Australasian Resources Limited

ABN 46 008 942 809

Interim Financial Report for the Half-Year Ended

31 December 2014

AUSTRALASIAN RESOURCES LTD.

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DIRECTORS

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

ACTING CHIEF EXECUTIVE OFFICER

Grant Ryan

COMPANY SECRETARY

Mark Oliver

REGISTERED OFFICE

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AUDITORS

Ernst & Young
11 Mounts Bay Road
Perth WA 6000

STOCK EXCHANGE LISTING

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

Australian Stock Exchange Limited Code: ARH

WEBSITE - www.austresources.com.au

The Directors present their report together with the consolidated interim financial report for the half-year ended 31 December 2014 and the review report thereon. The consolidated entity ("the Group") comprises Australasian Resources Limited ("Australasian") and its controlled entities.

Directors

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

Mr Domenic Martino – 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 of Cokal Ltd, Pan Asia Corporation Ltd, Coral Sea Petroleum Limited and ORH Limited.

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 2013.

Mr Vimal Sharma - Non Executive Director

Prior to being employed by Mineralogy Pty Ltd (Mineralogy), Mr Sharma spent over 15 years working in public and private sectors in a variety of national and international trade, investment and business development portfolios both within Australia and internationally. He has worked for the Mineralogy Group of associated companies in a variety of roles, and has since 1999 held responsibility for managing its Western Australian Operations, including Mineralogy's iron ore exploration and development operations. He is currently its Managing Director (Western Australia) at its Western Australian Office.

Mr Sharma has played a key role in Mineralogy's business and infrastructure development, particularly in respect of the Sino Iron project being developed by CITIC Pacific. In addition to his current role with Mineralogy, Mr Sharma has also played a key role in the management of the technical feasibility study of the Mineralogy iron ore project which the Hong Kong based CITIC Pacific Ltd acquired in 2006 (Sino Project). Mr Sharma has more than 15 years of experience in the Australian mining industry and over 20 years' experience in senior management positions. He has served as Director of various public and private companies, and is a member of the Australian Institute of Management since 1992 and was appointed as a Director of ARH on 8th March 2007.

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.

RESULTS OF OPERATIONS

The net loss of the consolidated entity for the six months ended 31 December 2014, amounted to $13,536,647 (half – year ended 31 December 2013: $826,521).

REVIEW OF OPERATIONS

BALMORAL SOUTH IRON ORE PROJECT

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

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

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

During the period, Mineralogy Pty Ltd. (Mineralogy) on behalf of the IM Joint Venture, applied for a five (5) year extension on the BSIOP granted environmental approval from the Environmental Protection Agency (EPA), the EPA has acknowledged receipt of the application.

In response to a query from the ASX regarding the Company's Ore Reserve, referred to in slide 12 of the Company's AGM Presentation (released 27/11/2014), an update of the BSIOP Ore Reserve has taken place in January/February 2015. The announcement informing the market of the update was released on 19 February 19, 2015. The outcome of this update indicated that on the basis of Modifying Factors updated to reflect 2015 conditions the BSIOP Ore Reserve is still valid, economically robust and remains as per the tables below (Table 1 & 2).

Due to the material change in the iron ore price during the half year ended 31 December 2014 the Board made the decision to further impair their investment in International Minerals. Based on market information the Magnetite Iron Ore project was estimated to be valued at $25m (less $1m cost of sale). Accordingly, the value of the Company's 50% holding in IM was impaired to $12m.

Table 1 – 2009 Mineral Resource Estimate (Balmoral South)

Class	Ore[1]				Concentrate (80% passing 32µm)				
	Mt	MagFe[2] (%)	Total Fe (%)	DTR[3] (%)	Fe (%)	SiO_2 (%)	Al_2O_3 (%)	P_2O_5 (%)	Density (t/m^3)
Indicated	1,055	22.9	31.3	33.2	69.1	3.8	0.10	0.03	3.4
Inferred	550	22.0	30.9	32.1	68.8	4.0	0.11	0.03	3.3
Total	1,605	22.6	31.2	32.7	69.0	3.9	0.10	0.03	3.4

1. at a cut-off of 15% MagFe
2. MagFe – percentage of magnetically recoverable Fe in ore;
3. DTR – Davis Tube Recovery (weight recovery of magnetite)

