Anglo Australian Resources NL

ABN 24 009 159 077

Annual Report

for the year ended 30 June 2012

Corporate Information

ABN 24 009 159 077

Directors
John Jones (Non-Executive Chairman)
Angus Pilmer (Non-Executive Director)
Peter Stern (Non-Executive Director)

Company Secretary
Graeme Smith

Registered Office
Ground Floor
63 Hay Street
Subiaco WA 6008

Principal Place of Business
Ground Floor
63 Hay Street
Subiaco WA 6008
Telephone: +61 8 9382 8822
Facsimile: +61 8 6380 1904

Share Register
Computershare Investor Services Pty Ltd
Level 2, 45 St George's Terrace
PERTH WA 6000

Auditors
KPMG
235 St George's Terrace
PERTH WA 6000

Internet Address
www.anglo.com.au

Stock Exchange Listing
Anglo Australian Resources NL shares are listed on the Australian Securities Exchange (ASX code: AAR).

Contents

Chairman's Report

Dear Shareholder

It gives me great pleasure to present the 2012 Annual Report for Anglo Australian Resources NL.

2012 was a year of challenges for the Company, just as it was for many other junior explorers.

We commenced the financial year with relatively minimal cash at our disposal. We then had to endure a year of testing financial market conditions in which additional capital, the lifeblood of the junior explorer, was relatively difficult to come by.

Seeing this challenge emerge at an early stage, we acted quickly to take a number of cost-cutting measures. When our Exploration Manager resigned we chose to utilise contractors, and the Directors themselves to undertake the exploration responsibilities of the Company. We have also outsourced our tenement management and accounting and company secretarial functions. In addition, at the time of writing, Directors fees have been accrued but not as yet paid.

With company announcements concerning exploration activity during the year few and far between, it may have seemed to shareholders that there was little in the way of exploration activity taking place. In actual fact, the circumstances are quite to the contrary.

Commencing last year, a thorough review was undertaken of our exploration property portfolio.

Unfortunately, our Koongie Park Project, Western Australia, which we had hoped would be the project that would take Anglo from explorer to producer, has not (as yet) measured up as a standalone project, particularly at current metals' prices. We nevertheless believe that Koongie Park represents a strategic resource that can potentially be monetized in due course, and we have pursued and will continue to pursue a number of opportunities in this regard. Shareholders will note that your Board decided to write down the carrying value of Koongie Park during the year as it was considered prudent to do so.

Our hopes for the year were instead largely pinned on the Leonora Project, Leonora, Western Australia, an 800-metre long bedrock conductor targeting potentially massive copper-zinc mineralisation, some 25 kilometres along strike from the third-party owned commercial Jaguar and Bentley base metal deposits.

As shareholders would be aware, we had intended commencing drill-testing the Leonora Project late in calendar 2011. However, with funds tight, it was not until May 2012 that we were able to drill two RC pre-collars in preparation for further drilling, and it was not until late September 2012, after the end of the 2012 financial year, when we had sufficient funds available to commence the diamond drilling program to test the electronic magnetic conductor. Results of the drilling program will be announced to the market as soon as they are available.

I am pleased to advise that, during the review process referred to above, some interesting targets were identified in close proximity to the Leonora & Mandilla Projects. Whilst efforts are at an early stage, we believe these targets are most certainly worthy of further effort moving forward.

During the year, the Company reviewed a number of new opportunities. However, we have nothing definitive to report in this regard at this time.

In the face of the testing financial market conditions referred to above, on 27 September 2011, we received $744,000 in new funds pursuant to a Share Purchase Plan.

Following the end of the financial year, we were successful in raising further capital:

- On 31 July 2012, we announced that we had raised $228,000 by way of a placement
- On 18 September 2012, we announced that we had raised a further $275,000 by way of a placement
- On 11 October 2012, we announced that a further $50,000 had been raised by way of the exercise of options

We take the opportunity of thanking our existing shareholders who participated in these capital raisings, and extend a warm welcome to new shareholders.

As far as the next 12 months is concerned, we intend to continue our exploration programs and consider all opportunities as they arise.

Shareholders will note that the difficult equity market conditions referred to above have not yet passed. That said, at the time of writing, we have no formal capital raising plans.

During the year, both our then Chairman, Mr Christopher Fyson, and fellow Director, Mr Denis Clarke, announced their retirement from the Board. Thereafter, Mr Peter Stern was appointed to the Board.

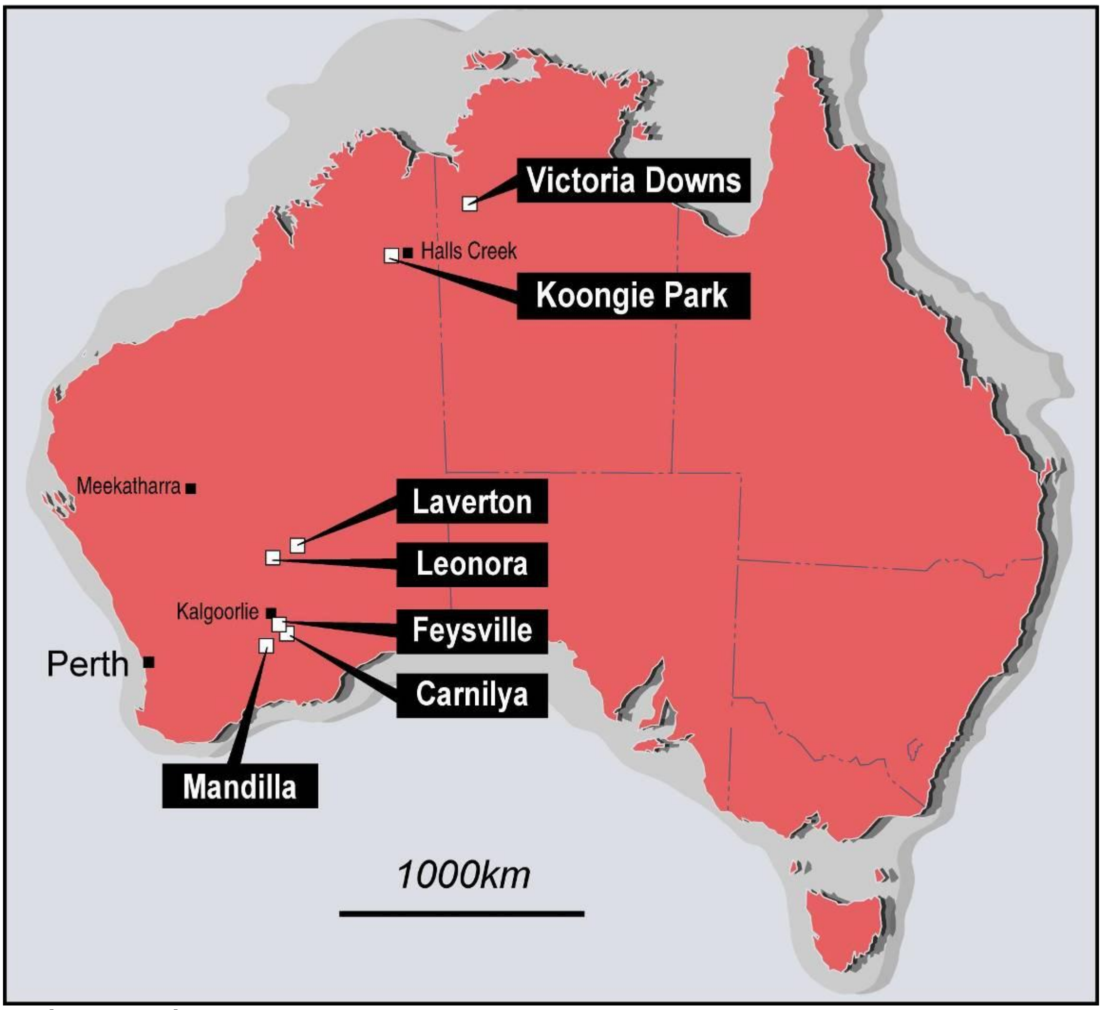
I also take this opportunity to thank Anglo's shareholders and my fellow directors for their continuing support, and I look forward to reporting further developments in coming months.

Yours sincerely

John Jones

Chairman
Anglo Australian Resources NL

REVIEW OF OPERATIONS



Project Locations

OVERVIEW

During 2012, the Company conducted exploration and tenement reviews. There was no revenue for this year however the Company continued with the business activities of exploration and evaluation of gold and base metals projects.

Funding for exploration and corporate expenses was provided through share issues during the year which provided $1.2 million. From this, we spent over half on direct exploration.

BASE METAL PROJECTS

KOONGIE COPPER - ZINC PROJECT WA

Anglo Australian Resources NL 100%

BACKGROUND

The Koongie Copper Zinc Project is located 25 km SW of Halls Creek in the North East Kimberley region of Western Australia, straddling the Great Northern Highway. The port of Wyndham is located 400km to the north of the project.

Anglo Australian Resources NL obtained an interest in the project in 1990 and moved to 100% ownership in 2002. Between 2006 and 2010 it completed extensive diamond drilling programs for resource delineation and metallurgical testing.

