Australasian Resources Ltd

ABN: 46 008 942 809

Annual Report 2013

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ACTIVITIES REVIEW

Australasian Resources Limited ("the Company") is listed on the Australian Securities Exchange (ASX Code ARH) and 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.

The Balmoral South Iron Ore Project is now well positioned for development with completion of the Feasibility Study and both Federal and State environmental approval for the 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 $550,000. Further to this support the Board are confident that a funding solution will be finalised in the coming months. The Board have also agreed to suspend the payment of director's fees whilst the company is assessing its funding options. The Non Executive Directors have agreed that their fees will accrue until a working capital solution is obtained.

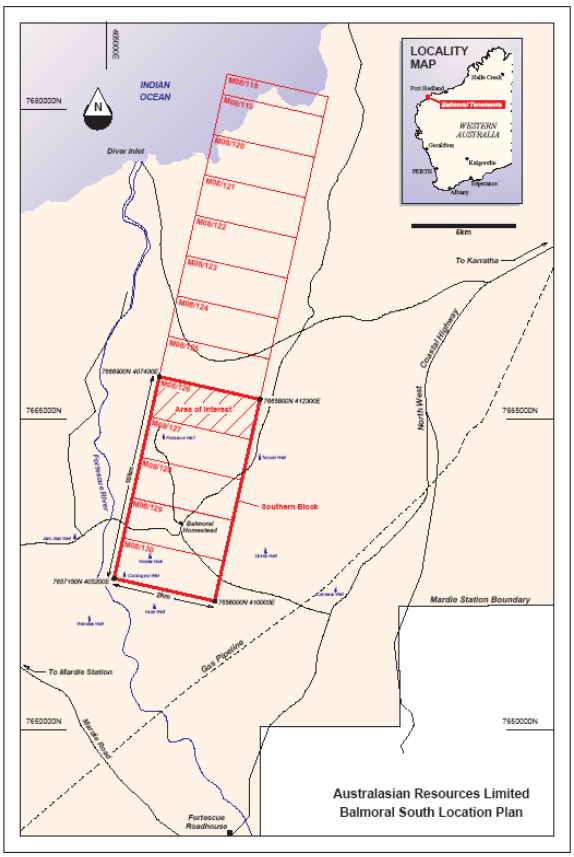
HEALTH, SAFETY, ENVIRONMENT AND COMMUNITY (HSEC)

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" of the Balmoral resource. The Balmoral resource is located approximately 80km southwest of the town of Karratha.

The extensive Balmoral deposit, which is owned by private company Mineralogy Pty Ltd, is reputedly the world's largest undeveloped magnetite resource which, according to estimates by Hellman & Schofield Pty Ltd independent geological consultants, has the potential to host 60 – 100 billion tonnes of magnetite mineralisation @30 - 31% Fe (per section 18 of the JORC Code).

PROJECT UPDATE

During the year MCC Overseas produced an update of the Balmoral South feasibility study suitable for lodgment with potential Chinese funders. This report has been provided to the board and will be suitable for applications with Chinese financial institutions for up to 75% of the capital requirements of the project.

MINERAL RESOURCE

The Mineral Resource estimate is summarised below in Table 1 and is reported at a cut-off

grade of 15% MagFe grade. The Mineral Resource includes an estimate of the concentrate grade based on Davis Tube metallurgical testwork and is classified into Indicated and Inferred Resource categories as per the JORC guidelines.

Table 1 – Mineral Resource Estimate (Balmoral South) as at March 2009, at a cut-off of 15% MagFe

Class	Ore				Concentrate (80% passing 32µm)				
	Mt	MagFe (%)	Total Fe (%)	DTR (%)	Fe Conc (%)	SiO_2 Conc (%)	Al_2O_3 Conc (%)	P_2O_5 Conc (%)	Density (t/m^3)
Indicated	1,055	22.9	31.3	33.2	69.1	3.8	0.10	0.03	3.4
Inferred	550	22.0	30.9	32.1	68.8	4.0	0.11	0.03	3.3
Total	1,605	22.6	31.2	32.7	69.0	3.9	0.10	0.03	3.4

Table 2 – Ore Reserve Estimate (Balmoral South) as at March 2009

Class	Ore				Concentrate (80% passing 32µm)				
	Mt	MagFe (%)	Total Fe (%)	DTR (%)	Fe Conc (%)	SiO_2 Conc (%)	Al_2O_3 Conc (%)	P_2O_5 Conc (%)	Density (t/m^3)
Probable	859	22.6	31.2	32.7	69.0	3.9	0.10	0.02	3.3

* COMPLETE DETAILS OF THE RESOURCE/RESOURCE ESTIMATE WERE REPORTED TO THE ASX ON 2/04/2009.

The information in this report that relates to Mineral Resources (August 2009 Mineral Resource estimate) at the Balmoral South Project is based on information compiled by Mr Ross Cheyne, who is a Member of The Australasian Institute of Mining and Metallurgy.

Mr Cheyne is a full-time employee of Orelogy Limited and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Cheyne and Orelogy Limited consent to the inclusion in this report of the matters based on his information in the form and context in which it appears.

ORE RESERVES

The Ore Reserve estimate for the Balmoral South Iron Ore Project was completed and released to the ASX on 2 April 2009. Sensitivity analysis of the deposit carried out as part of the 2009 Ore Reserve Estimate indicated that the ore reserve is extremely robust and relatively insensitive to changes in economic parameters. Therefore the 2009 Ore Reserve can still be considered acceptable. The work is an update to the Ore Reserve estimate released in August 2007. The most recent Ore Reserve estimate was completed by Orelogy Pty Ltd, who acted as the competent person as defined under the JORC guidelines.

The Ore Reserve estimate for the Balmoral South Iron Ore project now stands at 859 Mt of Probable Reserves (detailed summary of the Ore Reserve estimate is provided in the table above.) The parameters used to complete the Ore Reserve estimate were based on the same parameters used in the feasibility study. The Ore Reserve has not changed since April 2009 and at present represents over a 20 year mine life. No additional drilling is proposed at Balmoral until certain project definition and funding for the project is obtained.

ACTIVITIES REVIEW

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 Bay Project includes; the Sherlock Bay Deposit M47/0567, surrounding ground held as prospecting licenses, plus exploration licences E47/2049 and E47/2203.

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 feasibility study and the decision to commence commercial mining.

BIO GEOCHEMICAL SAMPLING

A planned sampling program, which was based on combination of information generated by Global Ore Discovery (processed HyMap data) with the DTM data (GeoEYE) and past biogeochemical assay data, was completed during the last reporting year. The program included sampling on all tenements in the Sherlock and Sherlock Extended project areas; results have now been received and interpreted by the Company's consultant. A total of 20 target areas for follow up have been identified.

The Company undertook an extensive vegetation sampling program across tenements making up the Sherlock Exploration Project, located between Roebourne and Whim Creek in the Western Pilbara. Geko-Co Pty Ltd (Geko-Co) was requested to review and interpret the assay results in conjunction with existing hyperspectral and topography data, and in combination with the historic dataset built up by IEL. Assay results were progressively (and slowly) provided by Genalysis Laboratory Services in the first half of 2013 and the interpretation is now complete.

The interpretive work has identified seven areas of interest shown on figure 1. 13 targets where further exploration is warranted are located on the JV tenements. A further 7 targets for follow up are identified on the prospecting and mining licence areas. Immediate drilling may be warranted on M47/567 while other targets can be progressed via follow up vegetation sampling.

The interpretation gave significant consideration to specific elements that might be most significant in determining areas of potential economic mineralisation. Known deposits within the region include; Sherlock Bay (Ni,Cu), Balla Balla (Fe,Ti,V & P), plus the Salt Creek, Balla Balla and Whim Creek base metals deposits (Cu,Zn,Pb). The elements associated with ore minerals of these deposits were considered for anomalism across the project area.

These results provide significant encouragement to progress exploration. In the coming quarter the company expects to utilise all available information to plan the next stage of field work on the Project.

ACTIVITIES REVIEW

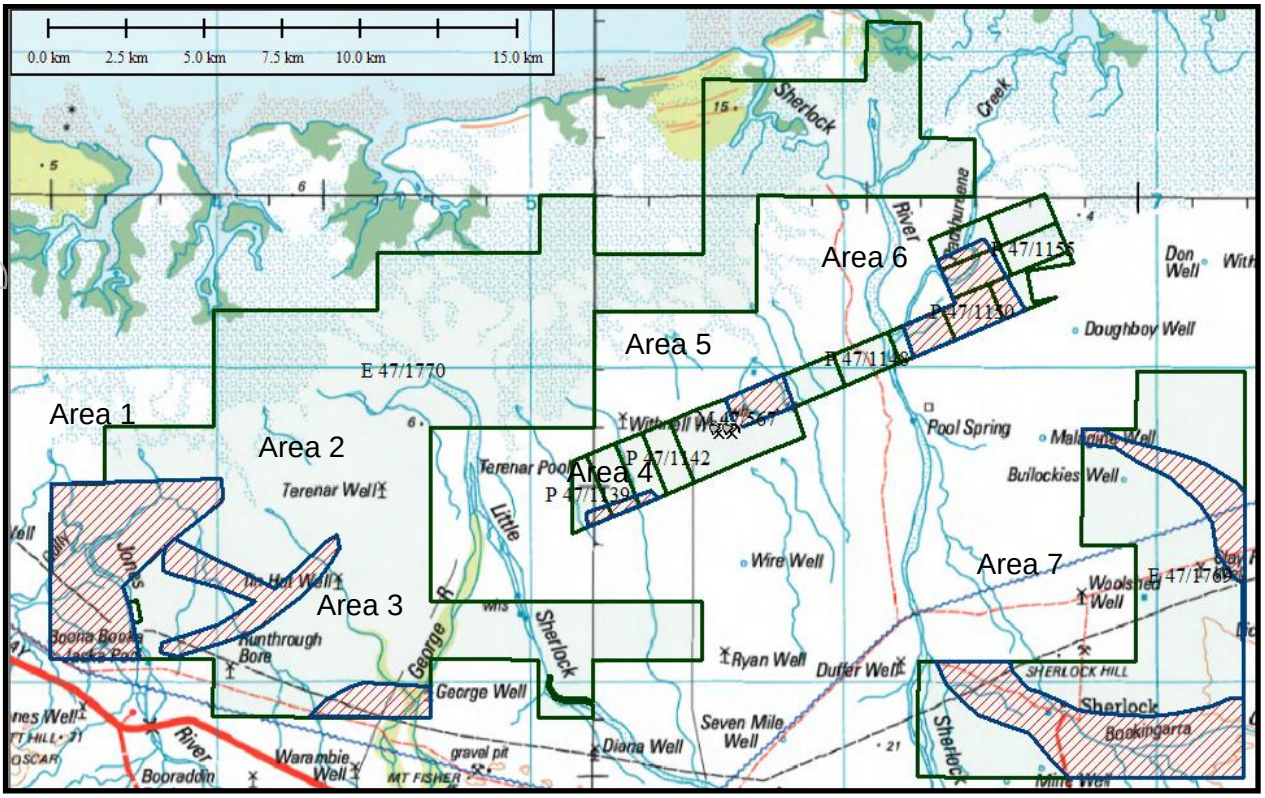


Figure 1: Areas of exploratory interest set against 1:250,000 topography data (red oval indicates Sherlock deposit)

