

Anglo Australian Resources NL

ABN 24 009 159 077

Annual Report

for the year ended 30 June 2016

Corporate Information

ABN 24 009 159 077

Directors

John Jones (Executive Chairman)

Graeme Smith (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

Greenwich & Co Audit Pty Ltd

35 Outram Street

WEST PERTH WA 6005

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	3
Review of Operations	4
Directors' Report	13
Auditor's Independence Declaration	20
Corporate Governance Statement	21
Statement of Profit or Loss and Other Comprehensive Income	30
Statement of Financial Position	31
Statement of Changes in Equity	32
Statement of Cash Flows	33
Notes to the Financial Statements	34
Directors' Declaration	47
Independent Audit Report	48
ASX Additional Information	50

Chairman's Report

Dear Shareholder

I am pleased to present to you the 2016 Annual Report for Anglo Australian Resources NL.

As you would be aware, for each of my four previous Reports since being re-appointed as Chairman, key recurring themes were weakness in commodity prices, lack of availability of new capital and low levels of exploration activity.

In my 2015 address, however, I stated that, at some point, the malaise the junior resources sector had been experiencing would be replaced by renewed interest, and that I sensed cause for guardian optimism.

As I now write, and whilst nothing can be taken for granted, it would seem that the landscape for Anglo Australian has indeed changed, with sentiment for the company's two key commodity interests – gold and zinc – particularly positive.

As the change unfolded, we in April reminded the market by way of a corporate presentation as to the highly prospective and variously strategic nature of the company's suite of Western Australian-based resource interests, each of them significantly underexplored. To briefly recap:

- Our Feysville gold project, with a current at-surface exploration target of approximately 22,000 ounces, sits only 14 kms to the south of and along strike from the Golden Mile in Australia's premier gold belt
- Our Koongie Park gold project, with a host of prospective gold shows and targets, sits on the door-step of the ore-hungry Nicolson's gold plant
- Our Mandilla gold project, with a current exploration target of approximately 38,000 ounces, has numerous prospective targets awaiting evaluation
- Our Koongie Park zinc-rich VMS base metals project has approximately 7 million tonnes of resource identified in two structures, with numerous similar structures nearby yet to be drill-tested
- Our Leonora base metals project, with a current 800-metre long bedrock electromagnetic conductor, lies just to the south of and along strike from a currently-producing mineralized VMS corridor

Capitalizing on the renewed market interest that arose, in late June, just prior to the end of the financial year, we were able to raise by way of a placement approximately \$335,000, in addition to the approximately \$190,000 raised through a placement in October 2015.

With cash on hand at year's end of approximately \$280,000, additional funds of approximately \$120,000 from a further placement undertaken just after the financial year ended, and with shareholders recently approving some \$175,000 of debt outstanding and Directors' fees being exchanged for equity, the company is now, finally, in a position to undertake at least a small part of the field work that the prospectivity of our project suite rightfully dictates.

In the next month or so, the company expects to commence the drill testing of gold targets at each of our Feysville, Koongie Park and Mandilla projects.

Results of this effort will be communicated to shareholders just as soon as they come to hand.

I take this opportunity to sincerely thank Anglo Australian shareholders for their continued support, and my fellow directors and our consultants for their ongoing efforts.