GEOLOGY

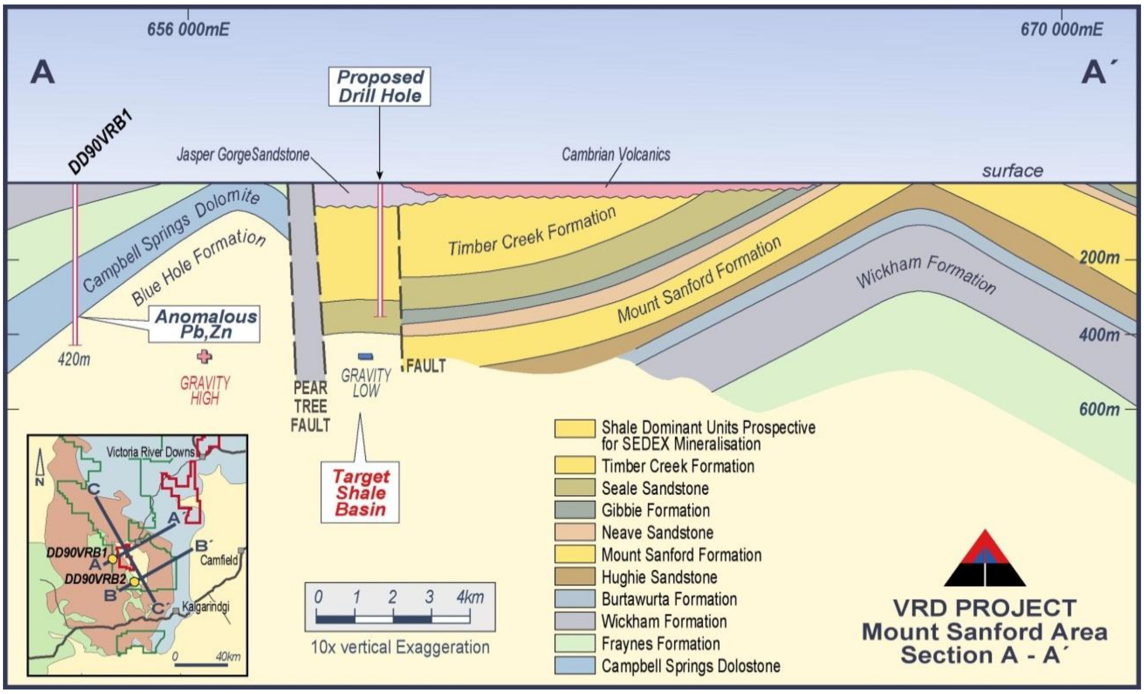
The Koongie Copper Zinc deposits are located within the Koongie Park Formation, within the Halls Creek Orogen. The mineralisation has been traditionally classified as a volcanogenic massive sulphide and is stratabound with separate sub-parallel copper and zinc lodes. Tight folding and some faulting provide local structural controls to the mineralisation. The sulphide minerals in the Zinc lodes consist of sphalerite, pyrrhotite, galena and pyrite. The mineralogy of the Copper lodes consists of chalcopyrite, pyrite, chalcocite, covellite and marcasite.

VICTORIA DOWNS PROJECT NT

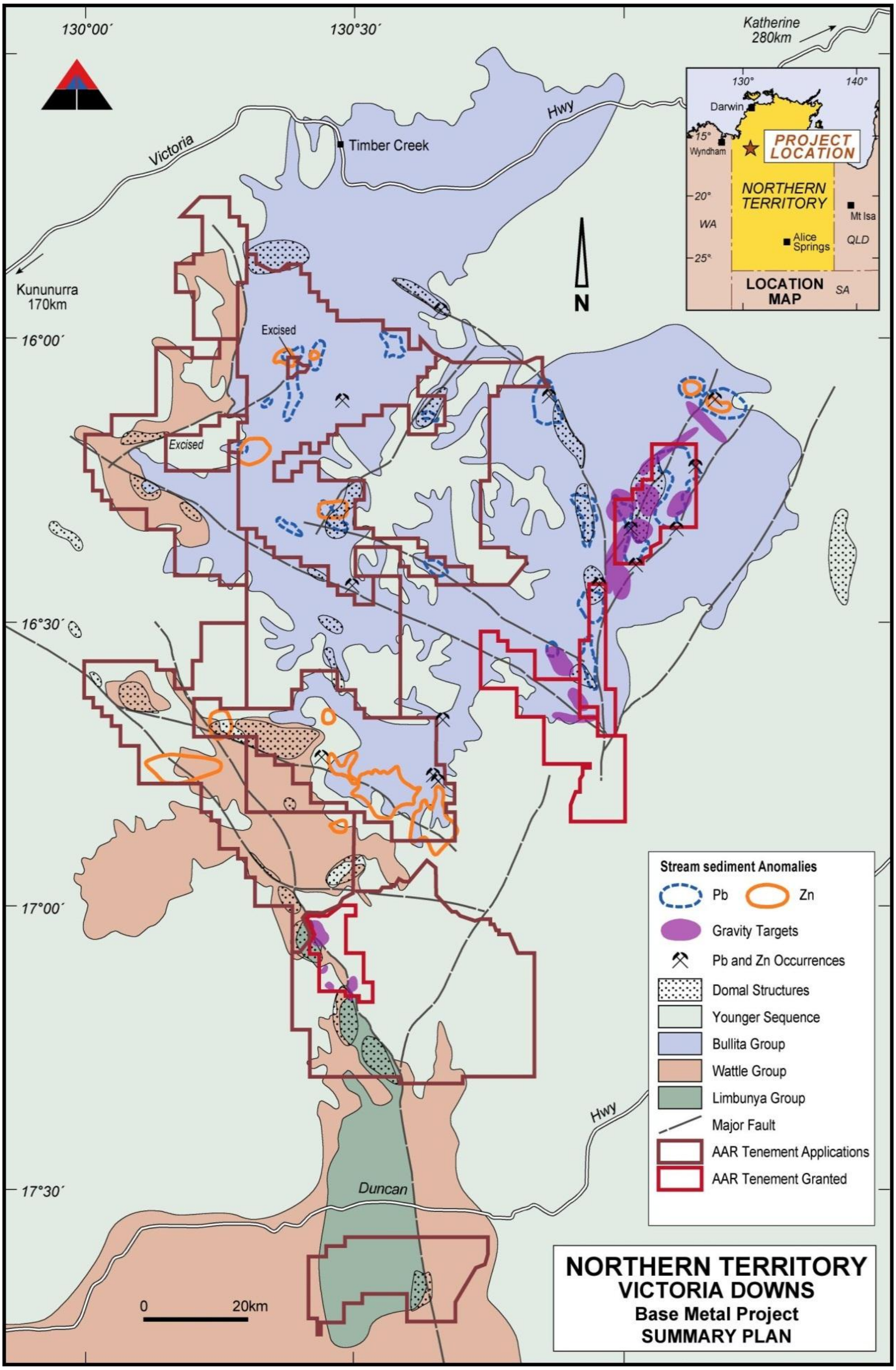
Anglo Australian Resources NL 100%

The Victoria-Birrindudu Basin has strong affinities to the Macarthur and Nicholson Basins which host the giant Macarthur River and Century sedex style zinc deposits. The project, located 200 km east of Kununurra (WA) and 250 km southwest of Katherine (NT), covers a sequence of Proterozoic sediments dominated by dolomitic carbonates and other fine grained sediments. The sequence is generally flat lying with an overall very shallow dip to the North East. A number of stratigraphic horizons have been identified as having potential to host sedex deposits. The project area also contains a number of galena occurrences. Lead isotope dating of these occurrences indicates the Victoria-Birrindudu Basin rocks are the same age as all the Proterozoic basins which host Australia’s largest base metal resources.

Major regional structures transecting the basin have been recognized and interpreted to be growth structures that could have been feeder structures to base metal rich fluids. The Company has conducted extensive geological and geophysical surveys over the last few years. The gravity data, geophysical and geological interpretation has highlighted the Mt Sanford area as having potential to host sedex Pb – Zn mineralisation within flat lying shale dominant sediment, buried below overlying younger Proterozoic sediments and Cambrian volcanics – specifically within an interpreted basin adjacent to the Pear Tree Fault.



Schematic Cross –Section Mt Sanford area



Victoria Downs Summary Plan

GOLD PROJECTS

FEYSVILLE
Anglo Australian Resources NL 100%

Rogan Josh Deposit

The Rogan Josh deposit is hosted within a sequence of volcaniclastic sediments intruded by porphyries. It has strong geological affinities to the Hannans South deposit, which is largely a supergene gold deposit occurring within the Hannans South Shear Zone

Rogan Josh appears to be similar to the Hannans South deposit where gold grades are enhanced in the weathering profile as a sub-horizontal blanket overlying broad zones of generally low grade mineralisation in the underlying bedrock shear zone.

Dalray Deposit

The Dalray deposit is a zone of bedrock mineralisation that occurs beneath transported cover 1.7km to the south east of Rogan Josh. It was discovered by the Company in November 2009 when one hole intersected **6m @ 10.03g/t Au.** Nine RC holes were drilled north and south of the discovery intersection testing interpreted strike of the bedrock and supergene mineralisation. Additional intersections were obtained up to 200m south of the discovery hole with best values of **3m @ 1.95g/t Au and 1m @ 3.19g/t Au.** The trend of the mineralisation remains uncertain and the recent drilling is not a definitive test of the Dalray Prospect.

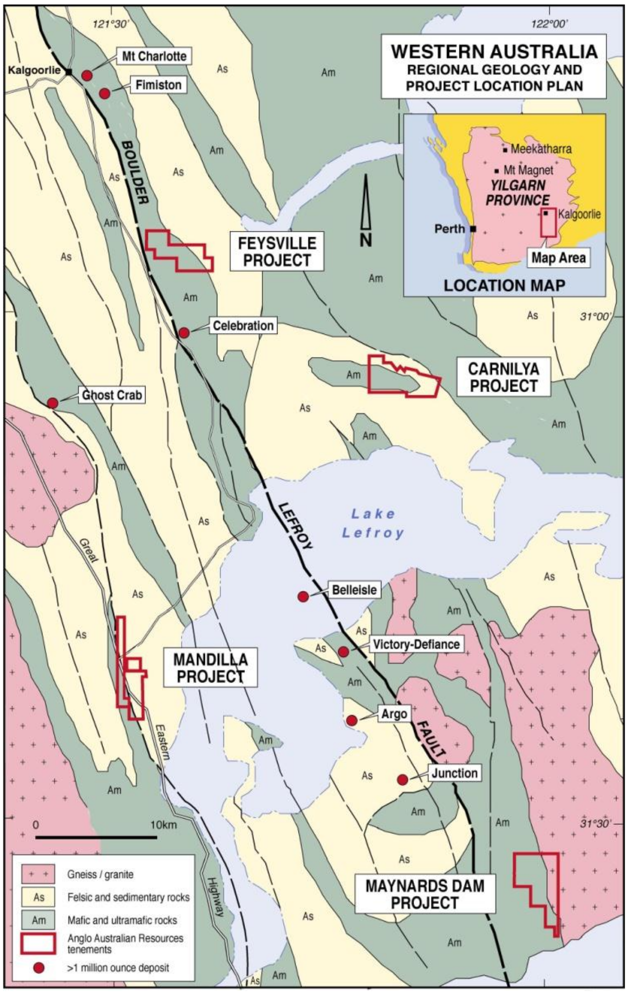
(Drilling results reported previously in 2011 Annual Report)

The mineralisation at Dalray remains open and additional drilling will be required to fully evaluate its potential.

