confirmed that they will not recall any amounts loaned to the Company, including the loans as at 30 June 2016, as more fully explained in note 16 to the financial report, unless the Company has sufficient surplus working capital above its estimated requirements.

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(3) The Group is in the process of undertaking a Rights Issue to raise approximately $5.5 million.

(4) The Group's major shareholder, via one of his controlled entities, has confirmed in writing that they will provide the Group with a further funds to enable it to continue to meet its ongoing expenditure commitments before the Rights Issue (up to $1 million).

Should the Group's major shareholder withdraw his financial support and the directors are unable to secure any other alternative forms of funding there is significant uncertainty as to whether the Group will be able to meet its debts as and when they fall due and thus continue as a going concern.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, nor to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

(c) Compliance with IFRS

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(d) New Accounting Standards and Interpretations

The Group has adopted all new and amended Australian Accounting Standards and AASB Interpretations effective as of 1 July 2016. None of the accounting standards had a material impact on the accounting policies of the Group.

Australian Accounting Standards and Interpretations that have been recently issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ending 30 June 2016.

New accounting standards and interpretations issued but yet effective

The following standards and interpretations have been issued by the AASB but are not yet effective for the period ending 30 June 2016.

Reference	Title	Summary	Application date of standard	Application date for Consolidated Entity
AASB 9	*Financial Instruments*	AASB 9 (December 2014) is a new standard which replaces AASB 139. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments.	1 January 2018	1 July 2018

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Reference	Title	Summary	Application date of standard	Application date for Consolidated Entity
		Classification and measurement AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. There are also some changes made in relation to financial liabilities. The main changes are described below. *Financial assets* a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. *Financial liabilities* Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option. Where the fair value option is used for financial liabilities, the change in fair value is to be accounted for as follows: ► The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ► The remaining change is presented in profit or loss AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains or losses attributable to changes in the entity's own credit risk would be recognised in OCI. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount. Impairment The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. Hedge accounting Amendments to AASB 9 (December 2009 & 2010 editions and AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing,		

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Reference	Title	Summary	Application date of standard	Application date for Consolidated Entity
		treatment of hedging costs, risk components that can be hedged and disclosures. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E. AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014. AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on after 1 January 2015.		
AASB 2014-3	Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	AASB 2014-3 amends AASB 11 *Joint Arrangements* to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require: (a) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 *Business Combinations*, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and (b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations. This Standard also makes an editorial correction to AASB 11	1 January 2016	1 July 2016
AASB 2014-4	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)	AASB 116 *Property Plant and Equipment* and AASB 138 *Intangible Assets* both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.	1 January 2016	1 July 2016
AASB 2014-9	Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements	AASB 2014-9 amends AASB 127 *Separate Financial Statements*, and consequentially amends AASB 1 *First-time Adoption of Australian Accounting Standards* and AASB 128 *Investments in Associates and Joint Ventures*, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. AASB 2014-9 also makes editorial corrections to AASB 127.	1 January 2016	1 July 2016

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Reference	Title	Summary	Application date of standard	Application date for Consolidated Entity
		AASB 2014-9 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted.		
AASB 2014-10	Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	AASB 2014-10 amends AASB 10 C*onsolidated Financial Statements* and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require: (a) a full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not); and (b) a partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. AASB 2014-10 also makes an editorial correction to AASB 10. AASB 2014-10 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted.	1 January 2016	1 July 2016
AASB 2015-1	Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle	The subjects of the principal amendments to the Standards are set out below: AASB 5 *Non-current Assets Held for Sale and Discontinued Operations:* • Changes in methods of disposal – where an entity reclassifies an asset (or disposal group) directly from being held for distribution to being held for sale (or visa versa), an entity shall not follow the guidance in paragraphs 27–29 to account for this change. AASB 7 *Financial Instruments: Disclosures:* • Servicing contracts - clarifies how an entity should apply the guidance in paragraph 42C of AASB 7 to a servicing contract to decide whether a servicing contract is 'continuing involvement' for the purposes of applying the disclosure requirements in paragraphs 42E–42H of AASB 7. • Applicability of the amendments to AASB 7 to condensed interim financial statements - clarify that the additional disclosure required by the amendments to AASB 7 *Disclosure–Offsetting Financial Assets and Financial Liabilities* is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with AASB 134 *Interim Financial Reporting* when its inclusion would be required by the requirements of AASB 134. AASB 119 *Employee Benefits*: • Discount rate: regional market issue - clarifies	1 January 2016	1 July 2016

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Reference	Title	Summary	Application date of standard	Application date for Consolidated Entity
		that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level. AASB 134 *Interim Financial Reporting:* Disclosure of information 'elsewhere in the interim financial report' - amends AASB 134 to clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and to require the inclusion of a cross-reference from the interim financial statements to the location of this information.		
AASB 2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	The Standard makes amendments to AASB 101 *Presentation of Financial Statements* arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.	1 January 2016	1 July 2016
AASB 2015-6	Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB 124 & AASB 1049]	This Standard makes amendments to AASB 124 *Related Party Disclosures* to extend the scope of that Standard to include not-for-profit public sector entities.	1 July 2016	1 July 2016

(e) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Australasian Resources Limited and its subsidiaries (as outlined in Note 11) (the "Group") as at 30 June each year.

Subsidiaries are all those entities over which the Group has control. Control is achieved when the Consolidated Entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Consolidated Entity controls an investee if and only if the Consolidated Entity has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies in preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Investments in subsidiaries held by Australasian Resources Limited are accounted for at cost in the separate financial statements of the parent entity, less any impairment charges.

The acquisition of subsidiaries which are businesses is accounted for using the acquisition method of accounting. The acquisition method involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values. The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

(f) Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are shown within interest bearing loans and borrowings in current liabilities in the statement of financial position.

(g) Trade and Other Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less an allowance for impairment.

Collectability of receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. An impairment allowance is recognised when there is objective evidence that the Group will not be able to collect the receivable. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

(h) Investments and Other Financial Assets

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Investments and other financial assets in the scope of AASB139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. The classification depends on the purpose for which the investments were acquired. Designation is re-evaluated at each financial year end, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs.