APPLICATION FOR FURTHER MINING LICENSES

The process of granting of additional mining leases for its Sherlock Bay Project. International Exploration is continuing via negotiations with the Ngarluma people, the relevant native title holders, who are required to sign agreements in order for the grant of the applications for mining leases on some of its Sherlock Bay tenements. International Exploration is seeking the grant of the additional mining leases in accordance with this existing agreement.

CAT CAMP

The Cat Camp project, lies within the Lake Johnston Greenstone Belt and is located approximately 170km south west of Kalgoorlie. It contains lithologies that are consistent with the nearby Emily Ann and Maggie Hays nickel sulphide deposits.

SURRENDERED TENEMENTS

Full surrender of the following tenements occurred during the financial year E47/2203.

TENEMENTS GRANTED DURING THE YEAR

A 100% interest of tenement E15/1325 was acquired during the financial year.

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 2013.

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 Director and Chairman of Synergy Plus Limited (appointed 7 July 2006), a national ICT infrastructure solutions company and a director of AIM listed Gladstone Pacific Nickel Ltd (appointed 11 December 2007).

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 appointed on 22 February 2006. 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 Nickelore Limited on 12 October 2010.

MR CLIVE MENSINK – NON-EXECUTIVE DIRECTOR

Mr Mensink is a senior executive officer with Mineralogy Pty Limited ("Mineralogy") and has been with Mineralogy for over 17 years. As Project Manager for Mineralogy's numerous exploration programmes, Mr Mensink has played a key role in the development of the Balmoral South Project. He has led and has been instrumental in the success of numerous business delegations which have represented Mineralogy in the Peoples' Republic of China. Mr Mensink has a good working knowledge of all of Mineralogy's projects and databases which will assist the Company in its pursuit to develop the Balmoral South Project. Mr Mensink was appointed to the Board of Gladstone Pacific Nickel Limited on 26 May 2009.

MR VIMAL SHARMA – NON-EXECUTIVE DIRECTOR

Mr Sharma is currently 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 11 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.

CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR

MR ZHENYA (DIO) WANG

Mr Wang is a Civil Engineer with a Postgraduate Diploma in Planning and Design (Urban Planning) and a Master of Engineering Structures. Mr Wang has been employed by Australasian Resources since 2006 and during this time he has been involved in the successful completion of the Balmoral South Iron Ore Project Feasibility Study as part of the project team whilst being an participant in negotiations with a number of potential investors. This experience and his knowledge of the Balmoral South Project lead to his appointment as Chief Executive Officer in July 2010. Mr Wang has been further appointed as Managing Director in January 2012.

COMPANY SECRETARY AND CHIEF FINANCIAL 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.

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 $23,111,384.

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 2012 and to the date of this report.

Review of Operations

A review of operations is set out on pages 3 to 5 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

The company's major shareholder Mr Clive Palmer, through the provision of a letter of support, has committed to the continued financing of the company until an investment partner in the Balmoral South Iron Ore Project (BSIOP) can be found and project funding secured. Post reporting date he has made three separate cash deposits ($106,610, $65,033 and $250,000) to provide the company with ongoing working capital.

The directors of the company have agreed to continue the accrual of their director's fees until such time as the company secures project funding.

No other matter or circumstance has arisen since 30 June 2013 that has significantly affected, or may significantly affect:

- the consolidated entity's operations in the future financial years; or
- the results of those operations in future financial years; or
- the consolidated entity's state of affairs in future financial years.

Likely Developments and Expected Results

The Group will continue to focus on development of its Balmoral South Iron Ore project and Sherlock Bay Nickel project. It will also carry out exploration activities on its portfolio of nickel, copper and uranium projects.

Environmental Regulations

The Company's environmental obligations are regulated under the laws of Western Australia where the Consolidated Entity holds mineral exploration tenements. During the financial year ended 30 June 2013 the Entity recorded no environmental non-compliance issues.

Shares Under Option

UNISSUED SHARES

At the date of this report, the unissued ordinary shares of Australasian Resources Limited under option are as follows:

Date options granted	Expiry date	Exercise price of Options	Number under option
22 June 2012	19 July 2015	$0.194	5,600,000
22 June 2012	19 July 2015	$0.20	600,000
Options on issue at the date of this report			6,200,000

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.

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 2013 or 30 June 2012.

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		Audit Committee			
Director	Meetings Eligible to Attend	Meetings Attended	Meetings Eligible to Attend	Meetings Attended	Directors' Interest in Shares of the Company	Directors' Interest in Options of the Company
D Martino	3	3	2	2	240,000	-
P Piercy	3	3	2	2	125,000	-
C Mensink	3	3	0	0	3,475	-
V Sharma	3	3	2	2	-	-
D Wang	3	3	0	0	-	-

Indemnification of Directors and Officers

The Company has agreed to indemnify and keep indemnified the following officers: Mr Zhenya (Dio) Wang, Mr Domenic Martino, Mr Paul Piercy, Mr Vimal Sharma, Mr Clive Mensink and Mr Grant Ryan 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.

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 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
C Mensink – Non Executive Director
D Wang – Managing Director

Executives
G Ryan – Company Secretary and Chief Financial Officer

There were no changes in KMP after reporting date and before the date the financial report was authorised for issue.

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 2013 or 30 June 2012.

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.

Non-Executive Director 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):

	2007	2008	2009	2010	2011	2012	2013
Share price	1.36	1.37	0.54	0.21	0.30	0.20	0.028
Basic and diluted profit/(loss) per share	(3.56)	(3.46)	(2.97)	(0.08)	(0.07)	(1.26)	(0.05)

Employment Contracts

Chief Executive Officer and Managing Director Dio Wang and Company Secretary Grant Ryan are employed under contract. Mr Ryan's contract commenced on 4 December 2006 and concluded on 26 April 2013, since this time Mr Ryan has worked for the company as a contractor.

- Mr Wang receives fixed remuneration of $200,000 per annum exclusive of any superannuation entitlements.
- Mr Wang may resign from his position and thus terminate this contract by giving three (3) months written notice.
- The Company may terminate the employment agreement by giving three (3) months written notice or by providing payment in lieu of the notice period.
- Mr Ryan acts in the role of Company Secretary/CFO as a contractor as required by the company.

DIRECTORS' REPORT

Directors and Executives Remuneration

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

YEAR ENDED 30 JUNE 2013 (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	45,000	-	4,050	-	49,050	-
D Martino[1]	60,000	-	5,400	-	65,400	-
C Mensink[1]	48,750	-	4,389	-	53,139	-
V Sharma[1]	45,000	-	4,050	-	49,050	-
D Wang	188,500	9,046	16,965	-	214,511	-
Executives				-		
G Ryan[2]	235,127	12,020	16,980	-	264,127	-
TOTALS	**622,377**	**21,066**	**51,834**	-	**695,277**	-

[1] Fees of non-executive directors have been accrued for the months of March/April/May/June 2013 ($65,000).
[2] Mr Ryan has been paid as a contractor during April/May/June 2013 for services provided

YEAR ENDED 30 JUNE 2012 (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	53,750	-	4,838	17,480	76,068	-
D Martino[3]	60,000	-	5,400	(2,603,443)	(2,538,043)	-
C Mensink[1,2]	19,441	-	-	87,400	106,841	-
V Sharma[1]	45,000	-	4,050	43,700	92,750	-
D Wang[4]	149,124	8,531	13,421	52,440	223,516	-
Executives						
G Ryan	215,688	10,081	19,412	26,220	271,401	-
TOTALS	**543,003**	**18,612**	**47,121**	**(2,376,203)**	**(1,767,467)**	

[1] Other transactions with key management personnel and their related parties are disclosed in note 23(d).
[2] Mr Mensink has been paid as a contractor during the 2011/12 period for services provided
[3] Reversal of prior accumulated expense as option conditions are unlikely to be achieved, refer to note 24(a).
[4] Mr Wang has been further appointed as Managing Director in January 2012. Salary of Mr Wang differs to his contracted amount due to unpaid leave being taken during the year.

DIRECTORS' REPORT

OPTIONS GRANTED AND VESTED DURING THE YEAR

During the year 12,121,212 options were granted to Mineralogy Pty Ltd. These options vested immediately.

VALUE OF OPTIONS FORFEITED IN THE PERIOD

There were no options forfeited during the period.

Options expired during the period include the following:

12,121,212 options with an exercise price of $0.165 expired on 18 January 2013.
1,800,000 options with an exercise price of $1.18 expired on 6 December 2012.
1,000,000 options with an exercise price of $2.24 expired on 16 January 2013.

SHARES ISSUED ON EXERCISE OF COMPENSATION OPTIONS

No compensation options were exercised during the financial year.

END OF AUDITED REMUNERATION REPORT

This report is made in accordance with a resolution of the Directors.