Yours sincerely



John Jones
Executive Chairman
Anglo Australian Resources NL

REVIEW OF OPERATIONS

EXPLORATION

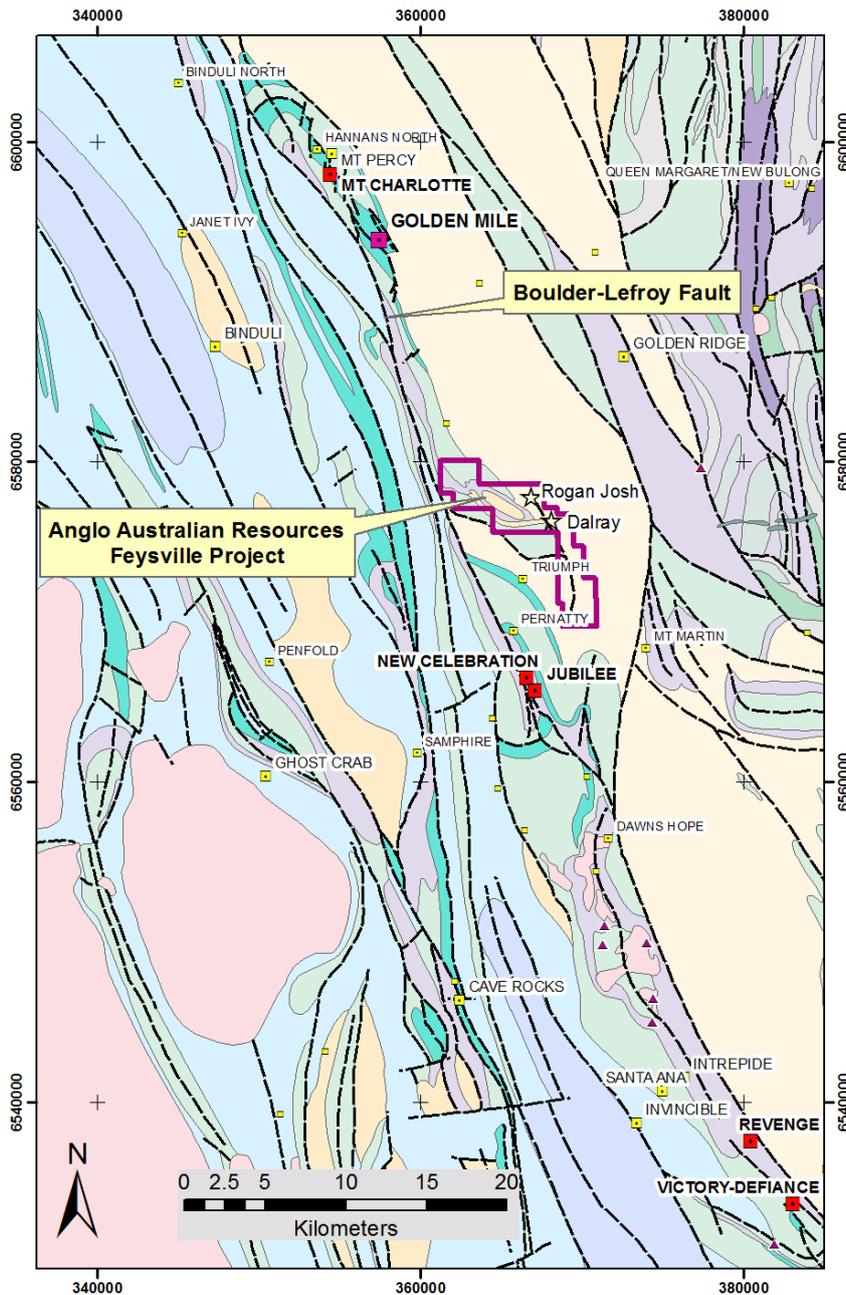
Feysville – WA

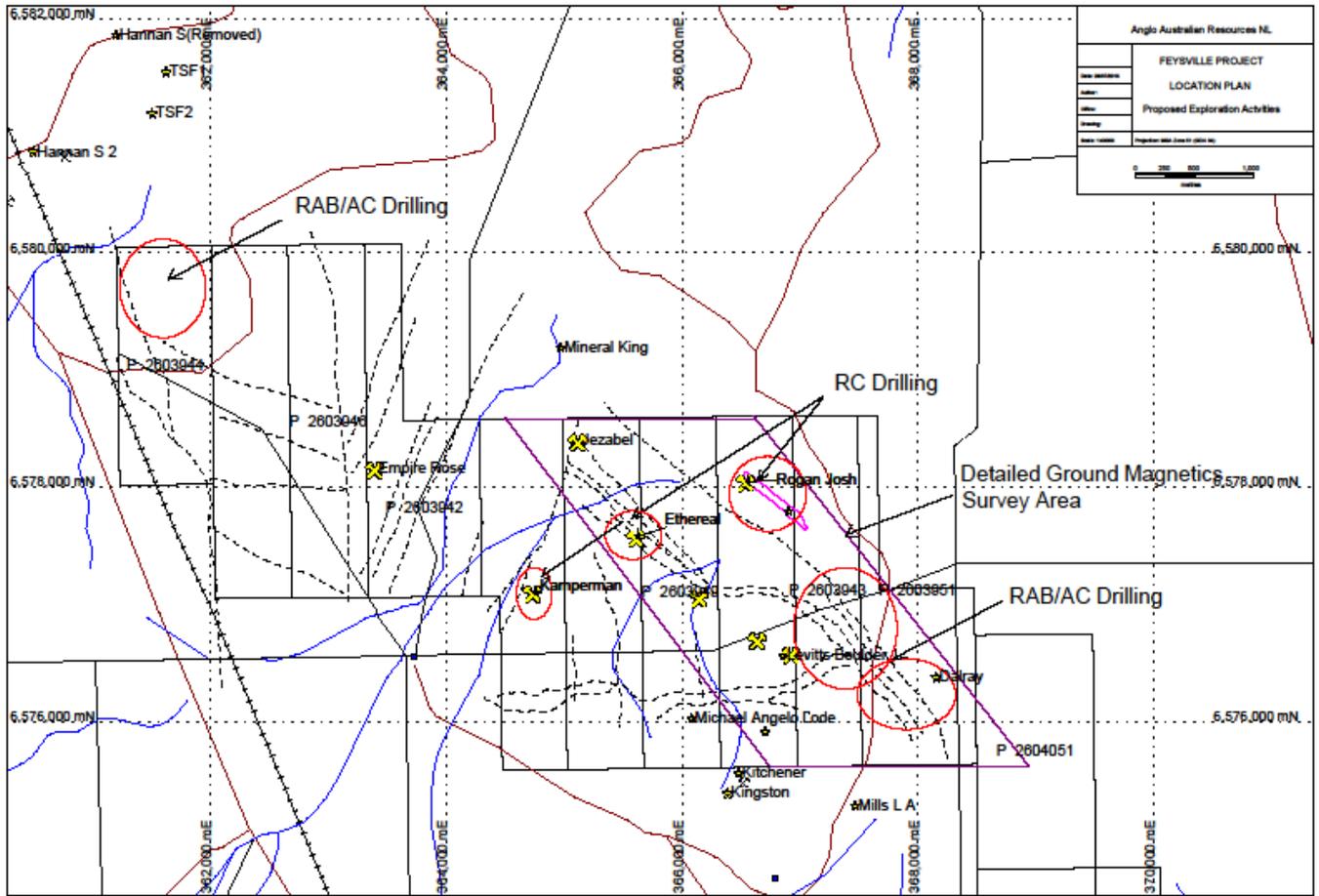
Anglo Australian - 100% interest

The Feysville Project is located in Australia’s premier gold belt, just 14km south of the giant Golden Mile deposit (70Moz) at Kalgoorlie. The belt extends for some 100km along a NNW strike, and takes in major gold deposits at New Celebration (3Moz), some 10km south of Feysville, and the large St Ives field (+15Moz) 30-60km to the south. Numerous other economic gold deposits have also been discovered.

Gold deposits are contained within a major structural corridor centred on the Boulder Lefroy fault, which controls regional uplift and folding of a lower sequence of mafic-ultramafic rocks (purple and green) surrounded by an upper sequence of volcano-sediments (blue and yellow). Feysville contains the lower mafic-ultramafic sequence of rocks in the core of the project area, with the Boulder Lefroy fault interpreted to pass along the western flank of the project. Another major structure parallel to the Boulder Lefroy fault passes through the eastern side of the project for some 10km, and hosts Feysville’s Rogan Josh and Dalray prospects.

The company is now focusing its efforts on bringing the deposit up to JORC Code compliant status.

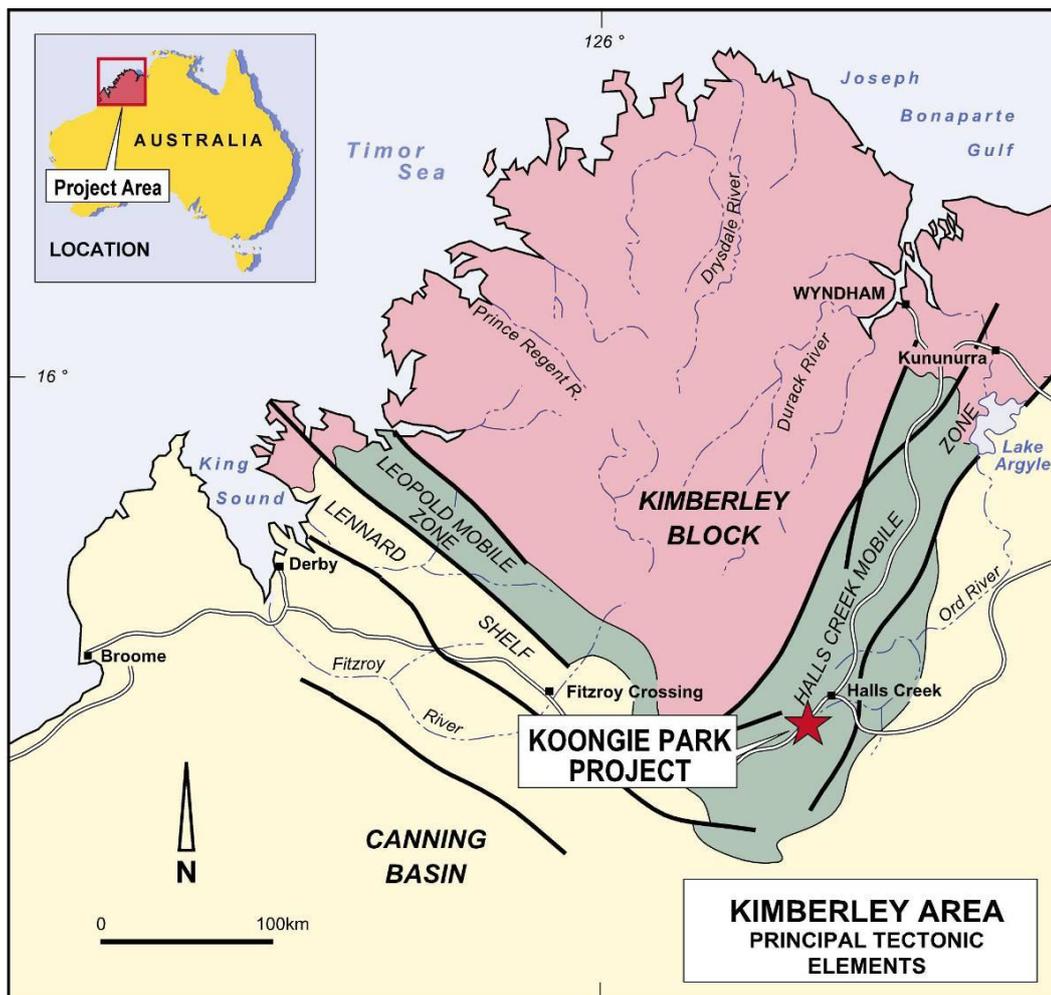




Feysville proposed exploration targets

Koongie Park Project – WA

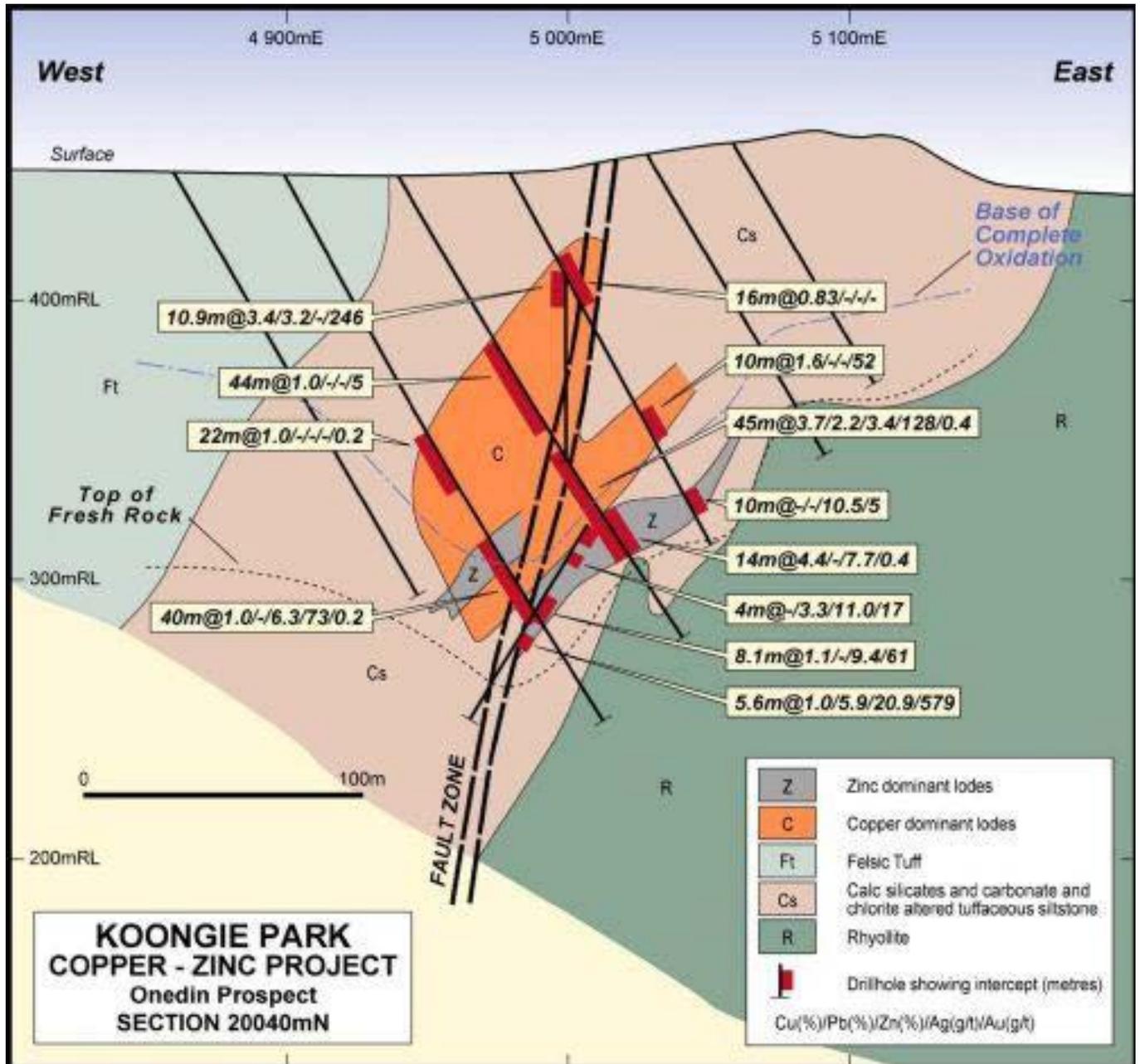
Anglo Australian - 100% interest



VMS style zinc-copper deposits in volcano sedimentary stratigraphy with resources mapped at Sandiego and Onedin

The style of gold mineralisation in the area is exhibited in the Nicholson's Find gold deposits, held by Pacific Niugini Limited, where mineralization is structurally controlled within a 400 metre wide NNE trending strike-slip shear zone adjacent to the northwest margin of the Lodestone Monzogranite. Host rocks comprise folded and metamorphosed turbiditic greywackes, felsic volcanics, mafic volcanic and laminated siltstone and mudstone of the Koongie Park Formation. Mineralisation is strongly associated with discontinuous quartz veining and iron-silica-potassium alteration.