Recognition and derecognition
All regular purchases and sales of financial assets are recognised on the trade date i.e., the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace. Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or been transferred.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current.

(i) Interests in Jointly Controlled Assets

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A jointly controlled asset involves use of assets and other resources of the venturers rather than establishment of a separate entity. The Group recognises its interest in the jointly controlled asset by recognising its share of the asset. The Group also recognises its share of the liabilities, expenses and income from the use and output of the jointly controlled asset.

(j) Interests in Joint Venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group’s investments in its associate and joint venture are accounted for using the equity method.

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost.

The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity.

Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(k) Plant and Equipment

Each class of plant and equipment is carried at cost or recoverable amount less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected discounted net cash flows which will be received from the asset's employment and subsequent disposal.

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

The cost of fixed assets constructed within the group includes the cost of materials, direct labour and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation
Depreciation of plant and equipment is calculated on a straight-line basis so as to write off the net costs of each asset over the expected useful life. The following estimated useful lives are used in the calculation of depreciation:

Plant and equipment	5 years
Motor vehicles	5 years
Office furniture and equipment	5 years
Computer Equipment	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amounts. These are included in the statement of comprehensive income.

(l) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Group as a lessee
Leases of plant and equipment where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Group are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives.

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

(m) Impairment of Non-Financial Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(n) Exploration and Evaluation Costs

Mineral exploration and evaluation expenditure incurred is 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:

- such costs are expected to be recouped through the successful development and exploitation of the area of interest or alternatively by its sale; or
- exploration and/or evaluation activities in the area have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active or significant operations in/or in relation to the area of interest are continuing.

When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated, the related capitalised exploration and evaluation expenditure is reclassified as capitalised mine development. Prior to reclassification, capitalised exploration and evaluation expenditure is assessed for impairment.

Impairment
The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment at the cash generating unit level whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

Impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the statement of comprehensive income.

(o) Business Combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owner of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

(p) Trade and Other Payables

Liabilities for trade creditors and other amounts are carried at amortised cost and due to their short-term nature are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments for the purchase of these goods and services. These amounts are unsecured and are usually paid within 30 days of recognition.

(q) Interest-Bearing Liabilities

All interest-bearing liabilities are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing liabilities are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of loans and borrowings.

Borrowings are classified as current unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(r) Borrowing Costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of that asset. All other borrowing costs are expensed in the period they occur.

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(s) Provisions and Employee Leave Benefits

Provisions are recognised when the Group has a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date using a discounted cash flow methodology. The risks specific to the provision are factored into the cash flows and as such a risk-free government bond rate relative to the expected life of the provision is used as a discount rate. The increase in the provision resulting from the passage of time is recognised in finance costs.

Employee leave benefits
Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled wholly within 12 months of the reporting date are recognised in respect of the employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. Expected future payments are discounted using the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability.

(t) Share-Based Payments

Equity settled transactions
The Group provides benefits to employees (including Directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuation using a Black-Scholes option pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Company, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Equity-settled awards granted by Australasian Resources Limited to employees of subsidiaries are recognised in the parent entity's separate financial statements as an additional investment in the subsidiary with a corresponding credit to equity. As a result, the expense recognised by Australasian Resources Limited in relation to equity-settled awards only represents the expense associated with grants to employees of the parent. The expense recognised by the Group is the total expense associated with all such awards. If the terms of the equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of medication.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(u) Contributed Equity

Ordinary shares are classified as equity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(v) Revenue Recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest revenue
Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial assets

(w) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting or taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting or taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply to the year when the asset is realised or liability is settled, based on tax rate (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are recoverable from or payable to the taxation authority, which are disclosed as operating cash flows.

(x) Earnings per share (EPS)

Basic earnings per share
Basic EPS is calculated as the net profit attributable to equity holders of the parent, excluding any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares outstanding during the financial year, adjusted for any bonus elements in ordinary shares issued during the year.

Diluted earnings per share
Diluted EPS adjusts the figures used in the determination of basic EPS to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the results of which form the basis

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

(i) Significant accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Determination of Mineral Resources and Ore Reserves estimates

There are numerous uncertainties inherent in estimating Mineral Resources and Ore Reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the estimation of Ore Reserves and may ultimately result in Ore Reserves being restated.

Interest in jointly controlled entity

The Group follows the guidance of the Australian Accounting Standards in determining whether its interest in jointly controlled entity is impaired. This determination requires significant judgment.

In doing so, the Group evaluates, among other factors, where, in relation to the exploration properties recognised by the jointly controlled entity, the right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest, where exploration and evaluation activities in the area of interest are budgeted and planned or where sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

The Directors and Management periodically evaluates the status of the exploration properties recognised by the jointly controlled entity and if it is determined that the areas of interest no longer satisfy the above policy, then the relevant capitalised amount will be impaired and expensed in the Statement of Profit or Loss and Other Comprehensive Income.

(ii) Significant estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Impairment of capitalised exploration and evaluation expenditure
The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.
To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted and taking into consideration the likelihood of non-market based conditions occurring.

The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

The Group measures the cost of share-based payments at fair value at the grant date using the Black-Scholes formulae taking into account the terms and conditions upon which the instruments were granted, as discussed in Note 22.

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	CONSOLIDATED	
	2016	**2015**
	$	**$**
4. REVENUE AND INCOME		
(a) Revenue		
Interest revenue	**878**	1,354
Total Revenue	**878**	1,354
(b) Other income		
Other	**1,395**	1,440
Profit on sale of royalty rights	**400,000**	-
Total Other Income	**401,395**	1,440
5. EXPENSES		
(a) Employee expense		
Salaries and wages	**166,131**	301,881
Contributions to defined contribution superannuation plans	**15,840**	51,394
	181,971	353,275
(b) Depreciation		
Depreciation - plant and equipment	**997**	2,370

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

	CONSOLIDATED	
	2016	**2015**
	$	**$**

6. INCOME TAX

(a) The components of tax expense comprise:

Current income tax		
Current income tax charge	-	-
Prior year adjustments	-	-
Deferred tax assets written off	-	-
Relating to the origination and reversal of temporary differences	-	-
Prior year adjustments	-	-
Income tax expense reported in statement of comprehensive income	-	-

