Australasian Resources Limited

ABN 46 008 942 809

Interim Financial Report for the Half-Year Ended

31 December 2013

AUSTRALASIAN RESOURCES LTD.

Table of Contents

	Page
Corporate Directory	2
Directors' Report	3
Auditors Independence Declaration	7
Financial Statements	
Consolidated Statement of Comprehensive Income	8
Consolidated Statement of Financial Position	9
Consolidated Cash Flow Statement	10
Consolidated Statement of Changes in Equity	11
Notes to the Financial Statements	12
Directors' Declaration	22
Independent Auditors Review Report	23

DIRECTORS

Domenic Martino	(Non-Executive Chairman)
Paul Piercy	(Non-Executive Director)
Vimal Sharma	(Non-Executive Director)
Clive Mensink	(Non-Executive Director)
Dio Wang	(Managing Director)

COMPANY SECRETARY

Grant Ryan

REGISTERED OFFICE

Level 7, 218 St Georges Terrace
Perth WA 6000
Telephone: (+618) 6216 7400
Facsimile: (+618) 9324 2164
Email: info@austresources.com.au

SHARE REGISTRY

Computershare Investor Services Pty Limited
Level 2, 45 St Georges Terrace
Perth WA 6000
Telephone: (+618) 9323 2000
Facsimile: (+618) 9323 2033

AUDITORS

Ernst & Young
11 Mounts Bay Road
Perth WA 6000

STOCK EXCHANGE LISTING

The Company is listed on the Australian Stock Exchange Limited
Home Exchange: Perth, Western Australia

Australian Stock Exchange Limited Code: ARH

WEBSITE - www.austresources.com.au

The Directors present their report together with the consolidated interim financial report for the half-year ended 31 December 2013 and the review report thereon. The consolidated entity ("the Group") comprises Australasian Resources Limited ("Australasian") and its controlled entities.

Directors

The names and details of the Directors of the Group that held office during the half-year and until the date of this report are set out below. Directors were in office for the entire period unless otherwise stated.

Mr Domenic Martino – Chairman

Mr Martino is a chartered accountant and an experienced director of listed companies; previously he 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. He has extensive experience operating in Papua New Guinea and Indonesia and a strong reputation in China. In 2003 Mr Martino received the Centenary Medal for his service to Australian society through business and the arts. Mr Martino is also a Director of Cokal Ltd, Pan Asia Corporation Ltd., Coral Sea Petroleum Ltd and Gladstone Pacific Ltd.

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. He joined the Board of Quest Minerals Limited as a non-executive director on 22 April 2013.

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.

Mr Clive Mensink

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 programs, 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 on 15 December 2006. Mr Mensink was appointed to the Board of Gladstone Pacific Nickel Limited on 26 May 2009.

Mr Dio Wang – Managing Director

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 a 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.

RESULTS OF OPERATIONS

The net loss of the consolidated entity for the six months ended 31 December 2013, amounted to $826,521 (half – year ended 31 December 2012: $3,418,272).

REVIEW OF OPERATIONS

BALMORAL SOUTH IRON ORE PROJECT

Australasian, through its Joint Venture, International Minerals Pty Ltd (IM), plans to develop the world-class Balmoral South Iron Ore Project in the Pilbara region of Western Australia.

The joint venture between Mineralogy Pty Ltd. (Mineralogy) and Australasian Resources Limited (ARH), International Minerals Pty Ltd. (IM) has been completed and has the right to mine 2 Billion tonnes of ore from the Susan Palmer deposit within the "Southern Block" of the Balmoral resource. Both Mineralogy and Australasian Resources Ltd. hold a 50% interest in the Joint Venture

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).

During the half year ended 31 December 2013 International Minerals Pty Ltd has submitted a project proposal to the Minister of State Development (Minister), which is a requirement under the Iron Ore Processing (Mineralogy Pty Ltd) Agreement Act (State Agreement). It is a requirement that the Minister approve the proposal before IM can commence any activities that may cause ground disturbance. Unfortunately as some of the infrastructure contained in the proposal has already been approved under a separate proposal the Minister has refused to consider the proposal presented by IM. Discussions will continue, however if an agreement is not reached then the matter will proceed to an arbitration hearing in April 2014.

SHERLOCK BAY NICKEL AND SHERLOCK EXTENDED PROJECT

The Company's Sherlock Bay Nickel Project (100% Australasian) includes the Sherlock Bay Nickel Deposit and is located east of Karratha in the Pilbara Region of Western Australian. The Sherlock Extended Project (70% Australasian: 30% Metals Australia Ltd) surrounds the main Sherlock Bay Nickel Deposit.

