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Australasian
Resources Ltd

ABN: 46 008 942 809

Annual Report 2014

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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 \$1.4 million. The fees payable to Non-Executive Directors continue to accrue until a working capital solution is obtained.

HEALTH, SAFETY, ENVIRONMENT AND COMMUNITY (HSEC)

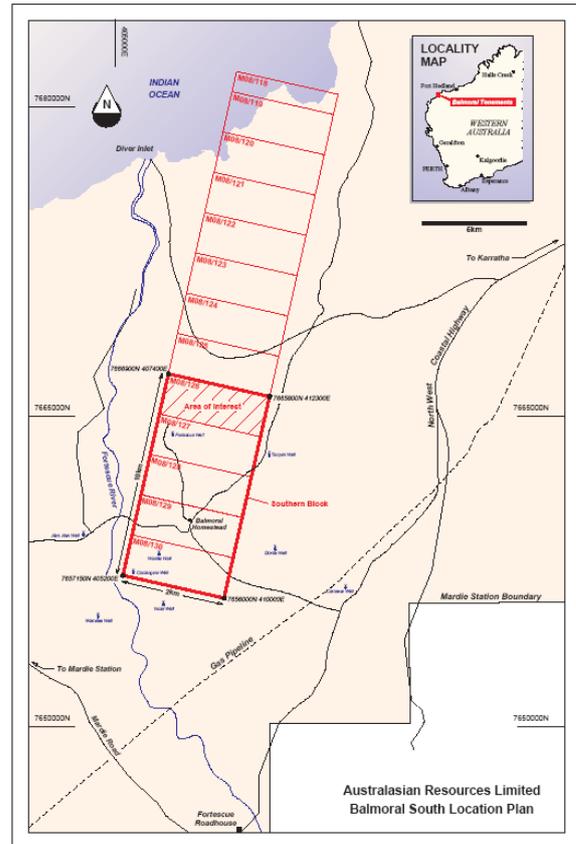
Australasian Resources Limited is committed to setting the highest standards in environmental, health, safety and community management as an integral part of its business.

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

BALMORAL SOUTH IRON ORE PROJECT

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

International Minerals Pty Ltd. has the right to mine 2 billion tonnes of magnetite iron ore from the Susan Palmer deposit within the “Southern Block” 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 arbitration between the State of Western Australia, International Minerals Pty Ltd. and joint venture partner Mineralogy Pty Ltd. has occurred and been concluded. Arbitration occurred due to the Minister of State Development rejecting the project proposal submitted to the Department in August 2012, the proposal is the last major government approval required for the Balmoral South Iron Ore Project.

The arbitrator found that the proposal was valid and should have been considered by the Minister and that the state should pay all costs of the arbitration proceedings. International Minerals is continuing working on the proposal.

ACTIVITIES REVIEW

MINERAL RESOURCE

The Mineral Resource of 1,605 Mt 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.

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. 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.

Discussion of the reserve relates to information in the report titled "Mineral Resources and Ore Reserve Upgrade for the Balmoral South Iron Ore Project" released on 2 April 2009 and available on the Australian Securities Exchange website. The company believes this remains an accurate estimate of the projects potential. The company does acknowledge the age of the estimate and in the interest of continued due diligence and accurate reporting, highlights that a review of inputs, to determine if any material assumptions have significantly changed, is planned for the coming year.

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.

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.

During the year planning commenced to undertake significant work on the company's Sherlock Bay and Sherlock Bay JV tenements. Consultant geologists were engaged to compile a program of vegetation sampling on the JV tenements (E47/1769 & 1770 Figure 1) which would focus on areas of interest identified through previous exploration work. This commenced in August 2014, at the time of this report samples have been collected and the company is awaiting results from laboratory testing.

Planning also commenced on a small RAB Drilling program on the companies Sherlock Bay deposit (M47/0567). The program is designed to focus on an area away from the main deposit but identified through previous sampling works (Figure 2). The company is working with local contractors and native title groups and began the program in September 2014.

ACTIVITIES REVIEW

APPLICATION FOR FURTHER MINING LICENSES

During the year the company continued to negotiate with the Ngarluma Aboriginal Corporation. The goal of these talks is to convert the current Sherlock Bay 'P' tenements into 'M' tenements.

These talks were concluded post balance date and the conversion completed on 5 August 2014. The following M tenements were granted:

M47/0631
M47/0632
M47/0633

Replacing:

P47/1139	P47/1150
P47/1140	P47/1151
P47/1141	P47/1152
P47/1142	P47/1153
P47/1148	P47/1154
P47/1149	P47/1155

CAT CAMP

Tenement E15/1325 was 100% surrendered during the June 2014 quarter. The Company no longer holds any Cat Camp tenements.

SURRENDERED TENEMENTS

The tenement E15/1325 was surrendered during the period.

TENEMENTS GRANTED DURING THE YEAR

No new tenements were granted during the period.