D Martino
Chairman
28 September 2013

Auditors' Independence Declaration

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Auditor's Independence Declaration to the Directors of Australasian Resources Ltd

In relation to our audit of the financial report of Australasian Resources Ltd for the financial year ended 30 June 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
28 September 2013

Corporate Governance Statement

The ASX Listing Rules require listed companies to include in their Annual Report a statement disclosing the extent to which they have complied with the ASX Best Practice Recommendations in the reporting period. These recommendations are guidelines designed to produce efficient and effective outcomes. The recommendations are not prescriptive so that if a company considers that a recommendation is inappropriate having regard to its own circumstances, the company has the flexibility not to follow it. Where a company has not followed all the recommendations, the annual report must identify which recommendations that have not been followed and give reasons for not following them.

A table has been included at the end of this statement which sets out the ASX Best Practice Recommendations and states whether the Company has complied with each recommendation in the reporting period. Where the Company considered it was not appropriate to comply with a particular recommendation the reasons are set out in the notes referenced in the table.

Role of the Board

The Board's primary responsibility is to oversee the Company's business activities and management for the benefit of shareholders which it accomplishes by:

- establishing corporate governance, and ethical, business standards;
- setting and monitoring objectives, goals and strategic direction with a view to maximising shareholder value;
- approving and monitoring budgets and financial performance;
- ensuring adequate internal controls exist and are appropriately monitored for compliance;
- ensuring significant business risks are identified and appropriately managed;
- approving of financial and other reporting, and announcements prior to lodgement with the ASX and release to shareholders;
- ensuring the composition of the Board is appropriate, selecting Directors for appointment to the Board and reviewing the performance of the Board and the contributions of individual Directors; and
- setting remuneration policy.

The Board has delegated responsibilities and authorities to management to enable management to conduct the Company's day to day activities. Matters which are not covered by these delegations, such as approvals which exceed certain limits, require Board approval.

Board Processes

The Board of Australasian Resources Limited meets on a regular basis. The agenda for these meetings is prepared by the Company Secretary in conjunction with the Directors. Board papers are circulated in advance.

Composition of the Board

At the date of this report the Board comprises four Non-Executive Directors. One of the Non-Executive Directors is considered to be independent.

Director	Appointed	Non-Executive	Independent	Retiring by rotation at 2013 AGM	Seeking re-election at 2013 AGM
D Martino	27 November 2003	Yes	Yes	Yes	Yes
V Sharma	8 March 2007	Yes	No	No	No
P Piercy	22 February 2006	Yes	Yes	No	No
C Mensink	9 January 2012	Yes	No	No	No
D Wang	9 January 2012	No	No	No	No

Corporate Governance Statement

The Directors are subject to re-election by shareholders. All Directors are subject to re-election by rotation within every three years. The Company's Constitution provides that one-third of the Directors retire by rotation each AGM. Those Directors who are retiring may submit themselves for re-election by shareholders, including any Director appointed to fill a casual vacancy or recruited since the date of the last AGM.

The current Directors have a broad range of qualifications, experience and expertise in managing mineral exploration companies. Refer to the Directors section of the Directors' Report for further information.

Independence of Non-Executive Directors

The Board considers an independent Director to be a Non-Executive Director who meets the criteria for independence included in the ASX Best Practice Recommendations. The Board considers that Paul Piercy meets this criterion.

Director Access to Independent Professional Advice

The Company acknowledges that Directors require high quality information and advice on which to base their decisions and considerations. With the prior approval of the Chairman, all Directors have the right to seek independent legal and other professional advice at the company's expense concerning any aspect of the company's operations or undertakings in order to fulfil their duties and responsibilities as Directors. If the Chairman is unable or unwilling to give approval, Board approval will be sufficient.

Ethical Standards

As part of the Board's commitment to the highest standard of conduct, the Company adopts a code of conduct to guide executives, management and employees in carrying out their duties and responsibilities. The code of conduct covers such matters as:

- responsibilities to shareholders;
- compliance with laws and regulations;
- relations with customers and suppliers;
- ethical responsibilities;
- employment practices; and
- responsibility to the environment and the community.

Board Committees

As at the date of this report, the Company does not have a Remuneration or Nomination Committee of the Board of Directors. The full Board of Directors undertake the role of these individual committees. Given the composition of the Board and the size of the Company, it is felt that individual committees are not yet warranted, however it is expected that as the Company's operations expand that each of these committees will be established.

Audit Committee

The Board has established an Audit Committee which operates under a charter approved by the Board. The Board of Australasian Resources Ltd is responsible for overseeing the management of the Company and its subsidiaries, including its control and accountability systems. The Audit Committee's role is to assist the Board in:

(a) ensuring the integrity of the Company's financial statements and the financial reporting and internal control systems; and
(b) the appointment, remuneration, independence and performance of the external auditor.

Corporate Governance Statement

During the reporting period, the members of the Audit Committee were;

P Piercy - Chairman
D Martino
V Sharma

A copy of the Audit Committee Charter is available on the Company's website.

The Audit Committee is not structured in compliance with CGC Recommendation 4.2 as it is not made up of a majority of independent directors. Given the composition of the Board, the formation of an Audit Committee in accordance with that recommendation is not possible. The Board considers this present structure is appropriate given its current circumstances until such time as it is able to appoint further independent Non-Executive Directors to the Board.

The Audit Committee held two meetings during the Reporting Period. Details of the members of the Audit Committee who were in attendance are set out in the Director's Report.

Continuous Disclosure and Shareholder Communication

The Board is committed to the promotion of investor confidence by ensuring that trading in the Company's securities takes place in an efficient, competitive and informed market. In accordance with continuous disclosure requirements under the ASX Listing Rules, the Company has procedures in place to ensure that all price sensitive information is identified, reviewed by management and disclosed to the ASX in a timely manner. All information disclosed to the ASX is posted on the company's website www.austresources.com.au.

Shareholders are forwarded documents relating to each Annual General Meeting, being the Annual Report, Notice of Meeting and Explanatory Memorandum and Proxy Form, and are invited to attend these meetings. The Company's External Auditor is also present at Annual General Meetings to answer any queries shareholders may have with regard to the audit and preparation and content of the Audit Report.

Managing Business Risk

The Board constantly monitors the operational and financial aspects of the company's activities and is responsible for the implementation and ongoing review of business risks that could affect the Company. Duties in relation to risk management that are conducted by the Directors include but are not limited to:

- initiate action to prevent or reduce the adverse effects of risk;
- control further treatment of risks until the level of risk becomes acceptable;
- identify and record any problems relating to the management of risk;
- initiate recommend or provide solutions through designated channels;
- verify the implementation of solutions;
- communicate and consult internally and externally as appropriate; and
- to inform investors of material changes to the company's risk profile.

Ongoing review of the overall risk management program is conducted by external parties where appropriate.

The Board ensures that recommendations made by the external parties are investigated and, where considered necessary, appropriate action is taken to ensure that the Company has an appropriate internal control environment in place to manage the key risks identified.

In addition, the Board investigates ways of enhancing existing risk management strategies, including appropriate segregation of duties, the employment and training of suitably qualified and experienced personnel.

Corporate Governance Statement

Board Performance Evaluations

The evaluation of individual Board members performance is undertaken by the Chairman.

The table below contains each of the ASX Best Practice Recommendations. Where the Company has complied with a recommendation during the reporting period, this is indicated with a "Yes" in the appropriate column. Where the Company considered it was not appropriate to comply with a particular recommendation, this is indicated with a "No" and the Company's reasons are set out in the corresponding note appearing at the end of the table.

Corporate Governance Statement

	Description	Complied	Note
1	**Lay solid Foundations for Management and Oversight**		
1.1	Establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Yes	
1.2	Disclose the process for evaluating the performance of senior executives.	Yes	
2	**Structure of the Board to Add value**		
2.1	A majority of the Board should be independent Directors.	No	2
2.2	The Chairperson should be an independent Director.	Yes	
2.3	The roles of Chairperson and Chief Executive Officer should not be exercised by the same individual.	Yes	
2.4	The Board should establish a Nomination Committee.	No	1
2.5	Disclose the process for evaluating the performance of the board, its committees and individual directors.	Yes	
3	**Promote Ethical and Responsible Decision Making**		
3.1	Establish a code of conduct and disclose the code or a summary of the code as to: - the practices necessary to maintain confidence in the Company's integrity; - the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders - the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes Yes	
3.2	Establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	Yes	
3.3	Disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	No	3
3.4	Disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	No	3
4	**Safeguard Integrity in Financial Reporting**		
4.1	The Board should establish an Audit Committee.	Yes	
4.2	Structure of the Audit Committee so that it consists of: - only Non-Executive Directors; - a majority of Independent Directors - an independent Chairperson, who is not chairperson of the Board; and - at least three members.	Yes	
4.3	The Audit Committee should have a formal charter.	Yes	
5	**Make Timely and Balance Disclosure**		
5.1	Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements to ensure accountability at a senior management level for that compliance and disclose those policies or a summary of those policies.	Yes	
6	**Respect the Rights of Shareholders**		
6.1	Design a communications policy for promoting effective communication with shareholders and encourage their participation at general meetings and disclose their policy of a summary thereof.	Yes	
7	**Recognise and Manage Risk**		

Corporate Governance Statement

	Description	Complied	Note
7.1	Establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes	
7.2	Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Yes	
7.3	Board should disclose whether it has received assurance from the chief executive officer and the chief financial officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes	
8	**Renumerate Fairly and Responsibly**		
8.1	Board should establish a remuneration committee	No	1
8.2	The remuneration committee should be structured so that it: - Consists of a majority of independent directors - Is chaired by an independent chair - Has at least three members	No	1
8.3	Company should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives	Yes	

Note:

1. As at the date of this report, the Company does not have a Remuneration or Nomination Committee of the Board of Directors. The full Board of Directors undertake the role of these individual committees. Given the composition of the Board and the size of the Company, it is felt that individual committees are not yet warranted, however it is expected that as the Company's operations expand that each of these committees will be established.

2. The Company acknowledges that it does not comply with ASX Corporate Governance Principle 2.1 stating that the majority of the board should be independent. However, the board believes that the present board structure provides sufficient independence to lead the Company forward.

3. The Company acknowledges that it does not comply with ASX Corporate Governance Principle 3.3 and 3.4. There are currently no women in senior executive positions or on the board, and no measurable objectives for achieving gender diversity in place. It is expected that as the Company's operations expand that these principles will be addressed.