(b) The prima facie tax expense/(benefit) on profit/(loss) from ordinary activities before income tax is reconciled to the income tax as follows:

Prima facie tax expense/(benefit) on profit/(loss) from ordinary activities before income tax at 30% (2015: 30%)	**(65,956)**	(4,905,674)
Add tax effect of:		
Impairment of investment in jointly controlled asset not deductible	**-**	4,569,000
Share and loss of jointly controlled assets not deductible	**5,745**	11,412
Non-allowable items	**-**	-
Losses and other deferred tax balances not recognised	**60,211**	325,262
Income tax expense/(benefit) reported in the statement of comprehensive income	-	-

(c) Deferred tax balances recognised:

Deferred Tax Assets:		
Carry forward revenue losses	**-**	-
Deferred Tax Liabilities:		
Other	**-**	-
Net Deferred tax assets/(Liabilities) recognised	-	-

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

	CONSOLIDATED	
	2016	2015
	$	$
(d) Deferred tax balances not recognised:		
Deferred Tax Assets:		
Carry forward revenue losses	**17,376,060**	17,316,510
Exploration expenditure	**558,826**	558,826
Capital raising costs	**5,315**	12,073
Provisions and accruals	**34,503**	27,084
	17,974,704	17,914,493

The tax benefits of the above deferred tax Assets will only be obtained if:

(a) the company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;

(b) the company continues to comply with the conditions for deductibility imposed by law; and

(c) no changes in income tax legislation adversely affect the company in utilising the benefits.

Tax consolidation

(i) Members of the tax consolidated group and the tax sharing arrangement

Australasian Resources Limited and its wholly owned Australian resident subsidiaries have formed a tax consolidated group with effect from 1 July 2006. Australasian Resources Limited is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing arrangement with Australasian Resources Limited in order to allocate income tax expense between Australasian Resources Limited and the wholly-owned subsidiaries. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date the possibility of default is remote.

(ii) Tax effect accounting by members of the tax consolidated group

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current and deferred taxes to members of the tax consolidated group in accordance with their taxable income for the period using the stand-alone taxpayer approach. The allocation of taxes under the tax funding agreement is recognised as an increase/decrease in the subsidiaries' intercompany accounts with the tax consolidated group head company, Australasian Resources Limited.

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

	CONSOLIDATED	
	2016	**2015**
	$	**$**
7. LOSS PER SHARE		
The following reflects income and share data used in the calculation of basic and diluted loss per share.		
Net loss	**(219,927)**	(16,352,253)
Basic and diluted loss per share	**(0.0004)**	**(0.033)**
Weighted average number of ordinary shares used in calculating basic and diluted loss per share.	**489,149,246**	489,149,246
8. CASH AND CASH EQUIVALENTS		
(a) equivalents in the statement of financial position		
Cash at bank	**268,701**	48,136
	268,701	48,136
(b) Reconciliation to the statement of cash flows		
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	**268,701**	48,136
(c) Reconciliation of net loss after income tax to cash flows used in operations		
Net loss after income tax	**(219,927)**	(16,352,253)
Non-cash adjustments:		
Depreciation	**997**	2,370
Net loss on disposal of property, plant and equipment	**-**	187
Profit on sale of Royalty Rights	**(400,000)**	-
Impairment of exploration and evaluation expenditure	**109,248**	238,515
Impairment of investment in jointly controlled entity	**-**	15,230,000
Share of losses from joint venture	**19,149**	38,039
Movements in operating assets and liabilities:		
Increase in trade and other receivables	**2,738**	12,355
(Decrease)/Increase in other current assets	**-**	(2,887)
(Decrease)/Increase in other financial assets	**-**	(12,000)
Increase in trade and other payables and provisions	**180,041**	214,903
Net outflows from operating activities	**(307,754)**	(630,771)

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

	CONSOLIDATED	
	2016	2015
	$	$
9. TRADE AND OTHER RECEIVABLES		
CURRENT		
GST receivable (a)	**18,573**	21,311
	18,573	21,311

(a) GST is incurred in the normal course of business and no allowance has been made for non-recovery. GST recoverable is of a short term nature and has been fully recovered before completion of the financial report. No amounts receivable are past due or impaired.

10. OTHER FINANCIAL ASSETS

	2016	2015
Bond - Financial Guarantee (a)	**5,000**	5,000
Bond - Performance Guarantee (b)	**39,077**	39,077
	44,077	44,077

The bonds held by the Group at 30 June 2016 are represented by the following:

(a) Financial guarantees comprise $5,000 for a security deposit in respect of a credit card facility (2015: $5,000).
(b) Performance guarantees of $39,077 relate to environmental performance bonds on tenements (2015: $39,077).

11. INVESTMENT IN SUBSIDIARIES

	Interest of Company (equity-ordinary shares)	
Name of Entity and Country of Incorporation	**2016**	**2015**
	%	**%**
Lefroy Gold Mines Ltd. (Incorporated in Australia)	**100**	100
International Exploration Ltd. (Incorporated in Australia)	**100**	100
International Minerals Pty Ltd. (Incorporated in Australia) (a)	**50**	50

(a) At the beginning of the 2012/13 financial year the Group acquired an additional 1 billion tonne right to mine from Mineralogy in return for issuing 228,391,541 shares in International Minerals Pty Ltd to Mineralogy Pty Ltd which has also created a 50/50 joint venture in International Minerals Pty Ltd between Australasian Resources Ltd and Mineralogy Pty Ltd.