ACTIVITIES REVIEW

Sherlock Drilling Area

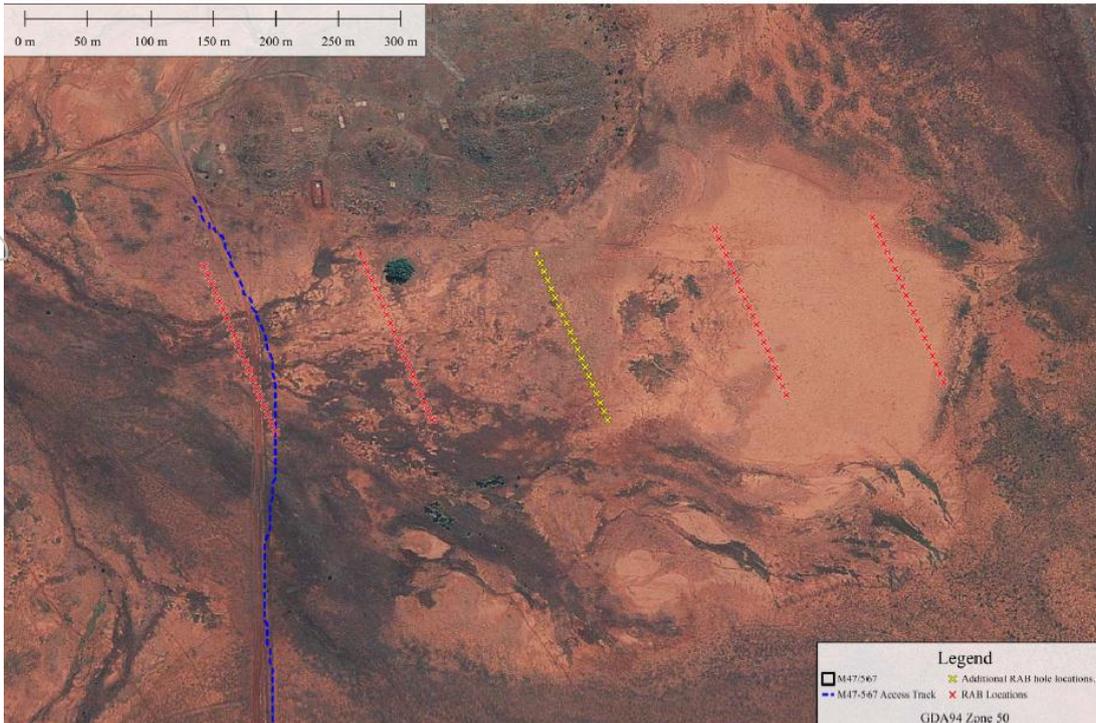


Figure 1: Areas of exploratory interest - Proposed RAB Lines on M47/0567

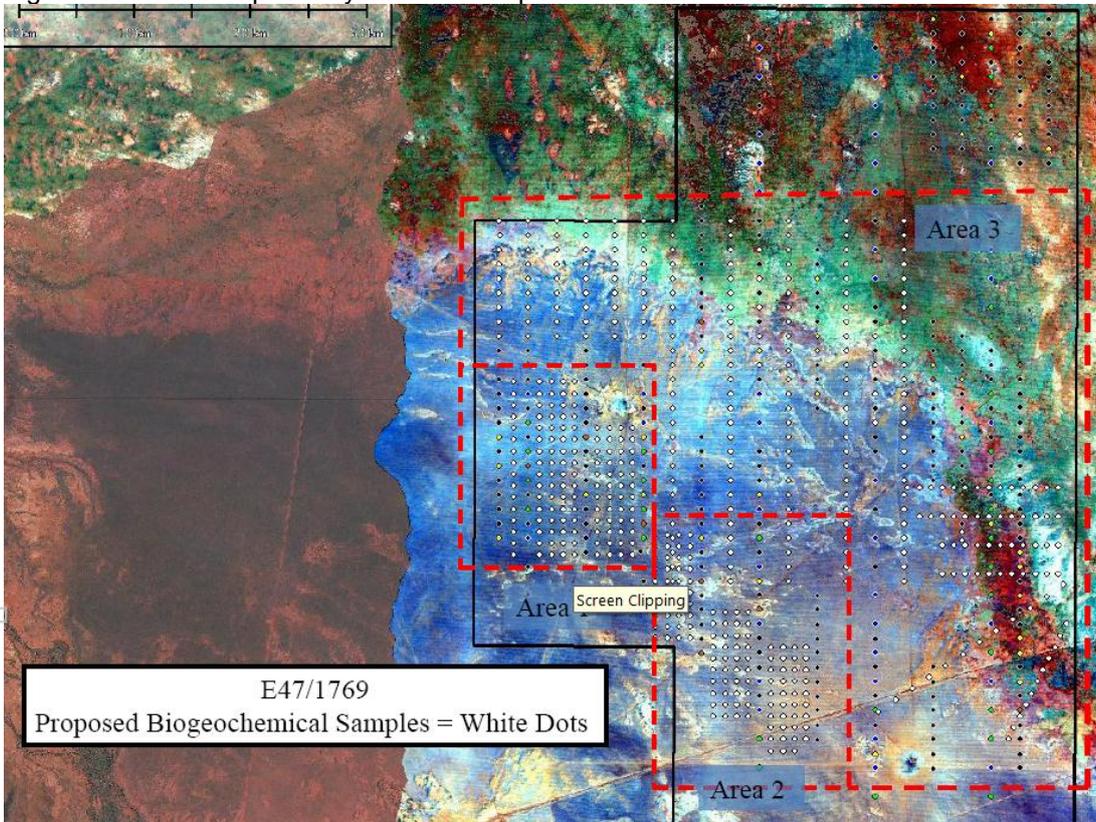


Figure 2: Proposed Biogeochemical Samples – tenement E47/1769

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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 2014.

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. He became a non-executive director of Quest Minerals Ltd (Currently under DOCA) on 22 April 2103.

MR CLIVE MENSINK – NON-EXECUTIVE DIRECTOR

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

MR VIMAL SHARMA – NON-EXECUTIVE DIRECTOR

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

DIRECTORS REPORT

Mineralogy iron ore project acquired by CITIC Pacific in 2006. Mr Sharma has been a member since 1992 of the Australian Institute of Management.

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

CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR

MR ZHENYA (DIO) WANG – RESIGNED 20 JUNE 2014

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.

Mr Wang resigned from his position as Chief Executive Officer and Managing Director on 20 June 2014.

ACTING CHIEF EXECUTIVE OFFICER – APPOINTED 20 JUNE 2014

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.

Following Mr Wang's resignation Mr Ryan was appointed Acting Chief Executive Officer on 20 June 2014.

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 \$6,422,147 (2013: \$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 2014 and to the date of this report.

Review of Operations

A review of operations is set out on pages 3 to 6 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.

DIRECTORS REPORT

Events Subsequent To Balance Date

On 13 August 2014 the Company announced the appointment of Mr Mark Oliver as Company Secretary.

The Company's major shareholder, Mr Clive Palmer, has continued to provide financial support to the company with a further loan of \$258,079 for working capital being made subsequent to 30 June 2014.

The Directors agreed to continue to accrue their fees until a permanent funding solution can be found for the company.

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 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 2014 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 2014 or 30 June 2013.

DIRECTORS REPORT

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:

Director	Board of Directors		Audit Committee		Directors' Interest in Shares of the Company	Directors' Interest in Options of the Company
	Meetings Eligible to Attend	Meetings Attended	Meetings Eligible to Attend	Meetings Attended		
D Martino	2	2	1	1	40,000	2,000,000
P Piercy	2	2	1	1	125,000	200,000
C Mensink	2	0	0	0	3,475	1,000,000
V Sharma	2	2	1	1	-	500,000
D Wang	2	2	0	0	-	600,000

Indemnification of Directors and Officers

The Company has agreed to indemnify and keep indemnified the following officers: Mr Zhenya (Dio) Wang (resigned 20 June 2014), 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.

Indemnification of auditors

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

DIRECTORS REPORT

Remuneration Report (Audited)

This Remuneration Report outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the *Corporations Act 2001* 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 and Chief Executive Officer – Resigned 20 June 2014

Executives

G Ryan – Company Secretary and Chief Financial Officer, Acting Chief Executive Officer (20 June 2014)

After reporting date and before the issue of this report the company appointed Mr Mark Oliver as Company Secretary, Mr Grant Ryan stepped down from this role.

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 2014 or 30 June 2013.

DIRECTORS REPORT

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):

	2008	2009	2010	2011	2012	2013	2014
Share price	1.37	0.54	0.21	0.30	0.20	0.028	0.023
Basic and diluted profit/(loss) per share	(3.46)	(2.97)	(0.08)	(0.07)	(1.26)	(0.05)	(0.013)

Employment Contracts

Chief Executive Officer and Managing Director Dio Wang was employed under contract (Mr Wang resigned on 20 June 2014).

- Mr Wang received remuneration of \$200,000 per annum exclusive of any superannuation entitlements.

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 2014 (CONSOLIDATED)

Name	Short term		Post Employment	Share-based Payment	Total	Performance Related Remuneration consisting of options for the year
	Salary & Fees	Non-monetary Benefits	Super-annuation	Options		
	\$	\$	\$	\$	\$	%
Directors						
P Piercy ¹	45,000	-	4,163	-	49,163	-
D Martino ¹	60,000	-	5,550	-	65,550	-
C Mensink ¹	45,000	-	4,163	-	49,163	-
V Sharma ¹	45,000	-	4,163	-	49,163	-
D Wang ³	227,711	9,706	21,063	-	258,480	-
Executives						
G Ryan ²	194,930	-	-	-	194,930	-
TOTALS	617,641	9,706	39,102	-	666,449	-

¹Fees of non-executive directors have been accrued for the full 2013/14 Financial Year.