So far, a number of regional structural corridors have been delineated for follow-up work. Of immediate interest is the NE striking Highway shear zone which extends for about 15 kilometres along the contact of the Koongie Park Formation and the southwest edge of the Lodestone Monzogranite within Anglo Australian's tenements. This area has received minimal historical gold exploration and can easily be evaluated with surface sampling or shallow drilling.



Onedin Section 20040mN

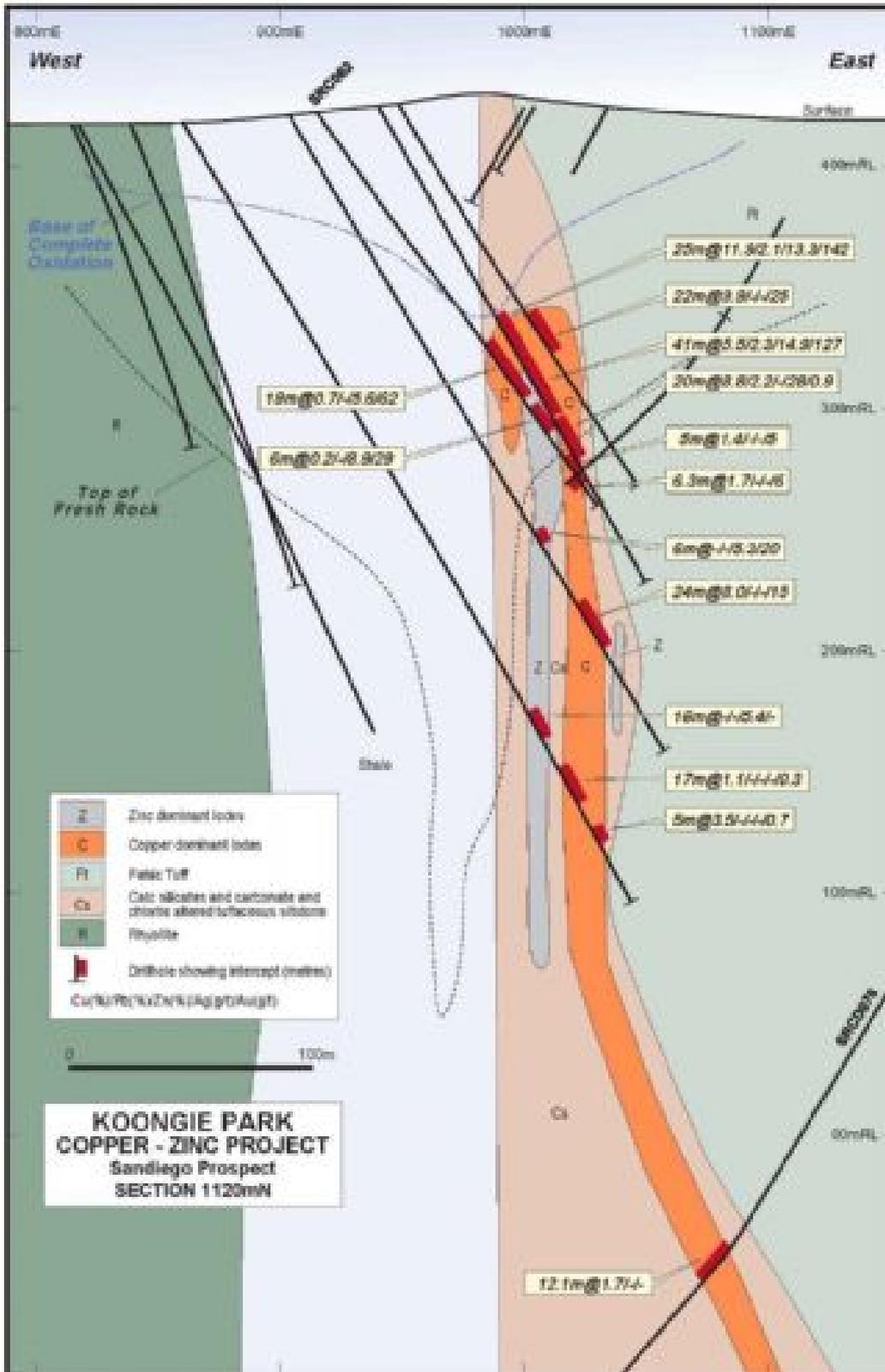
Onedin Deposit – Indicated and Inferred Mineral Resources

Zinc Zone: 1,980,000 tonnes @ 6.25% Zn, 0.47% Cu, 32g/t Ag and 0.3g/t Au

Copper Zone: 2,500,000 tonnes @ 1.1% Cu, 0.8% Zn, 21g/t Ag and 0.3g/t Au

Total Metal: 36,000 tonnes copper & 140,000 tonnes zinc metal

(ASX Release 13.06.13)



Sandiego Deposit – Indicated and Inferred Mineral Resources

Supergene Copper: 370,000 tonnes @ 4.0 % Cu, 2.7% Zn, 48g/t Ag and 0.29g/t Au

Copper Zone: 1,140,000 tonnes @ 2.8% Cu, 1.5% Zn, 12g/t Ag and 0.43g/t Au

Zinc Zone: 1,220,000 tonnes @ 0.2 % Cu, 7.0% Zn, 26g/t Ag and 0.13g/t Au

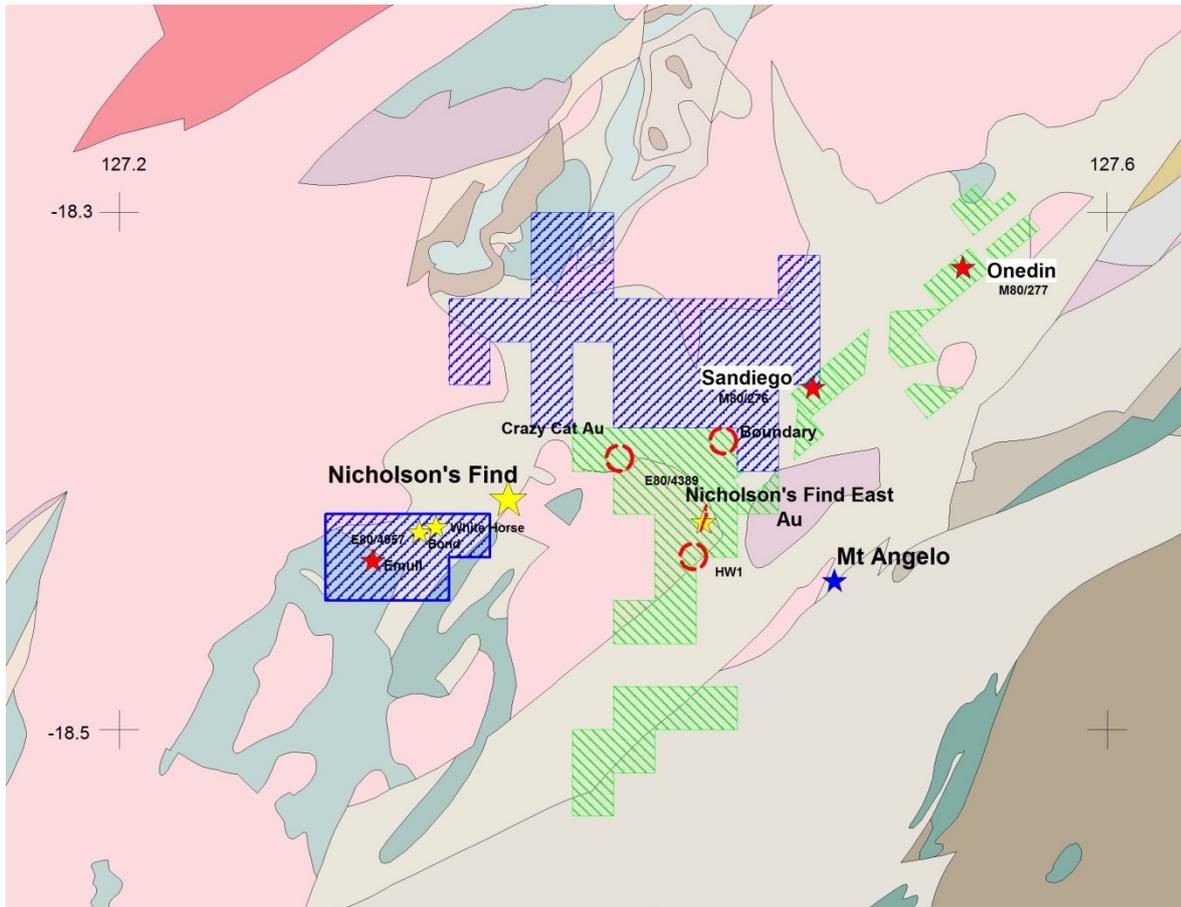
Total Metal: 50,000 tonnes copper, 115,000 tonnes zinc, 2 million ounces of silver & 26,000 ounces of gold.