MANDILLA
Anglo Australian Resources NL 100% gold rights

The Mandilla project consists of 100% interest gold rights attached to two mining leases located 70km south of Kalgoorlie and 20km south east of Kambalda. The project is located on the contact of a sequence dominated by mafics and ultramafics with a sequence of felsic volcanoclastics and metasediments of the Mandilla Formation. The sedimentary sequence is intruded by the Emu Rocks Granite (a high level stock of porphyritic monzogranite). The western contact of the granite is faulted by an interpreted southern extension of a splay fault off the Zuleika Shear Zone, which hosts 1 million ounce deposits at Raleigh (Kundana) and Mt Marion (Ghost Crab).

At East Mandilla, bedrock mineralisation, located 20 - 40m below surface, is associated with a number of very shallow south dipping lodes, which are flat lying in cross section.



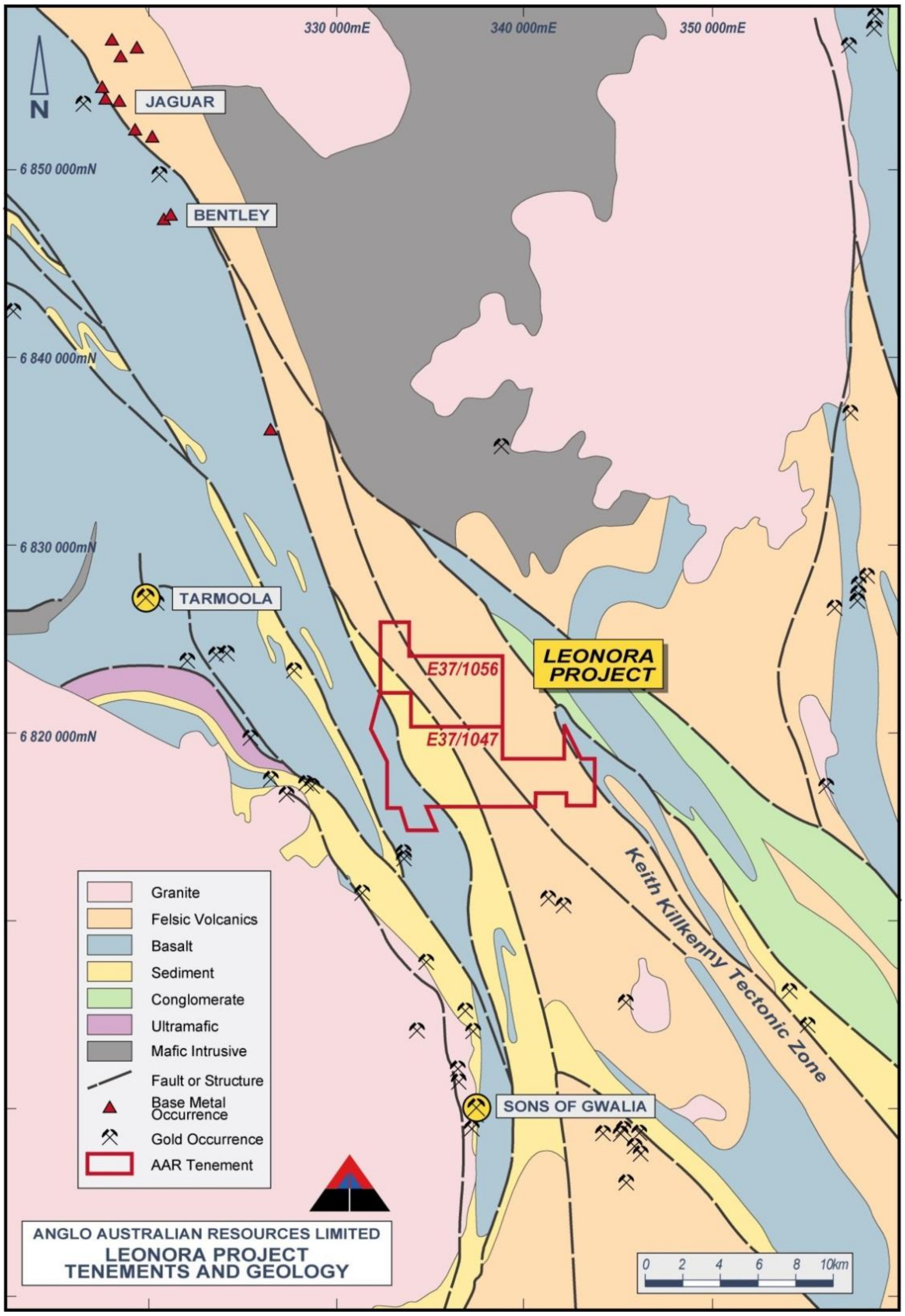
Mandilla Well Project location

LEONORA
Anglo Australian Resources NL 100%

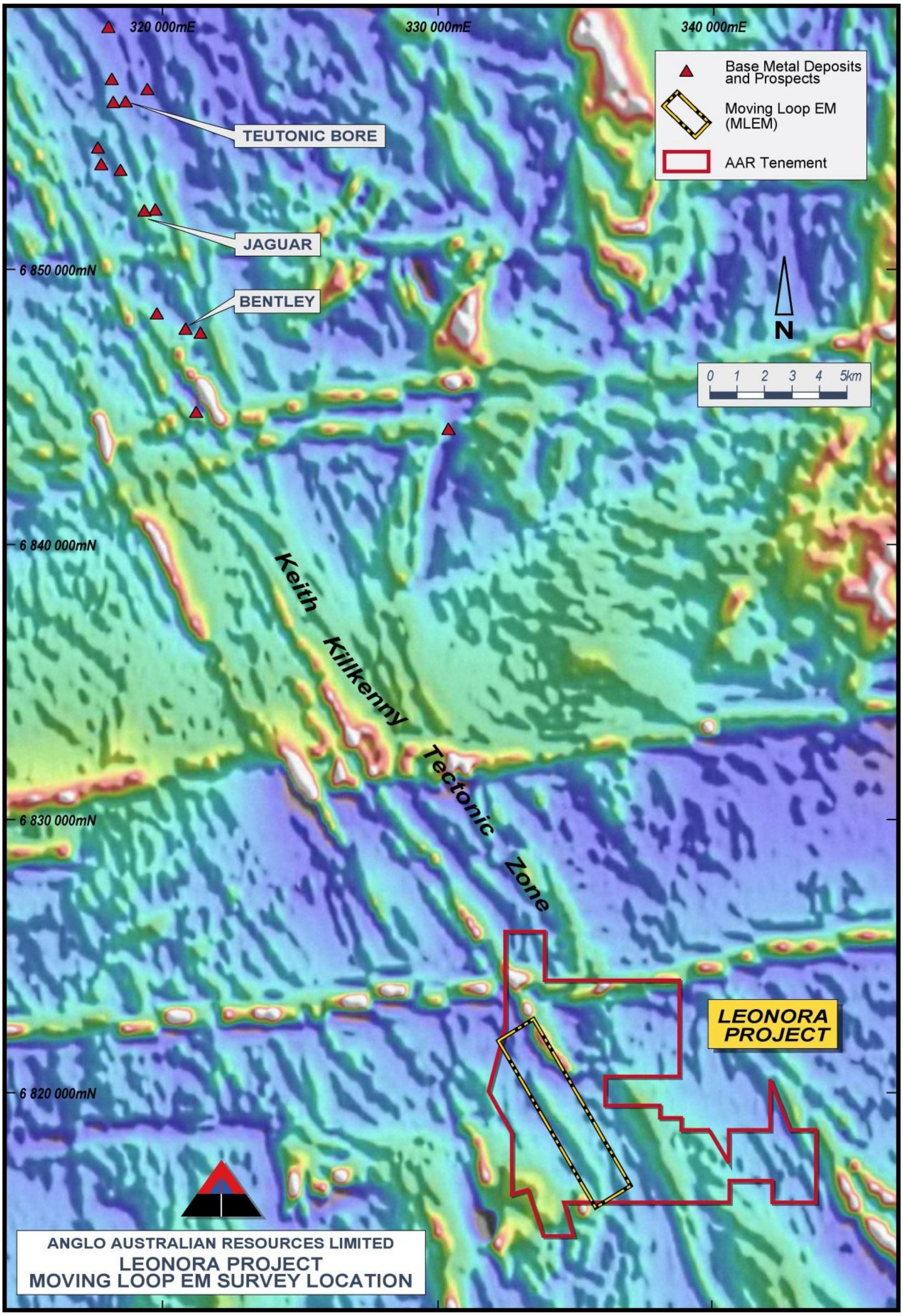
In May 2012 drilling was completed on two RC pre-collars in preparation for further drilling, and in late September 2012, after the end of the 2012 financial year, a diamond drilling program to test the electronic magnetic conductor was conducted. Results, at the date of this report, are not available.

Previously exploration work consisted of a Moving Loop Electromagnetic (MLEM) survey completed in May 2011 targeting potential massive copper-zinc mineralisation which discovered a strong 800m long bedrock conductor.

The Leonora Project consists of two Exploration Licenses, located 10 km north of Leonora, which cover a 10 km long zone of felsic volcanics and sediments. Based on interpretation of previous aircore drilling and of aeromagnetic data, Anglo Australian Resources considers 7km of this zone is highly prospective for VMS-style mineralisation. As bedrock in the zone is mostly covered by younger transported sediments, the Company has used a MLEM survey as its primary exploration tool to search for VMS deposits that are generally highly conductive and amenable to location by such geophysical methods.



Leonora Geology and Project Location



Leonora Project – Location of MLEM Survey

DIRECTORS' REPORT

The Directors present their report together with the financial report of Anglo Australian Resources NL ("the Company") for the year ended 30 June 2012 and the auditors' report thereon.