DIRECTORS REPORT

² Mr Ryan has been paid as a contractor for the full 2013/14 Financial Year for services provided.

³ Mr Wang resigned from his position on 20 June 2014.

YEAR ENDED 30 JUNE 2013 (CONSOLIDATED)

Name	Short term		Post Employment	Share-based Payment	Total	Performance Related Remuneration consisting of options for the year %
	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.

² Mr Ryan has been paid as a contractor during April/May/June 2013 for services provided

VALUE OF OPTIONS FORFEITED IN THE PERIOD

There were no options forfeited during the period.

There were no options expired during the period.

SHARES ISSUED ON EXERCISE OF COMPENSATION OPTIONS

No compensation options were exercised during the financial year.

END OF AUDITED REMUNERATION REPORT

DIRECTORS REPORT

Non-Audit Services

The Auditors have not provided any non-audit services during the financial year ended 30 June 2014.

Corporate Governance

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

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires the Company's auditors, Ernst & Young, to provide the directors with a written Independence Declaration in relation to their audit of the financial report for the year ended 30 June 2014. This written Auditor's Independence Declaration is included on page 15 of this report.

Signed in accordance with a resolution of the Directors.



D Martino
Chairman
21 October 2014

Auditors' Independence Declaration



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

In relation to our audit of the financial report of Australasian Resources Limited for the financial year ended 30 June 2014, 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.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Gavin Buckingham'.

Gavin Buckingham
Partner
21 October 2014

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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 2014 AGM	Seeking re-election at 2014 AGM
D Martino	27 November 2003	Yes	Yes	No	No
V Sharma	8 March 2007	Yes	No	No	No
P Piercy	22 February 2006	Yes	Yes	Yes	Yes
C Mensink	9 January 2012	Yes	No	No	No
D Wang ¹	9 January 2012	No	No	No	No

¹ D Wang resigned 20 June 2014

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.

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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: <ul style="list-style-type: none"> - 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	
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: <ul style="list-style-type: none"> - 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 or a summary thereof.	Yes	
7	Recognise and Manage Risk		
7.1	Establish policies for the oversight and management of material business risks and	Yes	

Corporate Governance Statement

	Description	Complied	Note
	disclose a summary of those policies.		
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	Remunerate Fairly and Responsibly		
8.1	Board should establish a remuneration committee	No	1
8.2	The remuneration committee should be structured so that it: <ul style="list-style-type: none"> - 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 2014

	Notes	CONSOLIDATED	
		2014 \$	2013 \$
Revenue	4	2,036	13,558
Other income		-	4,968
Employee benefit	5	(531,986)	(747,175)
Corporate and administrative expense		(756,024)	(674,181)
Finance costs		-	-
Depreciation expense	5	(3,346)	(16,224)
Net loss on disposal of asset		-	(117,249)
Impairment of exploration and evaluation expenditure	14(b)	(145,838)	(8,882,207)
Impairment of investment in jointly controlled entity	15	(5,000,000)	(12,528,021)
Share of profit/(loss) of jointly controlled asset	15	13,011	(164,853)
Loss before income tax		<u>(6,422,147)</u>	<u>(23,111,384)</u>
Income tax expense	6	-	-
Net loss after tax		<u>(6,422,147)</u>	<u>(23,111,384)</u>
Basic and diluted loss per share	7	<u>(0.013)</u>	<u>(0.05)</u>

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 2014

		CONSOLIDATED	
	Notes	2014 \$	2013 \$
Current assets			
Cash and cash equivalents	8	129,604	6,086
Trade and other receivables	9	8,956	13,283
Other financial assets	10	56,076	69,179
Other current assets	11	2,887	7,293
Total current assets		197,523	95,841
Non-current assets			
Interest in jointly controlled entity	15	24,848,158	29,835,147
Related party receivable	17	333,042	294,904
Property, plant and equipment	13	2,431	5,778
Total non-current assets		25,183,631	30,135,829
Total assets		25,381,154	30,231,670
Current liabilities			
Trade and other payables	16	376,710	173,807
Related party payable	17	1,956,678	579,981
Provisions	18	2,263	10,232
Total current liabilities		2,335,651	764,020
Total liabilities		2,335,651	764,020
NET ASSETS		23,045,503	29,467,650
Equity			
Contributed equity	21	386,519,974	386,519,974
Reserves	20	18,972,986	18,972,986
Accumulated losses	19	(382,447,457)	(376,025,310)
TOTAL EQUITY		23,045,503	29,467,650

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 2014

		CONSOLIDATED	
		2014	2013
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
		(1,071,306)	(2,072,240)
Payments to suppliers and employees			
Receipts from customers	4(b)	-	4,968
Interest received	4(a)	2,036	13,558
Interest paid		-	-
Deposits (paid)/released		13,103	(5,000)
Tax paid		-	-
Net cash used in operating activities	8(c)	(1,056,167)	(1,998,712)
CASH FLOWS FROM INVESTING ACTIVITIES			
		(158,873)	(330,237)
Payments for deferred exploration expenditure			
Net cash used in investing activities		(158,873)	(330,237)
CASH FLOWS FROM FINANCING ACTIVITIES			
		1,376,696	549,980
Proceeds from borrowings			
Net proceeds from issue of shares		-	1,767,883
Loan to related party		(38,138)	-
Net cash provided by financing activities/(used in)		1,338,558	2,317,863
		123,518	(11,086)
Net (decrease)/increase in cash held			
Cash at the beginning of the reporting period	8	6,086	17,172
Cash at the end of the reporting period	8	129,604	6,086

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

Financial Statements

Statements of Changes in Equity

For the Year Ended 30 June 2014

	Notes	Contributed Equity \$	Accumulated Losses \$	Option Reserve \$	Total \$
CONSOLIDATED ENTITY					
At 1 July 2012 – Previously reported		381,519,974	(352,913,926)	18,972,986	47,579,034
Profit/(Loss) for the period		-	(23,111,384)	-	(23,111,384)
Total comprehensive Income/(Loss) for the period		-	(23,111,384)	-	(23,111,384)
Equity Transactions		-	-	-	-
Shares issued ¹		5,000,000	-	-	5,000,000
Share based payments		-	-	-	-
As at June 30, 2013		386,519,974	(376,025,310)	18,972,986	29,467,650
CONSOLIDATED ENTITY					
At July 2013 – Previously reported		386,519,974	(376,025,310)	18,972,986	29,467,650
Profit/(Loss) for the period	19	-	(6,422,147)	-	(6,422,147)
Total comprehensive Income/(Loss) for the period	19	-	(6,422,147)	-	(6,422,147)
Equity Transactions		-	-	-	-
Shares issued		-	-	-	-
Share based payments		-	-	-	-
At 30 June 2014	19,20,21	386,519,974	(382,447,457)	18,972,986	23,045,503

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

¹ On 27 February 2012 the Share Subscription Agreement was signed between the Company and Mineralogy, where Mineralogy agrees to subscribe for 30,303,030 shares of the Company for a consideration of \$5 million. The amount was offset by Mineralogy's loan advanced to the Company and other payments made on behalf of the Company. The final cash consideration received was \$1.27 million.

