

ABN 24 651 541 976

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2018 and any public announcements made by Anglo Australian Resources NL during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

31 December 2018

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31 December 2018

DIRECTORS' REPORT

Your directors are pleased to present their report on Anglo Australian Resources NL for the half-year ended 31 December 2018.

DIRECTORS

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

- John Jones AM
- Graeme Smith
- Peter Stern

REVIEW AND RESULTS OF OPERATIONS

The loss after tax of the Company for the six months ended 31 December 2018 amounted to \$342,005 (31 December 2017: loss of \$405,179).

EXPLORATION

FEYSVILLE GOLD PROJECT – WA

Anglo Australian - 100% interest (with tenements under purchase option held by Anglo Australian)

The Feysville Gold Project is located in Australia's premier gold belt, approximately 14 kilometres south of the giant Golden Mile deposit (70 MOz) at Kalgoorlie. The belt extends for some 100 kilometres along a NNW strike, and takes in major gold deposits at New Celebration (3 MOz), some 10 kilometres south of Feysville, and the large St Ives field (+15 MOz) 30 to 60 kilometres to the south. Numerous other economic gold deposits have also been discovered within the belt (refer Figure 1).

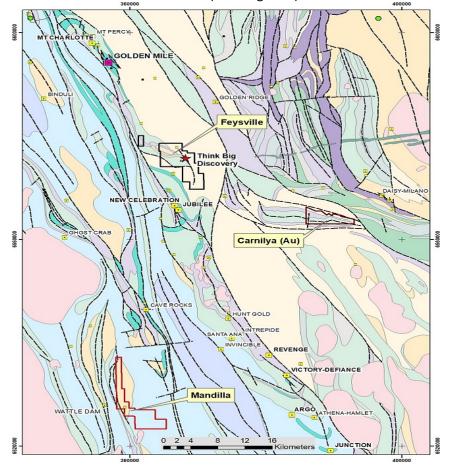


Figure 1: Feysville Gold Project Location Map

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DIRECTORS' REPORT (continued)

During the half year, various bedrock drilling activities were undertaken at Feysville, at both Saintly and Think Big Deposits.

In addition, an aircore drilling campaign was undertaken at the Hyperno Prospect where, previously, a single aircore drill line traversing the Ethereal Shear Zone to the south-east of the Ethereal Prospect and to the north-west of Saintly encountered highly anomalous gold values.

Assay results received from these campaigns to date, as well as new results from previous campaigns, are set out in Table 1 as attached.

On 6 November, Feysville Gold Pty Ltd, a wholly owned subsidiary of Anglo Australian through which the Company's Feysville leases are held, submitted to the Department of Mines and Petroleum of the Government of Western Australia a Mineralisation Report as part of an application for a Mining Lease pursuant to the Mining Act.

A map of the Mining Lease Application Plan illustrating key deposits and other features is set out as Figure 2.

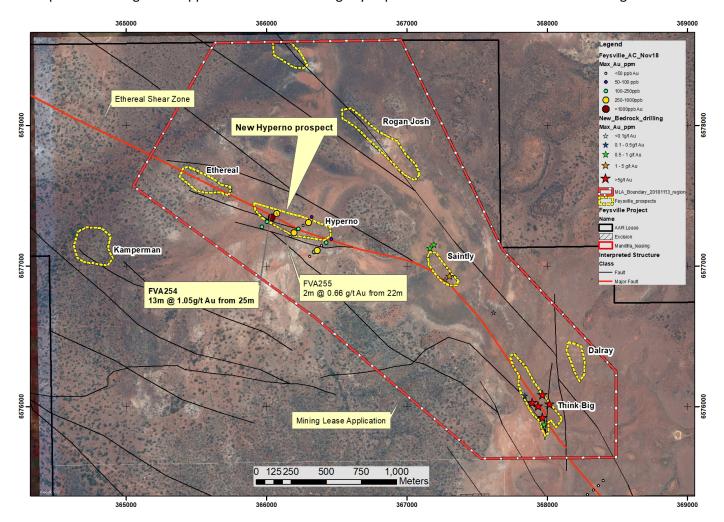


Figure 2: Mining Lease Application Plan illustrating key deposits and other features.

Think Big Update

In September, Anglo Australian completed a diamond drilling campaign at Think Big.

The campaign comprised drilling four metallurgical holes – FDH004, FDH005 FDH006 and FDH009 – and two diamond tails, holes FRCD013 and FRCD092.

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DIRECTORS' REPORT (continued)

The aim of the work was to:

- Provide samples for metallurgical test work, rock density, etc
- Assist with geological interpretation in the core of near-surface gold mineralisation.

The diamond tails were completed at the southern end of Think Big targeting the possible down-plunge continuation of gold mineralisation.

Samples for the metallurgical holes were submitted to ALS Laboratory Group in Balcatta.

In September, the Company also completed a modest reverse circulation ("RC") campaign at Feysville which included one hole at Think Big – FRC121.

Multiple significant intersections were recorded in most of the metallurgical holes, confirming the continuity of gold mineralisation interpreted in previous RC holes.

Key results from the metallurgical holes include:

- FDH004 2 m @ 13.67 g/t Au from 35 m, 18 m @ 1.21 g/t Au from 39 m and 17.8 m @ 2.16 g/t Au from 86.7m
- FDH005 20 m @ 2.12 g/t Au from 28 m and 7 m @ 2.59 g/t Au from 67 m
- FDH006 28 m @ 2.43 g/t Au from 35 m
- FDH009 13.5 m @ 2.54 g/t Au from 60 m and 7 m @ 3.28 g/t Au from 110.8 m

One key result from the diamond tails of 17 metres @ 2.76 g/t Au from 142.6 metres was returned from FRCD013, commencing from the base of the earlier RC hole. The composite intersection from both RC and diamond results in the hole returned 24.6m @ 2.18g/t Au.

The Company also received various one metre sample results from the June RC drilling campaign

A map of Think Big illustrating the location of new drill holes, together with significant assay results, is set out in Figure 4.

Think Big Metallurgical Test Work Results

Anglo Australian appointed METS Engineering Group ("METS") to develop a series of metallurgical tests to assess the amenability of Think Big ore to conventional gold processing methods.