Financial Statements

Statement of Comprehensive Income

For the Year Ended 30 June 2013

	Notes	CONSOLIDATED 2013 $	2012 (Restated) $
Revenue	4	**13,558**	**34,434**
Other income	4	**4,968**	**14,568**
Employee benefit	5	**(747,175)**	**1,393,352**
Corporate and administrative expenses		**(674,181)**	**(1,383,347)**
Finance costs		**-**	**(38,495)**
Depreciation expenses	14(a)	**(16,224)**	**(31,845)**
Net loss on disposal of asset		**(117,249)**	**-**
Impairment of exploration and evaluation expenditure	15(a), 34	**(8,882,207)**	**(272,995,178)**
Impairment of investment in jointly controlled entity	16	**(12,528,021)**	**-**
Share of loss of jointly controlled asset	16	**(164,853)**	**-**
Loss before income tax		**(23,111,384)**	**(273,006,511)**
Income tax expense	6	**-**	**(5,325,368)**
Net loss after tax		**(23,111,384)**	**(278,331,879)**
Basic and diluted loss per share (cents)	8	**(0.05)**	**(0.61)**

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Financial Statements

Statement of Financial Position

As at 30 June 2013

	Notes	CONSOLIDATED 2013 $	2012 (Restated) $
Current assets			
Cash and cash equivalents	9	**6,086**	**15,472**
Trade and other receivables	10	**13,283**	**10,879**
Other financial assets	11	**69,179**	**64,179**
Disposal group classified as assets held for sale	7	**-**	**48,063,593**
Other current assets	12	**7,293**	**7,010**
Total current assets		**95,841**	**48,161,133**
Non-current assets			
Interest in jointly controlled entity	16	**29,835,147**	**-**
Related party receivable	18	**294,904**	**-**
Property, plant and equipment	14	**5,778**	**132,770**
Mineral exploration and evaluation expenditure	15	**-**	**8,533,966**
Total non-current assets		**30,135,829**	**56,827,869**
Total assets		**30,231,670**	**56,827,869**
Current liabilities			
Trade and other payables	17	**173,807**	**133,257**
Related party payable	18	**579,981**	**1,030,001**
Provisions	19	**10,232**	**21,984**
Liabilities directly associated with assets held for sale	7	**-**	**8,063,593**
Total current liabilities		**764,020**	**9,248,835**
Total liabilities		**764,020**	**9,248,835**
NET ASSETS		**29,467,650**	**47,579,034**
Equity			
Contributed equity	22	**386,519,974**	**381,519,974**
Reserves	21	**18,972,986**	**18,972,986**
Accumulated losses	20	**(376,025,310)**	**(352,913,926)**
TOTAL EQUITY		**29,467,650**	**47,579,034**

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 2013

	Notes	CONSOLIDATED 2013 $	2012 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		**(2,072,240)**	**(2,168,708)**
Receipts from customers	4(b)	**4,968**	**14,568**
Interest received	4(a)	**13,558**	**34,352**
Interest paid		**-**	**(8,494)**
Deposits (paid)/released	11(a)	**(5,000)**	**243,021**
Tax paid		**-**	**-**
Net cash used in operating activities	9(c)	**(1,998,712)**	**(1,885,261)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for deferred exploration expenditure		**(330,237)**	**(445,062)**
Net cash used in investing activities		**(330,237)**	**(445,062)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	17	**549,980**	**1,000,000**
Net proceeds from issue of shares		**1,767,883**	**-**
Repayment of borrowings		**-**	**-**
Net cash provided by financing activities/(used in)		**2,317,863**	**1,000,000**
Net (decrease)/increase in cash held		**(11,086)**	**(1,330,323)**
Cash at the beginning of the reporting period	9	**17,172**	**1,347,495**
Cash at the end of the reporting period	9	**6,086**	**17,172**

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

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

Statements of Changes in Equity

For the Year Ended 30 June 2013

	Notes	Contributed Equity $	Accumulated Losses $	Option Reserve $	Total $
CONSOLIDATED ENTITY					
At 1 July 2011		**381,519,974**	**(74,582,047)**	**21,209,350**	**328,147,277**
Profit/(Loss) for the period		**-**	**(5,774,813)**	**-**	**(5,774,813)**
Total comprehensive Income/(Loss) for the period		**-**	**(5,774,813)**	**-**	**(5,774,813)**
Equity Transactions					
Shares issued		**-**	**-**	**-**	**-**
Share based payments		**-**	**-**	**(2,236,364)**	**(2,236,364)**
At 30 June 2012	20,21,22	**381,519,974**	**(80,356,860)**	**18,972,986**	**320,136,100**
CONSOLIDATED ENTITY					
At 1 July 2012 – Previously reported		**381,519,974**	**(80,356,860)**	**18,972,986**	**320,136,100**
Correction of error		**-**	**(272,557,066)**	**-**	**(272,557,066)**
Balance at July 1 2012 restated		**381,519,974**	**(352,913,926)**	**18,972,986**	**47,579,034**
Profit/(Loss) for the period	20	**-**	**(23,111,384)**	**-**	**(23,111,384)**
Total comprehensive Income/(Loss) for the period	20	**-**	**(23,111,384)**	**-**	**(23,111,384)**
Equity Transactions		**-**	**-**	**-**	**-**
Shares issued		**5,000,000**	**-**	**-**	**5,000,000**
Share based payments	24	**-**	**-**		**-**
At 30 June 2013	20,21,22	**386,519,974**	**(376,025,310)**	**18,972,986**	**29,467,650**

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

1. CORPORATE INFORMATION

The financial report of Australasian Resources Limited (the Company) for the year ended 30 June 2013 was authorised for issue in accordance with a resolution of the directors on 28 September 2013.

Australasian Resources Limited (the parent) is a 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 an operating loss before tax of $23,111,384 (30 June 2012 restated: $278,331,879) and has a current asset deficit at 30 June 2013 of $668,179 (2012: $1,087,620). In addition the Group has cash and cash equivalents at the end of the period of $6,086 (30 June 2012: $15,472).

The Group requires ongoing funding to enable it to meet its debts as and when they fall due. In addition, the Group's jointly controlled interest in the Balmoral South Joint Venture is held via a sub-lease agreement with Mineralogy Pty Ltd ("Mineralogy"), the Joint Venture partner in International Minerals Pty Ltd and the holder of the Balmoral Tenements. The sublease covers the terms and conditions in which the Groups jointly controlled entity has the right to mine 2 billion tonnes of magnetite ore from prescribed areas within the region. The sublease agreement is subject to the Group not triggering an "insolvency event", which includes the Group being unable to pay its debts as and when they fall due. The Groups jointly controlled entity is reliant on the Group for ongoing funding. Should an insolvency event occur, Mineralogy may terminate the agreement which would result in the Group losing its rights to mine within the Balmoral region. The Board believes this event will not occur as it closely monitors cash reserves and has the support of Mineralogy and its major shareholder.

Notwithstanding the above, the Directors consider it appropriate to prepare the financial statements on a going concern basis and that the Group's jointly controlled entity will not lose the rights to mine the Balmoral Project due to an insolvency event. The Directors are satisfied the Group can continue as a going concern. This opinion is due to the fact that the Directors strongly believe that the Groups jointly controlled entity has a project that is capable of being funded. The Board will continue to monitor cash reserves and

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

will take appropriate actions to curtail any shortfall by means of sourcing additional working capital should the need arise. The board is in receipt of a letter of support from the company's major shareholder and has recently received an additional $250,000 working capital. Due to these events the Board is confident of the Group continuing as a going concern.

Should the Group be unable to materially achieve the matters set out above or complete any other alternative forms of fund raisings there is significant uncertainty as to whether the Group would 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 classifications 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 2012. 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 2013. These are outlined the table below:

Reference	Title	Summary	Application Date of Standard	Application Date for Group
AASB 10	Consolidated Financial Statements	AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and UIG-112 *Consolidation - Special Purpose Entities.* The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. Consequential amendments were also made to this and other standards via AASB 2011-7 and AASB 2012-10.	1 January 2013	1 July 2013

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

(d) New accounting Standards and Interpretations (continued)

Reference	Title	Summary	Application Date of Standard	Application Date for Group
AASB 11	Joint Arrangements	AASB 11 replaces AASB 131 *Interests in Joint Ventures* and UIG-113 *Jointly- controlled Entities - Non-monetary Contributions by Ventures*. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. Consequential amendments were also made to this and other standards via AASB 2011-7, AASB 2010-10 and amendments to AASB 128.	1 January 2013	1 July 2013
AASB 12	Disclosure of Interests in Other Entities	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates, structured entities and subsidiaries with non-controlling interests.	1 January 2013	1 July 2013
AASB 13	Fair Value Measurement	AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made	1 January 2013	1 July 2013

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

(d) New accounting Standards and Interpretations (continued)

Reference	Title	Summary	Application Date of Standard	Application Date for Group
		and the qualitative impact of those assumptions on the fair value determined. Consequential amendments were also made to other standards via AASB 2011-8.		
AASB 119	Employee Benefits	The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognised in full with actuarial gains and losses being recognised in other comprehensive income. It also revised the method of calculating the return on plan assets. The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date. Consequential amendments were also made to other standards via AASB 2011-10.	1 January 2013	1 July 2013
Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	This interpretation applies to stripping costs incurred during the production phase of a surface mine. Production stripping costs are to be capitalised as part of an asset, if an entity can demonstrate that it is probable future economic benefits will be realised, the costs can be reliably measured and the entity can identify the component of an ore body for which access has been improved. This asset is to be called the "stripping activity asset". The stripping activity asset shall be depreciated or amortised on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity. The units of production method shall be applied unless another method is more appropriate.	1 January 2013	1 July 2013

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

(d) New accounting Standards and Interpretations (continued)