(ASX Release 13.06.13)

New prospective target areas

- San Diego and Onedin mineralized zones represent fold hinges
- Homogeneity of metal in rock strongly suggests that the metal has been remobilized (which explains the San Diego and Onedin accumulations)
- Within the Project area, airborne magnetics has identified a number of other potential hinge structures that are yet to be drill-tested

Koongie Park Gold



- Significant acreage position held adjacent to Nicolsons gold mine (Pantoro Limited): 1.8 Mt @ 5.2 g/t for a total of 294,000 ounces
- Mineralization structurally controlled within wide NNE trending shear zone adjacent to monzogranite
- Host rocks comprise folded and metamorphosed sediments, volcanics and volcano-sediments of the Koongie Park Formation
- Mineralisation strongly associated with quartz veining and Fe-Si-K alteration

Mandilla Project – WA

Anglo Australian - 100% interest

The Mandilla Gold Project, located 70km south of Kalgoorlie and 20km south east of Kambalda, comprises two mining leases covering 1819.2 ha. Geology in the project area consists of a sequence of mafic and ultramafic rocks in contact with felsic volcanoclastic and sedimentary rocks 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).

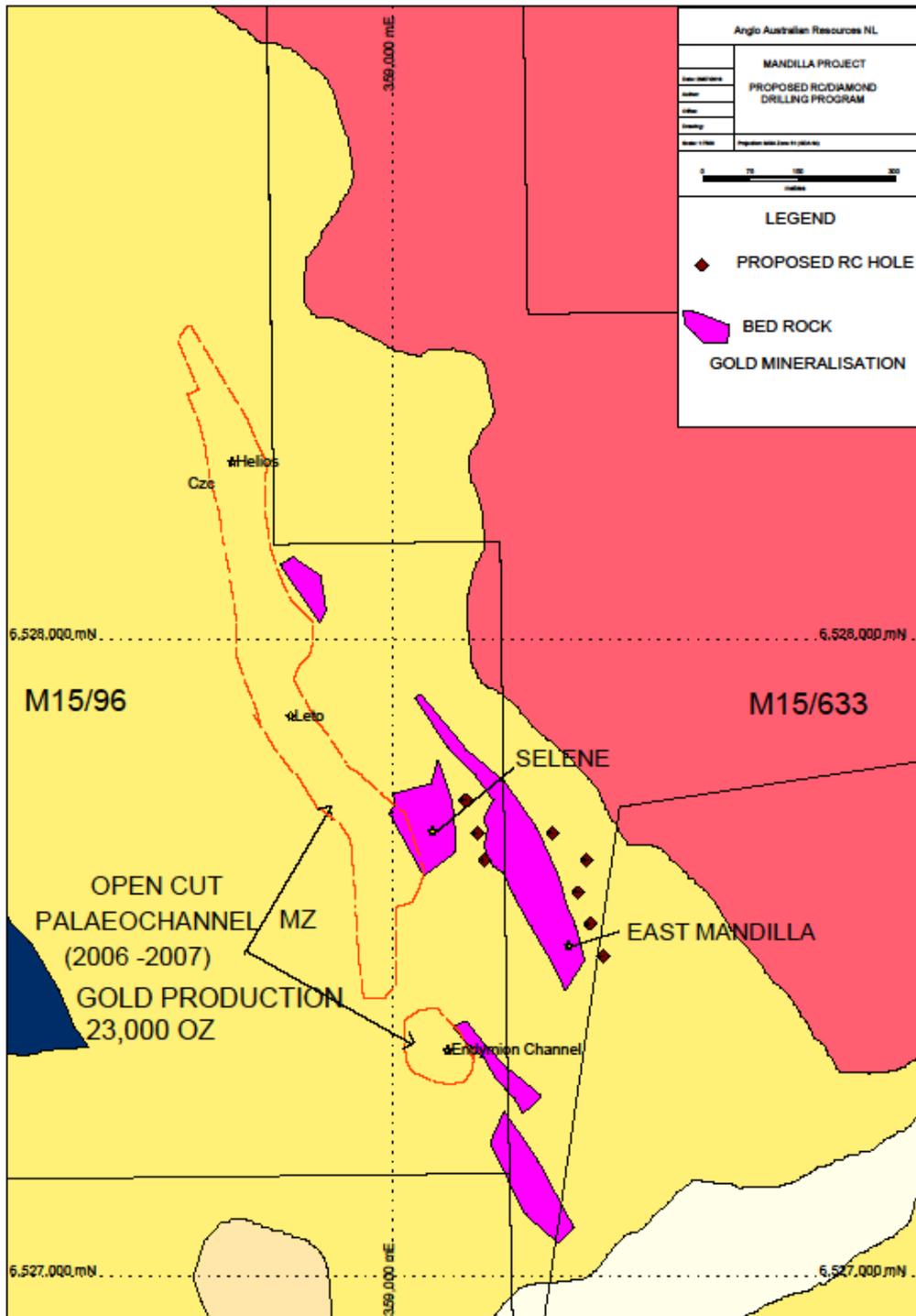
A number of gold intersections in rotary air blast (RAB) and aircore (AC) drill holes previously completed by Anglo Australian contain anomalous gold zones open along strike and down dip. Three drill target areas south east from Mandilla East Gold resource require further evaluation. All these targets lie on or proximal to parallel North West trending regional structures near or on the contact between felsic volcanoclastic sedimentary rocks and demagnetised granitoid rocks.

Transported cover has masked any geochemical response in the surface soil sampling. Relatively shallow (< 55 metres) aircore drilling at a spacing of 400 x 40 metre centres returned a number of gold intersections at the bottom of holes. All holes terminated at blade refusal near the base of oxidation. Six RC drill holes and 22 rotary airblast or aircore holes are planned to test the three prospective areas at Mandilla Southeast.

At West Mandilla, the target area is defined by a 700 metre long soil anomaly defined by a > 20ppb gold contour. Within the >20 ppb gold contour there are four discrete bullseye soil highs defined by a >50 ppb contour. A traverse of RC holes, drilled across the central part of the soil anomaly, did not target the peak soil values and intersected only low grade gold mineralisation with a best value of 2 metres at 1.45 g/t Au from 63 metres depth downhole. The zone, open to the northwest and southeast, lies within the northwest-southeast striking regional fault corridor.

RC/DIAMOND DRILLING PROGRAMME:

During the year the drilling data base has been reviewed and validated. This will allow for the planning of a deep RC/Diamond program at the Selene and East Mandilla Prospects. The proposed program has been designed to follow up on high grade narrow intersections as reported by WMC/Anglo Australian Resources NL. The focus being on the NNW striking high grade steeply dipping structural veins with 50 metre step outs to assess the continuity of the mineralisation and validate earlier results.



Proposed RC Drilling locations

Compliance Statement

The information in this report that relates to Exploration Targets and Exploration Results is based on information compiled by David Otterman, who is an independent consultant from DW Otterman Exploration Consultant.

Mr Otterman is a Fellow of The Australasian Institute of Mining and Metallurgy (CP) and a Member of the Australian Institute of Geoscientists (RP Geo).

Mr Otterman has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Otterman consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Mr Otterman has disclosed to the reporting company the full nature of the relationship between himself and the company, including any issue that could be perceived by investors as a conflict of interest. He verifies that the Report is based on and fairly and accurately reflects in the form and context in which it appears, the information in supporting documentation relating to Exploration Targets and Exploration Results.

SCHEDULE OF MINING TENEMENTS

As at 30th June 2016:

Project	Tenement	Company Interest	Title Registered to
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Western Australia

Koongie Park	M80/276, 277 EL80/ 4389,4766 EL80/4503, P80/1802-10 ELA80/4957, ELA80/4960	100%	Anglo Australian Resources NL
Feysville	P26/3942 – 3951 P26/4051 – 4052 P26/4075 - 4077	100%	Anglo Australian Resources NL
Mandilla	M15/96 M15/633 EL15/1404	Gold Rights Only 100% Gold Rights Only 100%	Apollo Phoenix Resources Pty Ltd Anglo Australian Resources NL Anglo Australian Resources NL
Leonora	EL37/1047, P37/8355- 8358, 8377	100%	Anglo Australian Resources NL

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 2016 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, experience, special responsibilities and other directorships and independence status

John Load Cecil Jones Executive Chairman Mr Jones is a well known and respected mining identity who has been associated with a number of successful mining corporations in his 43 years of business. 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, Image Resources NL and Tanga Resources Limited.

Interest in shares and options
 Shares – 20,537,677
 Options - 16,200,000 - \$0.02 exp 30/11/19
 Options – 23,200,000 - \$0.02 exp 30/11/20
 Options – 6,500,000 - \$0.025 exp 30/11/20

Peter Andrew Stern Non-Executive Director 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.

Interest in shares and options
 Shares – 3,523,252
 Options - 6,100,000 - \$0.02 exp 30/11/19
 Options – 7,000,000 - \$0.02 exp 30/11/20
 Options – 2,000,000 - \$0.025 exp 30/11/20

Graeme Ian Smith Non-Executive Director Mr 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 the Australian Society of Certified Practising Accountants, the Institute of Chartered Secretaries and Administrators and the Governance Institute of Australia.

Mr Smith is currently a director of Black Ridge Mining NL and was previously a non-executive director of Rubianna Resources Limited.