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The financial report of Australasian Resources Limited (the Company) for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the directors on 26 September 2014.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

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

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

(b) Going Concern

The Group has made a loss of \$6,422,147 (30 June 2013: loss of \$23,111,384), has cash and cash equivalents at the end of the period of \$129,604 (30 June 2013 \$6,086), and has a working capital deficiency of \$2,138,128 at 30 June 2014 (30 June 2013: \$668,179). 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, via his controlled entities, 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 30 to the financial report

(2) Mineralogy Pty Limited, a controlled entity of the groups major shareholder, has confirmed that it will not recall any amounts loaned to the company, including the loan at 30 June 2014, as more fully explained in note 17 to the financial report, unless the company has sufficient surplus working capital above its estimated requirements, until at least 31 October 2015.

(3) The Group's major shareholder, via one of his controlled entities, 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

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

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

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

(c) Compliance with IFRS

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

(d) New Accounting Standards and Interpretations

The Group has adopted all new and amended Australian Accounting Standards and AASB Interpretations effective as of 1 July 2013. 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 2014. These are outlined the table below

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

Reference	Title
AASB 10	<p>Consolidated Financial Statements</p> <p>AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 <i>Consolidated and Separate Financial Statements</i> dealing with the accounting for consolidated financial statements and UIG-112 <i>Consolidation - Special Purpose Entities</i>.</p> <p>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.</p> <p>Consequential amendments were also made to this and other standards via AASB 2011-7 and AASB 2012-10.</p>
AASB 11	<p>Joint Arrangements</p> <p>AASB 11 replaces AASB 131 <i>Interests in Joint Ventures</i> and UIG-113 <i>Jointly-controlled Entities - Non-monetary Contributions by Ventures</i>.</p> <p>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.</p> <p>Consequential amendments were also made to this and other standards via AASB 2011-7, AASB 2010-10 and amendments to AASB 128. Amendments made by the IASB in May 2014 add guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business.</p>
AASB 12	<p>Disclosure of Interests in Other Entities</p> <p>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.</p>
AASB 13	<p>Fair Value Measurement</p> <p>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.</p> <p>AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.</p> <p>Consequential amendments were also made to other standards via AASB 2011-8.</p>
AASB 119	<p>Employee Benefits</p> <p>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.</p> <p>Consequential amendments were also made to other standards via AASB 2011-10.</p>
AASB 2012-2	<p>Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities</p> <p>AASB 2012-2 principally amends AASB 7 <i>Financial Instruments: Disclosures</i> to require disclosure of the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position, when all the offsetting criteria of AASB 132 are not met.</p>

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

AASB 2012-5	<p>Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle</p> <ul style="list-style-type: none"> ▶ 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 <i>Presentation of Financial Statements</i>)
AASB 2012-9	<p>Amendment to AASB 1048 arising from the withdrawal of Australian Interpretation 1039</p>
AASB 1053	<p>Application of Tiers of Australian Accounting Standards</p> <p>This standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements:</p> <ol style="list-style-type: none"> a. Tier 1: Australian Accounting Standards b. Tier 2: Australian Accounting Standards - Reduced Disclosure Requirements <p>The following entities apply Tier 1 requirements in preparing general purpose financial statements:</p> <ol style="list-style-type: none"> 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 <p>The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements:</p> <ol style="list-style-type: none"> 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. <p>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.</p>
AASB 2011-4	<p>Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]</p> <p>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.</p>

New accounting standards and interpretations issued but yet effective

The following standards and interpretations have been issued by the AASB but are not yet effective for the period ending 30 June 2014.

Reference	Title	Summary	Application date of standard	Application date for Consolidated Entity
AASB 2012-3	Amendments to Australian Accounting Standards - <i>Offsetting Financial Assets and Financial Liabilities</i>	AASB 2012-3 adds application guidance to AASB 132 <i>Financial Instruments: Presentation</i> 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

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

AASB 9	<i>Financial Instruments</i>	<p>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.</p> <p>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.</p> <ol style="list-style-type: none"> 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: <ul style="list-style-type: none"> ▶ The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ▶ The remaining change is presented in profit or loss <p>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.</p> <p>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.</p> <p>The AASB issued a revised version of AASB 9 (AASB 2013-9) during December 2013. The revised standard incorporates three primary changes:</p> <ol style="list-style-type: none"> 1. New hedge accounting requirements including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures 2. Entities may elect to apply only the accounting for gains and losses from own credit risk without applying the other requirements of AASB 9 at the same time 3. In February 2014, the IASB tentatively decided that the mandatory effective date for AASB 9 will be 1 January 2018 	1 January 2018	1 July 2018
AASB 2013-3	<i>Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets</i>	<p>AASB 2013-3 amends the disclosure requirements in AASB 136 <i>Impairment of Assets</i>. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.</p>	1 January 2014	1 July 2014

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

Annual Improvements 2010–2012 Cycle [^]	Annual Improvements to IFRSs 2010–2012 Cycle	<p>This standard sets out amendments to International Financial Reporting Standards (IFRS) and the related bases for conclusions and guidance made during the International Accounting Standards Board's Annual Improvements process. These amendments have not yet been adopted by the AASB.</p> <p>The following items are addressed by this standard:</p> <ul style="list-style-type: none"> ▶ IFRS 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'. ▶ IFRS 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to IAS 37. ▶ IFRS 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments' asset to the entity's total assets. ▶ IAS 16 & IAS 38 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts. ▶ IAS 24 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of IAS 24 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed. 	1 July 2014	1 July 2014
Annual Improvements 2011–2013 Cycle [^]	Annual Improvements to IFRSs 2011–2013 Cycle	<p>This standard sets out amendments to International Financial Reporting Standards (IFRS) and the related bases for conclusions and guidance made during the International Accounting Standards Board's Annual Improvements process. These amendments have not yet been adopted by the AASB.</p> <p>The following items are addressed by this standard:</p> <ul style="list-style-type: none"> ▶ IFRS 13 - Clarifies that the portfolio exception in paragraph 52 of IFRS 13 applies to all contracts within the scope of IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in IAS 32. ▶ IAS 40 - Clarifies that judgment is needed to determine whether an acquisition of investment property is solely the acquisition of an investment property or whether it is the acquisition of a group of assets or a business combination in the scope of IFRS 3 that includes an investment property. That judgment is based on guidance in IFRS 3. 	1 July 2014	1 July 2014

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Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

AASB 1031	Materiality	The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework (issued December 2013) that contain guidance on materiality. AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed.	1 January 2014	1 July 2014
AASB 2013-9	Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	The Standard contains three main parts and makes amendments to a number Standards and Interpretations. Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1. Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards. Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 Hedge Accounting into AASB 9 Financial Instruments.	^^	^^
IFRS 14	Interim standard on regulatory deferral accounts	This interim standard provides first-time adopters of IFRS with relief from derecognising rate-regulated assets and liabilities until a comprehensive project on accounting for such assets and liabilities is completed by the IASB. It is intended to encourage rate-regulated entities to adopt IFRS while bridging the gap with entities that already apply IFRS, but do not recognise regulatory deferral accounts.	1 January 2016	1 July 2016
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	IAS 16 and IAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.	1 January 2016	1 July 2016

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

IFRS 15	Revenue from Contracts with Customers	<p>In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which replaces IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations (IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue—Barter Transactions Involving Advertising Services)</p> <p>The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:</p> <p>(a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation</p> <p>Early application of this standard is permitted.</p>	1 January 2017	1 July 2017
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

^ Not yet adopted by AASB.