Table 2 – 2015 Ore Reserve Estimate (Balmoral South) as at February 2015

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

*Complete details of the Resource/Reserve estimate were reported to the ASX on 02/04/2009
**Updated Ore Reserve was reported to the ASX on 19/02/2015

Attribution

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

Mr Cheyne is a full-time employee of Orelogy Group Limited and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Cheyne and Orelogy Limited consent to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Sherlock Bay Nickel and Sherlock Extended Project

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

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

Sherlock Extended

During the period the Company implemented a program of vegetation sampling based on the recommendations of cross-dataset interpretation completed previously on its Sherlock Bay Joint Venture tenements E47/1769 and 1770. During the program a total of 2,129 samples were collected, 513 from tenement E47/1769 and 1,616 from E47/1770. These samples were sent to ALS Laboratories for testing; the Company is now in receipt of all results and will commence analysis during the first quarter of 2015.

Sherlock Bay Nickel

During the half year ended 31 December 2014 the Group applied for exemptions from minimum expenditure commitments on Sherlock Bay tenement M47/0567: The application was granted due to delays caused by negotiation with local native title group Ngarluma regarding heritage surveys. The Company will continue negotiations in the first quarter of 2015 to support a planned RAB Drilling Program.

New Tenements

The Group was granted a further three (3) mining tenements – M47/0631, M47/0632 and M47/0633. The Group also applied for an extension of the current tenure of Joint Venture tenements E47/1770 and E47/1769.

Bullabulling Royalty

In light of recent announcements by Norton Gold Fields Ltd. (Norton) The Company would like to inform shareholders that it holds a royalty agreement over tenements M15/503 and M15/1414. These tenements form part of the Bullabulling Gold Project recently acquired by Norton. The royalty entitles the Company to $10 per fine ounce of gold taken from the tenements after the first 100,000 ounces are mined. As detailed in Nortons latest quarterly work is progressing on the Projects Feasibility Study with metallurgical test work planned for the first quarter of 2015. Shareholders should also be aware of the conditional proposal to Norton from China's Zijin Mining Group Co. Ltd. (Nortons major shareholder) to acquire the remaining shares in Norton.

Corporate Activities

Finances

The Board has been advised that the Company will continue to have the support of its major shareholder whilst it seeks a partner to assist in funding for the BSIOP. Additional working capital of $760,941 has been made available during the half year ended 31 December 2014. This loan is provided on an interest free basis. The Company has also acquired a letter of support from Queensland Nickel Pty Ltd. (a company owned by its major shareholder) pledging to support the company with the required ongoing financial support to enable the Company to continue to meet its expenditure commitments as and when they fall due.

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

During the half year the Company relocated its registered office to 4F/661 Newcastle Street, Leederville, WA, 6007.

Subsequent Events

Since the end of the reporting period, no significant events have occurred which may impact on the results for the period ended 31 December 2014

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act is set out on page 8.

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

Signed:

D Martino
Non-Executive Chairman

Dated at Perth this day of 27 March 2015

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

In relation to our review of the financial report of Australasian Resources Limited for the half-year ended 31 December 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.

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
26 March 2015

GB:EH:ARH:034

AUSTRALASIAN RESOURCES LTD.

Consolidated Statement of Comprehensive Income

	Note	31 December 2014 $	31 December 2013 $
Revenue and other income			
Interest revenue		650	1,128
Total revenue and other income		650	1,128
Expense			
Employee benefit		(167,201)	(241,010)
Impairment of exploration and evaluation expenditure	4	(210,023)	(101,062)
Impairment of investment in jointly controlled entity	9	(12,833,553)	-
Corporate and administrative expense		(310,642)	(474,306)
Depreciation expense		(1,086)	(2,248)
Net loss on sale of asset		(187)	-
Share of profit/(loss) of jointly controlled asset		(14,605)	(9,023)
Total expense		(13,537,297)	(827,649)
Loss before income tax		(13,536,647)	(826,521)
Income tax benefit		-	-
Net Loss after income tax		(13,536,647)	(826,521)
Loss per share attributable to the ordinary shareholders of the parent			
Basic loss per share		(2.8 cents)	(0.2 cents)
Diluted loss per share		(2.8 cents)	(0.2 cents)

AUSTRALASIAN RESOURCES LTD.