Interest in shares and options
 Shares – 1,699,999
 Options – 2,500,000 - \$0.02 exp 30/11/19
 Options – 7,000,000 - \$0.02 exp 30/11/20
 Options – 2,000,000 - \$0.025 exp 30/11/20

2. COMPANY SECRETARY - Graeme Smith

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	Director Meetings		Audit Committee
	Number Held	Number Attended	
John Jones	4	4	1
Peter Stern	4	4	1
Graeme Smith	4	4	1

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.

2016 Key Management Personnel:

John Load Cecil Jones	Executive Chairman
Peter Stern	Non-Executive Director
Graeme Smith	Non-Executive Director

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, i.e., 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 \$137,640 which included options valued at \$57,640. The balance of \$80,000 represents directors' fees and secretarial fees, however, to date, directors fees have not been paid by the Company. The maximum shareholder approved remuneration is \$200,000 per annum. 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.

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

	2016	2015	2014	2013	2012	2011
Closing share price at 30 June	0.012	0.01	0.01	*0.03	*0.06	*0.15

* Share prices have been adjusted to reflect the cumulative dilution of the share capital consolidation completed during December 2013.

Voting and Comments Made at the Company's 2015 Annual General Meeting

The Company received approximately 99.9% of "yes" votes on its remuneration report for the 2015 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.

	Short-Term		Post Employment	Other Share Based Payments	Total
	Salary & Fees – Accrued (A)	Salary & Fees - Non-Cash (Options) (B)	Superannuation		
2016	\$	\$	\$	\$	\$
Directors					
J L C Jones	50,000	35,840	-	-	85,840
P A Stern	15,000	10,900	-	-	25,900
G I Smith	15,000	10,900	-	-	25,900
Total	80,000	57,640	-	-	137,640

(A) Accrued fees represent directors fees accrued from 1 January 2016 to 30 June 2016.

(B) As at 31 December 2015, directors were owed \$160,000 in relation to remuneration. On 30 November 2015, 37.2 million options were granted to directors in lieu of these outstanding directors fees. The options were ascribed a value of \$137,640 using the Black-Scholes model (Section 4.4 below). Of this amount, \$57,640 relates to remuneration incurred in the 6 months to 31 December 2015. The balance of the fair value settles amounts accrued in prior periods. The total key management personnel expenses for the year to 30 June 2016 of \$137,640 is effectively annual directors fees of \$160,000 (Section 4.3 below) net of a \$22,360 profit on settlement of accrued directors fees by the issue of options.

(C) Nil amounts of the above remuneration is performance based.

	Salary & Fees	Non-Cash Benefits (Options) (D)	Superannuation	Other Share Based Payments	
2015	\$	\$	\$	\$	\$
Directors					
J L C Jones	50,000	40,533	-	-	90,533
P A Stern	15,000	11,599	-	-	26,599
G I Smith (incl secretarial fees)	41,985	12,930	-	-	54,915
Total	106,985	65,062	-	-	172,047

(D) The 24.8 million options issued were ascribed a value of \$202,665 using the Black Scholes Model. Of this amount, \$65,062 related to key management personal remuneration incurred in the year to 30 June 2015. The balance of the fair value settled amounts accrued in prior periods.

4.3 Service agreements

There are currently no service agreements in place with the directors.

4.4 Analysis of options and rights over equity instruments granted as compensation

2016	Grant Date & Vesting Date	Granted Number	Expiry Date	Exercise Price (cents)	Value per option		% of Remuneration
					at grant date (cents)	Exercised Number	
Directors							
J L C Jones	30/11/2015	23,200,000	30/11/2020	2.0	0.37	Nil	41%
P Stern	30/11/2015	7,000,000	30/11/2020	2.0	0.37	Nil	42%
G I Smith	30/11/2015	7,000,000	30/11/2020	2.0	0.37	Nil	42%

2015	Grant Date & Vesting Date	Granted Number	Expiry Date	Exercise Price (cents)	Value per option		% of Remuneration
					at grant date (cents)	Exercised Number	
Directors							
J L C Jones	1/12/2014	16,200,000	30/11/2019	2.0	0.81	Nil	45%
P Stern	1/12/2014	6,100,000	30/11/2019	2.0	0.81	Nil	44%
G I Smith	1/12/2014	2,500,000	30/11/2019	2.0	0.81	Nil	24%

4.5 Equity instruments held by key management personnel

Share holdings

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

	Balance at 1 July 2015	Granted as Remuneration	Received on Exercise of Options	Net Other Change	Balance at 30 June 2016
	No.	No.	No.	No.	No.
<i>Directors</i>					
J L C Jones	17,204,344	-	-	-	17,204,344
P A Stern	1,856,585	-	-	-	1,856,585
G I Smith	866,666	-	-	-	866,666

Option holdings

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 (all option numbers adjusted to reflect post-consolidation balances):

	Balance at beginning of the year No.	Granted as compensation No.	Lapsed No.	Other Changes No.	Balance at end of the year No.	Vested and exercisable No.
J L C Jones	18,200,000	23,200,000	(2,000,000)	-	39,400,000	39,400,000
P A Stern	6,900,000	7,000,000	(800,000)	-	13,100,000	13,100,000
G I Smith	2,500,000	7,000,000	-	-	9,500,000	9,500,000

4.6 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 incurred on normal commercial terms and conditions to the following Director related entities:

Related Parties	Transaction	Transactions value year ended 30 June		Balance outstanding as at 30 June	
		2016 \$	2015 \$	2016 \$	2015 \$
J L C Jones – Westbury Management Services Pty Ltd	Storage / Admin Services	303	1,872	23,890	23,587
J L C Jones	Loan to the company net of repayments	(29,067)	140,614	81,664	110,731
P A Stern	Loan & interest	-	20,478	20,478	20,478
G I Smith	Loan to the company	(25,000)	25,567	567	25,567
G I Smith – Wembley Corporate	Company Secretarial / CFO	8,799	25,519	21,596	10,798

End of audited Remuneration Report

5. PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year consisted of the continued exploration of gold and base metals projects in Western Australia and Northern Territory. 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 \$393,790 (2015 net loss: \$4,680,516).

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. EVENTS SUBSEQUENT TO REPORTING DATE

There have been no events subsequent to the reporting date, other than those mentioned elsewhere in this report.

8. LIKELY DEVELOPMENTS

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

9. 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:

	Ordinary Shares		Options over Ordinary Shares
	Directly	Indirectly	
John Jones	791,623	19,746,054	45,900,000
Peter Stern	1,666,667	1,856,585	15,100,000
Graeme Smith	200,000	1,499,999	11,500,000
	<u>2,658,290</u>	<u>23,102,638</u>	<u>72,500,000</u>

10. SHARE OPTIONS

Unissued Shares under Options

Unissued ordinary shares of Anglo Australian Resources NL under option at the date of this report are as follows:

Expiry date	Exercise price (cents)	Number of options
30 November 2019	2	32,300,000
30 November 2020	2	37,200,000
30 November 2020	2.5	<u>10,500,000</u>
Total number of options outstanding at the date of this report		<u>80,000,000</u>

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

11. 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, G I Smith 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, Greenwich & Co Audit Pty Ltd, indemnifying them against any claims by third parties arising from their report on the annual financial report.

12. 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 19.

13. LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 20 and forms part of the directors' report for the financial year ended 30 June 2016.

Signed in accordance with a resolution of the Directors.



J L C Jones
Executive Chairman

Dated at Perth this 30th day of September 2016.



Auditor's Independence Declaration

To those charged with the governance of Anglo Australian Resources NL:

As auditor for the audit of Anglo Australian Resources NL for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

Greenwich & Co Audit Pty Ltd
Greenwich & Co Audit Pty Ltd

Andrew May
Audit Director

Perth

30 September 2016

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Anglo Australian Resources NL is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of Anglo Australian Resources NL on behalf of the shareholders by whom they are elected and to whom they are accountable.

Anglo Australian Resources NL's corporate governance practices were in place throughout the year ended 30 June 2016 and were compliant with the ASX Governing Council's best practice recommendations, unless otherwise stated.

Information on Corporate Governance is available on the Company's website at www.anglo.com.au/investors.

In fulfilling its obligations and responsibilities to its various stakeholders, the Board of directors of the Company advocates the adoption of and adherence to a framework of rules, relationships, systems and processes within and by which authority is exercised and controlled within the corporation – this is what is meant in this manual when reference is made to corporate governance. This manual outlines the Company's principal corporate governance procedures. The Board supports a system of corporate governance to ensure that the management of the Company is conducted in a manner which is directed at achieving the Company's objectives in a proper and ethical manner.

Except to the extent indicated herein, the Company has resolved that for so long as it is admitted to the official lists of the ASX it shall abide by the ASX Recommendations.

Due to the exigencies and vagaries of commercial life and changing circumstances, there will, no doubt, be occasions when, especially because of the size of the Company and the composition of its Board, that it can be expected to depart from the policies and charters which it has adopted. These policies have been adopted on the basis that, in the circumstances of the Company, they reflect what is considered to reflect a reasonable aspiration. It is not expected that these guidelines will be slavishly adhered to. Their object is to focus attention upon the issues they address and provoke thought about and awareness of those issues and the pitfalls that one could otherwise fall into inadvertently. The important thing is to develop a culture conducive only to good and appropriate conduct and practices.

Honesty and integrity must be the overriding and guiding principle in all things- substance must prevail over form and lip service. Adhering to the following policies is a condition of each contract of employment or service.

The Board encourages all key management personnel, other employees, contractors and other stakeholders to monitor compliance with this Corporate Governance manual and periodically, by liaising with the Board, management and staff; especially in relation to observable departures from the intent of hereof and with and any ideas or suggestions for improvement.