This test work, carried out by the metallurgical testing firm, ALS Metallurgy, was categorised into the following areas:

- Diagnostic testing and characterisation
- Direct cyanidation
- Gravity concentration (and subsequent leaching)

RC chips from a range of different meterage's and drill holes were used to form three composites representing the three basic domains of the ore - supergene, transition and fresh.

The diagnostic leaching indicated that gold is predominantly free, cyanide soluble gold with 99.1% extractions under Bulk Leach Extractable Gold conditions from the supergene composite, 91.9% from the transitional composite and 87.4% from the fresh composite. Oxygen uptake rate testing indicated that all composites formed were not significantly oxygen consuming with values returned ranging from averages of -0.007 to -0.009 mg/L/min with a maximum of -0.029 mg/L/min. These results indicate that through a standard CIL plant, only air sparging will be required.

Metallurgical recovery testing was completed on all three composites through both whole ore cyanidation tests and the standard gravity concentration and leach method. The whole ore leach samples were milled to a P80 of 106 μ m whilst the samples for gravity concentration were crushed to -1 mm and subject to concentration through a standard laboratory scale Knelson concentrator. This concentrate was then

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DIRECTORS' REPORT (continued)

subjected to leaching under conditions representative of those that occur in typical gravity gold intensive leach reactors. The Knelson tail was then reground to a P80 of 106 μ m and then leached under conventional conditions for 48 hours.

Total recoveries across gravity concentration and leaching were excellent with 98.4% recovered for the supergene composite, 91.8% for the transition composite and 85.1% for the fresh composite. The gravity recoverable portion ranged from 15% in the fresh to 43% in the supergene zone achieved through a single pass through a Knelson concentrator. Cyanide consumption in the leaches was low with 0.16 kg/t used for the supergene, 0.26 kg/t for the transition and 0.04 kg/t for the fresh. The test work demonstrated rapid leaching kinetics with above 80% of the gold being recovered in the first four hours for all composites and near final extractions at eight hours.

Direct cyanidation of these composites under standard cyanide concentration levels (250 ppm) recovered 92.4% for the supergene composite, 89.1% for the transitional composite and 82.1% for the fresh composite.

A graph illustrating the gold extraction curve for samples from Feysville is set out in Figure 3.

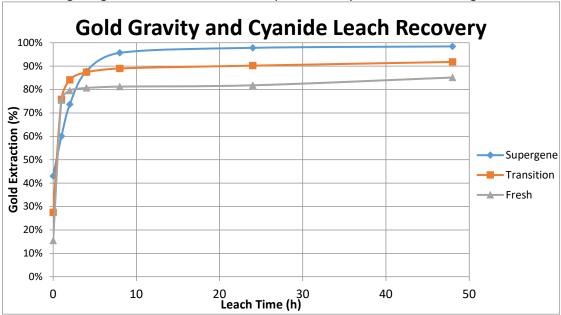


Figure 3: Graph illustrating the gold extraction curve for samples from Feysville

The test work confirmed excellent gold recoveries from Think Big ore using conventional gravity and cyanide leaching techniques. No deleterious elements were noted in the samples provided.

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DIRECTORS' REPORT (continued)

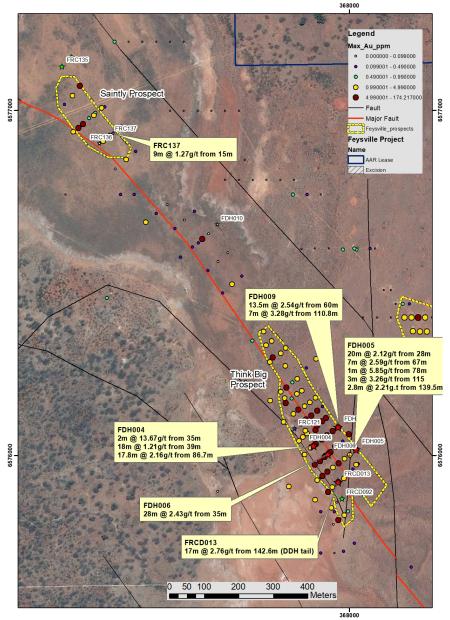


Figure 4: Think Big Prospect illustrating the location of new drill holes, together with significant assay results.

Diamond drilling results have significantly increased the geological understanding of Think Big.

They confirm that Think Big hosts a robust, higher-grade core of NW-trending near surface gold mineralisation within the fragmental volcanic unit on and east of the Ethereal Shear Zone. Several additional sub-parallel zones of mineralisation occur within the fragmental unit up to 50 metres east of the Ethereal Shear Zone.

The fragmental volcanic unit is overlain by a thinly-bedded sandstone to siltstone sequence which is interpreted to be part of the Black Flag succession. The contact between the fragmental andesite and the sediments is intruded by a sill-like intermediate intrusion.

The stratigraphic succession east of the Ethereal Shear Zone forms a SE-plunging anticline, which may well control both the location and plunge of the main zone of gold mineralisation.

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DIRECTORS' REPORT (continued)

Both FRCD013 and FRCD014 have intersected the plunge. However, FRCD092, some 40 metres to the south of these holes appears to have been drilled above the plunge entirely within the overlying and unfavourable intermediate intrusion sill.

Further drilling to test this open-ended Think Big mineralized plunge is planned.

A plan view of the geology of Think Big Prospect at 280 metre RL illustrating the plunging fold east of the Ethereal Shear Zone is set out as Figure 5.

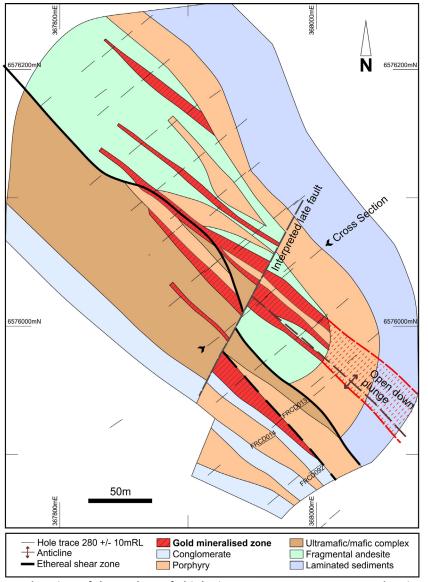


Figure 5: Plan view of the geology of Think Big prospect at 280 metre RL. Plunging fold east of the Ethereal Shear Zone may control the main zone of gold mineralisation.