^^ The application dates of AASB 2013-9 are as follows:

Part A – periods ending on or after 20 Dec 2013 / Application date for the Consolidated Entity: period ending 30 June 2014

Part B – periods beginning on or after 1 January 2014 / Application date for the Consolidated Entity: period beginning 1 July 2014

Part C – reporting periods beginning on or after 1 January 2015 / Application date for the Consolidated Entity: period beginning 1 July 2015

(e) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Australasian Resources Limited and its subsidiaries (as outlined in Note 12) (the “Group”) as at 30 June each year.

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

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

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

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

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

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) Interests in Joint Venture

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

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

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

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

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

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

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

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

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

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

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

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

(k) Plant and Equipment

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

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

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

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

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

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

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

(l) Leases

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

Group as a lessee

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

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

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

(m) Impairment of Non-Financial Assets

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

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

(n) Exploration and Evaluation Costs

Mineral exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- such costs are expected to be recouped through the successful development and exploitation of the area of interest or alternatively by its sale; or

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

- exploration and/or evaluation activities in the area have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active or significant operations in/or in relation to the area of interest are continuing.

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

Impairment

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

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

(o) Business Combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owner of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

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

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

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

(p) Trade and Other Payables

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

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

these goods and services. These amounts are unsecured and are usually paid within 30 days of recognition.

(q) Interest-Bearing Liabilities

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

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

(r) Borrowing Costs

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

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

(s) Provisions and Employee Leave Benefits

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

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

Employee leave benefits

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

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

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

(t) Share-Based Payments

Equity settled transactions

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

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

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

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

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

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

(u) Contributed Equity

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

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

(v) Revenue Recognition

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

Interest revenue

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

(w) Income tax

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

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.

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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.

(x) Earnings per share (EPS)

Basic earnings per share

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

Diluted earnings per share

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

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

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

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

(i) *Significant accounting judgements*

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

Determination of Mineral Resources and Ore Reserves estimates

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.

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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 23.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

	CONSOLIDATED	
	2014	2013
	\$	\$
4. REVENUE AND INCOME		
<i>(a) Revenue</i>		
Interest revenue	2,036	13,558
Total Revenue	2,036	13,558
<i>(b) Other income</i>		
Other	-	4,968
Total Other Income	-	4,968
5. EXPENSES		
<i>(a) Employee benefits</i>		
Salaries and wages	503,010	689,653
Contributions to defined contribution superannuation plans	28,976	57,522
	531,986	747,175
<i>(b) Depreciation</i>		
Depreciation - plant and equipment	3,346	16,224
<i>(c) Finance costs</i>		
Other interest expense	-	-
<i>(d) Lease payments</i>		
Minimum lease payments – operating lease payments	-	177,580

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

	CONSOLIDATED	
	2014	2013
	\$	\$
6. INCOME TAX		
<i>(a) The components of tax expense comprise:</i>		
Current income tax		
Current income tax charge	-	-
Prior year adjustments	-	-
Deferred tax assets written off	-	-
Relating to the origination and reversal of temporary differences	-	-
Prior year adjustments	-	-
Income tax expense reported in statement of comprehensive income	-	-
<i>(b) The prima facie tax expense/(benefit) on profit/(loss) from ordinary activities before income tax is reconciled to the income tax as follows:</i>		
Prima facie tax expense/(benefit) on profit/(loss) from ordinary activities before income tax at 30% (2013: 30%)	(1,926,644)	(6,933,415)
Add tax effect of:		
Impairment of investment in jointly controlled asset	1,500,000	3,000,000
Share and loss/(profit) of jointly controlled assets	(3,903)	49,456
Non-allowable items	34	758,591
Losses and other deferred tax balances not recognised	430,513	3,125,368
Income tax expense/(benefit) reported in the statement of comprehensive income	-	-
<i>(c) Deferred tax balances recognised:</i>		
Deferred Tax Assets:		
Carry forward revenue losses	-	-
Deferred Tax Liabilities:		
Other	-	-
Net Deferred tax assets/(Liabilities) recognised	-	-

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

	CONSOLIDATED	
	2014	2013
	\$	\$
<i>(d) Deferred tax balances not recognised:</i>		
Deferred Tax Assets:		
Carry forward revenue losses	16,993,085	16,562,023
Financial Assets	3,324,628	1,779,074
Exploration expenditure	558,826	558,826
Capital raising costs	20,509	31,225
Provisions and accruals	15,229	5,061
Other	9,183	9,183
	<u>20,921,460</u>	<u>18,945,392</u>

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

- the company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- the company continues to comply with the conditions for deductibility imposed by law; and
- 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.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

	CONSOLIDATED	
	2014	2013
	\$	\$
7. LOSS PER SHARE		
The following reflects income and share data used in the calculation of basic and diluted loss per share.		
Net loss	(6,422,147)	(23,111,384)
Basic and diluted loss per share	(0.013)	(0.05)
Weighted average number of ordinary shares used in calculating basic and diluted loss per share.	489,149,246	489,149,246
The 6,200,000 options are considered not dilutive in the current period.		
8. CASH AND CASH EQUIVALENTS		
<i>(a) equivalents in the statement of financial position</i>		
Cash at bank	129,604	6,086
	129,604	6,086
<i>(b) Reconciliation to the statement of cash flows</i>		
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	129,604	6,086
<i>(c) Reconciliation of net loss after income tax to cash flows used in operations</i>		
Net loss after income tax	(6,422,147)	(23,111,384)
<i>Non-cash adjustments:</i>		
Depreciation	3,346	16,224
Net loss on disposal of property, plant and equipment	-	117,249
Deferred tax assets written off	-	-
Capitalised interest	-	30,001
Impairment of exploration and evaluation expenditure	145,838	8,882,207
Impairment of investment in jointly controlled entity	5,000,000	12,528,021
<i>Movements in operating assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	4,327	(2,404)
(Increase)/decrease in other current assets	4,406	(283)
(Increase)/decrease in other financial assets	13,103	(5,000)
Increase/(decrease) in trade and other payables and provisions	207,971	28,798
Cash flow directly associated with assets classified as held for sale	-	-
Cash flow directly associated with Jointly controlled asset	(13,011)	(482,141)
Net outflows from operating activities	(1,056,167)	(1,998,712)

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

	CONSOLIDATED	
	2014 \$	2013 \$
9. TRADE AND OTHER RECEIVABLES		
CURRENT		
GST receivable (a)	8,956	13,283
	8,956	13,283

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

10. OTHER FINANCIAL ASSETS

Bond - Financial Guarantee (a)	5,000	5,000
Bond - Performance Guarantee (b)	51,076	64,179
	56,076	69,179

The bonds held by the Group at 30 June 2014 are represented by the following:

- (a) Financial guarantees comprise \$5,000 for a security deposit in respect of a credit card facility (2013: \$5,000).
 (b) Performance guarantees of \$51,076 relate to environmental performance bonds on tenements (2013: \$64,179).