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

1.1	<p>A listed entity should disclose:</p> <p>(a) the respective roles and responsibilities of its board and management; and</p> <p>(b) those matters expressly reserved to the board and those delegated to management.</p>	<p>Information about the respective roles and responsibilities of our Board and management (including those matters expressly reserved to the Board and those delegated to management) is found under the Board Charter.</p>
1.2	<p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</p>	<p>The appointment of directors is undertaken under the purveyance of the Nomination committee.</p> <p>The function of the Nomination Committee is to identify and recommend candidates to fill vacancies and to determine the appropriateness of director nominees for election to the Board as well as undertake appropriate checks before appointing a person to the Board. The Board recognises the benefits arising from diversity and aims to promote an environment conducive to the appointment of well qualified Board candidates so that there is appropriate diversity to maximise the achievement of corporate goals.</p> <p>As required under the ASX Listing Rules and the Corporations Act, election or re-election of directors is a resolution put to members at each Annual General Meeting. The notice of meeting contains all material information relevant to a decision on whether or not to elect or re-elect a director.</p>
1.3	<p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	<p>Letters of appointment for each director and senior executive have been entered into by the Company.</p>
1.4	<p>The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	<p>The company secretary reports directly to the Board through the Chairman and is accessible to all directors. The function performed by the company secretary is noted in the letter of appointment of the company secretary</p>

<p>1.5</p>	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>The Company has a Diversity policy which can be found on its website under the Corporate Governance section. The Company's Diversity policy does not include requirements for the board to set measurable objectives for achieving gender diversity and given the size and nature of the Company at this stage, the Board considers this course of action reasonable.</p> <p>The Company recognises that a diverse and talented workforce is a competitive advantage and that the Company's success is the result of the quality and skills of our people. Our policy is to recruit and manage on the basis of qualification for the position and performance, regardless of gender, age, nationality, race, religious beliefs, cultural background, sexuality or physical ability. It is essential that the Company employs the appropriate person for each job and that each person strives for a high level of performance.</p> <p>The Company has not set measurable objectives for achieving gender diversity during the reporting period of 2015 – 2016.</p> <p>There are no women on the Board.</p>
<p>1.6</p>	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>Process for Evaluating Board Performance is detailed in the Board Charter.</p> <p>Information on Performance Evaluations is included in the remuneration report section of the Annual Report.</p>
<p>1.7</p>	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>The Company does not have any executives and therefore does not have a process for evaluating the performance of senior executives. Given the size and nature of the Company, the board considers this to be reasonable in the circumstances. However, the board will re-evaluate senior executive performance evaluation measures should the Company's circumstances change.</p>

PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE

<p>2.1</p>	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>The Board does not have a Nomination Committee.</p> <p>The Board considers it has an appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively. Board succession issues are discussed by the whole Board when required.</p>																												
<p>2.2</p>	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>The Board has identified that the appropriate mix of skills and diversity required of its members on the Board to operate effectively and efficiently is achieved by directors having substantial skills and experience in operational management, exploration and geology, corporate law, finance, listed resource companies, equity markets.</p> <p>The Board Skills matrix for the current Board is as follows:</p> <table border="1" data-bbox="1238 978 2033 1241"> <thead> <tr> <th></th> <th>John Jones</th> <th>Peter Stern</th> <th>Graeme Smith</th> </tr> </thead> <tbody> <tr> <td>operational management</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> <tr> <td>exploration and geology</td> <td>✓</td> <td>✓</td> <td>-</td> </tr> <tr> <td>corporate law</td> <td>-</td> <td>✓</td> <td>✓</td> </tr> <tr> <td>accounting & finance</td> <td>-</td> <td>✓</td> <td>✓</td> </tr> <tr> <td>listed resource companies</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> <tr> <td>equity markets</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> </tbody> </table>		John Jones	Peter Stern	Graeme Smith	operational management	✓	✓	✓	exploration and geology	✓	✓	-	corporate law	-	✓	✓	accounting & finance	-	✓	✓	listed resource companies	✓	✓	✓	equity markets	✓	✓	✓
	John Jones	Peter Stern	Graeme Smith																											
operational management	✓	✓	✓																											
exploration and geology	✓	✓	-																											
corporate law	-	✓	✓																											
accounting & finance	-	✓	✓																											
listed resource companies	✓	✓	✓																											
equity markets	✓	✓	✓																											

2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>The Company considers that Peter Stern and Graeme Smith are independent directors.</p> <p>John Jones is a substantial shareholder of the Company and therefore non-independent.</p> <p>Although Graeme Smith provides services, as the Principal of Wembley Corporate Services, as Company Secretary, the board considers that this does not interfere, or might reasonably be seen to interfere, with his capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the entity and its security holders generally.</p> <p>John Jones has been a director since 9 Feb 1990.</p> <p>Peter Stern has been a director since 28 Nov 2011.</p> <p>Graeme Smith has been a director since 18 Mar 2014.</p>
2.4	A majority of the board of a listed entity should be independent directors.	The majority of the board are independent directors.
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	The Chairman is not an independent director. The Board believes the Chairman is the most suitable director to undertake this role. The Company does not have a CEO.
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	The Company will provide induction material for any new directors and, depending on specific requirements, will provide appropriate professional development opportunities for directors.

PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY

3.1	<p>A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	Code of Conduct sets out the principles and standards which the Board, management and employees of the Company are encouraged to strive to abide by when dealing with each other, shareholders and the broad community
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PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING

<p>4.1</p>	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>The Company's Audit committee comprises all directors and is Chaired by Peter Stern.</p> <p>The Audit Committee charter is disclosed on the Company's website under the Corporate Governance link</p> <p>Qualifications and experience of members of the Audit Committee are found under the directors profile in both the Annual report and on the Company's website at Directors and Management</p> <p>Details of meetings of the audit committee are to be found in the Annual report of the company.</p>
<p>4.2</p>	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>The Company does not have a CEO but the Audit committee receives from it's CFO (Graeme Smith), declarations in relation to full year and half year statutory financial reports during the reporting period in accordance with section 295A of the Corporations Act.</p>
<p>4.3</p>	<p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	<p>The audit engagement partner attends the AGM and is available to answer shareholder questions from shareholders relevant to the audit.</p>

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

5.1	<p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>The Company's continuous Disclosure Policy can be found under the Corporate Governance section of the Company's website</p>
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PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS

6.1	<p>A listed entity should provide information about itself and its governance to investors via its website.</p>	<p>The Company's website provides information on the Company including its background, objectives, projects and contact details. The Corporate Governance page provides access to key policies, procedures and charters of the Company, such as the Board and Committee charters, securities trading policy, diversity policy and the latest Corporate Governance Statement.</p> <p>ASX announcements, Company reports and presentations are uploaded to the website following release to the ASX and editorial content is updated on a regular basis.</p>
6.2	<p>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	<p>A Shareholder Communication Policy can be found on the Company's website</p>
6.3	<p>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	<p>The Company encourages shareholders to attend all general meetings of the Company and sets the time and place of each meeting to promote maximum attendance by Shareholders.</p> <p>The Company encourages Shareholders to submit questions in advance of a general meeting, and for the responses to these questions to be addressed through disclosure relating to that meeting.</p> <p>The Company's Shareholder Communication Policy is disclosed on the Company's website.</p>
6.4	<p>A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	<p>It is the Company's desire that shareholders receive communications electronically in the interests of the environment and constraining costs. In an endeavour to drive this objective the Company has a policy of providing hard materials at least cost (which will generally involve a black & white presentation even where the electronic version is full colour).</p>

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

<p>7.1</p>	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>		<p>The Board has not established a Risk committee however it does have a Risk Policy which can be found on the company's website.</p> <p>Risk management is specifically discussed at the Company's board meetings during the year.</p>
<p>7.2</p>	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>		<p>The Company reviews its risk management framework annually and this information is disclosed in the Annual Report.</p>
<p>7.3</p>	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>		<p>The Company currently does not have any staff with bookkeeping and accounting skills so these tasks are undertaken by external consultants. The external consultant discusses with its external auditor each end of year and half year whether there are any issues with internal control and improvements which could be undertaken to improve them.</p>
<p>7.4</p>	<p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>		<p>The Company is subject to, and responsible for, existing environmental liabilities associated with its tenements. The Company will continually monitor its ongoing environmental obligations and risks, and implement rehabilitation and corrective actions as appropriate to remain compliant. These risks may be impacted by change in Government policy.</p> <p>The Company does not believe it has any significant exposure to economic and social sustainability risks.</p>

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

<p>8.1</p>	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>		<p>The Company does not have a Remuneration committee as the Company does not have any staff.</p> <p>The whole board considers the level and composition of remuneration for directors with reference to remuneration levels set by its peers in the mining industry.</p>
<p>8.2</p>	<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>		<p>Non-executive directors are paid amounts equivalent to the remuneration received by other non-executive directors working in similarly sized exploration companies.</p> <p>The Company does not have any staff and no need for a policy on remuneration of executives.</p>
<p>8.3</p>	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>		<p>The Company does not have an equity based remuneration scheme.</p>