1. DIRECTORS

The Directors of the Company at any time during or since the end of the financial year are:

Name, qualifications and Independence status	Experience, special responsibilities and other directorships
John Load Cecil Jones – Chairman	*Experience and expertise* Mr Jones has been a director of the Company since February 1990, is a Kalgoorlie pastoralist and businessman formerly associated with North Kalgurli Mines NL and was a founding director of Jones Mining Limited. Mr Jones is a Non-Executive Director of Troy Resources NL.
Angus Claymore Pilmer – Non - Executive Director	*Experience and expertise* Mr Pilmer has been a director of the Company since December 1985 and was engaged in public practice as a chartered accountant from 1971 until 1992 in Perth, Western Australia and Hong Kong. He is experienced in corporate management and financial control.
Peter Andrew Stern – Non-Executive Director, appointed 28 November 2011	*Experience and expertise* Mr Stern is a graduate of Monash University with a Bachelor of Science (geology major). Mr Stern's career has been in corporate advisory, spending six years with Macquarie Bank and three years with both UBS and Deutsche Bank. In 2000, Mr Stern established Metropolis Pty Ltd, a corporate advisory firm specializing in M&A and capital raisings. Mr Stern is a Fellow of the Australian Institute of Company Directors.
Christopher Hugh Fyson –	Resigned 28 November 2011
Denis Edmund Clarke –	Resigned 28 November 2011

2. COMPANY SECRETARY

Mr Graeme Smith is a finance professional with over 25 years' experience in accounting and company administration. He graduated from Macquarie University with a Bachelor of Economics degree and has since received a Master of Business Administration and a Master of Commercial Law. He is a Fellow of both the Australian Society of Certified Practicing Accountants and the Chartered Institute of Secretaries and Administrators.

Mr Smith has held CFO and Company Secretary positions with other Australian mining and mining service companies. Mr Smith is a former director of Genesis Minerals Limited and Buxton Resources Limited within the last 3 years.

3. DIRECTORS' MEETINGS

The number of directors' meetings held and number of meetings attended by each of the directors of the Company during the financial year were:

Director	Number Held	Number Attended
John Jones	9	9
Angus Pilmer	9	9
Peter Stern (appointed 28 November 2011)	3	3
Christopher Fyson (resigned 28 November 2011)	5	5
Denis Clarke (resigned 28 November 2011)	5	5

4. REMUNERATION REPORT - AUDITED

4.1 Principles of compensation

For the purpose of this report Key Management Personnel ("KMP") are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly.

Based on this definition, the officers listed under Key Management Personnel below will be included in the report. The report will also provide an explanation of the Company's remuneration policy and structure, details of remuneration paid to Key Management, (including directors), an analysis of the relationship between company performance and executive remuneration payments, and the key terms of executive employment contracts.

2012 Key Management Personnel:
Non-Executive

John Load Cecil Jones	Chairman
Peter Stern	Non-Executive Director, appointed 28 November 2011
Angus Pilmer	Non-Executive Director
Christopher Hugh Fyson	Resigned 28 November 2011
Denis Edmund Clarke	Resigned 28 November 2011

Executive

Peter Komyshan	General Manager – Exploration, resigned 31 December 2011

Fixed Remuneration
Fixed remuneration – Fixed remuneration consists of base remuneration and statutory superannuation entitlements. Remuneration levels are set by the Board based on individual performance and the performance of the Company.

Performance Linked Remuneration
Due to the nature of the Company's operations, ie. mineral exploration, Directors and Executive remuneration do not include performance-based incentives.

Options
The Board annually assesses the granting of any options to employees and executive directors based on performance and according to the prevailing industry and market practices. No options were granted during the year.

Non-executive Directors
Total remuneration for all non-executive directors during the year was $61,314. The maximum shareholder approved remuneration is $200,000 per annum. Non-executive directors do not receive bonuses, nor have they been issued options on securities. Directors' fees cover all Board activities.

Relationship between Company performance and remuneration
The objective of the Company's remuneration structure is to reward and incentivize the directors and executives so as to ensure alignment with the interests of shareholders. The remuneration structure also seeks to reward directors and executives for their contribution in a manner that is appropriate for a company at this stage of its development. As outlined elsewhere in this Report, the remuneration structure incorporates fixed component and options.

The key drivers of value for the Company: the acquisition and progression of exploration properties to the point of commercial development or realization.

At this stage of the development of the Company, successful execution of the above drivers is the mechanism through which shareholder wealth will be created.

The only relevant financial measure at this point in the Company's development is share price for which history is presented below:

	2012	2011	2010	2009	2008
Closing share price at 30 June	0.006	0.015	0.043	0.026	0.035

4.1 Principles of compensation (cont)

Use of Remuneration Consultants
The Company did not employ the services of any remuneration consultants during the financial year ended 30 June 2012.

Voting and Comments Made at the Company's 2011 Annual General Meeting
The Company received approximately 86% of "yes" votes on its remuneration report for the 2011 financial year. The Company did not receive any specific feedback at the AGM on its remuneration practices.

4.2 Key management personnel remuneration
The following table discloses the remuneration of the key management personnel of Anglo Australian Resources NL. At the date of this report, directors had deferred receipt of their directors fees for the 2012 year.

The key management personnel of Anglo Australian Resources NL includes the directors and the following executive officers:

	Short-Term		Post Employment	Share Based Payments	Total
	Salary & Fees	Non-Cash Benefits	Superannuation	Options	
2012	$	$	$	$	$
Directors					
J L C Jones	17,917	-	1,613	-	19,530
A C Pilmer	15,000	-	1,350	-	16,350
P A Stern	8,750	-	788	-	9,538
C H Fyson (resigned 29/11/11)	8,333	-	750	-	9,083
D E Clarke (resigned 29/11/11)	6,250	-	563	-	6,813
	56,250	**-**	**5,064**	**-**	**61,314**
Executive					
P Komyshan (resigned 31/12/11) General Manager- Exploration	100,401	-	37,904	-	138,305
Total	**156,651**	**-**	**42,968**	**-**	**199,619**

2011	$	$	$	$	$
Directors					
J L C Jones	17,500	-	-	-	17,500
D E Clarke	15,000	-	-	-	15,000
C H Fyson	17,500	-	-	-	17,500
A C Pilmer	15,000	-	-	-	15,000
	65,000	-	-	-	65,000
Executive					
P Komyshan General Manager - Exploration	152,756	-	49,940	-	202,696
Total	**217,756**	**-**	**49,940**		**267,696**

4.3 Options and rights over equity instruments granted as compensation
No options have been granted during the year ended 30 June 2012 and since the end of the financial year.

4.4 Analysis of options and rights over equity instruments granted as compensation
Details of vesting profiles of the options granted as remuneration to each member of key management personnel of the Company are detailed below:

	Options granted					Value yet to vest $	
	Number	**Date**	**% vested in year**	**% lapsed in year**	**Financial years in which grant vested**	**Min**	**Max**
Executive							
P Komyshan	3,000,000	13 Mar 2009	-	100	2008/09	Nil	Nil

---End of Remuneration Report---

5. PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year consisted of the continued exploration of gold projects in the Eastern Goldfields Region of Western Australia. There has been no change in the nature of these activities during the financial year.

6. OPERATING AND FINANCIAL REVIEW

Overview of the Company
During the current year, the Company conducted exploration and tenement reviews. There was no revenue for this year however the Company continued with the business activities of exploration and evaluation of gold and base metals projects.

Shareholder Returns
The net loss of the Company for the financial year, after provision for income tax was $7,305,463 (2011 net loss: $710,953) of which, $6.7 million was the result of the write down of the carrying value of capitalised Exploration & Evaluation Assets, and the remainder was as a result of the above activities.

Review of Principal Businesses
A review of the operations for the financial year, together with future prospects which form part of this report are set out above.

7. DIVIDENDS

No dividends have been paid by the Company during the financial year ended 30 June 2012, nor have the Directors recommended that any dividends be paid.

8. EVENTS SUBSEQUENT TO REPORTING DATE

In July 2012, the Company raised $228,000, before costs, from the issue of 38,000,000 shares at $0.006 per share through a private placement. In September 2012, the Company raised $275,000, before costs, from the issue of 45,800,001 shares at $0.006 per share through a private placement.

9. LIKELY DEVELOPMENTS

The Company intends to continue its exploration and evaluation programs on existing tenements and to acquire further suitable tenements for exploration.

10. DIRECTORS' INTERESTS

The relevant interest of each director in the share capital of the Company as notified by the Directors to the Australian Securities Exchange in accordance with Section 205 G (1) of the Corporations Act 2001 at the date of this report, is as follows:

	No of Shares	
	Directly	**Indirectly**
J.L.C. Jones	4,161,232	8,179,858
A.C. Pilmer	6,000,000	18,250,000
P. A. Stern	-	-
	10,161,232	26,429,858

11. SHARE OPTIONS

Options Granted to Directors and Officers of the Company
During the financial year no options have been issued to a Director or officer of the Company. No options were granted since the end of the financial year.

Unissued Shares Under Options
41.9 million options exercisable at 0.8 cents each were granted since the end of the financial year.

12. INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

Indemnification

The Company has agreed to indemnify the following current directors of the Company, J L C Jones, A C Pilmer and P A Stern against all liabilities to another person (other than the Company or related body corporate) that may arise from their position as officers of the Company, except where the liability arises out of conduct involving lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company has not entered into an agreement with their current auditors, KPMG, indemnifying them against any claims by third parties arising from their report on the annual financial report.

Insurance Premiums

As at the date of this report the Company does not have insurance in relation to Directors' and Officers' indemnity.

13. NON-AUDIT SERVICES

Details of amounts payable to the Auditor for non-audit services and audit services paid during the year are set out in Note 18.

14. LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 17 and forms part of the directors' report for the financial year ended 30 June 2012.

Signed in accordance with a resolution of the Directors.

J L C Jones
Chairman

Dated at Perth this 28th day of September 2012.

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Anglo Australian Resources NL

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2012 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Brent Steedman
Partner

Perth

28 September 2012

CORPORATE GOVERNANCE STATEMENT

The Board of Directors

The constitution of Anglo Australian Resources NL (ASX: AAR or the Company) provides that the number of Directors shall not be less than three (3) and not more than nine (9). There is no requirement for any shareholding qualification.

As and if the Company's activities increase in size, nature and scope the size of the Board will be reviewed periodically, and as circumstances demand. The optimum number of Directors required to supervise adequately the Company's constitution will be determined within the limitations imposed by the constitution.