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

12. Property, Plant and Equipment

2016	Office Furniture & Equipment $	Computer Equipment $	Plant & Equipment $	TOTAL $
Gross Carrying Amount				
Balance at 30 June 2015	**32,679**	**100,411**	**114,097**	**247,187**
Additions	**-**	**-**	**-**	**-**
Disposals	**-**	**-**	**-**	**-**
Balance at 30 June 2016	**32,679**	**100,411**	**114,097**	**247,187**
Accumulated Depreciation				
Balance at 30 June 2015	**(32,679)**	**(98,546)**	**(114,097)**	**(245,322)**
Depreciation Expense	**-**	**(997)**	**-**	**(997)**
Disposals	**-**	**-**	**-**	**-**
Balance at 30 June 2016	**(32,679)**	**(99,543)**	**(114,097)**	**(246,319)**
Net Book Value				
As at 30 June 2015	**-**	**1,865**	**-**	**1,865**
As at 30 June 2016	**-**	**868**	**-**	**868**

2015	Office Furniture & Equipment $	Computer Equipment $	Plant & Equipment $	TOTAL $
Gross Carrying Amount				
Balance at 30 June 2014	**44,766**	**106,111**	**114,097**	**264,974**
Additions	-	1,990	-	1,990
Disposals	(12,087)	(7,690)	-	(19,777)
Balance at 30 June 2015	**32,679**	**100,411**	**114,097**	**247,187**
Accumulated Depreciation				
Balance at 30 June 2014	**(44,766)**	**(103,680)**	**(114,097)**	**(262,543)**
Depreciation Expense	-	(2,370)	-	(2,370)
Disposals	12,087	7,503	-	19,590
Balance at 30 June 2015	**(32,679)**	**(98,546)**	**(114,097)**	**(245,322)**
Net Book Value				
As at 30 June 2014	-	2,431	-	2,431
As at 30 June 2015	**-**	**1,865**	**-**	**1,865**

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

	CONSOLIDATED	
	2016	**2015**
	$	**$**
13. MINERAL EXPLORATION AND EVALUATION EXPENDITURE		
Opening balance	**-**	-
Exploration and evaluation costs capitalised (b)	**109,248**	238,515
Impairment of exploration and evaluation expenditure (a)	**(109,248)**	(238,515)
Areas of interest in the exploration and evaluation phase at cost	**-**	-

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective mining areas.

(a) Impairment of exploration and evaluation expenditure

In accordance with relevant accounting standards, the Consolidated Entity assessed the carrying value of mineral exploration and evaluation for impairment as at the reporting date.

As at the ended 30 June 2016 the company made the decision to write off the carrying value of its nickel assets due to the inherent difficulties faced in obtaining sufficient project finance to further develop the assets. This decision resulted in an impairment of $109,248 of the Sherlock Bay group of non-iron ore assets.

(b) Exploration and evaluation costs capitalised

During the period the Board continued capitalizing exploration and evaluation expenditure relating to the Company's non-iron ore assets, this is represented in the period as an expenditure of $109,248.

14. JOINTLY CONTROLLED ENTITY

(a) Net Interest in jointly controlled entity

The Group has a 50% interest in International Minerals Pty Ltd, a jointly controlled entity involved in the development of the Balmoral South Iron Ore Project in the Pilbara region of Western Australia.

The Group's share net profit/(loss) as at 30 June 2016 of the jointly controlled entity which has been accounted for using the equity method in the consolidated financial statements is as follows:

	CONSOLIDATED	
	2016	**2015**
	$	**$**
Extract of the Joint Venture's statement of financial position:		
Current assets	**888**	1,505
Non-current assets	**60,000,000**	60,000,000
Current liabilities	**126,929**	89,248
Non-current liabilities	**5,325,367**	5,325,224
Equity	**54,548,592**	54,587,033

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

	CONSOLIDATED	
	2016	2015
	$	$
Extract of the Joint Venture's revenue and profit:		
Revenue	-	-
Other income	**-**	103
Other expenses		
Administration Expense	**(38,297)**	(76,325)
Profit/(Loss) before tax	**(38,297)**	(76,077)
Income tax expense	-	-
Profit/(Loss) from operations	**(38,297)**	(76,077)

The Joint Venture has no contingent liabilities or capital commitments as at 30 June 2016.

In July 2012 the Company completed the sale of a 50% interest in its wholly owned subsidiary International Minerals Pty Ltd ("IM") via the issue of 228,391,541 shares in IM to Mineralogy Pty Ltd, in exchange for IM purchasing International Iron Ore Sales Pty Ltd ("IIOS"). The only asset of IIOS is a right to mine 1 billion tonnes of ore. The completion of this transaction resulted in IM becoming a 50/50 jointly controlled entity between Mineralogy and Australasian Resources Limited.

On loss of control, the Group's retained interest in IM is measured at its fair value, which became the initial carrying amount of the Group's investment in the jointly controlled entity.

Due to the material change in the iron ore price during the year ended 30 June 2015 the Board made the decision to further impair their investment in International Mineral. Based on market information the Magnetite Iron Ore project was estimated to be valued at $20.16 million (less $1 million cost of sale). Accordingly, the value of the Company's 50% holding in IM was impaired to approximately $9.58 million, this resulted in an impairment of $15.23 million in 2015 financial year.

Based on legal advice the Directors are satisfied that no stamp duty is payable as a result of this transaction.

A reconciliation of the carrying amount of the Group's investment in International Minerals is below;

	2016 $	2015 $
Carrying value of investment	**9,580,119**	24,848,158
Share of loss from JV	**(19,149)**	(38,039)
Impairment of investment in jointly controlled entity	**-**	(15,230,000)
Net Interest in jointly controlled entity	**9,560,970**	9,580,119

(b) Loan to jointly controlled entity

Loan to jointly controlled entity	**60,407**	43,022
	60,407	43,022

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

	CONSOLIDATED	
	2016	**2015**
	$	**$**
15. TRADE AND OTHER PAYABLES		
CURRENT		
Trade creditors (i)	**33,392**	26,450
Accruals (ii)	**719,655**	541,682
	753,047	568,132

(i) Trade creditors are non-interest bearing and are normally settled on 30 day terms.
(ii) Accruals include Accrued Directors Fees

16. BORROWINGS

CURRENT PAYABLES		
Related party payable (i)	**2,727,226**	2,472,267
	2,727,226	2,472,267

(i) Mineralogy Pty Ltd, QNI Metals Pty Ltd and QNI Resources Pty Ltd, companies controlled by the Company's largest shareholder have provided the Company with working capital loans. The current loans do not accrue any interest and are repayable on call.

Mineralogy Pty Ltd, QNI Metals Pty Ltd and QNI Resources Pty Ltd,have confirmed that they will not recall any amounts loaned to the company, unless the Company has sufficient surplus working capital above its estimated requirements.