Australasian are the managers of the project, with Metals Australia being 'free-carried' through to the completion of a bankable feasibility study and a decision to commence commercial mining.

During the half year ended 31 December 2013 the Group applied for exemptions from minimum expenditure commitments on the following Sherlock Bay and Sherlock Extended tenements:

Sherlock Bay - M47/567
Sherlock Extended - E47/1769
Sherlock Extended - E47/1770
Sherlock Bay - P47/1139
Sherlock Bay - P47/1140
Sherlock Bay - P47/1141
Sherlock Bay - P47/1142
Sherlock Bay - P47/1148
Sherlock Bay - P47/1149
Sherlock Bay - P47/1150
Sherlock Bay - P47/1151
Sherlock Bay - P47/1152
Sherlock Bay - P47/1153
Sherlock Bay - P47/1154
Sherlock Bay - P47/1155

CAT CAMP (BASE METALS)

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

During the half year ended 31 December 2013 the Group applied for exemptions from minimum expenditure commitments on the following Cat Camp tenement:

Cat Camp – E15/1325

APPLICATION FOR FURTHER LEASES

International Exploration ltd. (100% owned Australasian subsidiary) is continuing negotiations with the Ngarluma people, the relevant native title holders, who are required to sign agreements in order for the grant of existing applications for mining leases on some of the Sherlock Bay tenements.

Attribution
The information in this report that relates to Exploration Results is based on information compiled by Todd Axford, who is a member of the Australasian Institute of Mining and Metallurgy. Todd Axford is a full time employee of the company, and has sufficient experience relevant to the styles of mineralisation and type of deposit under consideration and to the activity he is undertaking, to qualify as a Competent Person as defined in the December 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Todd Axford consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

CORPORATE ACTIVITIES

FINANCES

The board has been advised that the company will continue to have the support of its major shareholder whilst it seeks a partner to assist in funding for the BSIOP. Additional working capital of $687,000 has been made available during the half year ended 31 December 2013. This loan is provided on an interest free basis. The company has also acquired a letter of support from Mineralogy (a company owned by its major shareholder) pledging to support the company until March 2015.

During the half year the company directors have continued to accrue their fees until a suitable financing arrangement can be made.

SUBSEQUENT EVENTS

- On 21 January funding of $150,000 of working capital was extended to ARH by Mineralogy as per the terms of a previous letter of support.
- On 25 February $300,000 of working capital was extended to ARH by Mineralogy as per the terms of a previous letter of support.

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act is set out on page 7.

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

Signed:

D Martino
Non-Executive Chairman

Dated at Perth this 14th day of March 2014

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

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

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

In relation to our review of the financial report of Australasian Resources Limited for the half-year ended 31 December 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
Partner
14 March 2014

GB:EH:ARH:025

AUSTRALASIAN RESOURCES LTD.

Consolidated Statement of Comprehensive Income

	Note	31 December 2013 $	31 December 2012 $
Revenue and other income			
Interest revenue		1,128	11,630
Other income		-	4,267
Total revenue and other income		1,128	15,897
Expense			
Employee expense		(241,010)	(432,526)
Impairment of exploration expenditure	4	(101,062)	-
Corporate and administration costs		(474,306)	(379,871)
Depreciation expense		(2,248)	(10,582)
Loss on sale of asset		-	(116,250)
Share of profit/(loss) of joint venture		(9,023)	(259,143)
Write off of loan receivable		-	(2,235,797)
Total expense		(827,649)	(3,434,169)
Loss before income tax		(826,521)	(3,418,272)
Income tax benefit		-	-
Loss after income tax		(826,521)	(3,418,272)
Other comprehensive income net of tax		-	-
Total comprehensive loss for the Period		(826,521)	(3,418,272)
Loss per share attributable to the ordinary shareholders of the parent			
Basic loss per share		(0.2 cents)	(0.7 cents)
Diluted loss per share		(0.2 cents)	(0.7 cents)

AUSTRALASIAN RESOURCES LTD.

Consolidated Statement of Financial Position

	Note	31 December 2013	30 June 2013
		$	$
Current assets			
Cash and cash equivalents		6,185	6,086
Other Financial Assets	3	69,179	69,179
Trade and other receivables		9,815	13,283
Other current assets		11,548	7,293
Total current assets		**96,727**	**95,841**
Non-current assets			
Investment in joint venture	9	29,852,557	29,835,147
Property, plant and equipment		3,530	5,778
Mineral exploration and evaluation expenditure	4	-	-
Total non-current assets		**29,856,087**	**29,840,925**
Total assets		**29,952,814**	**29,936,766**
Current liabilities			
Trade and other payables		333,076	173,807
Related party payable	13	968,493	285,077
Provisions	6	10,116	10,232
Total current liabilities		**1,311,685**	**469,116**
Total liabilities		**1,311,685**	**469,116**
Net assets		**28,641,129**	**29,467,650**
Equity attributable to equity holders of the parent			
Contributed equity	7	386,519,974	386,519,974
Other reserves	8	18,972,985	18,972,986
Accumulated losses		(376,851,830)	(376,025,310)
Total Equity		**28,641,129**	**29,467,650**

AUSTRALASIAN RESOURCES LTD.