Consolidated Statement of Financial Position

	Note	31 December 2014	30 June 2014
		$	$
Current assets			
Cash and cash equivalents		237,821	129,604
Trade and other receivables		26,940	8,956
Other financial assets	3	56,076	56,076
Other current assets		-	2,887
Total current assets		**320,837**	**197,523**
Non-current assets			
Interest in jointly controlled entity	9	12,000,000	24,848,158
Related party receivable	13	364,785	333,042
Property, plant and equipment		3,149	2,431
Total non-current assets		**12,367,934**	**25,183,631**
Total assets		**12,688,771**	**25,381,154**
Current liabilities			
Trade and other payables		459,307	376,710
Related party payable	13	2,717,619	1,956,678
Provisions	6	2,989	2,263
Total current liabilities		**3,179,915**	**2,335,651**
Total liabilities		**3,179,915**	**2,335,651**
Net assets		**9,508,856**	**23,045,503**
Equity attributable to equity holders of the parent			
Contributed equity	7	386,519,974	386,519,974
Other reserves	8	18,972,986	18,972,986
Accumulated losses		(395,984,104)	(382,447,457)
Total Equity		**9,508,856**	**23,045,503**

AUSTRALASIAN RESOURCES LTD.

Consolidated Cash flow Statement

	31 December 2014 $	31 December 2013 $
Cash flows from operating activities		
Payments to suppliers and employees	(377,064)	(516,013)
Interest received	650	1,128
Net cash flows used in operating activities	**(376,414)**	**(514,885)**
Cash flows from investing activities		
Cash advance to joint venture	(31,744)	(52,672)
Payments for exploration expenditure	(244,566)	(104,586)
Net cash flows used in investing activities	**(276,310)**	**(157,258)**
Cash flows from financing activities		
Proceeds from borrowings	760,941	672,242
Net cash flows (used in)/from financing activities	**760,941**	**672,242**
Net increase/(decrease) in cash	108,217	99
Cash at the beginning of the reporting period	129,604	6,086
Cash at the end of the reporting period	**237,821**	**6,185**

AUSTRALASIAN RESOURCES LTD.

Consolidated Statement of Changes in Equity

	Note	Issued Capital	Accumulated Losses	Option Reserve	Total
		$	$	$	$
Balance at 1 July 2014		386,519,974	(382,447,457)	18,972,986	23,045,503
Loss for the period		-	(13,536,647)	-	(13,536,647)
Total comprehensive Loss		-	(13,536,647)	-	(13,536,647)
Transactions with owners		-	-	-	-
Balance at 31 December 2014	7, 8	**386,519,974**	(395,984,104)	**18,972,986**	**9,508,856**
Balance at 1 July 2013		386,519,974	(376,025,310)	18,972,986	29,467,650
Loss for the period		-	(826,521)	-	(826,521)
Total comprehensive Loss		-	(826,521)	-	(826,521)
Transactions with owners		-	-	-	-
Balance at 31 December 2013	7, 8	**386,519,974**	**(376,851,831)**	**18,972,986**	**28,641,129**

Note 1: Corporate Information

The financial report of Australasian Resources Limited ("Australasian" or "the Group") for the half-year ended 31 December 2014 was authorised for issue in accordance with the resolution of directors on 16 March 2015.

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

Note 2: Summary of Significant Accounting Policies

(a) Basis of Preparation

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

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

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

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

The half-year financial report should be read in conjunction with the annual financial report of Australasian Resources Limited as at 30 June 2014.

It is also recommended that the half-year financial report be considered together with any public announcements made by Australasian Resources Limited during the half-year ended 31 December 2014 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(b) Going Concern

The Group has made a loss of $13,536,647 (30 June 2014: loss of $6,422,147), has cash and cash equivalents at the end of the period of $237,821 (30 June 2014 $129,604), and has a working capital deficiency of $2,859,078 at 31 December 2014 (30 June 2014: $2,138,128). 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 Group's major shareholder has provided the group with funding as and when required over a number of years including over the past six months.

(2) The Group's major shareholder has confirmed that it will not recall any amounts loaned to the company, including the loan at 31 December 2014, as more fully explained in note 13 to the financial report, unless the company has sufficient surplus working capital above its estimated requirements until at least 31 March 2016.

(3) The Group's major shareholder has confirmed in writing that they will provide the group with a further $300,000 loan to enable it to continue to meet its ongoing expenditure commitments.

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

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

c) Significant accounting policies

The half-year financial report have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2014, except as described below.