A composite long section of gold mineralisation at Think Big is set out as Figure 5. Mineralisation east of the Ethereal Shear Zone is contained within a moderate SE-plunging shoot at least 200 metres in strike extent which remains open down-dip and down-plunge. Many drill holes have multiple intersections which aggregate into broad, moderate gold grade intervals with potential for underground mining. Additional drilling is planned to further define and expand the down-plunge position at Think Big.

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DIRECTORS' REPORT (continued)

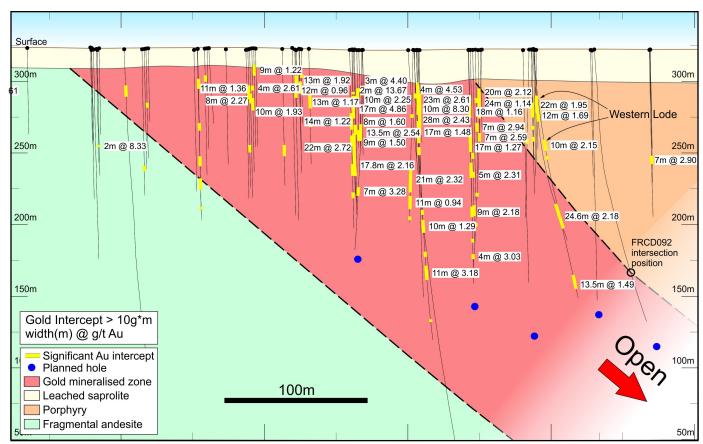


Figure 6: Composite vertical long section of gold mineralisation at Think Big looking NE.

A schematic cross-section of Think Big at the location identified in Figure 5 above illustrating the deposit geology and principal zones of gold mineralisation to the east of the Ethereal Shear Zone, including the overlaying supergene-enriched gold zone, is set out as Figure 6.

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DIRECTORS' REPORT (continued)

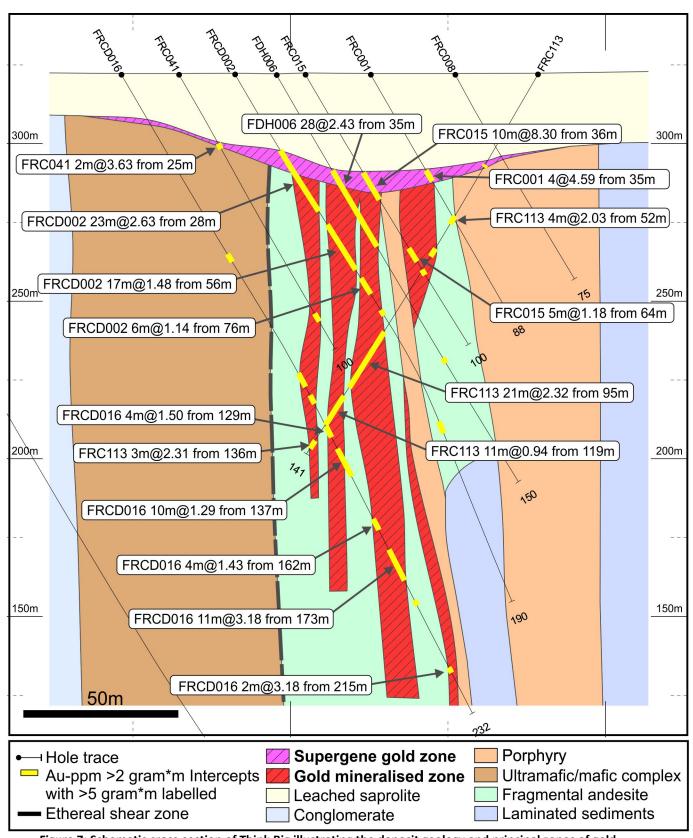


Figure 7: Schematic cross-section of Think Big illustrating the deposit geology and principal zones of gold mineralisation to the east of the Ethereal Shear Zone, including near surface supergene-enriched gold zone.

Mafic units within the ultramafic complex, as well as some intermediate intrusions, also host gold mineralisation west of the Ethereal Shear Zone, and these are referred to as the western lodes.

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DIRECTORS' REPORT (continued)

East of the Ethereal Shear Zone, contacts of intermediate intrusions also provide a focus for mineralisation; however, gold values within the intrusions are uniformly low.

The diamond drilling campaign also demonstrates that gold mineralisation is associated with broad zones of alteration of two main styles:

- A network of irregular mm to cm-scale carbonate-quartz brecciation, with associated pyrrhotitepyrite rich sulphides occurring mainly in proximity to the Ethereal Shear Zone
- A replacement style alteration comprising chlorite-carbonate-stilpnomelane-sericite-pyrrhotite which affects mainly the matrix of the fragmental volcanic with little or no associated veining

Both styles of alteration are associated with obvious destruction of primary rock textures.

Selected intervals of oxide, transitional and primary mineralisation at Think Big have been submitted for metallurgical test work as part of the pre-feasibility study work on mining at Think Big and other Feysville prospects.

The new assay results and geological interpretations have been submitted for geological modelling with an inaugural Resource at Think Big due in January 2019.

Interim results of modelling indicate that the supergene-enriched gold zone is likely to be highly economic and will likely warrant early development.

Saintly Update

As part of the September RC campaign, four holes were completed at Saintly, aimed at extending mineralisation along strike to the NW and SE, and oriented towards 220° to intersect the interpreted steeply NE-dipping structure at a more optimal angle.

One additional supergene intersection was recorded in FRC137 - 9 metres @ 1.27 g/t Au from 15 metres - which extends the mineralisation a further 80 metres SE for a total strike length of at least 160 metres.

A significant new gold intersection was recorded in FRC110 of 8 metres @ 3.14g/t Au from 68 metres in fresh rock which suggests a NNW-striking steeply E-dipping structure links with high grade mineralisation in FRC051 (21 metres @ 2.47g/t Au from 20 metres) ¹ and FRC100 (3 metres @ 47.55g/t Au from 19 metres) on the adjacent drill section 80 metres to the south.