11. OTHER CURRENT ASSETS

Prepayments	2,887	7,293
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12. INVESTMENT IN SUBSIDIARIES

Name of Entity and Country of Incorporation	Interest of Company (equity-ordinary shares)	
	2014 %	2013 %
Lefroy Gold Mines Ltd. (Incorporated in Australia)	100	100
International Exploration Ltd. (Incorporated in Australia)	100	100
International Minerals Pty Ltd. (Incorporated in Australia) (a)	50	50

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

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

13. PLANT AND EQUIPMENT

<i>(a)</i> <i>Reconciliations</i>		CONSOLIDATED			
2014	Office Furniture & Equipment \$	Computer Equipment \$	Plant & Equipment \$	Work in progress \$	TOTAL \$
<i>Gross Carrying Amount</i>					
Balance at 30 June 2013	44,766	106,111	114,097	-	264,974
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Balance at 30 June 2014	44,766	106,111	114,097	-	264,974
<i>Accumulated Depreciation</i>					
Balance at 30 June 2013	(43,647)	(101,453)	(114,097)	-	(259,197)
Depreciation Expense	(1,119)	(2,227)	-	-	(3,346)
Disposals	-	-	-	-	-
Balance at 30 June 2014	(44,766)	(103,680)	(114,097)	-	(262,543)
<i>Net Book Value</i>					
As at 30 June 2013	1,119	4,658	-	-	5,778
As at 30 June 2014	-	2,431	-	-	2,431

CONSOLIDATED					
2013	Office Furniture & Equipment \$	Computer Equipment \$	Plant & Equipment \$	Work in progress \$	TOTAL \$
<i>Gross Carrying Amount</i>					
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
<i>Accumulated Depreciation</i>					
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)
<i>Net Book Value</i>					
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

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

	CONSOLIDATED	
	2014	2013
	\$	\$
14. MINERAL EXPLORATION AND EVALUATION EXPENDITURE		
Opening balance	-	8,533,967
Exploration and evaluation costs capitalised (b)	145,838	348,240
Impairment of exploration and evaluation expenditure (a)	(145,838)	(8,882,207)
Areas of interest in the exploration and evaluation phase at cost	-	-

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

(a) *Impairment of exploration 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 2014 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 \$145,838 of the Sherlock Bay group of (non-iron ore) assets.

(b) *Exploration and evaluation costs capitalised*

During the period the Board continued capitalizing exploration and evaluation expenditure relating to the Company's non-iron ore assets, this is represented in the period as an expenditure of \$145,838. At 30 June 2014, the expenditure was written off to nil.

15. 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 net profit/(loss) as at 30 June 2014 of the jointly controlled entity for the year ended 30 June 2014 which has been accounted for using the equity method in the consolidated financial statements are as follows:

	CONSOLIDATED	
	2014	2013
	\$	\$
Extract of the Joint Venture's statement of financial position:		
Current assets	278	12,584
Non-current assets	60,000,000	60,000,000
Current liabilities	11,800	50,128
Non-current liabilities	5,325,368	5,325,368
Equity	54,663,110	54,637,088

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

	CONSOLIDATED	
	2014	2013
	\$	\$
Extract of the Joint Venture's revenue and profit:		
Revenue	-	12
Other income	52,672	294,904
Other expenses	-	(512,490)
Administration Expense	(26,650)	(112,132)
Profit/(Loss) before tax	26,022	(329,706)
Income tax expense	-	-
Profit/(Loss) from operations	26,022	(329,706)

The Joint Venture has no contingent liabilities or capital commitments as at 30 June 2014.

In July 2012 the Company 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 became the initial carrying amount of the Group's investment in the jointly controlled entity.

During the prior 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 2013 was \$0.062 which equated to a market capitalisation of \$30 million and a fair value of the Company's investment in International Minerals at approximately \$30 million.

Subsequent to the initial valuation, the iron ore price has continued to decline. Accordingly, the directors have reassessed the Groups investment in IM and now consider it to have a fair value of approximately \$25 million at 30 June 2014, based on their assessment of the current market value of the underlying project. This has resulted in an impairment of \$5,000,000 in the current year.

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

	2014	2013
Carrying value of investment	29,835,147	30,000,000
Share of profit/(loss) from JV	13,011	(164,853)
Write down of asset (50%)	(5,000,000)	-
Net Interest in jointly controlled entity	24,848,158	29,835,147

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

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

	CONSOLIDATED	
	2014	2013
	\$	\$
16. TRADE AND OTHER PAYABLES		
CURRENT		
Trade creditors (i)	68,210	102,168
Accruals (ii)	308,500	71,639
	<u>376,710</u>	<u>173,807</u>

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

(ii) Accruals include an FY 14 Audit Accrual – \$48,500 and Accrued Directors Fees - \$260,000.

17. RELATED PARTY RECEIVABLES AND PAYABLES

CURRENT PAYABLES		
Related party payable (i)	1,956,678	579,981
	<u>1,956,678</u>	<u>579,981</u>

(i) Mineralogy Pty Ltd a company controlled by the Company's largest shareholder has provided the Company with a working capital loan of \$1,956,678. The current loan does not accrue any interest and is repayable on call.

Mineralogy Pty Ltd has confirmed that it will not recall any amounts loaned to the company, unless the company has sufficient surplus working capital above its estimated requirements until at least 31 October 2015

NON CURRENT RECEIVABLES

Related party receivable (ii)	333,042	294,904
	<u>333,042</u>	<u>294,904</u>

(ii) 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.

18. PROVISIONS

CURRENT		
Provisions for employee entitlements (i)	2,263	10,232

(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 which is offsetting further provisions accruing over time.

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

	CONSOLIDATED	
	2014	2013
	\$	\$
19. ACCUMULATED LOSSES		
Opening balance	(376,025,310)	(352,913,926)
Net loss for the year	(6,422,147)	(23,111,384)
Closing balance	<u>(382,447,457)</u>	<u>(376,025,310)</u>
20. RESERVES		
CURRENT		
Opening balance	(18,972,986)	(18,972,986)
Share based payments	-	-
Closing balance	<u>(18,972,986)</u>	<u>(18,972,986)</u>
<i>(a) Nature and purpose of reserves</i>		
The reserve is used to record the value of equity benefits provided to employees and Directors as part of their remuneration.		
21. CONTRIBUTED EQUITY		
<i>(a) Ordinary shares</i>		
Issued and fully paid ordinary shares	386,519,974	381,519,974
Share issue	-	5,000,000
TOTAL	<u>386,519,974</u>	<u>386,519,974</u>
	<u>Number of shares</u>	
Ordinary shares	<u>489,149,246</u>	<u>489,149,246</u>
<i>(b) Terms and conditions of ordinary shares</i>		
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.		
<i>(c) Capital management</i>		
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.		

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

	CONSOLIDATED	
	2014	2013
	Number	Number
<i>(d) Movement in Share Options</i>		
At 1 July	6,200,000	9,000,000
Granted	-	12,121,212
Expired	-	(14,921,212)
Forfeited	-	-
At 30 June	6,200,000	6,200,000

(e) Options on issue

The Company has the following share options on issue at 30 June 2014:

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

(f) Expiry of options

No options expired during the year

(g) Options granted

No options were granted during the year

22. KEY MANAGEMENT PERSONNEL

(a) Compensation for Key Management Personnel

Short-term employee benefits	627,347	643,443
Post-employment benefits	39,102	51,834
	666,449	695,277

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

22. KEY MANAGEMENT PERSONNEL (CONTINUED)

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

2014	Balance at beginning of period	Granted as remuneration	Net change other	Balance at end of period	Vested at 30 June 2014		
					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 ¹	600,000	-	-	600,000	600,000	-	600,000
TOTAL	4,600,000	-	-	4,600,000	4,600,000	-	4,600,000

¹ D Wang resigned 20 June 2014

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

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

22. KEY MANAGEMENT PERSONNEL (CONTINUED)

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

2014	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 ¹	240,000	-	-	(200,000)	40,000	-
P Piercy	125,000	-	-	-	125,000	-
C Mensink	3,745	-	-	-	3,745	-
V Sharma	-	-	-	-	-	-
Other KMP						
G Ryan	-	-	-	-	-	-
D Wang	-	-	-	-	-	-
TOTAL	368,745	-	-	(200,000)	168,745	-

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 ¹	240,000	-	-	-	240,000	-
P Piercy	125,000	-	-	-	125,000	-
C Mensink	3,745	-	-	-	3,745	-
V Sharma	-	-	-	-	-	-
Other KMP						
G Ryan	-	-	-	-	-	-
D Wang	-	-	-	-	-	-
TOTAL	368,745	-	-	-	368,745	-

¹ Impact Nominees Pty Ltd, an entity associated with Domenic Martino, sold 200,000 ordinary shares in Australasian Resources Ltd during the year.