New and amended accounting standards and interpretations

The policies adopted in the preparation of the half-year condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2014, except for the adoption of new standards and interpretations effective as of 1 January 2015, noted below:

Reference	Title
AASB 1053	**Application of Tiers of Australian Accounting Standards** This standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements: a. Tier 1: Australian Accounting Standards b. Tier 2: Australian Accounting Standards - Reduced Disclosure Requirements Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements. The following entities apply Tier 1 requirements in preparing general purpose financial statements: a. For-profit entities in the private sector that have public accountability (as defined in this standard) b. The Australian Government and State, Territory and Local governments The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements: a. For-profit private sector entities that do not have public accountability b. All not-for-profit private sector entities c. Public sector entities other than the Australian Government and State, Territory and Local governments. Consequential amendments to other standards to implement the regime were introduced by AASB 2010-2, 2011-2, 2011-6, 2011-11, 2012-1, 2012-7 and 2012-11.
AASB 2011-4	**Amendments to Australian Accounting Standards to *Remove Individual Key Management Personnel Disclosure Requirements* [AASB 124]** This amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies. It also removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions.
AASB 2012-3	**Amendments to Australian Accounting Standards - *Offsetting Financial Assets and Financial Liabilities***

Reference	Title
	AASB 2012-3 adds application guidance to AASB 132 *Financial Instruments: Presentation* to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.
AASB 2013-3	***Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*** AASB 2013-3 amends the disclosure requirements in AASB 136 *Impairment of Assets*. 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.
AASB 2013-5	**Amendments to Australian Accounting Standards – Investment Entities** [AASB 1, AASB 3, AASB 7, AASB 10, AASB 12, AASB 107, AASB 112, AASB 124, AASB 127, AASB 132, AASB 134 & AASB 139] These amendments define an investment entity and require that, with limited exceptions, an investment entity does not consolidate its subsidiaries or apply AASB 3 *Business Combinations* when it obtains control of another entity. These amendments require an investment entity to measure unconsolidated subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. These amendments also introduce new disclosure requirements for investment entities to AASB 12 and AASB 127.
AASB 2013-7	**Amendments to AASB 1038 arising from AASB 10 in relation to Consolidation and Interests of Policyholders [AASB 1038]** AASB 2013-7 removes the specific requirements in relation to consolidation from AASB 1038, which leaves AASB 10 as the sole source for consolidation requirements applicable to life insurer entities.
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. AASB 2014-1 Part C issued in June 2014 makes amendments to eight Australian Accounting Standards to delete their references to AASB 1031. The amendments are effective from 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*.

(d) Basis of consolidation

The half-year financial statements comprise the financial statements of Australasian Resources Limited and its subsidiaries as at 31 December 2014 ("the Group").

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

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

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

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

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

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

If the Group loses control over a subsidiary, it:

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

Note 3: Other Financial Assets

	31 Dec 2014	**30 June 2014**
	$	**$**
Bond – Financial Guarantee	5,000	5,000
Bond – Performance Guarantee	51,076	51,076
	56,076	56,076

Other financial assets consist of $5,000 credit card security and $51,076 for environmental performance guarantees.

Note 4: Mineral Exploration and Evaluation Expenditure

	31 Dec 2014 $	30 June 2014 $
Opening Balance	-	-
Exploration and Evaluation costs capitalised (a)	210,023	145,838
Exploration and Evaluation Expenditure impairment (b)	(210,023)	(145,838)
	-	-

(a) During the period the Board continued capitalising exploration and evaluation expenditure relating to the Company's non-iron ore assets, this is represented in the period as an expenditure of $210,023.

(b) As at 31 December 2014, the company recognised an impairment loss on its non-iron ore assets due to the inherent difficulties faced in obtaining sufficient project finance to further develop the assets and falling nickel prices.

Note 5: Segment Reporting

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

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

- Iron ore
- Base metals, primarily nickel projects.