FRC110 is the northernmost hole yet completed at Saintly and gold mineralisation remains open to the north into an area with mapped andesite, the preferred host rock at Think Big.

In FRC100, an intersection of 12 metres @ 5.8g/t Au from 16 metres was identified in the 4 metre composites, whilst the 1 metre samples returned 3 metres @ 47.55g/t Au, including a 1 metre sample assaying 138.8 g/t from just 19 metres.

A map of Saintly illustrating the location of drill holes, together with significant assay results, is set out in Figure 4 above.

Saintly South Update

As part of the September diamond drilling campaign, one hole was drilled at Saintly South – FDH010 – and as well as one RC hole – FRC062.

Only minor gold values were recorded, downgrading the economic potential of the Prospect.

Hyperno Update

In September, Anglo Australian undertook an aircore drilling campaign targeting the Ethereal Shear Zone in a largely untested plus one kilometre strike length to the south-east of the Ethereal Prospect and to the north-west of Saintly to test a favourable structural setting near the intersection of a series of splay structures.

¹ ASX - 21/03/18

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DIRECTORS' REPORT (continued)

Previously, a single line of aircore drilling at this location returned highly anomalous gold associated with the Ethereal Shear Zone, with the prospect then designated "Hyperno".

The current campaign encompassed three 200 metre-spaced aircore traverses of the Ethereal Shear Zone along the northern flank of the Hyperno Prospect encompassing 16 holes – FVA252-267 – for an aggregate of approximately 710 metres, or an average hole depth of approximately 44.4 metres.

In FVA254, a significant new intersection of 13 metres @ 1.05 g/t Au from 25 metres was recorded.

This represents a new zone of shallow supergene-enriched gold mineralisation, highlighting the potential for the Ethereal Shear Zone to host additional near surface gold prospects.

A map illustrating the Hyperno Prospect, identifying key drill hole locations and assay results, is shown in Figure 2 above.

Further Work

Further drilling is being planned at Feysville to define and expand known prospects at the Think Big, Saintly and Hyperno Prospects.

At Think Big, several diamond tails to existing RC holes (approximately 1,000 metres in total) will test the open ended down-dip and down-plunge extensions to mineralisation. In addition, up to 10 RC holes are required along the western flank to further define the extent of the western lodes.

At Saintly, infill drilling will be completed to confirm the continuity of supergene gold mineralisation which, if successful, will lead to resource modelling on this near surface prospect.

Follow up aircore/ RC hammer drilling on the new Hyperno discovery will also be undertaken.

Exploration work will continue into the new year.

Mining Lease Application

On 6 November, Feysville Gold Pty Ltd, a wholly owned subsidiary of Anglo Australian through which the Company's Feysville leases are held, submitted to the Department of Mines and Petroleum of the Government of Western Australia a Mineralisation Report as part of an application for a Mining Lease pursuant to the Mining Act.

The Application, which encompasses an area of approximately 534 hectares, is over parts of Prospecting Licences P26/3943, P26/3948, P26/3949, P26/3950 and P26/3951.

These licenses contain several advanced gold deposits – Think Big, Saintly, Rogan Josh and Ethereal – and several high priority gold targets with significant gold intercepts and/or old gold diggings – Hyperno, Rogan Josh North, GMLs, Dalray, Saintly South, Piping Lane and Sub Zero.

A copy of the Mining Lease Application Plan is set out above in Figure 2 above.

There is currently no Native Title Claim over any part of the Feysville Project.

The Application incorporates discussion as to geology, exploration carried out, mineralisation and resource potential of the gold deposits identified within the proposed Mining Lease.

There is a reasonable expectation that mining of the outlined deposits for subsequent third-party processing can be achieved at Feysville.

A Pre-Feasibility Study into the economics of mining the Think Big Prospect has commenced.

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DIRECTORS' REPORT (continued)

MANDILLA GOLD PROJECT - WA

Anglo Australian – 100%

The Mandilla Project is located approximately approximately 75 kilometres south of Kalgoorlie, Western Australia.

At Mandilla, Anglo Australian has previously achieved production of approximately 23,000 ounces of gold from an open-cut palaeochannel.

At Mandilla East, the Company has previously identified a bedrock Inferred Resource of 357,000 tonnes at 3.3 g/t Au for approximately 38,000 contained ounces (ASX 13/06/13).

Moreover, at Mandilla South, along strike and down dip from Mandilla East, gold intersections were recorded in wide spaced traverses of RC and Aircore drill holes previously completed by Anglo Australian, the most notable being 2 metres at 6.2 g/t (ASX 30/01/14).

In September 2018, the Company commenced a drilling campaign at Mandilla.

The campaign, to confirm the size and extent of the Mandilla South target, was undertaken using a rig that drills by way of aircore down to blade refusal, with the capability to extend the hole depth hole depth using reverse circulation drilling if required.

The campaign comprised 31 holes for an aggregate 1,631 metres, or an average depth per hole of approximately 54 metres.

Four metre composite samples were submitted for assay. Intersections of interest were subsequently reassayed over one metre intervals. These results are set out in Table 2.

Multiple holes returned gold values in excess of 1 g/t Au, with key results including:

- In MNAC921, 1 m @ 6.06 g/t Au from 55 m
- In MNAC927, 1 m @ 4.13 g/t Au from 60 m
- In MNAC940, 1 m @ 3.55 g/t Au from 37 m

Anomalous gold values are associated with a flat-lying supergene enriched gold zone which occurs at the base of the weathering profile at a depth of typically 40 to 50 metres beneath transported Tertiary-aged sediments and highly leached upper saprolite.

The supergene enriched gold zone is of substantial size as defined by the 1 g/t Au contour, exceeding 2.5 kilometres in strike length, whilst open to the south-east, and up to 250 metres in width.

A map illustrating the Mandilla South target, as well as key drill holes and assay results, is set out as Figure 8.