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the Year Ended 30 June 2016

	Note	2016 \$	2015 \$
Other income		-	-
Consultancy expenses		-	(26,140)
Impairment expense	9	-	(4,179,045)
Directors' fees	15	(137,640)	(153,503)
Depreciation and amortisation expenses	8	(2,515)	(902)
Rental expense		(100,687)	(121,993)
Other expenses		(152,959)	(193,505)
Results from operating activities		<u>(393,801)</u>	<u>(4,675,088)</u>
Finance income - interest		11	3,407
Finance expenses - interest		-	(8,835)
Loss before tax		<u>(393,790)</u>	<u>(4,680,516)</u>
Income tax expense	16	-	-
Loss for the year		<u>(393,790)</u>	<u>(4,680,516)</u>
Total comprehensive loss for the year attributable to equity holders of the Company		<u>(393,790)</u>	<u>(4,680,516)</u>
Loss per share:			
Basic and diluted loss per share	17(i)	(0.23 cents)	(4.11 cents)

The above Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Note	2016 \$	2015 \$
Assets			
Cash and cash equivalents	18(i)	279,415	241,301
Other receivables	7	8,609	14,452
Total Current Assets		<u>288,024</u>	<u>255,753</u>
Other receivables	7	38,000	38,000
Property, plant & equipment	8	-	2,515
Exploration and evaluation assets	9	1,672,004	1,451,001
Total Non-Current Assets		<u>1,710,004</u>	<u>1,491,516</u>
Total Assets		<u>1,998,028</u>	<u>1,747,269</u>
Liabilities			
Trade and other payables	10	419,499	393,573
Borrowings	11	102,708	156,776
Total Current Liabilities		<u>522,207</u>	<u>550,349</u>
Rehabilitation provision	12	65,220	75,404
Total Non-Current Liabilities		<u>65,220</u>	<u>75,404</u>
Total Liabilities		<u>587,427</u>	<u>625,753</u>
Net Assets		<u>1,410,601</u>	<u>1,121,516</u>
Equity			
Issued capital	13	29,213,403	28,668,168
Reserves	14(a)	569,770	432,130
Accumulated losses	14(b)	(28,372,572)	(27,978,782)
Total equity attributable to the equity holders of the Company		<u>1,410,601</u>	<u>1,121,516</u>

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

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2016

	Issued Capital	Share based Payments Reserve	Accumulated losses	Total Equity
	\$	\$	\$	\$
Opening Balance at 1 July 2015	28,668,168	432,130	(27,978,782)	1,121,516
Total comprehensive loss for the period				
Loss for the period	-	-	(393,790)	(393,790)
Total comprehensive loss for the period	-	-	(393,790)	(393,790)
Transactions with owners, recorded directly in equity				
Issue of ordinary shares	545,235	-	-	545,235
Options issued	-	137,640	-	137,640
Closing balance at 30 June 2016	29,213,403	569,770	(28,372,572)	1,410,601
Opening Balance at 1 July 2014	27,929,019	174,844	(23,298,266)	4,805,597
Total comprehensive loss for the period				
Loss for the period	-	-	(4,680,516)	(4,680,516)
Total comprehensive loss for the period	-	-	(4,680,516)	(4,680,516)
Transactions with owners, recorded directly in equity				
Issue of ordinary shares	739,149	-	-	739,149
Options issued to directors	-	257,286	-	257,286
Closing balance at 30 June 2015	28,668,168	432,130	(27,978,782)	1,121,516

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 2016

	Note	2016 \$	2015 \$
Cash Flows from Operating Activities			
Cash payments to suppliers and employees		(238,148)	(210,649)
Other revenue		-	-
Interest paid		-	-
Environmental bond refunded/(paid)		-	184,000
Net cash used in operating activities	18(ii)	<u>(238,148)</u>	<u>(26,649)</u>
Cash Flows from Investing Activities			
Interest received		11	3,407
Exploration and evaluation expenditure incurred		(202,922)	(383,575)
Proceeds from sale of property, plant & equipment		-	-
Payments for property, plant & equipment		-	-
Net cash used in investing activities		<u>(202,911)</u>	<u>(380,168)</u>
Cash Flows from Financing Activities			
Proceeds from borrowings		361,615	353,214
Repayment of borrowings		(415,682)	(167,558)
Proceeds from issue of shares (net of costs)		533,240	455,000
Net cash from financing activities		<u>479,173</u>	<u>640,656</u>
Net increase in cash and cash equivalent		38,114	233,839
Cash and cash equivalents at the beginning of the financial year		241,301	7,462
Cash and cash equivalents at the end of the financial year	18(i)	<u>279,415</u>	<u>241,301</u>

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

Notes to the financial statements

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 30 September 2016.

(b) New and amended standards adopted by the Company

The Company has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to their operations and effective for the current annual reporting period.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Company's accounting policies and has no effect on the amounts reported for the current or prior years.

(c) Basis of measurement

The financial reports have been prepared on the historical cost basis, except for share based payments measured at fair value.

(d) Functional and presentation currency

These financial reports are presented in Australian dollars, which is the Company's functional currency.

(e) 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) 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 incorporates various estimates and assumptions, including estimated future share price volatility.

(ii) 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. Where impairment indicators are noted, there is significant estimation and judgement in determining the inputs and assumptions used in determining the recoverable amounts.

The key area of estimation and judgement that is considered in this is the Company's market capitalisation compared to its net assets

(iii) 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.

(iv) Provision for environmental rehabilitation

Included in liabilities at the end of each reporting period is an amount that represents an estimate of the cost to rehabilitate the land upon which the Company has carried out its exploration for mineral resources. Provisions are measured at the present value of management's best estimate of the costs required to settle the obligation at the end of the reporting period. Actual costs incurred in future periods to settle these obligations could differ materially from these estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates, and discount rates could affect the carrying amount of this provision.

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 2016 the Company incurred a loss of \$393,790 (2015: \$4,680,516).

The Company had net cash outflows from operations of \$238,148 (2015: \$26,649), net cash outflows from investing of \$202,911 (2015: \$380,168).

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, of the Company's working capital requirements and the need to access additional funding. The ability of the Company to continue as a going concern 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 Chairman has agreed to financially support the Company for the next 12 months, if required.

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. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that may be necessary should the Company be unable to continue as a going concern.

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.

(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 profit or loss and other comprehensive income as an expense as incurred.

4. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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, where appropriate, management's 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 as an expense 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, or (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

(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.

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.

4. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 of deferred exploration and evaluation cost is primarily considered by directors with reference to 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

The Company does not have any employees and does not therefore provide any employee benefits such as Wages, Salaries, Annual Leave Sick Leave or Long Service Leave.

(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) 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) 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.

4. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(l) 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.

(m) Determination and presentation of operating segments

For management purposes and for the purposes of reporting to the Board (the Company's chief decision makers), 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

(n) Borrowings

Borrowings are measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the borrowings are derecognised.

(o) New standards and Interpretations not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

The Company does not anticipate that there will be a material effect on the financial statements from the adoption of these standards.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AAASB 15 'Revenue from contracts with customers'	1 January 2017	30 June 2018

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:

- liquidity risk
- market risk
- interest rate risk
- credit risk

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

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.

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.

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

	2016 \$	2015 \$
Current		
Other receivables	8,609	14,452
	<u>8,609</u>	<u>14,452</u>
Non - Current		
Security deposit – leased premises	38,000	38,000
	<u>38,000</u>	<u>38,000</u>

8. PROPERTY, PLANT & EQUIPMENT

	2016	2015
	\$	\$
Office furniture & fittings, PP&E – at cost	11,392	11,392
Accumulated depreciation	<u>(11,392)</u>	<u>(8,877)</u>
	-	2,515
	<u>-</u>	<u>2,515</u>
Total property, plant & equipment	<u>-</u>	<u>2,515</u>

9. EXPLORATION AND EVALUATION ASSETS

Deferred exploration and evaluation assets		
Balance at 1 July 2015	1,451,001	5,346,167
Add:		
Expenditure during the year	231,187	283,879
Amounts impaired during the year	-	(4,179,045)
Revaluation of rehabilitation provision	<u>(10,184)</u>	<u>-</u>
Balance at 30 June 2016	<u>1,672,004</u>	<u>1,451,001</u>

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

As this is an estimation, the actual recoverable amount may be significantly different to the carrying value. Future exploration and evaluation results and changes in commodity prices may increase the estimated recoverable amount in the future, which may result in the reversal of some or all of past impairment.

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

	2016	2015
	\$	\$
Current		
Trade payables and accrued operating expenses	<u>419,499</u>	<u>393,573</u>
	<u>419,499</u>	<u>393,573</u>

11. BORROWINGS

Current		
Loans	<u>102,708</u>	<u>156,776</u>
	<u>102,708</u>	<u>156,776</u>

Loan – J Jones

A loan of \$81,664 from director Mr John Jones remains at balance date. Additional loans of \$361,615 were made during the year and \$390,682 was re-paid. The loan is unsecured with interest charged at 6.5% per annum. No interest has been paid during the year.

Loan – P Stern

A loan of \$20,478 from director Mr Peter stern remains at balance date. The loan is unsecured with interest charged at 6.5% per annum. No interest has been paid during the year.

Loan – G Smith

A loan of \$567 from director Mr Graeme Smith remains at balance date. The loan is unsecured with interest charged at 6.5% per annum. The loan is unsecured with interest charged at 6.5% per annum. No interest has been paid during the year.

12. REHABILITATION PROVISION

A provision has been made to cover costs of rehabilitating the Company's areas of interest. It is not expected that this will be required in the next 12 months.