Reference	Title	Summary	Application Date of Standard	Application Date for Group
		Consequential amendments were also made to other standards via AASB 2011-12.		
AASB 2012-2	Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities	AASB 2012-2 principally amends AASB 7 *Financial Instruments: Disclosures* to require disclosure of the effect or potential effect of netting arrangements. This includes rights of set-off associated with the entity's recognised financial assets and liabilities on the entity's financial position, when the offsetting criteria of AASB 132 are not all met.	1 January 2013	1 July 2013
AASB 2012-5	Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle	AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements Cycle. The standard addresses a range of improvements, including the following: • Repeat application of AASB 1 is permitted (AASB 1). • Clarification of the comparative information requirements when an entity provides a third balance sheet (AASB 101 *Presentation of Financial Statements*).	1 January 2013	1 July 2013
AASB 2012-9	Amendment to AASB 1048 arising from the withdrawal of Australian Interpretation 1039	AASB 2012-9 amends AASB 1048 *Interpretation of Standards* to evidence the withdrawal of Australian Interpretation 1039 *Substantive Enactment of Major Tax Bills in Australia.*	1 January 2013	1 July 2013
AASB 2011-4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	This amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies. It also removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions.	1 July 2013	1 July 2013

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

(d) New accounting Standards and Interpretations (continued)

Reference	Title	Summary	Application Date of Standard	Application Date for Group
AASB 1053	Application of Tiers of Australian Accounting Standards	This standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements: (a) Tier 1: Australian Accounting Standards. (b) Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements. Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements. The following entities apply Tier 1 requirements in preparing general purpose financial statements: (a) For-profit entities in the private sector that have public accountability (as defined in this standard). (b) The Australian Government and State, Territory and Local governments. The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements: (a) For-profit private sector entities that do not have public accountability. (b) All not-for-profit private sector entities. (c) Public sector entities other than the Australian Government and State, Territory and Local governments. Consequential amendments to other standards to implement the regime were introduced by AASB 2010-2, 2011-2, 2011-6, 2011-11, 2012-1, 2012-7 and 2012-11.	1 July 2013	1 July 2013
AASB 2012-3	Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities	AASB 2012-3 adds application guidance to AASB 132 *Financial Instruments: Presentation* to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	1 January 2014	1 July 2014

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

(d) New accounting Standards and Interpretations (continued)

Reference	Title	Summary	Application Date of Standard	Application Date for Group
Interpretation 21	Levies	This Interpretation confirms that a liability to pay a levy is only recognised when the activity that triggers the payment occurs. Applying the going concern assumption does not create a constructive obligation.	1 January 2014	1 July 2014
AASB 9	Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below: (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. (d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:	1 January 2015	1 July 2015

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

(d) New accounting Standards and Interpretations (continued)

Reference	Title	Summary	Application Date of Standard	Application Date for Group
		• The change attributable to changes in credit risk are presented in other comprehensive income (OCI). • The remaining change is presented in profit or loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Further amendments were made by AASB 2012-6 which amends the mandatory effective date to annual reporting periods beginning on or after 1 January 2015. AASB 2012-6 also modifies the relief from restating prior periods by amending AASB 7 to require additional disclosures on transition to AASB 9 in some circumstances. 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 and 2010-10.		

(e) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Australasian Resources Limited and its subsidiaries (as outlined in Note 13) (the "Group") as at 30 June each year.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

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

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 way 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) 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.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

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.

(k) 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.
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.

(l) 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.

(m) 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

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.

(n) 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 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.

(o) 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

(p) 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.

(q) 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.

(r) 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 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

(s) 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 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.

(t) 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

(u) 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.

(v) 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.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

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.

(w) 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 of the carrying values of assets and liabilities that are not readily apparent from other

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

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

The determination of mineral resources impacts the accounting for asset carrying values. Australasian Resources Limited estimates its Mineral Resources and Ore Reserves in accordance with the *Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2004* (the 'JORC' Code). The information on Mineral Resources and Ore Reserves was prepared by or under the supervision of Competent Persons as defined in the JORC Code. The amounts presented are based on the guidance notes for the estimation of Mineral Resources and Ore Reserves as defined under the JORC Code.

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.

(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 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

	CONSOLIDATED	
	2013	2012
	$	$
4. REVENUE AND INCOME		
(a) Revenue		
Interest revenue	**13,558**	**34,434**
Total Revenue	**13,558**	**34,352**
(b) Other income		
Other	**4,968**	**14,568**
Total Other Income	**4,968**	**14,568**
5. EXPENSES		
(a) Employee benefits		
Salaries and wages	**(689,653)**	**(771,786)**
Contributions to defined contribution superannuation plans	**(57,522)**	**(71,226)**
Option issue expense	**-**	**(541,880)**
Option issue benefit[(i)]	**-**	**2,778,244**
	(747,175)	**1,393,352**

(i) Option issue benefit results from the forfeiture of unvested options on the departure of employees and changes in expectation as to whether options will vest in the future.

(b) Depreciation		
Depreciation - plant and equipment	**(16,224)**	**(31,845)**
(c) Finance costs		
Other interest expense	**-**	**(38,495)**
(d) Lease payments		
Minimum lease payments – operating lease payments	**(177,580)**	**(406,017)**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

	CONSOLIDATED	
	2013	2012
	$	$

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 (i)	-	5,325,368
Relating to the origination and reversal of temporary differences	-	-
Prior year adjustments	-	-
Income tax expense reported in statement of comprehensive income	-	5,325,368

(i) Before International Minerals Pty Ltd (IM) entered the consolidated tax group there was a deferred tax asset of $5,325,368 at the Consolidated Entity level to offset the deferred tax liabilities of $5,325,368 in IM. On the basis that the deferred tax liabilities will leave the group; the Consolidated Entity can no longer recognise the deferred tax assets as it does not meet the probable tests of future taxable income to allow it to be recognised. De-recognition of the deferred tax asset is through income tax expense.

(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% (2011: 30%)	(6,933,415)	(81,901,953)
Add tax effect of:		
Deferred tax assets written off as its recoverability is no longer probable	-	5,325,368
Impairment of investment in jointly controlled asset	3,000,000	-
Share and loss of jointly controlled assets	49,456	-
Non-allowable items	758,591	416
Impairment of exploration and evaluation assets held for sale	-	79,070,309
Write-off of exploration expenditure	-	2,696,810
Losses and other deferred tax balances not recognised	3,125,368	805,302
	-	5,996,252
Less tax effect of:		
Share based payments	-	(670,884)
Income tax expense/(benefit) reported in the statement of comprehensive income	-	5,325,368

(c) Deferred tax balances recognised:

Deferred Tax Assets:		
Carry forward revenue losses	-	4,302,629
Deferred Tax Liabilities:		
Exploration expenditure	-	(9,627,997)
Net Deferred tax assets/(Liabilities) recognised	-	(5,325,368)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

	CONSOLIDATED	
	2013	2012
	$	$
(d) Deferred tax balances not recognised:		
Deferred Tax Assets:		
Carry forward revenue losses	**16,562,023**	**11,703,055**
Financial Assets	**1,779,074**	**-**
Exploration expenditure	**558,826**	**-**
Capital raising costs	**31,225**	**13,769**
Property, plant and equipment	**-**	**210**
Provisions and accruals	**5,061**	**13,637**
Other	**9,183**	**8,992**
	18,945,392	**11,739,663**

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

Measurement method adopted under UIG 1052 Tax Consolidated Accounting

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.

7. ASSETS HELD FOR SALE

As a result of a General Meeting of Shareholders held on the 22 June 2012 a Joint Venture arrangement between International Minerals Pty Ltd. (a member of the group) and Mineralogy Pty Ltd. was approved. The nature of this arrangement is that Mineralogy will take ownership of half of International Minerals and as consideration International Minerals will receive the right to mine an additional 1 billion tonnes of ore from the Balmoral South deposit. The control of 50% of the shares of IM was transferred from ARH to Mineralogy after 30 June 2012. At 30 June 2012 the company therefore classified the assets and liabilities relating to International Minerals Pty Ltd as assets and liabilities associated with assets held for sale.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

	CONSOLIDATED	
	2013	2012
	$	$

8. LOSS PER SHARE

The following reflects income and share data used in the calculation of basic and diluted loss per share.

Net loss	**(23,111,384)**	**(278,331,879)**
Basic and diluted loss per share (cents)	**(0.05)**	**(0.61)**
Weighted average number of ordinary shares used in calculating basic and diluted loss per share.	**489,149,246**	**457,858,118**

9. CASH AND CASH EQUIVALENTS

(a) equivalents in the statement of financial position		
Cash at bank	**6,086**	**15,472**
Cash at bank – International Minerals	**-**	**1,700**
	6,086	**17,172**
(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	**6,086**	**17,172**
(c) Reconciliation of net loss after income tax to cash flows used in operations		
Net loss after income tax	**(23,111,384)**	**(278,331,879)**
Non-cash adjustments:		
Depreciation	**16,224**	**31,845**
Share-based payments benefit	**-**	**(2,253,454)**
Net loss on disposal of property, plant and equipment	**117,249**	**-**
Interest expense	**-**	**30,001**
Deferred tax assets written off	**-**	**5,325,368**
Impairment of exploration and evaluation expenditure	**8,882,207**	**272,995,178**
Impairment of investment in jointly controlled entity	**12,528,021**	**-**
Movements in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	**(2,404)**	**9,385**
(Increase)/decrease in other current assets	**(283)**	**911**
(Increase)/decrease in other financial assets	**(5,000)**	**243,021**
Increase/(decrease) in trade and other payables and provisions	**28,798**	**51,211**
Cash flow directly associated with assets classified as held for sale	**-**	**13,152**
Cash flow directly associated with Jointly controlled asset	**(482,141)**	**-**
Net outflows from operating activities	**(1,998,712)**	**(1,885,261)**

(d) Non-cash financing and investing activities

Amounts owing to Mineralogy of $3,733,117 were offset in full via the issue of share capital to Mineralogy in 2013. There were no non-cash financing or investing activities during 2012.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

	CONSOLIDATED	
	2013 $	2012 $
10. TRADE AND OTHER RECEIVABLES		
CURRENT		
GST receivable (a)	**13,283**	**10,879**
	13,283	**10,879**

(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.

11. OTHER FINANCIAL ASSETS		
Bond - Financial Guarantee (a)	**5,000**	**-**
Bond - Performance Guarantee (b)	**64,179**	**64,179**
	69,179	**64,179**

The bonds held by the Group at 30 June 2013 are represented by the following:

(a) Financial guarantees comprise $5,000 for a security deposit in respect of a credit card facility (2012: nil).
(b) Performance guarantees of $64,179 relate to environmental performance bonds on tenements (2012: $64,179).