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

2014	2013
\$	\$

(d) Other transactions with Key Management Personnel and their related parties

Expenses of International Minerals Pty Ltd paid for on behalf of Mineralogy Pty Ltd.	32,237	294,904
During the year Mineralogy Pty Ltd provided a working capital loan with no interest payable and the total amount repayable on call	1,376,696	549,980
The Company reimbursed companies in which KMP have a relevant interest, at normal commercial rates, for out of pocket expenses as follows:		
Fees for storage of samples paid to Macrete Pty Ltd. A company owned by Mr Grant Ryan.	12,645	-

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

23. SHARE BASED PAYMENTS

(a) Recognised share based payment expenses

No expense was recognised during the year for share based transactions

(b) Terms and conditions of options granted

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

- (1) The issue price of a Plan Option is nil.
- (2) The exercise price is \$0.194 (5,600,000) and \$0.20 (600,000 options) per Plan Option.
- (3) Each Plan Option shall entitle the holder to subscribe (in cash) for one Share in the capital of the Company.
- (4) The Plan Options will expire at 5.00pm (WST) on the date which is 3 years after the date of issue of the Plan Options. Plan Options may be exercised at any time prior to the Expiry Date and Plan Options not so exercised shall automatically expire on the Expiry Date. The options vested immediately at grant date.
- (5) Each Share allotted as a result of the exercise of any Plan Option will rank in all respects pari passu with the existing Shares in the capital of the Company on issue at the date of allotment.
- (6) A holder of a Plan Option will not be entitled to attend or vote at any meeting of the members of the Company unless it is also a member of the Company.
- (7) Plan Options are not transferable.
- (8) The Company will provide a notice that is to be completed when exercising a Plan Option, which may be exercised by completing the notice and forwarding the same to the Company Secretary to be received prior to the expiry date accompanied by payment in full for the relevant number of Shares being subscribed for.
- (9) Within 14 days from the date of exercise of Plan Options the Company shall issue that number of Shares in the capital of the Company subscribed for.
- (10) The Company will, after issue and allotment of Shares pursuant to the exercise of Plan Options, apply to the ASX for official quotation of all such Shares, in accordance with the Corporations Act and the Listing Rules.
- (11) The Plan Options will not be quoted on the ASX.
- (12) If the Company makes a pro rata bonus issue, and a Plan Option is not exercised before the record date for that bonus issue, then on exercise of the Plan Option, the holder is entitled to receive the number of bonus shares which would have been issued if the Plan Option had been exercised before the record date.
- (13) In the event of a reorganisation (including a consolidation, subdivision, reduction or return) of the issued capital of the Company, the number of Plan Options to which each Plan Option holder is entitled or the exercise price or both will be changed in the manner required by the Listing Rules and, in any case, in a manner which will not result in any benefits being conferred on holders of Plan Options which are not conferred on Shareholders.
- (14) If the Company makes a pro rata issue of securities (except a bonus issue) to the holders of Shares (other than in lieu or in satisfaction of dividends or by way of dividend reinvestment) the exercise price of the Plan Options shall be reduced according to the formula specified in the Listing Rules.

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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:

	2014 No.	2014 WAEP	2013 No.	2013 WAEP
Outstanding at the beginning of the year	6,200,000	\$0.19	9,000,000	\$0.36
Granted during the year	-	-	12,121,212	\$0.17
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	(14,921,212)	\$0.43
Outstanding at the end of the year	6,200,000	\$0.19	6,200,000	\$0.19
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 2014 is represented by:

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

(d) Weighted average remaining contractual life

The weighted average remaining contractual life of the share options outstanding as at 30 June 2014 is 1.05 years (30 June 2013 was 2.05 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 (2013: \$0.194– \$0.20).

(f) Weighted average fair value

The weighted average fair value of options granted during the year was nil (2013: nil).

(g) Option pricing model

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

24. RELATED PARTY DISCLOSURE

(a) Controlled entities

The consolidated financial statements include the financial statements of Australasian Resources Limited and the subsidiaries listed in Note 12.

(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.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

25. 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.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

25. SEGMENT INFORMATION

	Iron Ore \$	Base Metals \$	Total \$
Year ended 30 June 2014			
Revenue and other income			
Segment revenue	-	-	-
Unallocated:			
Interest revenue	-	-	-
Other income	-	-	2,036
Total revenue and other income			<u>2,036</u>
Results			
Unallocated:			
Interest revenue	-	-	2,036
Other income	-	-	-
Depreciation	-	-	(3,346)
Employee benefit	-	-	(531,986)
Corporate expenses	-	-	(756,024)
Write off of exploration assets	-	(145,838)	(145,838)
Impairment of Jointly controlled assets	(5,000,000)	-	(5,000,000)
Loss on sale of assets	-	-	-
Share of profit/(loss) of Jointly controlled asset	13,011	-	13,011
Income tax expense	-	-	-
Loss after income tax			<u>(6,422,147)</u>
As at 30 June 2014			
Segment Assets			
Segment operating assets	24,848,158	-	24,848,158
Plant and Equipment	-	-	2,431
Unallocated:			
Cash and cash equivalents	-	-	129,604
Trade and other receivables	-	-	8,956
Other financial assets	-	-	56,076
Other current assets	-	-	2,887
Loan receivable	-	-	333,042
Total assets			<u>25,381,154</u>
Segment capital expenditure			
Exploration & Evaluation	-	145,838	145,838
Corporate capital expenditure	-	-	-
Total capital expenditure			<u>145,838</u>

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

25. SEGMENT INFORMATION (CONTINUED)

	Iron Ore \$	Base Metals \$	Total \$
As at 30 June 2014			
Segment Liabilities			
Unallocated:			
Trade and other payables	-	-	376,710
Related party loans	-	-	1,956,678
Provisions	-	-	2,263
Total liabilities			<u>2,335,651</u>
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			<u>18,526</u>
Results			
Pre-Tax segment result	-	-	(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			<u>(23,111,384)</u>
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			<u>30,231,670</u>

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

25. SEGMENT INFORMATION (CONTINUED)

	Iron Ore \$	Base Metals \$	Total \$
Segment capital expenditure			
Exploration & Evaluation	-	348,240	348,240
Corporate capital expenditure	-	-	-
Total capital expenditure			<u>348,240</u>
As at 30 June 2013			
Segment Liabilities			
Unallocated:			
Trade and other payables	-	-	173,807
Related party loans	-	-	579,981
Provisions	-	-	10,232
Total liabilities			<u>764,020</u>