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DIRECTORS' REPORT (continued)

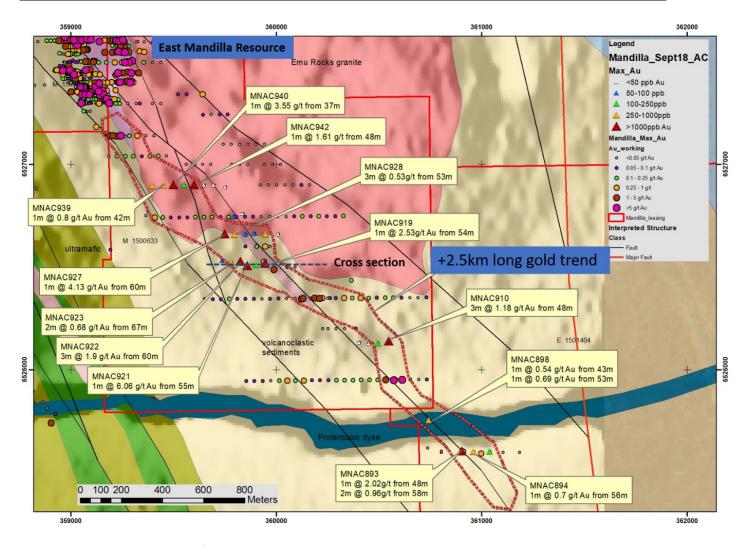


Figure 8: Map of Mandilla South target illustrating key drill holes and assay results.

The supergene enriched zone is developed close to the margin between the Emu Rocks granite intrusion and volcanoclastic sediments of the Spargoville Volcanic sequence.

The contact is interpreted to be associated with a significant shear zone which will be the target of future bedrock drilling.

A cross-section of the Mandilla South target on section 6,526,500N (refer location in Figure 8 above), identifying the supergene enriched gold zone, is set out as Figure 9.

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DIRECTORS' REPORT (continued)

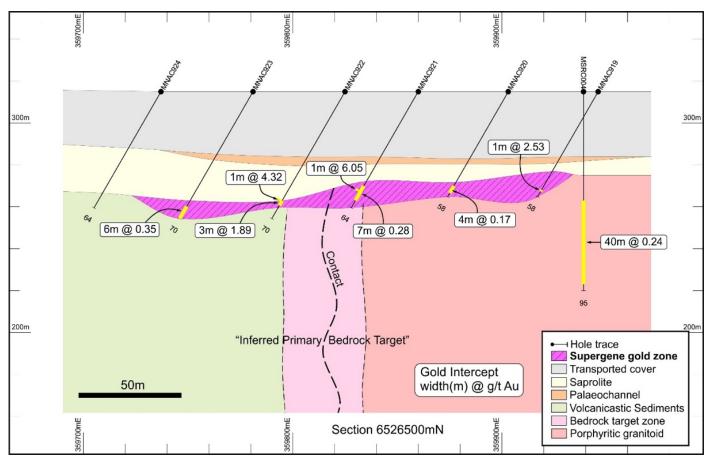


Figure 9: Cross section of the Mandilla South target on section 6,526,500N identifying the supergene enriched gold zone.

At this location, the supergene enriched gold zone is developed over a cross-strike width exceeding 100 metres.

In due course, a further infill aircore drilling campaign will be undertaken to seek to define the core of the gold anomalous trend.

The campaign will also see re-drilling of certain historic aircore holes that were not drilled deep enough to intersect the main supergene-enriched gold blanket zone.

This aircore campaign will optimize locations for a future RC drilling campaign to test for bedrock mineralisation.

Shareholders will recall that Anglo Australian has previously been granted funding assistance by the Department of Mines and Petroleum, Western Australia under its Exploration Incentive Scheme Co-funded Exploration program for drilling three deep diamond drill holes at Mandilla South in the amount of \$100,000.

That being the case, Anglo Australian has a clear and substantially-well-funded path to evaluating Mandilla South.

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DIRECTORS' REPORT (continued)

KOONGIE PARK GOLD AND BASE METALS PROJECT – WA

Anglo Australian - 100% interest

The Koongie Park Project is situated 20 kilometres to the south-west of Halls Creek in the Eastern Kimberley region of Western Australian, illustrated in Figure 10.

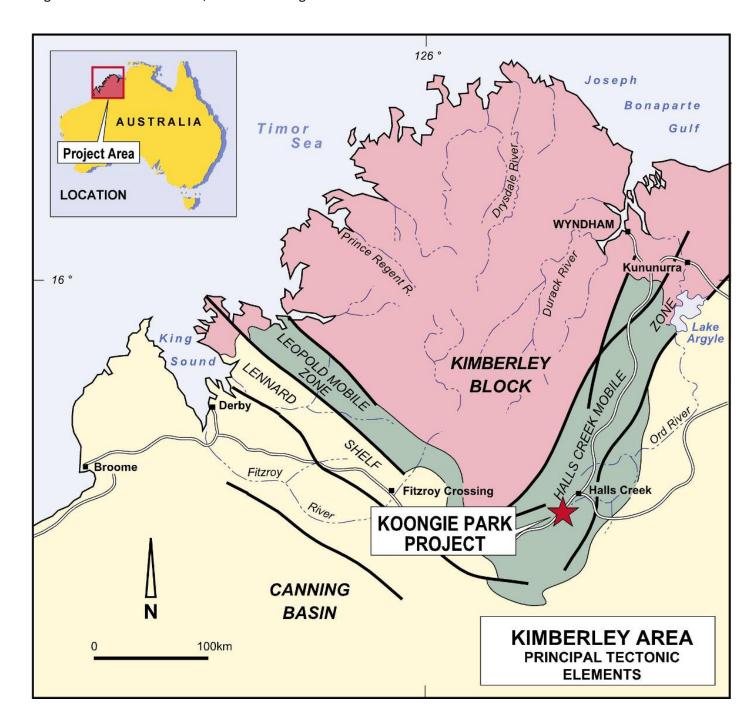


Figure 10: Koongie Park location map.

Anglo Australian's ground position at Koongie Park is considerable highly prospective for the discovery of gold.