Consolidated Cash flow Statement

	31 December 2013 $	31 December 2012 $
Cash flows from operating activities		
Payments to suppliers and employees	(516,013)	(903,270)
Interest received	1,128	11,630
Other receipts	-	4,267
Net cash flows used in operating activities	**(514,885)**	**(887,373)**
Cash flows from investing activities		
Cash advance to joint venture	(52,672)	(523,808)
Payments for exploration expenditure	(104,586)	(310,836)
Cash invested in a new bond	-	(35,000)
Net cash flows used in investing activities	**(157,258)**	**(869,644)**
Cash flows from financing activities		
Proceeds from issue of shares	-	1,766,883
Proceeds from borrowings	672,242	
Net cash flows (used in)/from financing activities	**672,242**	**1,766,883**
Net increase/(decrease) in cash	99	9,866
Cash at the beginning of the reporting period	6,086	15,472
Cash held in disposed group at beginning of reporting period	-	1,700
Cash at the end of the reporting period	**6,185**	**27,038**

AUSTRALASIAN RESOURCES LTD.

Consolidated Statement of Equity

	Note	Issued Capital	Accumulated Losses	Option Reserve	Total
		$	$	$	$
Balance at 1 July 2013		386,519,974	(376,025,310)	18,972,986	29,467,650
Loss for the period		-	(826,521)	-	(826,521)
Total comprehensive Loss		-	(826,521)	-	(826,521)
Transactions with owners		-	-	-	-
Balance at 31 December 2013	7, 8	**386,519,974**	**(376,851,831)**	**18,972,986**	**28,641,129**
Balance at 1 July 2012					
Previously reported		381,519,974	(80,356,860)	18,972,986	320,136,100
Correction of error	15	-	(272,557,066)	-	(272,557,066)
Balance at 1 July 2012 (restated)		381,519,974	(352,913,926)	18,972,986	47,579,034
Loss for the period		-	(3,418,272)	-	(3,418,272)
Total comprehensive Loss		-	(3,418,272)	-	(3,418,272)
Transactions with owners					
New issue of Share to Mineralogy		5,000,000	-	-	5,000,000
Balance at 31 December 2012	7, 8	**386,519,974**	**(356,332,198)**	**18,972,986**	**49,160,762**

Note 1: Corporate Information

The financial report of Australasian Resources Limited ("Australasian" or "the Group") for the half-year ended 31 December 2013 was authorised for issue in accordance with the resolution of directors on 14 March 2014.

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

Note 2: Summary of Significant Accounting Policies

(a) Basis of Preparation

The half-year financial report is a general purpose condensed financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 "Interim Financial Reporting".

The half-year financial report has been prepared on a historical cost basis.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

The half-year financial report should be read in conjunction with the annual financial report of Australasian Resources Limited as at 30 June 2013.

It is also recommended that the half-year financial report be considered together with any public announcements made by Australasian Resources Limited during the half-year ended 31 December 2013 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(b) Going Concern

The Group has made a loss of $826,521 (30 June 2013: loss of $23,111,384), has cash and cash equivalents at the end of the period of $6,185 (30 June 2013 $6,086), and has a working capital deficiency of $1,177,447 at 31 December 2013 (30 June 2013: $373,275). Further, the group requires ongoing funding to enable it to meet its operating commitments as and when they fall due, including its funding commitments to its Joint Venture International Minerals Pty Ltd.

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

(1) The groups major shareholder has provided the group with funding as and when required over a number of years including over the past six months and subsequent to period end as more fully disclosed in Note 11 to the financial report

(2) The groups major shareholder has confirmed that it will not recall any amounts loaned to the company, including the loan at 31 December 2013, as more fully explained in note 13 to the financial report, unless the company has sufficient surplus working capital above its estimated requirements until at least 31 March 2015.

(3) The Group's major shareholder has confirmed in writing that they will provide the group with a further $500,000 loan to enable it to continue to meet its ongoing expenditure commitments.

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

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

c) Significant accounting policies

The half-year financial report have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2013, except as described below.