17. PROVISIONS

CURRENT		
Provisions for employee entitlements (i)	**-**	4,881

(i) Provisions for employee entitlements is made up of employees annual leave provision, this number has changed from the last reporting period due to termination of all employees.

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

	CONSOLIDATED 2016 $	CONSOLIDATED 2015 $
18. ACCUMULATED LOSSES		
Opening balance	**(398,799,710)**	(382,447,457)
Net loss for the year	**(219,927)**	(16,352,253)
Closing balance	**(399,019,637)**	(398,799,710)
19. RESERVES		
CURRENT		
Opening balance	**(18,972,986)**	(18,972,986)
Share based payments	**-**	-
Closing balance	**(18,972,986)**	(18,972,986)

(a) Nature and purpose of reserves
The reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration.

20. CONTRIBUTED EQUITY

(a) Ordinary shares

	2016	2015
Issued and fully paid ordinary shares	**386,519,974**	386,519,974
Share issue	**-**	-
TOTAL	**386,519,974**	386,519,974
	Number of shares	
Ordinary shares	**489,149,246**	489,149,246

(b) Terms and conditions of ordinary shares

The only shares the Company has on issue are fully paid ordinary shares. These shares have the right to receive dividends as declared and, in the event of a winding up of the Company, to participate in the proceeds of the sale of all surplus assets in proportion to the number of and amounts paid up on the shares held.

Ordinary shares entitle the holder to one vote, either in person or by proxy, at a meeting of the Company.

(c) Capital management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. "Capital" means the ordinary shares of the Company.

Being at an exploration stage, the Company does not have sufficient cash inflows from its operations to fund working capital requirements and investing activities, therefore, the Company may issue shares to either generate cash for operations or to acquire assets without depleting cash reserves.

The Consolidated Entity is not subject to any externally imposed capital requirements.

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

	CONSOLIDATED 2016 Number	CONSOLIDATED 2015 Number
(d) Movement in Share Options		
At 1 July	**6,200,000**	6,200,000
Granted	**-**	-
Expired	**(6,200,000)**	-
Forfeited	**-**	-
At 30 June	**-**	6,200,000

(e) Options on issue
The Company has nil share options on issue as at 30 June 2016. The following share options were on issue at 30 June 2015:

Expiry date	Exercise Price
Unlisted options expiring 19 July 2015	$0.194
Unlisted options expiring 19 July 2015	$0.20

(f) Expiry of options
The above options expired during the year

(g) Options granted
No options were granted during the year

21. Key Management Personnel

	CONSOLIDATED 2016 $	CONSOLIDATED 2015 $
(a) Compensation for Key Management Personnel		
Short-term employee benefits	**348,579**	494,558
Post-employment benefits	**17,381**	27,182
	365,960	521,740

Further information in relation to key management personnel remuneration can be found in the directors' report.

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

22. SHARE BASED PAYMENTS

(a) Recognised share based payment expenses

No expense was recognised during the year for share based transactions

(b) Terms and conditions of options granted

During the 2012 year, the Company granted Plan Options to Employee and Directors. The Share Option Plan is summarised below:

(1) The issue price of a Plan Option is nil.

(2) The exercise price is $0.194 (5,600,000 options) and $0.20 (600,000 options) per Plan Option.

(3) Each Plan Option shall entitle the holder to subscribe (in cash) for one Share in the capital of the Company.

(4) The Plan Options will expire at 5.00pm (WST) on the date which is 3 years after the date of issue of the Plan Options. Plan Options may be exercised at any time prior to the Expiry Date and Plan Options not so exercised shall automatically expire on the Expiry Date. The options vested immediately at grant date.

(5) Each Share allotted as a result of the exercise of any Plan Option will rank in all respects pari passu with the existing Shares in the capital of the Company on issue at the date of allotment.

(6) A holder of a Plan Option will not be entitled to attend or vote at any meeting of the members of the Company unless it is also a member of the Company.

(7) Plan Options are not transferable.

(8) The Company will provide a notice that is to be completed when exercising a Plan Option, which may be exercised by completing the notice and forwarding the same to the Company Secretary to be received prior to the expiry date accompanied by payment in full for the relevant number of Shares being subscribed for.

(9) Within 14 days from the date of exercise of Plan Options the Company shall issue that number of Shares in the capital of the Company subscribed for.

(10) The Company will, after issue and allotment of Shares pursuant to the exercise of Plan Options, apply to the ASX for official quotation of all such Shares, in accordance with the Corporations Act and the Listing Rules.

(11) The Plan Options will not be quoted on the ASX.

(12) If the Company makes a pro rata bonus issue, and a Plan Option is not exercised before the record date for that bonus issue, then on exercise of the Plan Option, the holder is entitled to receive the number of bonus shares which would have been issued if the Plan Option had been exercised before the record date.

(13) In the event of a reorganisation (including a consolidation, subdivision, reduction or return) of the issued capital of the Company, the number of Plan Options to which each Plan Option holder is entitled or the exercise price or both will be changed in the manner required by the Listing Rules and, in any case, in a manner which will not result in any benefits being conferred on holders of Plan Options which are not conferred on Shareholders.

(14) If the Company makes a pro rata issue of securities (except a bonus issue) to the holders of Shares (other than in lieu or in satisfaction of dividends or by way of dividend reinvestment) the exercise price of the Plan Options shall be reduced according to the formula specified in the Listing Rules.

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

(c) Summary of options granted

The following table illustrates the number (No.), weighted average exercise prices (WAEP) of and movements in share options issued during the year:

	2016 No.	2016 WAEP	2015 No.	2015 WAEP
Outstanding at the beginning of the year	**6,200,000**	**$0.19**	6,200,000	$0.19
Granted during the year	**-**	**-**	-	-
Forfeited during the year	-	**-**	-	-
Exercised during the year	-	**-**	-	-
Expired during the year	**(6,200,000)**	**-**	-	-
Outstanding at the end of the year	**-**	**-**	6,200,000	$0.19
Exercisable at the end of the year	**-**	**-**	6,200,000	$0.19

There were nil employee options outstanding as at 30 June 2016. The outstanding balance of employee options as at 30 June 2015 is represented by:

- 5,600,000 options with an exercise price of $0.194 are exercisable immediately with an expiry date of 19 July 2015.
- 600,000 options with an exercise price of $0.20 are exercisable immediately with an expiry date of 19 July 2015.