The membership of the Board, its activities and composition, is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Company's scope of activities, intellectual ability to contribute to Board's duties and physical ability to undertake Board's duties and responsibilities.

Directors are initially appointed by the full Board subject to election by shareholders at the next general meeting. Under the Company's constitution the tenure of a Director (other than Managing Director, and only one Managing Director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following his or her last appointment. Subject to the requirements of the Corporations Act 2001, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a Director. A Managing Director may be appointed for any period and on any terms the Directors think fit and, subject to the terms of any agreement entered into, may revoke any appointment.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards.

Role of the Board

The Board's primary role is the protection and enhancement of long-term shareholder value.

To fulfil this role, the Board is responsible for oversight of management and the overall Corporate Governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

Appointments to Other Boards

Directors are required to take into consideration any potential conflicts of interest when accepting appointments to other Boards.

Independent Professional Advice

The Board has determined that individual Directors have the right in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Company's expense. With the exception of expenses for legal advice in relation to Director's rights and duties, the engagement of an outside adviser is subject to prior approval of the Chair and this will not be withheld unreasonably.

Continuous Review of Corporate Governance

Directors consider, on an ongoing basis, how management information is presented to them and whether such information is sufficient to enable them to discharge their duties as Directors of the Company. Such information must be sufficient to enable the Directors to determine appropriate operating and financial strategies from time to time in light of changing circumstances and economic conditions. The Directors recognise that mining exploration is an inherently risky business and that operational strategies adopted should, notwithstanding, be directed towards improving or maintaining the net worth of the Company.

ASX Principles of Good Corporate Governance

To the extent that they are relevant to the organisation, the Company has adopted the Eight Corporate Governance Principles and Recommendations as published by the ASX Corporate Governance Council.

As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of any additional formal Corporate Governance Committees will be given further consideration.

The following table sets out the Company's present position in relation to each of the Principles.

	ASX Principle	Status	Reference/comment
Principle 1:	**Lay solid foundations for management and oversight**		
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions	**A**	Matters reserved for the Board are included on the Company website in the Corporate Governance Section.
1.2	Companies should disclose the process for evaluating the performance of senior executives	**N/A**	At the time of adoption of the Corporate Governance Principles and Recommendations the Company did not employ any full time senior executives .
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1	**A**	Matters reserved for the Board can be viewed on the Company website.
Principle 2:	**Structure the board to add value**		
2.1	A majority of the board should be independent directors	**A**	Only one director is classified as non-independent
2.2	The chair should be an independent director	**A**	
2.3	The roles of chair and chief executive officer should not be exercised by the same individual	**N/A**	The Company does not have a CEO or equivalent
2.4	The board should establish a nomination committee	**A**	The full Board carries out the duties of the Nomination Committee. Acting in its ordinary capacity from time to time as required, the Board carries out the process of determining the need for screening and appointing new Directors. In view of the size and resources available to the Company it is not considered that a separate Nomination Committee would add any substance to this process.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors	**A**	Disclosed under the Nomination Committee Charter which is available on the Company's website.
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2	**A**	The skills and experience of the Directors and their period of office are set out in the Company's Annual Report (Directors' Report) and on the Company's website. Independency is assessed following completion of a Directors' Independency Questionnaire which is updated annually by each Director. The independency status is disclosed annually in the Annual Report (Directors Report section) and on the Company's website (Company's Management – Directors Biographies).
Principle 3:	**Promote ethical and responsible decision-making**		
3.1	Companies should establish a code of conduct and disclose the code	**A**	The Company has established a Code of Conduct which can be viewed on its website.
3.2	Companies should 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 and for the Board to assess annually both the objectives and progress in achieving them	**A**	The Company has adopted a diversity policy which can be viewed on its website.

A = Adopted
N/A = Not adopted

	ASX Principle	Status	Reference/comment
3.3	Companies should 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	**N/A**	The Company has adopted a diversity policy which can be viewed on its website. The Company recognises that a diverse and talented workforce is a competitive advantage and encourages a culture that embraces diversity. However, the policy does not include requirements for the Board to establish measurable objectives for achieving gender diversity. Given the Company's size and stage of development as an exploration company, the Board does not think it is yet appropriate to include measurable objectives in relation to gender. As the Company grows and requires more employees, the Company will review this policy and amend as appropriate.
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	**A**	The proportion of women employees in the whole organisation is 0%. There are currently no women in Senior Executive positions. There are currently no women on the Board.
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3	**A**	
Principle 4:	**Safeguard integrity in financial reporting**		
4.1	The board should establish an audit committee	**A**	The full board carries out the duties of the Audit Committee.
4.2	The audit committee should be structured so that it:		
	• consists only of non-executive directors	**A**	
	• consists of a majority of independent directors	**A**	
	• is chaired by an independent chair, who is not chair of the board	**A**	.
	• has at least three members	**A**	
4.3	The audit committee should have a formal charter	**A**	The Audit Committee Charter is available on the Company's website.
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4	**A**	
Principle 5:	**Make timely and balanced disclosure**		
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies	**A**	Directors must obtain the approval of the Chair of the Board and notify the Company Secretary before they buy or sell shares in the Company, and it is subject to Board veto. Directors must provide the information required by the Company to ensure Compliance with Listing Rule 3.19A.
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5	**A**	The Board receives monthly reports on the status of the Company's activities and any new proposed activities. Disclosure is reviewed as a routine agenda item at each Board Meeting. The Company's Continuous Disclosure Policy is available on the Company's website.

A = Adopted
N/A = Not adopted

	ASX Principle	Status	Reference/comment
Principle 6:	**Respect the rights of shareholders**		
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy	**A**	In line with adherence to continuous disclosure requirements of the ASX all shareholders are kept informed of major developments affecting the Company This disclosure is through regular shareholder communications including the Annual Report, Quarterly Reports, the Company website and the distributions of specific releases covering major transactions and events.
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6	**A**	The Company has formulated a Communication Policy which is included in its Corporate Governance Statement on the Company Website.
Principle 7:	**Recognise and manage risk**		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies	**A**	The Company has formulated a Risk Management Charter which is included in its Corporate Governance Statement on the Company Website.
7.2	The 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	**A**	
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) 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	**A**	Assurances received from Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) each year.
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7	**A**	
Principle 8:	**Remunerate fairly and responsibly**		
8.1	The board should establish a remuneration committee	**A**	The Remuneration Committee is comprised of the full Board.
8.2	The remuneration committee should be structured so that it:		
	• consists of a majority of independent directors	**A**	
	• is chaired by an independent chair	**A**	
	• has at least three members.	**NA**	Only 2 directors are classified as independent
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives	**A**	The Remuneration Committee Charter includes guidelines for the structure of Non-executive Directors' remuneration and that of Executive Directors and Senior Executives.
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8	**A**	The Executive Directors and Executives receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits.

A = Adopted
N/A = Not adopted

STATEMENT OF FINANCIAL POSITION
As at 30 June 2012

	Note	2012 $	2011 $
Assets			
Cash and cash equivalents	17(i)	11,167	6,962
Other receivables	7	41,530	80,666
Total Current Assets		52,697	87,628
Other receivables	7	218,646	266,645
Property, plant & equipment	8	4,854	39,735
Exploration and evaluation assets	9	5,250,000	11,508,307
Total Non-Current Assets		5,473,500	11,814,687
Total Assets		5,526,197	11,902,315
Liabilities			
Trade and other payables	10	309,579	546,234
Employee benefits	11	-	7,500
Rehabilitation provision	12	24,403	24,403
Total Current Liabilities		333,982	578,137
Total Liabilities		333,982	578,137
Net Assets		5,192,215	11,324,178
Equity			
Issued capital	13	26,582,056	25,408,556
Accumulated losses		(21,389,841)	(14,084,378)
Total equity attributable to the equity holders of the Company		5,192,215	11,324,178

The above Statement of Financial Position is to be read in conjunction with the accompanying notes.

STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 30 June 2012

	Note	2012 $	2011 $
Other income		15,297	8,605
Exploration expenditure written off	9	(6,668,125)	(100,877)
Directors' fees		(61,313)	(65,000)
Depreciation and amortisation expenses	8	(27,058)	(30,114)
Employee benefits expense		(170,268)	(257,688)
Rental expense		(101,343)	(90,423)
Other expenses		(428,432)	(500,287)
Costs capitalised into exploration		137,429	291,450
Results from operating activities		(7,303,813)	(744,334)
Finance income - interest		13,876	33,381
Finance expenses - interest		(15,526)	-
Loss before tax		(7,305,463)	(710,953)
Income tax expense	15	-	-
Loss for the year		(7,305,463)	(710,953)
Total comprehensive loss for the year attributable to equity holders of the Company		(7,305,463)	(710,953)
(Loss)/Earnings per share:			
Basic (loss)/earnings per share	16(i)	(1.15 cents)	(0.13 cents)
Diluted (loss)/earnings per share	16(ii)	(1.15 cents)	(0.13 cents)

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

STATEMENT OF CHANGES IN EQUITY
For the Year Ended 30 June 2012

	Issued Capital $	Accumulated losses $	Total Equity $
Opening Balance at 1 July 2010	23,125,723	(13,373,425)	9,752,298
Total comprehensive loss for the period			
Loss for the period	-	(710,953)	(710,953)
Total other comprehensive loss	-	-	-
Total comprehensive loss for the period	-	(710,953)	(710,953)
Transactions with owners, recorded directly in equity			
Issue of ordinary shares	2,282,833	-	2,282,833
Total contributions by and distributions to owners	2,282,833	-	2,282,833
Closing balance at 30 June 2011	25,408,556	(14,084,378)	11,324,178
Opening Balance at 1 July 2011	25,408,556	(14,084,378)	11,324,178
Total comprehensive loss for the period			
Loss for the period	-	(7,305,463)	(7,305,463)
Total other comprehensive loss	-	-	-
Total comprehensive loss for the period	-	(7,305,463)	(7,305,463)
Transactions with owners, recorded directly in equity			
Issue of ordinary shares	1,173,500	-	1,173,500
Total contributions by and distributions to owners	1,173,500	-	1,173,500
Closing balance at 30 June 2012	26,582,056	(21,389,841)	5,192,214

The Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
For the Year Ended 30 June 2012

	Note	2012 $	2011 $
Cash Flows from Operating Activities			
Cash payments to suppliers and employees		(571,206)	(1,110,616)
Other revenue		7,450	7,299
Interest paid		(1,129)	-
Environmental bond received		-	117,000
Net cash used in operating activities	17(ii)	(564,885)	(986,317)
Cash Flows from Investing Activities			
Interest received		12,436	33,381
Exploration and evaluation expenditure incurred		(629,116)	(1,374,767)
Proceeds from sale of property, plant & equipment		13,500	-
Payments for property, plant & equipment		(1,230)	(4,950)
Net cash used in investing activities		(604,410)	(1,346,336)
Cash Flows from Financing Activities			
Proceeds from issue of shares (net of costs)		1,173,500	2,282,833
Net cash from financing activities		1,173,500	2,282,833
Net increase/(decrease) in cash and cash equivalent		4,205	(49,820)
Cash and cash equivalents at 1 July		6,962	56,782
Cash and cash equivalents at 30 June	17(i)	11,167	6,962

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

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2012

1. REPORTING ENTITY
Anglo Australian Resources NL (the "Company") is a for profit company domiciled in Australia. The address of the Company's registered office is Ground Floor, 63 Hay Street, Subiaco, Western Australia. The Company is involved in the exploration of mineral tenements.