New and amended accounting standards and interpretations

The policies adopted in the preparation of the half-year condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2013, except for the adoption of new standards and interpretations effective as of 1 January 2013, noted below:

(i) AASB 10 Consolidated Financial Statements

AASB 10 established 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 Interpretation-112 Consolidation – Special Purpose Entities.

AASB 10 had no impact on the accounting of investments held by the Group.

(ii) AASB 11 Joint Arrangements

AASB 11 replaces AASB 131 Interest in Joint Ventures and Interpretation-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 ventures 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 ventures a right to the net assets is accounted for using the equity method.

Consequential amendments were also made to this and other standards via AAB 2011-7, AASB 2010-10 and amendments to AASB 128.

The group has an interest in a joint arrangement that meets the definition of a joint venture under AASB 11. There is no impact on the accounting treatment.

(iii) AASB 12 Disclosure of Interests in Other Entities

AASB 12 includes additional disclosures relating to an entity's interest in subsidiaries, joint arrangements, associates and structured entities.

None of these disclosure requirements are applicable for interim financial statements, unless significant events and transactions in the interim period require that they are provided. Accordingly, the Group has not made such disclosures.

(iv) AASB 13 Fair Value Measurement

AASB 13 establishes a single source of guidance under AASB for all fair value measurements. AASB 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under AASB when fair value is required or permitted. AASB 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including AASB 7 Financial Instruments: Disclosures.

There has been no material impact upon adopting this standard. Additional disclosures are set out in Note 14.

(v) IAS 19 Employee Benefits (Revised 2011) (IAS 19R)

The Group has classified leave provisions based on the timing of when the Group expects the benefit to become due to be settled. There has been no material impact upon adopting this standard.

(d) Basis of consolidation

The half-year financial statements comprise the financial statements of Australasian Resources Limited and its subsidiaries as at 31 December 2013 (`the Group').

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

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

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.

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.

A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the Parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate

Note 3: Other Financial Assets

	31 Dec 2013 $	30 June 2013 $
Other Financial Assets	69,179	69,179
	69,179	69,179

Other financial assets consist of $5,000 credit card security and $64,179 for environmental performance bonds.

Note 4: Mineral Exploration and Evaluation Expenditure

	31 Dec 2013 $	30 June 2013 $
Opening Balance	-	8,533,967
Exploration and Evaluation costs capitalised (a)	101,062	348,240
Exploration and Evaluation Expenditure impairment (b)	(101,062)	(8,882,207)
	-	-

(a) During the period the Board continued capitalising exploration and evaluation expenditure relating to the Company's non-iron ore assets, this is represented in the period as an expenditure of $101,062.

As at 31 December 2013, the company recognised an impairment loss on its non-iron ore assets due to the inherent difficulties faced in obtaining sufficient project finance to further develop the assets and falling nickel prices.

(b) Refer to Note 15 for the correction of a prior year error, which had an impact on the exploration and evaluation expenditure balance as at 30 June 2012.

Note 5: Segment Reporting

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.

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.
- Depreciation expense

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

	Iron Ore $	Base Metals $	Total $
Six Months ended 31 December 2013			
Revenue and other income			
Segment revenue	-	-	
Unallocated:	-	-	
Interest revenue	-	-	1,128
Other income	-	-	-
Total revenue and other income			1,128
Results			
Pre-tax segment result	-	-	-
Unallocated:	-	-	
Interest revenue	-	-	1,128
Other income	-	-	-
Depreciation	-	-	(2,248)
Employee benefit			(241,010)
Corporate expenses	-	-	(474,306)
Write off of exploration assets	-	(101,062)	(101,062)
Loan forgiven	-	-	-
Loss on sale of assets	-	-	-
Share of loss of Jointly controlled asset	(9,023)	-	(9,023)
Income tax expense	-	-	-
Loss after income tax			(826,521)
As at 31 December 2013			
Segment Assets			
Segment operating assets	29,852,557	-	29,852,557
Plant and Equipment	-	-	3,530
Unallocated:			
Cash and cash equivalents	-	-	6,185
Trade and other receivables	-	-	9,815
Other financial assets	-	-	69,179
Other current assets	-	-	11,548
Total assets			29,952,814