(d) Weighted average remaining contractual life

The weighted average remaining contractual life of the share options outstanding as at 30 June 2016 is 0.00 years (30 June 2015 was 0.05 years)

(e) Range of exercise prices

There were no options outstanding at the end of the year. The range of exercise prices for options outstanding at the end of the 2015 financial year was $0.194 - $0.20.

(f) Weighted average fair value

The weighted average fair value of options granted during the year was nil (205: nil).

(g) Option pricing model

The fair value of the equity-settled share options granted is estimated as at the date of grant using a Black-Scholes Model taking into account the terms and conditions upon which the options were granted.

23. RELATED PARTY DISCLOSURES

(a) *Controlled entities*

The consolidated financial statements include the financial statements of Australasian Resources Limited and the subsidiaries listed in Note 11.

(b) Ultimate Parent

Australasian Resources Limited is the ultimate parent entity of the Group.

(c) Transactions with KMP

Refer to Note 21 for details of transactions with Key Management Personnel.

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

24. SEGMENT INFORMATION

The operating segments have been identified on the basis of internal reports that are used by the Chief Operating Decision Maker ("CODM") in order to allocate resources to the segment and to assess its performance. The CODM of the Group are the Board of Directors.

The Consolidated Entity has identified its operating segments based on the internal reports that are provided to the CODM on at least a monthly basis. The entity has two reportable operating segments, identified on the basis of mineral type, as follows:

- Iron ore
- Base metals, primarily nickel projects with some interest in uranium.

The following items are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Cash on hand and interest revenue
- Corporate expenses
- Share based payments
- Accounts receivable
- Prepaid expenses
- Financial bonds relating to credit card facilities and office leases.

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

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

25. SEGMENT INFORMATION

	Iron Ore $	Base Metals $	Total $
Year ended 30 June 2016			
Revenue and other income			
Segment revenue	-	-	-
Other income	-	-	401,395
Total revenue and other income			401,395
Results			
Unallocated:			
Interest revenue	-	-	878
Depreciation	-	-	(997)
Employee expenses	-	-	(181,971)
Corporate expenses	-	-	(310,835)
Write off of exploration assets	-	(109,248)	(109,248)
Share of (loss) of Jointly controlled asset	(19,149)	-	(19,149)
Loss after income tax			(219,927)
As at 30 June 2016			
Segment Assets			
Segment operating assets	9,560,970	-	9,560,970
Plant and Equipment	-	-	868
Unallocated			
Cash and cash equivalents	-	-	268,701
Trade and other receivables	-	-	18,573
Other financial assets	-	-	44,077
Loan to jointly controlled entity			60,407
Total assets			9,953,596

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

25. SEGMENT INFORMATION (CONTINUED)

	Iron Ore $	Base Metals $	Total $
As at 30 June 2016			
Segment Liabilities			
Trade and other payables	-	-	753,047
Related party loans	-	-	2,727,226
Total liabilities			3,480,273
Year ended 30 June 2015			
Revenue and other income			
Segment revenue	-	-	-
Unallocated:			
Interest revenue	-	-	-
Other income	-	-	1,440
Total revenue and other income			1,440
Results			
Unallocated:			
Interest revenue	-	-	1,354
Depreciation	-	-	(2,370)
Employee benefit			(353,275)
Corporate expenses	-	-	(492,848)
Write off of exploration assets	-	(238,515)	(238,515)
Impairment of Jointly controlled assets	(15,230,000)	-	(15,230,000)
Share of profit of Jointly controlled asset	(38.039)	-	(38,039)
Loss after income tax			(16,352,253)
As at 30 June 2015			
Segment Assets			
Segment operating assets	9,580,119	-	9,580,119
Plant and Equipment	-	-	1,865
Unallocated:			
Cash and cash equivalents	-	-	48,136
Trade and other receivables	-	-	21,311
Other financial assets	-	-	44,077
Loan to jointly controlled entity			43,022
Total assets			9,738,530
As at 30 June 2015			
Segment Liabilities			
Trade and other payables	-	-	568,132
Related party loans	-	-	2,472,267
Provisions	-	-	4,881
Total liabilities			3,045,280

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

26. FINANCIAL INSTRUMENTS

(a) Financial risk management

The Group's principal financial instruments comprise cash and short term deposits, other financial assets and non interest-bearing loans.

The main purpose of these financial instruments is to fund capital expenditure on the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables and trade and other payables, which arise directly from its operations. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. Being at an exploration stage, the Group has limited exposure to risks arising from its financial instruments.

Currently the Group does not have any exposure to commodity price risk or foreign currency risk. As the Group moves into development and production phases, exposure to commodity price risk, foreign currency risk and credit risk are expected to increase. The Board will set appropriate policies to manage these risks dependent on market conditions and requirements at that time.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability, are disclosed in Note 2.

(b) Interest rate risk

The Group's exposure to interest rate risk relates primarily to the Group's cash and cash equivalents and other financial assets. The Group's policy is to maximise returns on surplus cash reserves through investing in a mixture of short term (less than 3 months) and longer term (greater than 3 months and less than 6 months) deposits at fixed interest rates, while providing access to draw on cash reserves as required. At reporting date, the Group had the following financial assets and liabilities exposed to interest rate risk:

	CONSOLIDATED	
	2016	**2015**
	$	**$**
Financial assets		
Cash and cash equivalents	**268,701**	48,136
Other financial assets	**44,077**	44,077
	312,778	92,213

(c) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The Group's maximum exposure to credit risk in relation to each class of financial asset is the carrying amount of those assets as indicated in the statement of financial position.

The Group has in place policies that aim to ensure that counterparties and cash transactions are limited to high credit quality financial institutions and that the amount of credit exposure to one financial institution is limited as far as is considered commercially appropriate. The Group has concentration of credit risk in that all of its cash and cash equivalents and its other financial assets are held with the same financial institution.

Since the Group trades only with recognised third parties, there is no requirement for collateral.

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

26. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Liquidity Risk

The Group currently does not have major funding in place. However the Group continuously monitors forecast and actual cash flows and the maturity profiles of financial assets and financial liabilities to manage its liquidity risk.