12. OTHER CURRENT ASSETS		
Prepayments	**7,293**	**7,010**

13. INVESTMENT IN SUBSIDIARIES

	Interest of Company (equity-ordinary shares)	
Name of Entity and Country of Incorporation	**2013 %**	**2012 %**
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**	**100**

(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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

14. PLANT AND EQUIPMENT

(a) Reconciliations

2013	Office Furniture & Equipment $	Computer Equipment $	Plant & Equipment $	Work in progress $	TOTAL $
	CONSOLIDATED				
Gross Carrying Amount					
Balance at 30 June 2012	76,364	151,326	131,679	116,251	475,620
Additions	-	6,481	-	-	6,481
Disposals	(31,598)	(51,696)	(17,582)	(116,251)	(217,127)
Balance at 30 June 2013	**44,766**	**106,111**	**114,097**	**-**	**264,974**
Accumulated Depreciation					
Balance at 30 June 2012	(67,538)	(151,313)	(123,999)	-	(342,850)
Depreciation Expense	(6,788)	(1,836)	(7,600)	-	(16,224)
Disposals	30,679	51,696	17,502	-	99,877
Balance at 30 June 2013	**(43,647)**	**(101,453)**	**(114,097)**	**-**	**(259,197)**
Net Book Value					
As at 30 June 2012	8,826	13	7,680	116,251	132,770
As at 30 June 2013	**1,119**	**4,658**	**-**	**-**	**5,778**

2012	Office Furniture & Equipment $	Computer Equipment $	Plant & Equipment $	Work in progress $	TOTAL $
	CONSOLIDATED				
Gross Carrying Amount					
Balance at 30 June 2011	76,364	151,326	131,679	116,251	475,620
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Balance at 30 June 2012	**76,364**	**151,326**	**131,679**	**116,251**	**475,620**
Accumulated Depreciation					
Balance at 30 June 2011	(60,571)	(148,823)	(101,611)	-	(311,005)
Depreciation Expense	(6,967)	(2,490)	(22,388)	-	(31,845)
Disposals	-	-	-	-	-
Balance at 30 June 2012	**(67,538)**	**(151,313)**	**(123,999)**	**-**	**(342,850)**
Net Book Value					
As at 30 June 2011	15,794	2,503	30,068	116,251	164,615
As at 30 June 2012	**8,826**	**13**	**7,680**	**116,251**	**132,770**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

	CONSOLIDATED	
	2013	2012
	$	$
15. MINERAL EXPLORATION AND EVALUATION EXPENDITURE		
Opening balance	**8,533,967**	**326,403,995**
Exploration and evaluation costs capitalised (c)	**348,240**	**3,188,741**
Impairment of exploration and evaluation expenditure (a)	**(8,882,207)**	**(438,111)**
Impairment of exploration and evaluation expenditure reclassified as assets held for sale (b)	**-**	**(272,557,066)**
Assets reclassified as held for sale	**-**	**(48,063,593)**
Areas of interest in the exploration and evaluation phase at cost	**-**	**8,533,966**

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 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 2013 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 and falling nickel prices. This decision resulted in an impairment of $8,882,207 of the Sherlock Bay group of (non-iron ore) assets.

(b) Impairment of exploration and evaluation expenditure reclassified as assets held for sale

Refer to Note 34 for the correction of a prior year error, which has an impact on the exploration and evaluation expenditure balance as at 30 June 2012.

(c) Mineral exploration and evaluation expenditure

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 $348,240. At 30 June 2013, the expenditure was written off to nil.

16. INTEREST IN JOINT VENTURE

The Group has a 50% interest in IM, 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 of the assets and liabilities as at 30 June 2013 and income and expenses of the jointly controlled entity for the year ended 30 June 2013 which has been consolidated using the equity method in the consolidated financial statements are as follows:

	CONSOLIDATED	
	2013	2012
	$	$
Extract of the Joint Venture's statement of financial position:		
Current assets	**12,584**	**-**
Non-current assets	**-**	**-**
Current liabilities	**50,128**	**-**
Non-current liabilities	**5,325,368**	**-**
Equity (deficiency)	**5,362,656**	**-**

Extract of the Joint Venture's revenue and profit:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

	CONSOLIDATED	
	2013	2012
	$	$
Revenue	12	-
Other income	294,904	-
Cost of sales	-	-
Other expenses	(512,490)	-
Administration Expense	(112,132)	-
Loss before tax	(329,706)	-
Income tax expense	-	-
Loss from operations	(329,706)	-
Share of Joint venture's loss from operations	**(164,853)**	**-**

The Joint Venture has no contingent liabilities or capital commitments as at 30 June 2013.

In July 2012 ARH completed the sale of a 50 % interest in its wholly owned subsidiary International Minerals ("IM") via the issue of 228,000,000 shares in IM to Mineralogy, 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 ARH.

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

During the year, a similar transaction involving the purchase of the Balla Balla magnetite deposit with a resource of 450MT and reserves of 250MT by Forge Resources from Atlas Iron was completed for compensation of $40 million. As the Balmoral South Iron Ore Project has indicated resources of 1,605MT and a reserve estimate of 859MT along with many advantages regarding location and potential infrastructure synergies, the board considered it reasonable that this transaction implied the value of the entire project held by IM would be worth at least twice the value of the Balla Balla deposit ($80 million).

Additionally, the volume weighted average price ("VWAP") share price at 30 June 2012 was $0.115 which equated to a market capitalisation of $52 million. Based on the book value of the non-iron ore assets of $8 million at 30 June 2012, and then using the VWAP to arrive at a market capitalisation of $52 million, this equated to the fair value of ARH's initial investment in IM approximating $40 million.

Subsequent to the initial valuation, the VWAP for the 12 months from July 2012 to June 2013 has decreased to $0.062 which equates to a market capitalisation of $30 million, and is also considered a trigger for impairment. The Board has agreed to adopt a conservative approach to the value of its Non-Iron Ore assets and have written down the carrying value of these assets to nil. Using the VWAP as a basis for measuring fair value, the directors consider the Groups investment in IM to have a fair value of approximately $30 million at June 2013, resulting in an impairment of $12,528,021.

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

	2013
Carrying value of investment	30,000,000
Share of loss from JV	(164,853)
Net Interest in jointly controlled entity	29,835,147

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

	CONSOLIDATED	
	2013	2012
	$	$

17. Trade and Other Payables

CURRENT		
Trade creditors (i)	**102,168**	**133,257**
Accruals	**71,639**	**-**
	173,807	**133,257**

(i) Trade creditors are non-interest bearing and are normally settled on 30 day terms.

18. Related party receivables and payables

CURRENT PAYABLES		
Related party payable (i)	**579,981**	**-**
Interest bearing loan (ii)	**-**	**1,030,001**
	579,981	**1,030,001**

(i) Mineralogy Pty Ltd a company controlled by the Company's largest shareholder has provided the Company with a working capital loan of $579,981. The current loan does not accrue any interest and is repayable on call.

(ii) Mineralogy Pty Ltd previously provided the company with a $1 million interest bearing loan. The principal component was extinguished in the current year via the issue of share capital to Mineralogy Pty Ltd.

NON CURRENT RECEIVABLES		
Related party receivable (iii)	**294,904**	**-**
	294,904	**-**

(iii) The Company paid expenses of International Minerals Pty Ltd on behalf of Mineralogy Pty Ltd. The balance does not accrue any interest and is repayable on call. The Company does not plan to call the amount for repayment within 12 months.

19. Provisions

CURRENT		
Provisions for employee entitlements (i)	**10,232**	**21,984**

(i) Provisions for employee entitlements is made up of employees annual leave provision, this number has changed from the last reporting period due to employees taking leave during the year and further provisions accruing over time.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

	CONSOLIDATED	
	2013	2012
	$	$

20. ACCUMULATED LOSSES

Opening balance	(352,913,926)	(74,582,047)
Net loss for the year	(23,111,384)	(278,331,879)
Closing balance	(376,025,310)	(352,913,926)

21. RESERVES

CURRENT		
Opening balance	(18,972,986)	21,209,350
Share based payments	-	(2,236,364)
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.

22. CONTRIBUTED EQUITY

(a) Ordinary shares

Issued and fully paid ordinary shares	381,519,974	381,519,974
Share issue	5,000,000	-
TOTAL	386,519,974	381,519,974

	Number of shares	
Ordinary shares	489,149,246	458,846,216

(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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

	CONSOLIDATED	
	2013	2012
	$	$
(d) Movement in Share Options		
At 1 July	**9,000,000**	**22,521,904**
Granted	**12,121,212**	**6,200,000**
Expired	**(14,921,212)**	**(19,721,904)**
Forfeited	**-**	**-**
At 30 June	**6,200,000**	**9,000,000**

(e) Options on issue

The Company has the following share options on issue at 30 June 2013:

Expiry date	Exercise Price	ASX Code
Unlisted options expiring 19 July 2015	$0.194	ARHAK
Unlisted options expiring 19 July 2015	$0.20	ARHAM

(f) Expiry of options

12,121,212 options with an exercise price of $0.165 expired on 18 January 2013.
1,800,000 options with an exercise price of $1.18 expired on 6 December 2012.
1,000,000 options with an exercise price of $2.24 expired on 16 January 2013.

(g) Options granted

On 18 July 2012, 12,121,212 options were granted to Mineralogy Pty Ltd.