Various tenements held by Anglo Australian are adjacent to the ground position held by the ASX-listed, Pantoro Limited, which currently has a market capitalisation of approximately \$215 million. Pantoro owns

ANGLO AUSTRALIAN RESOURCES NL 31 December 2018

DIRECTORS' REPORT (continued)

the Nicolsons Gold Project which is currently producing gold at a rate of approximately 55,000 ounces per annum.

Anglo Australian holds a substantial ground position, illustrated in Figure 11.

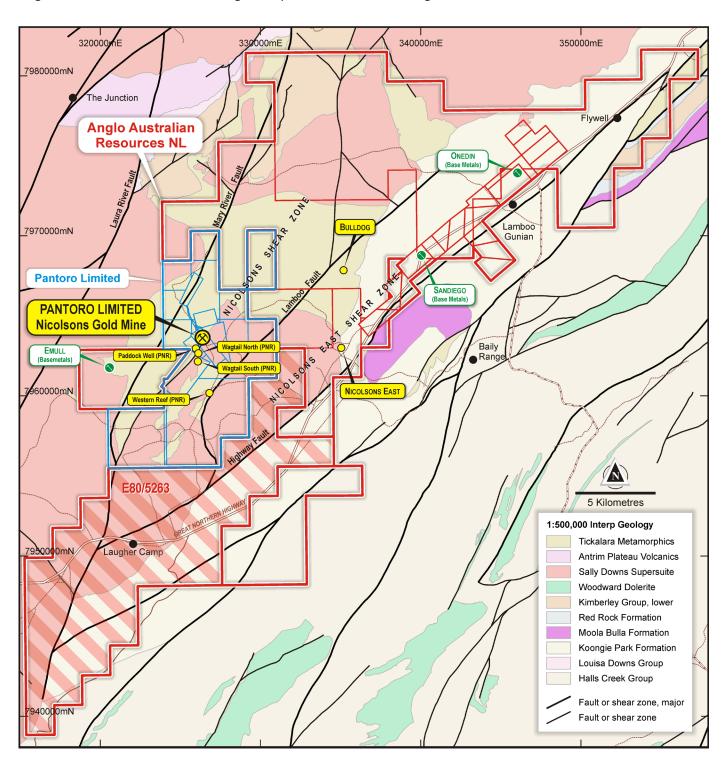


Figure 11: Koongie Park tenement map illustrating key features.

Anglo Australian hosts approximately 15 kilometres of the Nicolsons Shear Zone to the north of Pantoro's ground and approximately 15 kilometres to the south.

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DIRECTORS' REPORT (continued)

Anglo Australian also holds some 30 kilometres of strike along the Nicolsons East Shear Zone, approximately 8 kilometres to the east of and sub-parallel to the Nicolsons Shear Zone. This zone hosts a number of highly attractive targets including the undrilled Nicolsons East Prospect which outcrops over approximately a two kilometres length and where gold mineralised rock chip samples assays up to 15.7 g/t Au have previously been recorded – refer Figure 12.

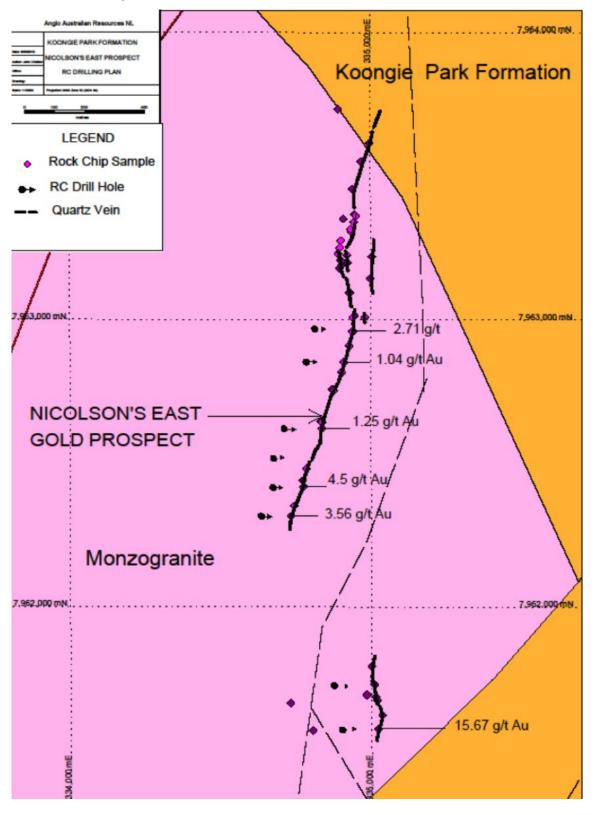


Figure 12: Nicolsons East Gold Prospect.

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DIRECTORS' REPORT (continued)

INDICATED MINERAL RESOURCES

Anglo Australian's ground position at Koongie Park is also highly prospective for base metals with significant mineralisation previously identified at Sandiego and Onedin, as follows:

SANDIEGO DEPOSIT	
Supergene Copper	370,000 tonnes @ 4.0 % Cu, 2.7% Zn, 48g/t Ag and 0.29g/t Au
Copper Zone	1,140,000 tonnes @ 2.8% Cu, 1.5% Zn, 12g/t Ag and 0.43g/t Au
Zinc Zone	1,220,000 tonnes @ 0.2 % Cu, 7.0% Zn, 26g/t Ag and 0.13g/t Au
Total in situ Metal	50,000 tonnes copper, 115,000 tonnes zinc, 2 million ounces of silver & 26,000 ounces of gold
ONEDIN DEPOSIT	
Zinc Zone	1,980,000 tonnes @ 6.25% Zn, 0.47% Cu, 32g/t Ag and 0.3g/t Au
Copper Zone	2,500,000 tonnes @ 1.1% Cu, 0.8% Zn, 21g/t Ag and 0.3g/t Au
Total in situ Metal	

Discussions are underway with relevant stakeholders in the area and the Company is considering further exploration work in this area in the near future.

CARNILYA HILL GOLD PROJECT - WA

Anglo Australian – 100% of gold rights

Carnilya Hill is located approximately 20 kilometres east-south-east of the Company's Feysville Project and approximately 40 kilometres south-east of Kalgoorlie, Western Australia.

The Project encompasses various tenements – M26/047-049, M26/453 representing an aggregate area of approximately 2.65 square kilometres – with rights to nickel and other minerals held by Mincor Resources NL (ASX: MCR).