(e) Net fair values

The carrying amount of *Trade and other receivables and other financial assets* approximate their respective net fair values due to the short term nature of these receivables.

The carrying amount of *Trade and other payables and non interest-bearing liabilities* approximate their respective net fair values due to the short term nature of these payables.

(f) Sensitivity analysis

The following tables summarise the sensitivity of the Group's financial assets and liabilities to interest rate risk. Had the relevant variables, as illustrated in the tables, moved, with all other variables held constant, post tax loss and equity would have been affected as shown. The analysis has been performed on the same basis for 2015 and 2016 and represents management's judgement of a reasonably possible movement. Management have assessed a 100 basis point movement as being reasonably possible based on observation of historical movements of interest rates in the preceding two years.

Consolidated 30 June 2016	**Carrying Amount $**	**Interest Rate Risk -1% Net Loss $**	**Interest Rate Risk -1% OCI $**	**Interest Rate Risk +1% Net Loss $**	**Interest Rate Risk +1% OCI $**
Financial assets					
Cash and cash equivalents	268,701	(2,687)	-	2,687	-
Other financial assets	44,077	(440)	-	440	-
	312,778	(3,127)	-	3,127	-

Consolidated 30 June 2015	**Carrying Amount $**	**Interest Rate Risk -1% Net Loss $**	**Interest Rate Risk -1% OCI $**	**Interest Rate Risk +1% Net Loss $**	**Interest Rate Risk +1% OCI $**
Financial assets					
Cash and cash equivalents	48,136	(481)	-	481	-
Other financial assets	44,077	(440)	-	440	-
	92,213	(921)	-	921	-

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

	CONSOLIDATED	
	2016	**2015**
	$	**$**
27. COMMITMENTS		
(a) Exploration commitments		
Estimated expenditures at reporting date, committed to but not provided for, including commitments to maintain rights of tenure to exploration tenements, being lease rentals and minimum expenditure obligations:		
Not later than one year	**293,196**	627,864
	293,196	627,864
(b) Remuneration commitments		
Commitments for the payment of salaries and other remuneration under long term employment contracts in existence at the reporting date but not recognised as liabilities, payable:		
Within one year	**-**	37,976
Total	**-**	37,976

As at 30 June 2016 there are no operating lease commitments.

28. INTEREST IN JOINTLY CONTROLLED ASSETS

The Group has an interest in a jointly controlled asset with Metals Australia Limited. Under the terms of the joint venture agreement, the Group has a 70% interest in the jointly controlled asset, but is free carrying the 30% interest of Metals Australia Limited through to bankable feasibility study. The Group's interest in the jointly controlled asset has been written down to zero as at 30 June 2016. The commitments disclosed below represent 100% of the exploration commitments associated with the jointly controlled asset.

(a) Commitments relating to the jointly controlled assets

Share of exploration commitments	**134,000**	190,000

29. CONTINGENT LIABILITIES

It is possible that native title, as defined in the Native Title Act 1993, might exist over land in which the consolidated entity has an interest. It is impossible at this stage to quantify any impact the existence of native title may have on the operations of the Group. However, at the date of this report, the Directors are aware that applications for native title claims have been accepted by the Native Title Tribunal over tenements held by the Group.

Australasian Resources Limited is currently the subject of a GST review by the Australian Taxation Office in relation to the Business Activity Statements lodged during the period 1 January 2015 to 31 December 2016. The outcome of the review is currently unknown.

30. SUBSEQUENT EVENTS

In December 2017, the Company sold Sherlock Bay tenements, EL 47/1769, EL47/567, EL 47/1770 and L47/0124 for $150,000.

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

	2016 $	2015 $

31. AUDITOR'S REMUNERATION

The auditor of Australasian Resources Ltd is Hall Chadwick.

The auditor of Australasian Resources Ltd is Hall Chadwick.

Amounts received or due and receivable by Hall Chadwick for:

	2016 $	2015 $
- an audit or review of the financial report of the entity and any other entity in the consolidated group	**15,500**	15,500

Amounts received or due and receivable by Ernst and Young (Australia) for:

	2016 $	2015 $
- an audit or review of the financial report of the entity and any other entity in the consolidated group	**-**	62,257

32. PARENT ENTITY INFORMATION

	2016 $	2015 $
Current assets	**284,648**	52,832
Total assets	**9,940,969**	9,711,911
Current liabilities	**(3,015,192)**	(2,932,001)
Total liabilities	**(9,529,146)**	(9,190,994)
Contributed equity	**386,519,974**	386,519,974
Option reserve	**18,972,985**	18,972,985
Accumulated losses	**(405,081,136)**	(404,972,042)
Total shareholders' equity	**411,823**	520,917
Loss of the parent entity	**(109,094)**	(16,170,813)
Total comprehensive loss of the parent entity	**(109,094)**	(16,170,813)

Directors' Declaration

In the opinion of the directors:

a) The financial statements and notes of the Consolidated Entity are in accordance with the Corporations Act 2001, including:

(i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and,

(ii) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2016 and of its performance, as required by Accounting Standards, for the financial year ended on that date; and,

b) The financial statements and notes also comply with international financial reporting standards as discussed in Note 2(c).

c) Subject to the matters mentioned in Note 2(b), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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 2016.

On behalf of the Board

D Martino
Chairman
12 September 2018

AUSTRALASIAN RESOURCES LIMITED
ABN 46 008 942 809
AND ITS CONTROLLED ENTITIES

SYDNEY
Level 40
2 Park Street
Sydney NSW 2000
Australia
Ph: (612) 9263 2600
Fx: (612) 9263 2800

AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF AUSTRALASION RESOURCES LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2016 there have been no contraventions of:

i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
ii. any applicable code of professional conduct in relation to the audit.

Hall Chadwick

HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000

DREW TOWNSEND
Partner
Dated: 12 September 2018

SYDNEY
Level 40
2 Park Street
Sydney NSW 2000
Australia
Ph: (612) 9263 2600
Fx: (612) 9263 2800

AUSTRALASIAN RESOURCES LIMITED
ABN 46 008 942 809
AND ITS CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO
THE MEMBERS OF AUSTRALASIAN RESOURCES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Australasian Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated 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 is free from material misstatement, whether due to fraud or error. In Note 2(c), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 company's preparation of the financial report 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*.