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Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

26. FINANCIAL INSTRUMENTS

(a) Financial risk management

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

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

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

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

(b) Interest rate risk

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

	CONSOLIDATED	
	2014	2013
	\$	\$
Financial assets		
Cash and cash equivalents	129,604	6,086
Other financial assets	56,076	69,179
	<u>185,680</u>	<u>75,265</u>
Financial liabilities		
Interest-bearing loans	-	-
	<u>-</u>	<u>-</u>

(c) Credit risk

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

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

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

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

26. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Liquidity Risk

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

(e) Net fair values

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

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

(f) Sensitivity analysis

The following tables summarise the sensitivity of the Group's financial assets and liabilities to interest rate risk. Had the relevant variables, as illustrated in the tables, moved, with all other variables held constant, post tax loss and equity would have been affected as shown. The analysis has been performed on the same basis for 2012 and 2013 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 2014	Carrying Amount \$	Interest Rate Risk -1%		Interest Rate Risk +1%	
		Net Loss \$	OCI \$	Net Loss \$	OCI \$
<i>Financial assets</i>					
Cash and cash equivalents	129,604	(1,269)	-	1,269	-
Other financial assets	56,076	(561)	-	561	-
	185,680	(1,830)	-	1,830	-

Consolidated 30 June 2013	Carrying Amount \$	Interest Rate Risk -1%		Interest Rate Risk +1%	
		Net Loss \$	OCI \$	Net Loss \$	OCI \$
<i>Financial assets</i>					
Cash and cash equivalents	6,086	(61)	-	61	-
Other financial assets	69,179	(692)	-	692	-
	75,265	(753)	-	753	-
<i>Financial liabilities</i>					
Interest-bearing loans	-	-	-	-	-

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

(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 2014.

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.

	CONSOLIDATED	
	2014	2013
	\$	\$

27. COMMITMENTS

(a) Exploration commitments

Estimated expenditures at reporting date, committed to but not provided for, including commitments to maintain rights of tenure to exploration tenements, being lease rentals and minimum expenditure obligations:

Not later than one year	451,789	462,077
Later than one year but not later than five years	-	-
Later than five years	-	-
	451,789	462,077

(b) Remuneration commitments

Commitments for the payment of salaries and other remuneration under long term employment contracts in existence at the reporting date but not recognised as liabilities, payable:

Within one year	18,931	52,440
After one year but not more than five years	-	-
More than five years	-	-
Total	18,931	52,440

As at 30 June 2014 there are no operating lease commitments.

28. INTEREST IN JOINTLY CONTROLLED ASSETS

The Group has an interest in a jointly controlled asset with Metals Australia Limited. Under the terms of the joint venture agreement, the Group has a 70% interest in the jointly controlled asset, but is free carrying the 30% interest of Metals Australia Limited through to bankable feasibility study. The Group's interest in the jointly controlled asset has been written down to zero as at 30 June 2013. 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	190,000	158,056
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29. CONTINGENT LIABILITIES

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

30. SUBSEQUENT EVENTS

On 13 August 2014 the Company announced the appointment of Mr Mark Oliver as Company Secretary.

The Company's major shareholder, Mr Clive Palmer, has continued to provide financial support to the company with a further loan of \$258,079 for working capital being made subsequent to 30 June 2014.

The Directors agreed to continue to accrue their fees until a permanent funding solution can be found for the company.

Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - CONTINUED

31. 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

71,050 73,894

CONSOLIDATED
2014 2013
\$ \$

32. PARENT ENTITY INFORMATION

Current assets	172,569	70,770
Total assets	25,343,184	34,676,666
Current liabilities	(2,980,230)	(2,932,670)
Total liabilities	(8,651,454)	(9,381,561)
Contributed equity	386,519,974	386,519,974
Option reserve	18,972,985	18,972,985
Accumulated losses	(388,801,229)	(380,197,854)
Total shareholders' equity	16,691,730	25,295,105
Loss of the parent entity	(8,603,378)	(19,026,616)
Total comprehensive loss of the parent entity	(8,603,378)	(19,026,616)

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 2014 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 2014.

On behalf of the Board



D Martino
Chairman
21 October 2014

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Independent Auditor's Report



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Independent auditor's report to the members of Australasian Resources Limited

Report on the financial report

We have audited the accompanying financial report of Australasian Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2014, 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(c), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 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(c).

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2(b) in the financial report. The conditions as set forth in Note 2(b) 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.

Report on the remuneration report

We have audited the Remuneration Report included in pages 11 to 13 of the directors' report for the year ended 30 June 2014. 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 for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
Perth
21 October 2014

ASX Additional Information

1. DISTRIBUTION OF EQUITY SECURITIES

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

Shares held	No. of Shareholders	Percentage
1 – 1,000	1,418	0.15
1,001 – 5,000	1,894	1.06
5,001 – 10,000	659	1.08
10,001 – 100,000	901	6.00
100,001 and over	117	91.71
Total	4,989	100.00%

Min Parcel size	Holders	Units
Less than marketable parcel		

2. TWENTY LARGEST EQUITY SECURITY HOLDERS

The names of the 20 largest holders of fully paid ordinary shares as at 15 October 2014 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	19,231,313	3.93
Australian Minerals (Hong Kong) Holdings Ltd.	15,455,000	3.16
Rossie Orchards Pty Ltd <Rossi Orchards S/Fund A/C>	2,237,905	0.46
Mr Brian Durran	2,000,000	0.41
Surpion Pty Ltd. <M W Suhr & Co A/C>	1,958,000	0.40
Citicorp Nominees Pty Ltd.	1,750,293	0.36
Mr John Gratton Klein + Mrs Dorothy Lynette Klein <Klein Family Super Fund A/C>	1,520,000	0.31
Mr Benjamin Allan Cocks	1,516,890	0.31
Glenstar Pty Ltd. <Glenstar Super Fund A/C>	1,430,000	0.29
Mr Kie Yik Wong	1,407,522	0.29
Mr Anton Tjandra	1,383,599	0.28
Mineralogy Pty Ltd.	1,210,013	0.25
Mr Rodney John Bradshaw	1,200,000	0.25
Herdstown Pty Ltd	1,000,000	0.20
Mr Hong Kinh Tran	1,000,000	0.20
Mr Kouros Abbaszadeh.	803,098	0.16
Mr Raymond George Hodder	728,581	0.15
Total	424,334,175	86.74%

ASX Additional Information

3. SUBSTANTIAL SHAREHOLDERS

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

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

4. SECURITY HOLDERS OF OPTION SECURITIES

The names of the option holders as at 15 October 2014 are listed below:

Name	Number of Options	Exercise Price	Expiry Date	Percentage %
<i>Employee Options</i>				
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 15 October 2014 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%

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
Vimal Sharma
Paul Piercy
Dio Wang
2014)
Clive Mensink

Non-Executive Chairman
Non-Executive Director
Non-Executive Director
Managing Director & CEO (Resigned 20 June
Non-Executive Director

Acting Chief Executive Officer

Grant Ryan

Company Secretary

Mark Oliver

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:

Advanced Share Registry Services
110 Stirling Hwy Nedlands WA 6009

PO Box 1156
Nedlands WA 6909

Auditors:

Ernst & Young
11 Mounts Bay Road
Perth WA 6000

Solicitors:

Jackson McDonald
225 St Georges Terrace
Perth WA 6000

Stock Exchange:

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