23. Key Management Personnel

(a) Compensation for Key Management Personnel		
Short-term employee benefits	**643,443**	**561,615**
Post-employment benefits	**51,834**	**47,121**
Share-based payment	**-**	**(2,376,203)**
	695,277	**(1,767,467)**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

23. KEY MANAGEMENT PERSONNEL (CONTINUED)

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

2013

	Balance at beginning of period	Granted as remuneration	Net change other	Balance at end of period	Vested at 30 June 2013		
					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	**500,000**	-	-	500,000	500,000	-	500,000
Other KMP							
G Ryan	**300,000**	-	-	300,000	300,000	-	300,000
D Wang	**600,000**	-	-	600,000	600,000	-	600,000
TOTAL	**4,600,000**	-	-	**4,600,000**	**4,600,000**	-	**4,600,000**

2012

	Balance at beginning of period	Granted as remuneration	Net change other	Balance at end of period	Vested at 30 June 2012		
					Exercisable	Not Exercisable	Total
Non-Executives							
D Martino	**11,515,144**	**2,000,000**	**(9,515,144)**[(i)]	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	-	**500,000**	-	500,000	500,000	-	500,000
Other KMP							
G Ryan	-	**300,000**	-	300,000	300,000	-	300,000
D Wang	-	**600,000**	-	600,000	600,000	-	600,000
TOTAL	**11,515,144**	**4,600,000**	**(9,515,144)**	**4,600,000**	**4,600,000**		**4,600,000**

(i) Movement in option holdings of KMP 9,515,144 refer to options expired during the year.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

23. KEY MANAGEMENT PERSONNEL (CONTINUED)

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

2013	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[1]	**3,745**	-	-	-	**3,745**	-
V Sharma		-	-	-		
Other KMP						
G Ryan	-	-	-	-	-	-
D Wang	-	-	-	-	-	-
TOTAL	**368,745**	-	-	-	**368,745**	-

2012	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[1]	**3,745**	-	-	-	**3,745**	-
V Sharma	-	-	-	-	-	-
Other KMP						
G Ryan	-	-	-	-	-	-
D Wang	-	-	-	-	-	-
TOTAL	**368,745**	-	-	-	**368,745**	-

[1] C Mensink appointed 9 January 2012.

Impact Nominees Pty Ltd, an entity associated with Domenic Martino, holds 200,000 ordinary shares in Australasian Resources Ltd.

Domenal Enterprises Pty Ltd, an entity associated with Domenic Martino, holds 40,000 ordinary shares in Australasian Resources Ltd.

These are included in the above shareholdings.

	CONSOLIDATED 2013 $	CONSOLIDATED 2012 $
(d) Other transactions with Key Management Personnel and their related parties		
During the financial year, Mineralogy Pty Ltd, an entity associated with both Mr Sharma and Mr Mensink, paid the technical consultancy fees, and other expenses on behalf of the Company. The majority of these fees related to the completion of a Chinese Technical Study by MCC Overseas HK.	-	**2,733,177**
Expenses of International Minerals Pty Ltd paid for on behalf of Mineralogy Pty Ltd (50% of above).	**294,904**	-
During the year Mineralogy Pty Ltd provided a working capital loan with no interest payable and the total amount repayable on call	**549,980**	-
The Company reimbursed companies in which KMP have a relevant interest, at normal commercial rates, for out of pocket expenses as follows:		
Prior year expenses paid to Mineralogy Pty Ltd for advancement of the Balmoral South Project	-	**60,740**
Interest on working capital loan payable to Mineralogy Pty Ltd, an entity associated with both Mr Sharma and Mr Mensink. Interest on the loan was calculated as the LIBOR + 2% (reset every 180 days) and accrued on all amounts due.	-	**30,001**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

	CONSOLIDATED	
	2013	2012
	$	$

24. Share Based Payments

(a) Recognised share based payment expenses

The expense recognised for employee services received during the year is show in the table below:

(Benefit) arising from equity-settled share-based payment transactions	-	**(2,236,364)**

(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) 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.

(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.

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:

	2013 No.	2013 WAEP	2012 No.	2012 WAEP
Outstanding at the beginning of the year	**9,000,000**	**$0.36**	**22,521,904**	**$1.56**
Granted during the year	**12,121,212**	**$0.17**	**6,200,000**	**$0.19**
Forfeited during the year	-		**-**	**-**
Exercised during the year	-		**-**	**-**
Expired during the year	**(14,921,212)**	**$0.43**	**(19,721,904)**	**$1.56**
Outstanding at the end of the year	**6,200,000**	**$0.19**	**9,000,000**	**$0.62**
Exercisable at the end of the year	**6,200,000**	**$0.19**	**6,200,000**	**$0.19**

The outstanding balance of employee options as at 30 June 2013 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.

24. Share Based Payments (Continued)

(d) Weighted average remaining contractual life

The weighted average remaining contractual life of the share options outstanding as at 30 June 2013 is 2.05 years (30 June 2012 is 2.2 years)

(e) Range of exercise prices

The range of exercise prices for options outstanding at the end of the year was $0.194 - $0.20 (2012: $0.194– $2.24).

(f) Weighted average fair value

The weighted average fair value of options granted during the year was nil (2012: $0.087).

(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.

25. Related Party Disclosure

(a) *Controlled entities*

The consolidated financial statements include the financial statements of Australasian Resources Limited and the subsidiaries listed in Note 13.

(b) Ultimate Parent

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

(c) Transactions with KMP

Refer to Note 22 for details of transactions with Key Management Personnel.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

26. 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

26. SEGMENT INFORMATION

	Iron Ore $	Base Metals $	Total $
Year ended 30 June 2013			
Revenue and other income			
Segment revenue	-	-	
Unallocated:	-	-	
Interest revenue	-	-	13,558
Other income	-	-	4,968
Total revenue and other income			18,526
Results			
Pre-tax segment result	-	(2,554)	(2,554)
Unallocated:	-	-	
Interest revenue	-	-	13,558
Other income	-	-	4,968
Depreciation	-	-	(16,224)
Employee benefit			(747,175)
Corporate expenses	-	-	(671,627)
Write off of exploration assets	-	(8,882,207)	(8,882,207)
Impairment of Jointly controlled assets	(12,528,021)	-	(12,528,021)
Loss on sale of assets	-	-	(117,249)
Share of loss of Jointly controlled asset	(164,853)	-	(164,853)
Income tax expense	-	-	-
Loss after income tax			(23,111,384)
As at 30 June 2013			
Segment Assets			
Segment operating assets	29,835,147	-	29,835,147
Plant and Equipment	-	-	5,778
Unallocated:			
Cash and cash equivalents	-	-	6,086
Trade and other receivables	-	-	13,283
Other financial assets	-	-	69,179
Other current assets	-	-	7,293
Loan receivable			294,904
Total assets			30,231,670
Segment capital expenditure			
Exploration & Evaluation	-	348,240	348,240
Corporate capital expenditure	-	-	-
Total capital expenditure			348,240

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

26. Segment Information (Continued)

	Iron Ore $	Base Metals $	Total $
As at 30 June 2013			
Segment Liabilities			
Unallocated:			
Trade and other payables			173,807
Related party loans			579,981
Provisions			10,232
Total liabilities			764,020
Year ended 30 June 2012 (Restated)			
Revenue and other income			
Segment revenue	-	-	
Unallocated:	-	-	
Interest revenue	-	-	34,434
Other income	-	-	14,568
Total revenue and other income			49,002
Results			
Pre-tax segment result	-	(4,182)	(4,182)
Unallocated:	-	-	
Interest revenue	-	-	34,434
Other income	-	-	14,568
Depreciation	-	-	(31,845)
Employee benefit	-	-	1,393,352
Corporate expenses	-	-	(1,383,347)
Finance costs	-	-	(38,495)
Income tax expense	-	-	(5,325,368)
Disposal of assets held for sale	(263,567,697)	-	(263,567,697)
Write off of exploration assets	(8,989,369)	(438,112)	(9,427,481)
Loss after income tax			(278,331,879)
As at 30 June 2012 (Restated)			
Segment Assets			
Segment operating assets	-	8,533,966	8,533,966
Plant and Equipment	119,626	4,306	123,932
Unallocated:			
Cash and cash equivalents	-	-	15,472
Trade and other receivables	-	-	10,879
Other financial assets	-	-	64,179
Other current assets	-	-	7,010
Corporate plant & equipment	-	-	8,838
Assets classified as held for sale	48,063,593	-	48,063,593
Total assets			56,827,869

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

26. Segment Information (Continued)

	Iron Ore $	Base Metals $	Total $
Segment capital expenditure			
Exploration & Evaluation	2,783, 533	402,846	3,186,379
Corporate capital expenditure			(1)
Total capital expenditure			3,186,378
As at 30 June 2012 (Restated)			
Segment Liabilities			
Liabilities directly associated with assets held for sale	8,063,593		8,063,593
Unallocated:			
Trade and other payables			133,257
Related party loans			1,030,001
Provisions			21,984
Total liabilities			9,248,835

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

27. 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	
	2013	2012
	$	$
Financial assets		
Cash and cash equivalents	**6,086**	**15,472**
Other financial assets	**69,179**	**64,179**
	75,265	**79,651**
Financial liabilities		
Interest-bearing loans	**-**	**1,030,001**
	-	**1,030,001**

(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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

	CONSOLIDATED	
	2013	2012
	$	$

27. 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.

The remaining contractual maturities of the Group's financial liabilities are:

6 months or less	-	**3,763,118**
6-12 months	-	-
1-5 years	-	-
Over 5 years	-	-
	-	**3,763,118**

(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 2011 and 2010 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 2013		**Interest Rate Risk -1%**		**Interest Rate Risk +1%**	
	Carrying Amount $	**Net Loss $**	**OCI $**	**Net Loss $**	**OCI $**
Financial assets					
Cash and cash equivalents	6,086	(61)	-	61	-
Other financial assets	69,179	(692)	-	692	-
	75,265	(753)	-	753	-

Consolidated 30 June 2012		**Interest Rate Risk -1%**		**Interest Rate Risk +1%**	
	Carrying Amount $	**Net Loss $**	**OCI $**	**Net Loss $**	**OCI $**
Financial assets					
Cash and cash equivalents	15,472	(155)	-	155	-
Other financial assets	64,179	(642)	-	642	-
	80,501	(797)	-	797	-
Financial liabilities					-
Interest-bearing loans	1,030,001	10,300	-	(10,300)	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

	CONSOLIDATED	
	2013	2012
	$	$

(g) Credit risk

Credit risk is the risk a counter party will default on its contractual obligations resulting in a financial loss to the Consolidated Entity. The Consolidated Entity's maximum exposure is equal to the carrying amount of its financial assets and trade and other receivables which comprise cash, receivables, security deposits and loans as at 30 June 2013.
The Consolidated Entity's short-term cash surplus are invested and held at major banks with optimal credit ratings, resulting in exposure to standard financial system risk.
No current receivables are past due or impaired.

28. COMMITMENTS

(a) Operating lease commitments

The consolidated entity had a non-cancellable operating lease for its office premises in Perth. The lease has expired and there is no option to renew.