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

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

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

	Iron Ore $	Base Metals $	Total $
Six Months ended 31 December 2014			
Revenue and other income			
Segment revenue	-	-	
Unallocated:	-	-	
Interest revenue	-	-	650
Other income	-	-	-
Total revenue and other income			650
Results			
Pre-tax segment result	-	-	
Unallocated:	-	-	
Interest revenue	-	-	650
Other income	-	-	-
Depreciation	-	-	(1,086)
Employee benefit	-	-	(167,201)
Corporate expenses	-	-	(310,642)
Write off of exploration assets	-	(210,023)	(210,023)
Loan forgiven	-	-	-
Loss on sale of assets	-	-	(187)
Impairment of Jointly controlled asset	(12,833,553)	-	(12,833,553)
Share of loss of Jointly controlled asset	(14,605)	-	(14,605)
Income tax expense	-	-	-
Loss after income tax			(13,536,647)
As at 31 December 2014			
Segment Assets			
Segment operating assets	12,000,000	-	12,000,000
Plant and Equipment	-	-	3,149
Unallocated:			
Cash and cash equivalents	-	-	237,821
Trade and other receivables	-	-	26,940
Other financial assets	-	-	56,076
Other non-current assets	-	-	364,785
Total assets			12,688,771

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

Note 6: Provisions

	31 Dec 2014 $	30 June 2014 $
Provision for employee entitlements	2,989	2,263
	2,989	**2,263**

Note 7: Contributed Equity

	31 Dec 2014 $	30 June 2014 $
Ordinary shares		
Opening Balance: issued and fully paid ordinary shares	386,519,974	386,519,974
Share issue	-	-
Closing Balance issued and fully paid ordinary shares (489,149,246)	**386,519,974**	**386,519,974**

Note 8: Other Reserves

Share-based Payments Reserve	31 Dec 2014 $	30 June 2014 $
Opening Balance	18,972,985	18,972,986
Share based payments	-	-
Closing balance	**18,972,985**	**18,972,986**

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

Note 9: Interest in a Joint Venture

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

The Joint Venture has no contingent liabilities or capital commitments as at 31 December 2014.

In July 2012 ARH completed the sale of a 50 % interest in its wholly owned subsidiary International Minerals via the issue of 228,000,000 shares in IM to Mineralogy in exchange for IM purchasing International Iron Ore Sales Pty Ltd (IIOS). The only asset of IIOS is a right to mine 1 billion tonnes of ore. The completion of this transaction created a 50/50 joint venture in IM between Mineralogy and ARH.

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

Due to the material change in the iron ore price during the half year ended 31 December 2014 the Board made the decision to further impair their investment in International Minerals. Based on market information the Magnetite Iron Ore project was estimated to be valued at $25m (less $1m cost of sale). Accordingly, the value of the Company's 50% holding in IM was impaired to $12m.

The board has therefore made the decision to write down the carrying value of IM to $12m.

Note 10: Commitments, Contingent Liabilities and Contingent Assets

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

Exploration Commitments

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

	$
Not later than one year	625,753
Later than one year but not later than five years	-
Later than five years	-
	625,753

Note 11: Subsequent Events

Since the end of the reporting period, no significant events have occurred which may impact on the results for the period ended 31 December 2014.

Note 12: Dividends

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

Note 13: Related Party Receivables and Payables
Current Payables

	Dec 2014 $	June 2014 $
Related party payable – Mineralogy (a)	(1,956,678)	(1,956,678)
Related party payable - Queensland Nickel (b)	(760,941)	-
	(2,717,619)	**1,956,678**

(a) Mineralogy Pty Ltd., a company controlled by the Company's major shareholder has provided the Company with a working capital loan of $1,956,678 (2013: $1,956,678). The loan does not accrue interest and is repayable on call.

(b) Queensland Nickel Pty Ltd, a company controlled by the Company's major shareholder has provided the Company with a working capital loan of $760,941 (2013: Nil). The loan does not accrue interest and is repayable on call.

Non-current receivables

	Dec 2014 $	June 2014 $
Related party receivable (b)	364,785	333,042
	364,785	**333,042**

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

Note 14: Financial Instruments

At 31 December 2014 the carrying value of the Group's financial assets and financial liabilities approximate their fair value.

Directors' Declaration

In the opinion of the Directors of Australasian Resources Limited:

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

   (a) Giving a true and fair view of the financial position as at 31 December 2014 and the performance for the half-year ended on that date of the consolidated entity; and

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

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

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

Signed at Perth this 27 day of March 2015

D Martino
Non-Executive Chairman

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Independent review report to members of Australasian Resources Limited

Report on the 31 December 2014 Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Australasian Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* . As the auditor of Australasian Resources Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

GB:JH:ARH:035

Building a better working world

Conclusion

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

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

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

Emphasis of Matter

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

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
Perth
26 March 2015

GB:JH:ARH:035