A newly defined prospect named Hang Glider Hill has been outlined by Lefroy Exploration Limited (ASX: LEX) immediately north of the Carnilya Hill tenements. The prospect comprises a surface gold geochemical anomaly where a number of gold nuggets have been recovered.

Anglo Australian will undertake a data review and site visit with a view to commencing exploration on the Project in mid 2019.

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DIRECTORS' REPORT (continued)

SCHEDULE OF MINING TENEMENTS

Project	Tenement Company Interest Title Registered to				
Western Australia					
Koongie Park	M80/276, 277 E80/4389,4766, 4957, 4960 E80/5076, 5087, E80/5127 P80/1802-10 P80/1831-1837	E80/4389,4766, 4957, 4960 E80/5076, 5087, E80/5127 P80/1802-10 Anglo Australian Resou		100% Anglo Australian Resources	
Feysville	P26/3943 – 3951 P26/4031-4034 P26/4051- 4052 P26/4074 – 4077 P26/4293,4294 P26/4031 – 4034	100% Option Agreement	Feysville Gold Pty Ltd R Borromei		
	F20/4031 - 4034	Option Agreement	N BOITOITIEI		
Mandilla	M15/96 M15/633 E15/1404	100% gold rights only 100% gold rights only 100%	Apollo Phoenix Resources Pty Ltd Anglo Australian Resources NL Anglo Australian Resources NL		
Carnilya Hill	M26/47 - 49 M26/453	100% gold rights only	Mincor Resources NL		
Leonora	P37/8355 E37/1287	100%	Anglo Australian Resources NL		

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DIRECTORS' REPORT (continued)

Compliance Statement

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

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

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

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

SUBSEQUENT EVENTS

In February 2019 the Company announced it had received firm commitments pursuant to a capital raising in the amount of \$1.15 million.

At the issue price of \$0.06 per share, this equates to the issue of approximately 19.2 million new shares.

On 28 February the Company allotted 16.1 million shares (\$967,000), and the remaining 3.1 million shares to be allotted by the end of March.

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AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 23.

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

John Jones AM

Chairman

13 March 2019



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Auditor's Independence Declaration

To those charged with the governance of Anglo Australian Resources NL

As auditor for the review of Anglo Australian Resources NL for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

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

Greenwich & Co Audit Pty Ltd

Greenwich & Co Audit Pty Ltd

Rafay Nabeel Audit Director

13 March 2019 Perth

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

		Half-year ended		
		2018	2017	
	Note	\$	\$	
Interest		3,086	1,671	
Depreciation and amortisation expenses		-	-	
Rental expense		(45,349)	(32,570)	
Directors fees		(105,555)	(105,545)	
Share based payments expense		(32,000)	(77,099)	
Other expenses		(162,187)	(191,636)	
Exploration expenses	_	-		
LOSS BEFORE INCOME TAX		(342,005)	(405,179)	
Income tax expense	_	-		
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF ANGLO AUSTRALIAN RESOURCES NL		(342,005)	(405,179)	
Basic and diluted loss per share (cents per share)		(0.11)	(0.15)	

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

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

Note \$ CURRENT ASSETS	018 \$ 23,785 67,000 90,785
CURRENT ASSETS	23,785 67,000
	67,000
Cash and cash equivalents 2/1.886 I h	67,000
	90,785
TOTAL CURRENT ASSETS 314,871 1,6	
NON-CURRENT ASSETS	
Plant and equipment 4,765	-
	71,182
·	71,182
	61,967
CURRENT LIABILITIES	
Trade and other payables 352,514 4	38,846
TOTAL CURRENT LIABILITIES 352,514 4	38,846
Rehabilitation provision 65,220	65,220
TOTAL NON-CURRENT LIABILITIES 65,220	65,220
TOTAL LIABILITIES 417,734 5	04,066
	<u> </u>
NET ASSETS 4,749,255 5,0	57,901
EQUITY	
Issued capital 6 33,984,793 33,9	51,434
Reserves 916,649 9	16,649
Accumulated losses (30,152,187) (29,8	10,182)
TOTAL EQUITY 4,749,255 5,0	57,901

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

CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Issued Capital	Options Reserve	Accumulated Losses	Total
	\$		\$	\$
BALANCE AT 1 JULY 2017	30,057,224	717,770	(28,889,720)	1,885,274
Loss for the half-year		-	(405,179)	(405,179)
TOTAL COMPREHENSIVE LOSS	-	-	(405,179)	(405,179)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS				
Shares issued	2,498,300	-	-	2,498,300
Options issued during the period		198,879	-	198,879
BALANCE AT 31 December 2018	32,555,524	916,649	(29,294,899)	4,177,274
BALANCE AT 1 JULY 2018	33,951,434	916,649	(29,810,182)	5,057,902
Loss for the half-year	-	-	(342,005)	(342,005)
TOTAL COMPREHENSIVE LOSS	-	-	(342,005)	(342,005)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS				
Shares issued	33,359	-	-	33,359
Options issued during the period		-	-	-
BALANCE AT 31 DECEMBER 2018	33,984,793	916,649	(30,152,187)	4,749,255

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

CONDENSED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Half-year		
	2018	2017	
	\$	\$	
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers	(287,608)	(292,491)	
Net cash used in operating activities	(287,608)	(292,491)	
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	3,086	1,671	
Payments for exploration and evaluation expenditure	(1,062,612)	(793,187)	
Payment for Property, Plant & Equipment	(4,765)	-	
Net cash used in investing activities	(1,064,291)	(791,516)	
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares	-	2,228,455	
Repayment of borrowings	-	(2,987)	
Net cash provided by financing activities	-	2,225,468	
Net increase/(decrease) in cash and cash equivalents	(1,351,899)	1,141,461	
Cash and cash equivalents at the beginning of the half-year	1,623,785	178,786	
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR	271,886	1,320,247	

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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements for the interim half-year reporting period ended 31 December 2018 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Going Concern

The financial report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation and extinguishment of liabilities in the ordinary course of business. For the half-year ended 31 December 2018 the Company incurred a loss of \$342,005 and had a negative working capital balance of \$37,643.