Minimum Lease Payments:		
Payable no later than one year	-	**93,030**
Payable later than one year but not later than five years	**-**	**-**
Payable later than five years	**-**	**-**
	-	**93,030**

(b) 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	**462,077**	**401,628**
Later than one year but not later than five years	**-**	**-**
Later than five years	**-**	**-**
	462,077	**401,628**

(c) 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	**52,440**	**82,375**
After one year but not more than five years	**-**	**-**
More than five years	**-**	**-**
Total	**52,440**	**82,375**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

	CONSOLIDATED	
	2013	2012
	$	$

29. 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 2013 (2012: $306,188) 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	**158,056**	**94,000**

30. 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.

31. Subsequent Events

The company's major shareholder Mr Clive Palmer, through the provision of a letter of support, has committed to the continued financing of the company until an investment partner in the Balmoral South Iron Ore Project (BSIOP) can be found and project funding secured. Post reporting date he has made three separate cash deposits ($106,610, $65,033 and $250,000) to provide the company with ongoing working capital.

The directors of the company have agreed to continue the accrual of their director's fees until such time as the company secures project funding.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

	CONSOLIDATED	
	2013	2012
	$	$

32. AUDITOR'S REMUNERATION

The auditor of Australasian Resources Ltd is Ernst & Young.

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

- an audit or review of the financial report of the entity and any other entity in the consolidated group	**73,894**	**79,877**

33. PARENT ENTITY INFORMATION

Current assets	**70,770**	**67,012**
Total assets	**34,676,666**	**51,172,112**
Current liabilities	**(2,932,670)**	**(4,278,198)**
Total liabilities	**(9,381,561)**	**(16,392,768)**
Contributed equity	**386,519,971**	**381,519,974**
Option reserve	**18,972,985**	**18,972,985**
Accumulated losses	**(380,197,851)**	**(361,171,235)**
Total shareholders' equity	**25,295,105**	**39,321,724**
Loss of the parent entity	**(19,026,616)**	**(286,589,689)**
Total comprehensive loss of the parent entity	**(19,026,616)**	**(286,589,689)**

The commitment relating to an office lease described in Note 26 relates to the parent entity.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

34. CORRECTION OF PRIOR PERIOD ERRORS

As a result of the transactions referred to in Note 7, IM related assets and liabilities were classified as a disposal group held for sale as at 30 June 2012.

At 30 June 2012 the Balmoral project related assets held by IM were valued at cost as the majority of the assets related to exploration and evaluation expenditure. According to AASB 5 Non-current Assets Held for Sale and Discontinued Operations, a disposal group that meets the criteria to be classified as held for sale should be measured at the lower of carrying amount and fair value less costs to sell.

During the current reporting period the Group reviewed the accounting treatment of the transaction and the valuation of the IM related assets at the date the disposal group was classified as held for sale at 30 June 2012.

As a result of the review, the following two items have been retrospectively adjusted:

1. Additional exploration and evaluation expenditure relating to the Balmoral project, amounting to $8,989,369, was included in the disposal group; and
2. A loss of $272,557,066 was recognised as the re-measurement of the disposal group to fair value less cost to sell. This was included as part of the total impairment of exploration and evaluation expenditure of $272,995,178.

	30 June 2012 (Previously Reported) $	Increase / (Decrease) $	30 June 2012 (Restated) $
Statement of Financial Position (Extract)			
Disposal group classified as held for sale	**311,631,290**	**(263,567,697)**	**48,063,593**
Mineral exploration and evaluation expenditure	**17,523,335**	**(8,989,369)**	**8,533,966**
NET ASSETS	**320,136,100**	**(272,557,066)**	**47,579,034**
Accumulated losses	**(80,356,860)**	**(272,557,066)**	**(352,913,926)**
Reserves	**18,972,986**	**-**	**18,972,986**
Contributed Equity	**381,519,974**	**-**	**381,519,974**
TOTAL EQUITY	**320,136,100**	**(272,557,066)**	**47,579,034**
Loss for the year	**(5,774,813)**	**(272,557,066)**	**(278,331,879)**
Other comprehensive income/(loss)	**-**	**-**	**-**
Total comprehensive loss for the year	**(5,774,813)**	**(272,557,066)**	**(278,331,879)**
Basic and diluted loss per share (cents)	**(1.26)**	**0.65**	**(0.61)**

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 2013 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 2013.

On behalf of the Board

D Martino
Chairman
28 September 2013

Independent Auditor's Report

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

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Fax: +61 8 9429 2436
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Independent auditor's report to the members of Australasian Resources Ltd

Report on the financial report

We have audited the accompanying financial report of Australasian Resources Ltd, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of 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 controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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 controls relevant to the entity's preparation and fair presentation 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 controls. 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. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Independent Auditor's Report

Opinion

In our opinion:

a. the financial report of Australasian Resources Ltd 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 2013 and of its performance for the year ended on that date; and

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

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

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 2 to the financial report. As a result of these matters, there is significant uncertainty whether the consolidated entity will continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. 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 might be necessary should the consolidated entity not continue as a going concern

Report on the remuneration report

We have audited the Remuneration Report included in pages 10 to 14 of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Australasian Resources Ltd for the year ended 30 June 2013, complies with section 300A of the Corporations Act 2001.

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
Perth
28 September 2013

ASX Additional Information

1. Distribution of Equity Securities

The distribution of members and their holdings of fully paid ordinary shares as at 13 September 2013 were as follows:

Shares held	No. of Shareholders	Percentage
1 – 1,000	1,434	0.15
1,001 – 5,000	1,992	1.12
5,001 – 10,000	969	1.14
10,001 – 100,000	936	6.09
100,001 and over	110	91.49
Total	**5,168**	**100.00**

	Min Parcel size	Holders	Units
Less than marketable parcel	7,143	3,702	7,932,075

2. Twenty Largest Equity Security Holders

The names of the 20 largest holders of fully paid ordinary shares as at 13 September 2013 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
JP Morgan Nominees Australia Limited <Cash Income A/C>	20,806,448	4.25
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
Glenstar Pty Ltd. <Glenstar Super Fund A/C>	2,150,000	0.44
Mr Brian Durran	2,000,000	0.41
Surpion Pty Ltd. <M W Suhr & Co A/C>	2,000,000	0.41
Mr Richard Walters	2,000,000	0.41
Mr John Gratton Klein + Mrs Dorothy Lynette Klein <Klein Family Super Fund A/C>	1,520,000	0.31
Citicorp Nominees Pty Ltd.	1,485,953	0.30
Mr Kie Yik Wong	1,407,522	0.29
Mr Nicholas Kenos + Mrs Pauline Kenos <N & P Kenos S/F A/C>	1,300,000	0.27
Mineralogy Pty Ltd.	1,210,013	0.25
Aliana Pty Ltd. <Mark Suhr Super Fund A/C>	1,000,000	0.20
Mr Hong Kinh Tran	1,000,000	0.20
HSBC Custody Nominees (Australia) Ltd.	873,244	0.18
Mr Rodney John Bradshaw	840,000	0.17
Lateral Nominees Pty Ltd. <Strategic Investment A/C>	803,541	0.16
Total	**426,549,587**	**87.20**

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 13 September 2013:

Name	Number of Shares	Class of share
Mr Clive Frederick Palmer	293,645,000	ORD
Mineralogy Pty Ltd.	46,814,961	ORD

Security Holders of Option Securities

The names of the option holders as at 13 September 2013 are listed below:

Name	Number of Options	Exercise Price	Expiry Date	Percentage %
Employee Options				
Domenic Martino	2,000,000	0.194	19/07/2015	32.26
Clive Mensink	1,000,000	0.194	19/07/2015	16.13
Dio (Zhenya)Wang	600,000	0.194	19/07/2015	9.68
Vimal Sharma	500,000	0.194	19/07/2015	8.06
Paul Piercy	200,000	0.194	19/07/2015	3.23
Grant Ryan	300,000	0.194	19/07/2015	4.84
Raymond Tam	500,000	0.194	19/07/2015	8.06
Sam Smith	500,000	0.194	19/07/2015	8.06
Baljeet Singh	500,000	0.20	19/07/2015	8.06
Mark Oliver	100,000	0.20	19/07/2015	1.61
Total	**6,200,000**			**100.00**

5. Restricted Securities

As at 26 September 2013, 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
L47/0149 / Sherlock Bay	100km east of Karratha	**100%**
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%**
P47/1139 / Sherlock Bay	100km east of Karratha	**100%**
P47/1140 / Sherlock Bay	100km east of Karratha	**100%**
P47/1141 / Sherlock Bay	100km east of Karratha	**100%**
P47/1142 / Sherlock Bay	100km east of Karratha	**100%**
P47/1148 / Sherlock Bay	100km east of Karratha	**100%**
P47/1149 / Sherlock Bay	100km east of Karratha	**100%**
P47/1150 / Sherlock Bay	100km east of Karratha	**100%**
P47/1151 / Sherlock Bay	100km east of Karratha	**100%**
P47/1152 / Sherlock Bay	100km east of Karratha	**100%**
P47/1153 / Sherlock Bay	100km east of Karratha	**100%**
P47/1154 / Sherlock Bay	100km east of Karratha	**100%**
P47/1155 / Sherlock Bay	100km east of Karratha	**100%**
E47/2049/ Upper Sherlock	100km east of Karratha	**100%**
E15/1325/ Cat Camp	170km south west of Kalgoorlie	**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*
Vimal Sharma	*Non-Executive Director*
Paul Piercy	*Non-Executive Director*
Dio Wang	*Managing Director & CEO*
Clive Mensink	*Non-Executive Director*

Company Secretary and Chief Financial Officer:

Grant Ryan

Principal & Registered Address:

7/218 St Georges Terrace
Perth WA 6000
Phone: +61 8 6216 7400

PO Box 7752
Cloisters Square WA 6850

Share Registrar:

Computershare Investor Services Pty Limited
Level 2, 45 St Georges Terrace
Perth WA 6000

Auditors:

Ernst & Young
11 Mounts Bay Road
Perth WA 6000

Solicitors:

Jackson McDonald
140 St Georges Terrace
Perth WA 6000

Stock Exchange:

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