2. BASIS OF PREPARATION

(a) Statement of compliance
The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial report also complies with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

The financial reports were approved by the Board of Directors on 28 September 2012.

(b) Basis of measurement
The financial reports have been prepared on the historical cost basis, except for share based payments measured at fair value.

(c) Functional and presentation currency
These financial reports are presented in Australian dollars, which is the Company's functional currency.

(d) Use of estimates and judgements
The preparation of financial reports in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions in accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In preparing this financial report, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty are as follows.

(i) Mine Rehabilitation Provision
The Company assesses its mine rehabilitation provision half-yearly. Significant judgement is required in determining the provision for mine rehabilitation as there are many transactions and other factors that will affect the ultimate liability payable to rehabilitate the mine site. Factors that will affect this liability include future development, changes in technology, price increases and changes in interest rates. When these factors change or become known in the future, such differences will impact the mine rehabilitation provision in the period in which they change or become known.

(ii) Measurement of Share Based Payments
The fair value of services received in return for options granted is based on the fair value of options granted, measured using a Black Scholes model incorporating volatilities in share price.

(iii) Impairment of exploration and evaluation assets
The ultimate recoupment of the value of exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale, of the underlying mineral exploration properties. The Company undertakes at least on an annual basis, a comprehensive review for indicators of impairment of these assets. There is significant estimation and judgement in determining the inputs and assumptions used in determining the recoverable amounts.
The key areas of estimation and judgement that are considered in this include:
- recent drilling results and reserves
- environmental issues that may impact the underlying tenements
- the estimated market value of assets at the review date
- independent valuations of underlying assets that may be available
- fundamental economic factors such as gold price, exchange rates and current and anticipated operating costs in the industry
- the Company's market capitalisation compared to its net assets

Information used in the review process is rigorously tested to externally available information as appropriate.

(iv) Going concern
A key assumption underlying the preparation of the financial statements is that the Company will continue as a going concern.

A Company is a going concern when it is considered to be able to pay its debts as and when they are due, and to continue in operation without any intention or necessity to liquidate or otherwise wind up its operations. A significant amount of judgment has been required in assessing whether the entity is a going concern as set out in Note 3.

3. GOING CONCERN

The financial report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation and extinguishment of liabilities in the ordinary course of business. For the year ended 30 June 2012 the Company incurred a loss of $7,305,463 (2011: $710,953).

The Company had net cash outflows from operations of $564,885 (2011: $986,317), net cash outflows from investing of $604,410 (2011: $1,346,336) and a net working capital deficit of $281,285 (2011: $490,509).

The Company has completed capital raisings of $503,000, before costs, in July & September 2012 to continue the evaluation of its current projects and to provide interim working capital.

The Company will require further funding in order to meet day-to-day obligations as they fall due and to progress its exploration and evaluation projects as budgeted. The Company has a history of successful capital raisings to fund exploration. The Board of Directors is aware, having prepared a cash flow budget, of the Company’s working capital requirements and the need to access additional funding. As at the date of signing this financial report, the Company’s cash balance totalled approximately $200,000 and has net working capital of approximately $90,000, necessitating a new capital raising within the next 6 months. The ability of the Company to continue funding its exploration activities is dependent on the Company securing further working capital by the issue of additional equity. The Directors are currently reviewing the Company’s funding needs with the intention to raise further equity; however no firm commitments exist at this time.

The Board of Directors have reviewed the business outlook and is of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Company will achieve the matters set out above. Should the Company be unsuccessful in raising equity, there is material uncertainty which may cast significant doubt as to whether the Company will continue as a going concern and therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

4. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Property, Plant and Equipment

(i) Recognition and measurement
Items of property, plant and equipment are measured at cost less accumulated depreciation and amortisation (see below), and impairment losses (see accounting policy e).

Cost includes expenditures that are directly attributable to the acquisition of the asset. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Mine property assets include costs transferred from exploration and evaluation assets, once technical feasibility and commercial viability of an area of interest are demonstrable, and subsequent costs, including deferred stripping costs, to develop the mine to the production phase. Mine property assets are recognised as intangible assets.

(ii) Subsequent costs
The Company recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the entity and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs are recognised in the statement of comprehensive income as an expense as incurred.

4. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(iii) Depreciation
With the exception of mine property, depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

Depreciation rates and methods and any residual values are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only. Depreciation is charged to the statement of comprehensive income.

(b) Exploration and Evaluation Expenditure

Exploration and evaluation costs, including the costs of acquiring licences and directors and managements time are capitalised as exploration and evaluation assets on an area of interest basis. The entity subcontracts equipment on an as required basis and as a result all exploration and evaluation costs incurred are of an intangible nature. Costs incurred before the Company has obtained the legal rights to explore an area are recognised in the income statement.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

(i) the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or

(ii) activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment accounting policy e). For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit is never larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment. Intangible assets are reclassified to mining property assets within property, plant and equipment.

(c) Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances, short term bills and call deposits.

(d) Other Receivables

Other receivables are subsequently measured at their amortised cost less impairment losses (see accounting policy e).

(e) Impairment

(i) Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

4. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

The recoverable amount has been assessed by directors based on the market of capitalisation of the company.

In respect of assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(f) Share Capital

Transaction costs
Qualifying transaction costs of an equity transaction, which are incremental and directly attributable to the issue of ordinary shares, are accounted for as a deduction from equity, net of any related income tax benefit.

(g) Employee Benefits

(i) Wages, Salaries, Annual Leave and Sick Leave
Liabilities for employee benefits for wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the consolidated entity expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax. The Company has no leave liabilities at the date of this report, as the Company has no employees.

(ii) Long Service Leave
The provision for employee benefits to long service leave is the amount of future benefit that employees have earned in return for their services in the current and prior periods. The Company has no long service leave liabilities at the date of this report, as the company has no employees.

4. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the rates attaching to Commonwealth government bonds at reporting date which most closely match the terms of maturity of the related liabilities.

(iii) Defined Contribution Superannuation Funds

The Company contributes to a defined contribution plan. Contributions are recognised as an expense in the statement of comprehensive income as incurred.

(iv) Share-based payment transactions

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to options. The amount recognised is adjusted to reflect the actual number of share options that vest, except for those that fail to vest due to market conditions not being met. The fair value is measured using the Black Scholes model, taking into account the terms and conditions upon which the options are granted.

(h) Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

(i) Restoration

Provisions are made for estimated costs relating to the remediation of soil, groundwater and untreated waste when the disturbance or contamination occurs.

(i) Trade and Other Payables

Trade and other payables are measured at their amortised cost. Trade payables are non-interest bearing and are normally settled on 60-day terms.

(j) Finance income

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues, using the effective interest method.

(k) Taxation

Income tax on the statement of comprehensive income for the periods presented comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset if income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

4. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont)

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(l) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(m) Earnings Per Share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

(n) Determination and presentation of operating segments

The Company determines and presents operating segments based on the information that internally is provided to the Directors, who is the Company’s chief operating decision maker.

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. An operating segment’s operating results are reviewed regularly by the Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

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

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

(o) New standards and Interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual reporting periods beginning after 1 July 2011, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except for AASB 9 *Financial Instruments*, which becomes mandatory for the Company’s 2016 financial statements and could change the classification and measurement of financial assets. The Company does not plan to adopt this standard early and the extent of the impact has not been determined.

5. DETERMINATION OF FAIR VALUES

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non- financial assets and liabilities. Fair values have been determined for measurement and /or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Other receivables

The fair value of other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

6. FINANCIAL RISK MANAGEMENT

Overview

The Company have exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the company through regular reviews of the risks.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables.

Other receivables

The Company has established an allowance for impairment that represents their estimate of incurred losses in respect of other receivables. The management does not expect any counterparty to fail to meet its obligations.

Presently, the Company undertakes exploration and evaluation activities exclusively in Australia. At the balance sheet date there were no significant concentrations of credit risk.

Cash

The Company limits its exposure to credit risk by only investing in deposit instruments of major Australian banking institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Directors acknowledge that due to a delay in raising capital as at 30 June 2012 the policy of having significant funds on hand was not met until receipt of equity funds of $228,000 on 31 July 2012.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, commodity prices and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Company is at present not exposed to currency risk as it has no operations, investments or payments due in any currency other than those denominated in the Company's functional currency, Australian dollar (AUD).

6. FINANCIAL RISK MANAGEMENT (Cont.)

Interest rate risk

The Company is exposed to interest rate risk on cash balances.

The Company adopts a policy of placing all of its cash not required for immediate cash flow in its operations in a high interest bearing cash management accounts exposed to variable interest rates.

Capital Management

Management controls the capital of the Company in order to ensure that it can fund its operations and continue as a going concern in conjunction with the continual assessment as to the underlying market value of its exploration and development projects. The Company has no external debt other than disclosed in the financial statements and there are no externally imposed capital requirements.

Management effectively manages the Company's capital by assessing its financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include share issues. There have been no changes in the strategy adopted by management since the prior year.