AUSTRALASIAN RESOURCES LIMITED
ABN 46 008 942 809
AND ITS CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSTRALASIAN RESOURCES LIMITED

Auditor's Opinion

In our opinion:

a. the financial report of Australasian Resources 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 2016 and of its performance for the year ended on that date; and
   ii. complying with Australian Accounting Standards and the *Corporations Act 2001*; and

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(c).

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2(b) in the financial report, which indicates that the Group had incurred a net loss of $219,927 for the year ended 30 June 2016 and, as of that date, the Group's current liabilities exceeded its current assets by $3,192,999. These conditions, along with other matters as set forth in Note 2(b) indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amount stated in the financial report.

Report on the Remuneration Report

We have audited the remuneration report included in page 7 to 12 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 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.

Auditor's Opinion

In our opinion, the remuneration report of Australasian Resources Limited for the year ended 30 June 2016 complies with s 300A of the *Corporations Act 2001*.

Hall Chadwick

HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000

DREW TOWNSEND
Partner
Dated: 12 September 2018

ASX Additional Information

1. Distribution of Equity Securities

The distribution of members and their holdings of fully paid ordinary shares as at 10 August 2018 were as follows:

Shares held	No. of Shareholders	Percentage
1 – 1,000	1,412	0.15
1,001 – 5,000	1,841	1.03
5,001 – 10,000	633	1.03
10,001 – 100,000	844	5.60
100,001 and over	126	92.19
Total	**4,856**	**100.00%**

	Min Parcel size	Holders	Units
Less than marketable parcel	1-99,999	4,698	35,018,688

2. Twenty Largest Equity Security Holders

The names of the 20 largest holders of fully paid ordinary shares as at 10 August 2018 are listed below:

Name	Number of Shares	Percentage %
Mr Clive Frederick Palmer	293,645,000	60.03
Mineralogy Pty Ltd.	46,814,961	9.57
Timefull Investments Limited	28,000,000	5.72
BNP Paribas Nominees Pty Ltd	19,141,994	3.92
Australian Minerals (Hong Kong) Holdings Ltd.	15,455,000	3.16
Rossie Orchards Pty Ltd <Rossi Orchards S/Fund A/C>	2,237,905	0.46
Mr Brian Durran	2,000,000	0.41
Surpion Pty Ltd. <M W Suhr & Co A/C>	1,958,000	0.40
Citicorp Nominees Pty Ltd.	1,627,500	0.33
Mr Kouros Abbaszadeh	1,600,552	0.33
Mr Benjamin Allan Cocks	1,516,890	0.31
Mr Kie Yik Wong	1,407,522	0.29
Mineralogy Pty Ltd.	1,210,013	0.25
Mr Rodney John Bradshaw	1,200,000	0.25
Mr Raymond George Hodder	1,168,581	0.24
Mr John Gratton Klein + Mrs Dorothy Lynette Klein <Klein Family Super Fund A/C>	1,120,000	0.23
Mr Hong Kinh Tran	1,032,625	0.21
Herdstown Pty Ltd	1,017,500	0.21
Mr Michael Raymond Thompson	1,000,000	0.20
Mr Frank Loch Hill	1,000,000	0.20
Total	**424,154,043**	**86.72%**

ASX Additional Information

3. Substantial Shareholders

The Company's Register of Substantial Shareholders, prepared in accordance with section 715 of the Corporations Act 2001, recorded the following information as at

Name	Number of Shares	Class of share
Mr Clive Frederick Palmer	293,645,000	ORD
Mineralogy Pty Ltd.	48,024,974	ORD
Timefull Investments Ltd	28,000,000	ORD

4. Security Holders of Option Securities

There are nil optiond on issue as at 10 August 2018.

5. Restricted Securities

As 10 August 2018 there are no restricted securities.

6. Voting Rights

The voting rights of the ordinary shares are as follows:

Subject to any rights or restrictions for the time being attached to any shares or class of shares of the Company, each member of the Company is entitled to receive notice of, attend and vote at a general meeting. Resolutions of members will be decided by a show of hands unless a poll is demanded. On a show of hands each eligible voter present has one vote. However, where a person present at a general meeting represents personally or by proxy, attorney or representation more than one member, on a show of hands the person is entitled to one vote only despite the number of members the person represents.

On a poll each eligible member has one vote for each fully paid share held.

There are no voting rights attached to any of the options that the Company currently has on issue. Upon exercise of these options, the shares issued will have the same voting rights as existing ordinary shares.

7. On-Market Buy Back

There is currently no on-market buyback program for any of Australasian Resources Limited's listed securities.

ASX Additional Information

SCHEDULE OF INTERESTS IN MINING TENEMENTS

Held by Australasian Resources Limited.

Tenement / Name	Location of Tenement	Interest held
L47/0124 / Sherlock Bay	100km east of Karratha	**100%**
L47/0148 / Sherlock Bay	100km east of Karratha	**100%**
L47/0150 / Sherlock Bay	100km east of Karratha	**100%**
M47/0567 / Sherlock Bay	100km east of Karratha	**100%**

Held by MAL Joint Venture (Australasian Resources Limited JV interest 70%)

Tenement / Name	Location of Tenement	Interest held
E47/1769 / Sherlock Bay	100 km east of Karratha	**70%**
E47/1770 / Sherlock Bay	100 km east of Karratha	**70%**

CORPORATE DIRECTORY

Directors:

Domenic Martino	*Non-Executive Chairman*
Paul Piercy	*Non-Executive Director*
Clive Mensink	*Non-Executive Director*

Principal & Registered Address:

Level 5
56 Pitt Street, Sydney NSW 2000
Phone: +61 2 8319 9299

Share Registrar:

Advanced Share Registry Services
110 Stirling Hwy Nedlands WA 6009

PO Box 1156
Nedlands WA 6909

Auditors:

Hall Chadwick
Level 40
2 Park Street
Sydney NSW 2000

Solicitors:

Jackson McDonald
225 St Georges Terrace
Perth WA 6000

Stock Exchange:

Australian Securities Exchange
2 The Esplanade
Perth WA 6000
Code: ARH