The directors recognise that the ability of the Company to continue as a going concern and to pay its debts as and when they fall due for the next 12 months is dependent on the ability of the Company to secure additional funding through either the issue of further shares and / or options.

The directors have reviewed the business outlook and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Company will achieve the matters set out above. The Directors have recently completed a \$1.15 million capital raising and the Company has approximately \$1 million in cash as at the date of this financial report. The directors believe that they will continue to be successful in securing additional funds as and when the need to raise working capital arises.

Should the Company be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial report.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that may be necessary should the Company be unable to continue as a going concern.

New or Amended Accounting Standards and Interpretations Adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards and Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the Company:

31 December 2018

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AASB 9 Financial Instruments

The Company has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

AASB 15 Revenue from Contracts with Customers

The Company has adopted AASB 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

There was no impact on the financial performance and position of the Company from the adoption of these Accounting Standards.

31 December 2018

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)

NOTE 2: REINSTATEMENT OF COMPARATIVES – ADOPTION OF AASB 9 'FINANCIAL STATEMENTS' AND AASB 15 'REVENUE FROM CONTRACTS WITH CUSTOMERS'

Adoption of AASB 9 'Financial Instruments'

The Company has adopted AASB 9 from 1 July 2018, using the full retrospective approach of adoption (with the exemption of hedge accounting) and comparatives have been restated.

The investment classifications 'Available-for-sale financial assets' and 'Held-to-maturity investments' are no longer used and 'Financial assets at fair value through other comprehensive income' was introduced. There were no investments held in these categories as at 30 June 2018. 'Interest revenue' is no longer included in the 'Revenue' note and is now shown separately on the face of the statement of profit or loss and other comprehensive income, resulting in a reclassification of \$1,671 for the half-year ended 31 December 2017.

NOTE 3: SEGMENT INFORMATION

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

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

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

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

NOTE 4: SHARE BASED PAYMENTS

The Group measure the cost of equity-settled transactions by reference to the fair value of the equity instrument at the date at which they are granted. The fair value of options is determined by an internal valuation using a Black-Scholes option pricing model. The valuation relies on the use of certain assumptions. If the assumptions were to change, there may by an impact on the amounts reported.

400,000 Shares valued at \$32,000 were issued during the 6 month period to 31 December 2018 pursuant to an agreement, for services rendered.

No Shares (2017: 3,580,500 Shares valued at \$143,220) and no Options (2017: 16,950,000 Options valued at \$154,437) were issued to Directors during the 6 month period to 31 December 2018 in lieu of directors fees and loan amounts owed by the Company to the directors.

A summary of shares and options issued is at Note 5

31 December 2018

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)

NOTE 5: EXPLORATION & EVALUATION EXPENDITURE

	Half-year Ended 31 Dec 2018	Year ended 30 June 2018
	\$	\$
Balance at beginning of the period	3,871,182	2,230,612
Exploration expenditure capitalised during the period	976,171	1,884,476
Exploration expenditure written off during the period	-	(243,906)
Balance at end of the period	4,847,353	3,871,182
Comprised of:		
Feysville	2,878,788	2,118,154
Koongie Park	1,412,322	1,320,834
Leonora	165,622	128,843
Mandilla	390,621	303,351
	4,847,353	3,871,182

NOTE 6: CHANGES IN EQUITY SECURITIES ON ISSUE

	31 Dec	31 Dec
	2018	2018
	Shares	\$
Issues of ordinary shares during the half-year		
Balance at 1 July	317,864,054	33,951,434
Shares Issued	400,000	32,000
Costs of issues	<u> </u>	1,359
Balance at 31 December	318,264,054	33,984,793

Movements of options during the period

EXPIRY DATE	EXERCISE PRICE (CENTS)	1 JULY 2017	LAPSED	ISSUED	EXERCISED	BALANCE AT THE END OF THE PERIOD	VESTED AND EXERCISABLE AT THE END OF THE PERIOD
30 November 2019	2.0	32,300,000	1	1	1	32,300,000	32,300,000
30 November 2020	2.0	37,200,000	ı	ı	ı	37,200,000	37,200,000
30 November 2020	2.5	10,500,000	-	-	-	10,500,000	10,500,000
30 November 2020	4.0	2,500,000	-	-	-	2,500,000	3,000,000
30 November 2020	8.0	6,950,000	1	-	1	6,950,000	6,950,000
30 November 2020	8.0	2,000,000	1	1	1	2,000,000	2,000,000

ANGLO AUSTRALIAN RESOURCES NL 31 December 2018

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)

NOTE 7: CONTINGENCIES

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

NOTE 8: SUBSEQUENT EVENTS

In February 2019 the Company announced it had received firm commitments pursuant to a capital raising in the amount of \$1.15 million.

At the issue price of \$0.06 per share, this equates to the issue of approximately 19.2 million new shares.

On 28 February the Company allotted 16.1 million shares (\$967,000), and the remaining 3.1 million shares to be allotted by the end of March.

Apart from the above, no matters or circumstances have arisen since 31 December 2018, which has significantly affected, or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years.

ANGLO AUSTRALIAN RESOURCES NL 31 December 2018

DIRECTORS' DECLARATION

In the directors' opinion:

- 1. the financial statements and notes set out on the preceding pages are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the company's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- 2. there are reasonable grounds to believe that Anglo Australian Resources NL will be able to pay its debts as and when they become due and payable.

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

John Jones AM

Chairman

13 March 2019



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Independent Auditor's Review Report

To the members of Anglo Australian Resources NL

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Anglo Australian Resources NL ("the Company"), which comprises the condensed statement of financial position as at 31 December 2018, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and the condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Anglo Australian Resources NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- giving a true and fair view of the company's financial position as at 31 December 2018 and of its performance for the half-year ended on that date;
- and complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

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

Without modifying our opinion, we draw attention to Note 1 to the financial statements which outlines that the ability of the Company to continue as a going concern is dependent on the Company securing additional funding through either the issue of further shares and/or options.

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

Greenwich & Co Audit Pty Ltd
Greenwich & Co Audit Pty Ltd

Rafay Nabeel Audit Director

13 March 2019