7. OTHER RECEIVABLES

	2012 $	2011 $
Current		
Other receivables	41,530	80,666
	41,530	80,666
Non - Current		
Security deposit – leased premises	34,646	34,645
Security deposit – environmental bonds	184,000	232,000
	218,646	266,645

8. PROPERTY, PLANT & EQUIPMENT

	2012 $	2011 $
Plant & equipment – at cost	78,658	143,017
Accumulated depreciation	(76,814)	(119,094)
	1,844	23,923
Office furniture & fittings – at cost	6,852	32,875
Accumulated depreciation	(3,842)	(23,433)
	3,010	9,442
Motor vehicle – at cost	-	44,459
Accumulated depreciation	-	(38,089)
	-	6,370
Total property, plant & equipment	4,854	39,735

8. PROPERTY, PLANT & EQUIPMENT (Cont.)

	2012 $	2011 $
Reconciliations		
Plant & Equipment		
Balance at 1 July	23,923	51,248
Additions	2,960	-
Disposals	-	-
Depreciation	(25,039)	(27,325)
Balance at 30 June	1,844	23,923
Office Furniture & Fittings		
Balance at 1 July	9,442	5,432
Additions	-	4,950
Disposal	(5,130)	-
Depreciation	(1,302)	(940)
Balance at 30 June	3,010	9,442

	2012 $	2011 $
Motor Vehicle		
Balance at 1 July	6,370	8,219
Disposals	(5,653)	-
Depreciation	(717)	(1,849)
Balance at 30 June	-	6,370

9. EXPLORATION AND EVALUATION ASSETS

	2012	2011
Deferred exploration and evaluation assets		
Balance at 1 July	11,508,307	9,951,571
Add:		
Expenditure during the year	409,818	1,657,613
	11,918,125	11,609,184
Amounts impaired during the year	(6,668,125)	(100,877)
Balance at 30 June	5,250,000	11,508,307

The ultimate recoupment of such expenditure is dependent upon successful development and commercial exploitation, or alternatively sale of the respective areas.

At the end of the year, the Board assessed the carrying value of the Company's exploration and evaluation assets for impairment. It was believed that the carrying value of ~$11.9 million exceeded the recoverable amount. The recoverable amount has been calculated based on the market capitalisation of the Company and director's assessment of the value of each area of interest. This resulted in an impairment of $6.7 million to the exploration asset.

The Company's exploration properties may be subjected to claim(s) under native title, or contain sacred sites, or sites of significance to Aboriginal people. As a result, exploration properties or areas within the tenements may be subject to exploration restrictions, mining restrictions and/or claims for compensation. At this time it is not possible to determine whether such claims exist or the quantum of such claims, if any.

10. TRADE AND OTHER PAYABLES

Current		
Trade payables and accrued operating expenses	309,579	546,234

11. EMPLOYEE BENEFITS

Current		
Annual leave	-	7,500

12. REHABILITATION PROVISION

A provision has been made to cover costs of rehabilitating the Company's West Mandilla mine. The rehabilitation work is expected to be completed during the 2012 financial year.

	2012 $	2011 $
Balance at 1 July	24,403	25,832
Provisions made during the year	-	-
Provisions used during the year	-	(1,429)
Balance at 30 June	24,403	24,403

13. ISSUED CAPITAL

Issued and Paid Up Capital		
667,768,000 ordinary shares fully paid (2011 – 568,268,000 ordinary shares fully paid)	26,582,056	25,408,556

Share movements during the year	*Issue Price*	**2012**	**2011**
At beginning of year		568,268,000	501,068,000
Placement – 5 July 2010	$0.04	-	17,500,000
Placement – 15 September 2010	$0.035	-	43,700,000
Placements – 8 October 2010	$0.035	-	6,000,000
Share Purchase Plan – 26 September 2011	$0.012	62,000,000	-
Placement – 18 November 2011	$0.012	8,500,000	-
Placement – 8 December 2011	$0.012	4,000,000	-
Placement – 23 December 2011	$0.012	16,666,667	-
Placement – 14 March 2012	$0.012	8,333,333	-
			-
At the end of the year		667,768,000	568,268,000

The Company does not have authorised capital or par value in respect of its issued shares.

14. SHARE BASED PAYMENTS

Unlisted Options

Options over ordinary shares of the Company have been issued for nil consideration. The options cannot be transferred and will not be quoted on the ASX. Therefore no voting rights are attached to the options unless converted into ordinary shares. All options are granted at the discretion of the directors.

The terms and conditions of the grants are as follows:

Grant date	Vesting date	Number of instruments	Vesting conditions	Contractual life of options
13 March 2009	13 March 2009	3,000,000	Immediately	3 years

14. SHARE BASED PAYMENTS (cont)

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 2012	Number of options 2012	Weighted average exercise price 2011	Number of options 2011
Outstanding at 1 July	3 cents	3,000,000	3 cents	3,000,000
Forfeited during period	3 cents	(3,000,000)	-	-
Exercised during period	-	-	-	-
Granted during the period	-	-	-	-
Outstanding at 30 June	-	-	3 cents	3,000,000
Exercisable at 30 June	-	-	3 cents	3,000,000

There were no options outstanding at 30 June 2012.

The value of options is recognised as employee expenses immediately on grant date.

15. TAXATION

	2012 $	2011 $
Current tax expense	-	-
Deferred tax expense	-	-

(a) Numerical reconciliation between tax expense and pre-tax accounting loss

	2012 $	2011 $
Loss before tax	(7,305,463)	(710,953)
Income tax using the corporate tax rate of 30% (2011: 30%)	(2,191,639)	(213,286)
Temporary differences relating to impairment	2,000,438	-
Current year losses for which no deferred tax asset was recognised	191,201	213,286
Income tax expense	-	-

(b) Unrecognised Deferred Tax Assets

	2012 $	2011 $
Tax losses	5,359,878	5,168,677

The tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the consolidated entity can use the benefits.

16. LOSS PER SHARE

(i) Basic loss per share

Net loss attributable to ordinary shareholders	($7,305,463)	($710,953)
	2012 Number of Shares	**2011 Number of Shares**
Weighted average number of ordinary shares		
Issued ordinary shares at 1 July	568,268,000	501,068,000
Weighted average number of shares issued during the period	65,669,854	56,097,534
Total weighted average number of shares	633,937,854	557,165,534
Basic loss per share	(1.15 cents)	(0.13 cents)

(ii) Diluted loss per share

Weighted average number ordinary shares (basic)	633,937,854	557,165,534
Effect of options	-	-
Weighted average number of ordinary shares (diluted) at 30 June	633,937,854	557,165,534
Diluted loss per share	(1.15 cents)	(0.13 cents)

17. NOTES TO THE STATEMENT OF CASH FLOWS

(i) Reconciliation of Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and at bank and short term deposits. Cash and cash equivalents as at the end of the financial year, as shown in the Statement of Cash Flows is reconciled to the related items in the balance sheet as follows:

	2012 $	**2011 $**
Cash on hand	200	200
Short term deposits	101	1,101
Cash at bank	10,866	5,661
	11,167	6,962

(ii) Reconciliation of cash flows from operating activities

Loss for the period after income tax	(7,305,463)	(710,953)
Adjustments for:		
Depreciation	27,058	30,115
Net gain on disposal of property, plant & equipment	(7,847)	-
Exploration expenditure written off	6,668,125	100,877
Interest received	(13,876)	(33,381)
Exploration allocation	-	(291,450)
Other income	-	8,605
Operating profit/(loss) before changes in working capital and provisions	(632,003)	(896,187)
Change in other receivables	60,125	174,613
Change in trade and other payables	14,493	(263,314)
Change in provisions	(7,500)	(1,429)
Net cash used in operating activities	(564,885)	(986,317)

18. AUDITOR'S REMUNERATION

	2012 $	2011 $
Auditor's services		
Audit and review of financial reports (KPMG Australia)	45,000	57,900
Other services		
Accounting assistance	-	17,000

19. COMMITMENTS

Mineral Tenement Leases

The Company has minimum expenditure obligations in pursuance of the terms and conditions of tenement licences in the forthcoming year of approximately $881,915 (2011: $783,760). The aforementioned expenditure obligations can be subject to variation to a lesser amount as a result of: reduction in tenement areas; relinquishment of tenements; and/or farm out of project areas to third party joint venture partners who assume responsibility for the expenditure obligations. These obligations are expected to be fulfilled in the normal course of operations of the Company. If the current status of the tenements is maintained, then for one year or later and not more than five years the total obligations are approximately $3,527,660 (2011: $3,135,040) and for later than five years the total obligations are nil (2011: $Nil).

Operating Leases

Non-cancellable operating lease rentals are payable as follows:

	2012	2011
Less than one year	99,980	32,465
Between one and five years	146,897	-
More than five years	-	-
	246,877	32,465

The Company leases business office premises under a non-cancellable operating lease, expiring in the 2015 financial year.

20. FINANCIAL REPORTING BY SEGMENT

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

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

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

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

21. FINANCIAL INSTRUMENTS

Credit risk

The carrying amount of the Company's financial assets represents the maximum credit exposure. The Company's maximum exposure to credit risk at the balance sheet date was:

		Carrying amount	
	Note	**2012**	**2011**
Other Receivables	*7*	260,176	347,311
Cash and cash equivalents	*17(i)*	11,167	6,962
		271,343	**354,273**

21. FINANCIAL INSTRUMENTS (CONT.)

None of the Company's other receivables are past due (2011: nil).

Liquidity Risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

30 June 2012 ***Non-derivative financial liabilities***	**Carrying amount**	**Contractual cash flows**	**6 mths or less**
Trade and other payables	309,579	309,579	309,579

30 June 2011 ***Non-derivative financial liabilities***	**Carrying amount**	**Contractual cash flows**	**6 mths or less**
Trade and other payables	546,234	546,234	546,234

Currency risk

The Company is not exposed to foreign currency risk.

Interest rate risk

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

	Weighted average interest rate	**Floating interest rate $**	**Fixed interest rate more than a year $**	**Total $**
2012				
Financial Assets				
Cash and cash equivalents	0.10%	11,167	-	11,167
Security deposit – environmental bonds	5.10%	-	184,000	184,000
		11,167	184,000	195,167
2011				
Financial Assets				
Cash and cash equivalents	0.10%	6,962	-	6,962
Security deposit – environmental bonds	6.00%	-	232,000	232,000
		6,962	232,000	238,962

Fair values

The fair values of financial assets and liabilities of the Company at the balance date approximate the carrying amounts in the financial statements, except where specifically stated.