	Iron Ore $	Base Metals $	Unallocated Corporate/ Other $	Total $
Six months ended 31 December 2012				
Revenue				
Interest revenue	-	540	11,090	11,630
Segment profit/(loss)				
Other income	-	41	4,226	4,267
Finance costs	-	-	-	-
Depreciation	-	(618)	(9,964)	(10,582)
Corporate expenses	-	-	(1,187,790)	(1,187,790)
Exploration and Evaluation Expenditure	-	-	-	-
Write-off of loan receivable	(2,235,797)	-	-	(2,235,797)
Loss before income tax				(3,418,272)
As at 31 December 2012				
Segment assets	40,000,000	8,829,461	-	48,829,461
Segment operating assets	-	312	12,225	12,537
Cash	-	4,233	22,806	27,039
Receivables	-	6,337	265,630	271,967
Other financial assets	-	22,000	77,179	99,179
Other current assets	-	-	29,172	29,172
Total assets	-	-	-	49,269,355

Note 6: Provisions

	31 Dec 2013 $	30 June 2013 $
Provision for employee entitlements	10,116	10,232
	10,116	**10,232**

Note 7: Contributed Equity

	31 Dec 2013 $	30 June 2013 $
Ordinary shares		
Opening Balance: issued and fully paid ordinary shares	386,519,974	381,519,974
Share issue	-	5,000,000
Closing Balance issued and fully paid ordinary shares (489,149,246)	**386,519,974**	**386,519,974**

Note 8: Other Reserves

Share-based Payments Reserve	31 Dec 2013 $	30 June 2013 $
Opening Balance	18,972,985	18,972,986
Share based payments	-	-
Closing balance	**18,972,985**	**18,972,986**

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

Note 9: Interest in a Joint Venture

The Group has a 50% interest in IM, a joint venture involved in the development of the Balmoral South Iron Ore Project in the Pilbara region of Western Australia.

The Joint Venture has no contingent liabilities or capital commitments as at 31 December 2013.

In July 2012 ARH completed the sale of a 50 % interest in its wholly owned subsidiary International Minerals 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 created a 50/50 joint venture in IM between Mineralogy and ARH.

On loss of control, the retained interest in IM was measured at its fair value, which became the initial carrying amount of the Group's investment in the joint venture.

Note 10: Commitments, Contingent Liabilities and Contingent Assets

There have been no significant changes to the commitments, contingent liabilities or contingent assets of the group since the last reporting date.

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	469,256
Later than one year but not later than five years	-
Later than five years	-
	469,256

Note 11: Subsequent Events

- On 21 January funding of $150,000 of working capital was extended to ARH by Mineralogy as per the terms of a previous letter of support.
- On 25 February $300,000 of working capital was extended to ARH by Mineralogy as per the terms of a previous letter of support.

Note 12: Dividends

No dividends were paid or declared by the Group during the half-year.

Note 13: Related Party Receivables and Payables

	Dec 2013 $	June 2013 $
Payables (a)	(1,289,734)	(579,981)
Receivables (b)	321,241	294,904
Net Payable	**(968,493)**	**(285,077)**

(a) Mineralogy Pty Ltd., a company controlled by the Company's major shareholder has provided the company with a working capital loan of $1,289,734. The loan does not accrue interest and is repayable on call.

(b) The company has to date extended 100% of loan amounts to the joint venture company International Minerals. The outstanding receivable is the allocation (50%) of these loans to Mineralogy in its capacity as joint venture.

Note 14: Financial Instruments

At 31 December 2013 the carrying value of the Group's financial assets and financial liabilities approximate their fair value.

Note 15: Correction of Prior Period Errors

As a result of the transactions stated in Note 9 of the half year financial statements, 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 under IM were valued at cost since the majority of the assets related to exploration and evaluation expenditures. 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 prior 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 disclosed in the annual report of the Company for the year ended 30 June 2013, two adjustments were made:

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 $263,567,697 was recognised as the re-measurement of the disposal group to fair value less cost to sell.

	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)
EQUITY	320,136,100	(272,557,066)	47,579,034

The correction of the error didn't have any impact on the comprehensive income and earnings per share of the comparative period.

AUSTRALASIAN RESOURCES LTD.

Directors' Declaration

In the opinion of the Directors of Australasian Resources Limited:

1. The financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:

   (a) Giving a true and fair view of the financial position as at 31 December 2013 and the performance for the half-year ended on that date of the consolidated entity; and

   (b) Complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and

2. 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 is made in accordance with a resolution of the Directors.

Signed at Perth this 14th day of March 2014

D Martino
Non-Executive Chairman

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

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

Independent review report to members of Australasian Resources Limited

Report on the 31 December 2013 Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Australasian Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the half-year ended on that date, 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 half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* . As the auditor of Australasian Resources Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

GB:EH"ARH:026

Conclusion

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

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 2(b) in the financial report which describes the principal conditions that raise doubts about the consolidated entity's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Ernst & Young

Gavin Buckingham
Partner
Perth
14 March 2014

GB:EH"ARH:026