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables.

	Profit or loss		**Equity**	
	100bp increase	**100bp decrease**	**100bp increase**	**100bp decrease**
30 June 2012				
Variable rate instruments	112	(112)	112	(112)
Cash flow sensitivity (net)	112	(112)	112	(112)
30 June 2011				
Variable rate instruments	70	(70)	70	(70)
Cash flow sensitivity (net)	70	(70)	70	70

21. FINANCIAL INSTRUMENTS (CONT.)

Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities are the same as the carrying value.

22. RELATED PARTIES

The following were key management personnel of the Company at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Non-executive directors
John Load Cecil Jones - Chairman
Peter Stern, appointed 28 November 2011
Angus Claymore Pilmer

Christopher Hugh Fyson – Chairman, resigned 28 November 2011
Denis Edmund Clarke, resigned 28 November 2011

Executive
Peter Komyshan – General Manager, Exploration, resigned 31 December 2011

Key management personnel compensation

The key management personnel compensation included in 'employee benefits' and directors' fees are as follows:

	2012 $	2011 $
Short-term employee benefits	156,651	217,756
Post-employment benefits	42,968	49,940
Share based payment	-	-
	199,619	267,696

Out of the total compensation, an amount of $137,429 (2011: $241,000) was capitalised to exploration and evaluation assets.

Individual directors and executive compensation disclosures

Information regarding individual directors and executives compensation is required by the Corporations Regulations 2M.3.03 and 2M.6.04 to be provided in the Remuneration Report Section of the Directors' report on pages 5 to 6. Apart from the details disclosed in this note, no director has entered into a material contract with the Company since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

Other key management personnel transactions with Directors and Director-related entities

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Company or its subsidiaries in the reporting period.

The following fees were paid on normal commercial terms and conditions to the following Director related entities:

Related Parties	Transaction	Transactions value year ended 30 June 2012 $	Transactions value year ended 30 June 2011 $	Balance outstanding as at 30 June 2012 $	Balance outstanding as at 30 June 2011 $
J L C Jones – Westbury Management Services Pty Ltd	Storage	2,831	2,716	262	255
A C Pilmer – A C Pilmer & Co	Administration, accounting and secretarial services and provision of administration offices	37,111	164,075	-	46,781

22. RELATED PARTIES (Cont.)

Movement in shares

The movement during the reporting period in the number of ordinary shares in Anglo Australian Resources NL held directly, indirectly or beneficially by each key management person, and including their related parties is as follows:

Fully paid ordinary shares issued in Anglo Australian Resources NL

2012

	Balance at 1.7.11 No.	Granted as Remuneration No.	Received on Exercise of Options No.	Net Other Change * No.	Balance at 30.6.12 No.
Directors					
J L C Jones	13,546,741	-	-	(1,205,651)	12,341,090
A C Pilmer	23,000,000	-	-	1,250,000	24,250,000
P A Stern	-	-	-	-	-
C H Fyson	18,699,899	-	-	6,250,000	(1)24,949,899
D E Clarke	3,710,000	-	-	1,250,000	(1)4,960,000
Executive					
P Komyshan	1,385,000	-	-	-	(1)1,385,000

(1) Represents balance held at respective dates of resignation.

2011

	Balance at 1.7.10 No.	Granted as Remuneration No.	Received on Exercise of Options No.	Net Other Change * No.	Balance at 30.6.11 No.
Directors					
J L C Jones	13,546,741	-	-	-	13,546,741
D E Clarke	3,710,000	-	-	-	3,710,000
C H Fyson	18,699,899	-	-	-	18,699,899
A C Pilmer	23,000,000	-	-	-	23,000,000
Executive					
P Komyshan	1,385,000	-	-	-	1,385,000

* includes shares acquired on market transactions.

Options over equity instruments

The movement during the reporting period in the number of options over ordinary shares in the Company held, directly, indirectly or beneficially, by each key management personnel, including their related parties, is as follows:

2012	Held at July 2011 No.	Granted as compensation No.	Lapsed	Held at 30 June 2012 No.	Vested during the year No.	Vested and exercisable at 30 June 2012 No.
Executive						
P Komyshan	3,000,000	-	(3,000,000)	-	-	-

2011	Held at July 2010 No.	Granted as compensation No.	Lapsed	Held at 30 June 2011 No.	Vested during the year No.	Vested and exercisable at 30 June 2011 No.
Executive						
P Komyshan	3,000,000	-	-	3,000,000	-	3,000,000

23. SUBSEQUENT EVENTS

In July 2012, the Company raised $228,000, before costs, from the issue of 38,000,000 shares at $0.006 per share through a private placement. In September 2012, the Company raised $275,000, before costs, from the issue of 45,800,001 shares at $0.006 per share through a private placement.

DIRECTORS' DECLARATION

1. In the opinion of the directors of Anglo Australian Resources NL

a) The financial statements and notes, and the Remuneration Report in the Directors' Report, set out on pages 22 to 42 are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the financial position of the Company and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and

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

b) the directors draw attention to Note 2(a) to the financial statements, which includes a statement of compliance with International Reporting Standards;

c) as set out in Note 3, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Company Secretary (who performs the Chief Executive Officer's and Chief Financial Officer's function) for the financial year ended 30 June 2012.

Signed in accordance with a resolution of directors:

J L C Jones
Chairman

Dated at Perth this 28th day of September 2012

Independent auditor's report to the members of Anglo Australian Resources NL

Report on the financial report

We have audited the accompanying financial report of Anglo Australian Resources NL (the Company), which comprises the statement of financial position as at 30 June 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' responsibility for the 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 control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In note 2(a), the directors also state, in accordance with Australian 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 judgement, 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 control relevant to the entity's preparation of the financial report that gives a true and fair view 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 control. 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 performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Company's financial position and of its performance.

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*.

KPMG

Auditor's opinion

In our opinion:

(a) the financial report of Anglo Australian Resources NL is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

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

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

Material uncertainty regarding continuation as a going concern

Without modification to the opinion expressed above, attention is drawn to the following matter.

As detailed in note 3, the Company's ability to continue as a going concern is dependent upon achieving its cash flow forecast and raising sufficient funding. The outcome of these activities cannot presently be determined with certainty.

These matters indicate the existence of a material uncertainty which may cast significant doubt as to whether the Company will be able to continue as a going concern and therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the remuneration report

We have audited the Remuneration Report included in section 4 of the directors' report for the year ended 30 June 2012. 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 auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Anglo Australian Resources NL for the year ended 30 June 2012, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Brent Steedman
Partner

Perth

28 September 2012

ASX Additional Information

Additional information required by Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 18 September 2012.

(a) Issued Capital

The issued capital of the Company at 26 September 2012 is 751,568,001 ordinary fully paid shares.

(b) Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

	Ordinary shares	
	Number of holders	Number of shares
1 - 1,000	69	24,400
1,001 - 5,000	170	558,338
5,001 - 10,000	266	2,239,034
10,001 - 100,000	1,196	55,741,651
100,001 and over	850	693,004,578
	2,551	**751,568,001**
The number of shareholders holding less than a marketable parcel of shares are:	1,432	33,046,728

(c) Twenty largest shareholders

The names of the twenty largest holders of quoted ordinary shares are:

		Listed ordinary shares	
		Number of shares	Percentage of ordinary shares
1	Zoric & Co Pty Ltd	30,000,000	3.99%
2	National Nominees Limited	22,771,583	3.03%
3	Claymore Estate Pty Ltd	16,250,000	2.16%
4	Sancoast Pty Ltd	12,500,000	1.66%
5	SBS Nominees Limited	11,666,667	1.55%
6	HSBC Custody Nominees (Australia) Ltd	10,945,000	1.46%
7	An Superannuation Pty Ltd	10,500,000	1.40%
8	Kapiri Holdings Pty Ltd	10,000,000	1.33%
9	Lionel Edgar Charles Letts	10,000,000	1.33%
10	Dixtru Pty Ltd	9,761,904	1.30%
11	Ogden Group Pty Ltd	8,500,000	1.13%
12	Linrey Pty Ltd	8,250,000	1.10%
13	Ms Josephine Kathleen Patoir	7,950,000	1.06%
14	Amalfi Pty Ltd	7,250,000	0.96%
15	Pershing Australia Nominees Pty Ltd	7,083,334	0.94%
16	Professional Tutors Pty Ltd	6,700,000	0.89%
17	GFA Services Pty Ltd	6,500,000	0.86%
18	Mrs Sabina Fontana	6,000,000	0.80%
19	Mr George Lopez	6,000,000	0.80%
20	Professional Tutors Pty Ltd	6,000,000	0.80%
		214,628,488	**28.55%**

(d) Substantial shareholders

Nil

(e) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

(f) Unquoted Securities

At 18 September 2012, the Company has a total of 41,900,003 unlisted options as follows:

Number of Options	Number of Holders	Exercise Price	Expiry Date
41,900,003	19	$0.008	30 June 2015
41,900,003	**19**		

SCHEDULE OF MINING TENEMENTS

As at 30 June 2012

Project	Tenement	Company Interest	Title Registered to

Western Australia

Koongie Park	M80/276, 277 E80/3494, 3495 E80/4257, 4389 *ELA80/4503* P80/1597-1611	100%	Anglo Australian Resources NL
Feysville	M26/290-291 P26/3772-3776	100%	Anglo Australian Resources NL
Carnilya	M26/47-49 M26/453	100% gold rights only	* View Nickel Pty Ltd
Mandilla	M15/96	100% gold rights only	* Australian Nickel Mines NL
	M15/633	100% gold rights only	Anglo Australian Resources NL
Laverton	P38/3890-3892 E38/2485	100%	Anglo Australian Resources NL
Leonora	E37/1047, 1056 *ELA37/1114-5*	100%	Anglo Australian Resources NL

Northern Territory

Victoria River Downs	EL25422, EL25423, EL25728, EL27366, EL27934 *Pending*: *ELA25420, 25424,* *25729, 25730,* *26443, 26444, 27739,* *27740, 28753*	100%	Anglo Australian Resources NL

* The Company's interest protected by legal agreement.