	2016 \$	2015 \$
Balance at 1 July 2015	75,404	24,403
Re-estimation of provisions	(10,184)	51,001
Provisions used during the year	-	-
Balance at 30 June 2016	<u>65,220</u>	<u>75,404</u>

13. ISSUED CAPITAL

Issued and Paid Up Capital

209,311,348 ordinary shares fully paid (2015 – 160,575,087 ordinary shares fully paid)	<u>29,213,403</u>	<u>28,668,168</u>
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Share movements during the year	Issue Price	2016	2015
At beginning of year		160,575,087	93,641,488
Placement – October 2015 ⁽¹⁾	\$0.01	19,800,000	-
Placement – June 2016	\$0.012	28,936,261	-
Debt for equity – 12 September 2014	\$0.01	-	1,733,600
Debt for equity – 01 December 2014	\$0.015	-	13,999,999
Debt for equity – 17 December 2014	\$0.01	-	4,200,000
Placement – 17 February 2015	\$0.01	-	21,500,000
Placement – 22 June 2015 ⁽¹⁾	\$0.01	-	25,500,000
At the end of the year		<u>209,311,348</u>	<u>160,575,087</u>

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

(1) Includes 1,091,250 million shares issued for services rendered.

14. RESERVES AND ACCUMULATED LOSSES

	2016 \$	2015 \$
(a) Reserves		
<i>Share-based payments reserve</i>		
Balance at beginning of financial year	432,130	174,844
Option issued to Directors (Note 15)	137,640	257,286
Balance at end of financial year	<u>569,770</u>	<u>432,130</u>
(b) Accumulated losses		
Balance at beginning of financial year	(27,978,782)	(23,298,266)
Net loss for the year	(393,790)	(4,680,516)
Balance at end of financial year	<u>(28,372,572)</u>	<u>(27,978,782)</u>

(c) Nature and purpose of reserves

The share-based payments reserve is used to recognise the fair value of options issued.

15. SHARE BASED PAYMENTS AND DIRECTORS FEES

As at 31 December 2015, directors were owed \$160,000 in relation to remuneration. On 30 November 2015, 37.2 million unlisted options were granted to directors in lieu of these outstanding directors fees. The options were ascribed a value of \$137,640 using the Black-Scholes model (as outlined below). Of this amount, \$57,640 relates to remuneration incurred in the 6 months to 31 December 2015. The balance of the fair value settles amounts accrued in prior periods. The total key management personnel expenses for the year to 30 June 2016 of \$137,640 is effectively annual fees of \$160,000 net of a \$22,360 profit on settlement of accrued directors fees by the issue of unlisted options.

Unlisted Options

Options over ordinary shares of the Company have been issued for nil cash 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	Granted Number	Expiry Date	Exercise Price (cents)	Value per option at grant date (cents)	Exercised Number
01/12/2014	24,800,000	30/11/2019	2	0.81	Nil
22/06/2015	7,500,000	30/11/2019	2	0.73	Nil
30/11/2015(i)	37,200,000	30/11/2020	2	0.37	Nil

(i) Valued using the Black-Scholes option model, inputs and assumptions were:

- Strike price: \$0.02
- Price at grant date: \$0.007
- Share volatility: 100%
- Risk free rate: 2.28%
- Expected option life: 5 years

The options were issued to directors to settle directors' fees owing.

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

	Weighted average exercise price 2016	Number of options 2016	Weighted average exercise price 2015	Number of options 2015
Outstanding at 1 July	\$0.02	35,900,000	\$0.105	9,726,031
Lapsed during period	\$0.14	(3,600,000)	\$0.01	(6,126,031)
Exercised during period	-	-	-	-
Granted during the period	\$0.02	37,200,000	\$0.02	32,300,000
Outstanding at 30 June	\$0.02	69,500,000	\$0.02	35,900,000
Exercisable at 30 June	\$0.02	69,500,000	\$0.02	35,900,000

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

16. TAXATION

	2016	2015
	\$	\$
Current tax expense	-	-
Deferred tax expense	-	-
a) Numerical reconciliation between tax expense and pre-tax accounting loss		
Loss before tax	(393,790)	(4,680,516)
Income tax using the corporate tax rate of 28.5% (2015: 30%)	(112,230)	(1,404,155)
Tax effect of items not deductible in calculating taxable income	-	1,256,771
Movements in unrecognised temporary differences	-	15,301
Current year losses for which no deferred tax asset was recognised	112,230	132,083
Income tax expense	<u>-</u>	<u>-</u>

b) Unrecognised Deferred Tax Assets

The Company had estimated tax losses of \$20,954,872 (2015:\$20,561,082) at 30 June 2016. 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. The potential future income tax benefit will only be obtained if:

- the relevant Company derives future assessable income of a nature and amount sufficient to enable the benefit to be realised;
- the relevant Company complies with the conditions for deductibility imposed by the law; and
- no changes in tax legislation adversely affect the relevant Company in realising the benefit.

17. LOSS PER SHARE

(i) **Basic loss per share**

	2016	2015
	\$	\$
Net loss attributable to ordinary shareholders	<u>(393,790)</u>	<u>(4,680,516)</u>

As the Company has made a loss for the year ended 30 June 2016, all options on issue are considered antidilutive and have not been included in the calculation of diluted earnings per share.

	2016	2015
	No. of shares	No. of shares
Weighted average number of ordinary shares		
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	174,585,525	113,753,755
Basic loss per share recognised	(0.23 cents)	(4.11 cents)

18. 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:

	2016	2015
	\$	\$
Cash on hand	300	300
Cash at bank	279,115	241,001
	<u>279,415</u>	<u>241,301</u>

(ii) Reconciliation of cash flows from operating activities

Loss for the period after income tax	(393,790)	(4,680,516)
Adjustments for:		
Depreciation	2,515	902
Impairment	-	4,179,045
Consultancy	-	26,140
Share based payments expense	144,135	165,202
Capitalised interest expense	-	8,834
Interest received	(11)	(3,407)
Change in other receivables	5,843	225,710
Change in operating trade and other payables	3,160	51,441
	<u>(238,148)</u>	<u>(26,649)</u>

19. AUDITOR'S REMUNERATION

	2016	2015
	\$	\$
Auditor's services		
Audit and review of financial reports	<u>21,000</u>	<u>21,000</u>

20. 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 \$551,740 (2015:\$619,320). 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 \$2,758,700 (2015: \$3,096,600) and for later than five years the total obligations are Nil (2015: \$Nil).

Operating Leases

Non-cancellable operating lease rentals are payable as follows:

	2016	2015
	\$	\$
Less than one year	140,312	74,375
Between one and five years	350,760	297,500
More than five years	-	-
	<u>491,072</u>	<u>371,875</u>

The Company leases business office premises under a non-cancellable operating lease, expiring in the 2020 financial year.

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:

	Note	Carrying amount	
		2016 \$	2015 \$
Other Receivables	7	46,609	52,452
Cash and cash equivalents	18(i)	279,415	241,301
		326,024	293,753

None of the company's other receivables are past due (2014: 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 2016 <i>Non-derivative financial liabilities</i>	Carrying amount	Contractual cash flows	6 mths or less
Trade and other payables	419,499	419,499	419,499

30 June 2015 <i>Non-derivative financial liabilities</i>	Carrying amount	Contractual cash flows	6 mths or less
Trade and other payables	393,573	393,573	393,573

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 assets was:

	Weighted average interest rate	Floating interest rate	Fixed interest rate more than a year	Total
		\$	\$	\$
2016				
Financial Assets				
Cash and cash equivalents	1.0%	279,415	-	279,415
Other receivables	3.35%	-	46,609	46,609
		279,415	46,609	326,024
2015				
Financial Assets				
Cash and cash equivalents	2.0%	241,301	-	241,301
Other receivables	3.35%	-	52,452	52,452
		241,301	52,452	293,753

Ref to Note 11 for information of interest rates relating to financial liabilities. Trade and other payables are not interest bearing.

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.

21. FINANCIAL INSTRUMENTS (continued)

Fair value sensitivity analysis for fixed rate instruments

A change in interest rates of 1% at the reporting date would not materially affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

Interest for the year was \$11, therefore a sensitivity analysis on a 1% change in interest rates is not relevant.

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:

John Load Cecil Jones – Executive Chairman

Peter Stern - Non-executive director

Graeme Smith – Non-executive director / Company Secretary / CFO

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 12 to 15. 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.

Related Parties	Transaction	Transactions value year ended 30 June		Balance outstanding as at 30 June	
		2016	2015	2016	2015
		\$	\$	\$	\$
J L C Jones – Westbury Management Services Pty Ltd	Storage / Admin Services	303	1,872	23,890	23,587
J L C Jones	Loan to the company net of repayments	(29,067)	140,614	81,664	110,731
P A Stern	Loan & interest	-	20,478	20,478	20,478
G I Smith	Loan to the company	(25,000)	25,567	567	25,567
G I Smith – Wembley Corporate	Company Secretarial / CFO	10,798	25,519	21,596	10,798

23. SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years other than the following:

On 25 August 2016, the Company issued 5,833,333 shares at a deemed price of \$0.012 per share and 10,500,000 options at a deemed value of \$0.01 per option to settle \$175,000 owed to directors and their related entities.

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 13 to 45 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 Financial 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 Financial Officer's function) for the financial year ended 30 June 2016.

Signed in accordance with a resolution of directors:



J L C Jones
Executive Chairman
Anglo Australian Resources NL

Dated at Perth this 30th day of September 2016

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, which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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.

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*.

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 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Emphasis of matter - Inherent uncertainty regarding continuation as a going concern

Without modifying our opinion, we draw attention to Note 3 to the financial statements which outlines that the ability of the company to continue as a going concern is dependent on the Company securing further working capital by the issue of additional equity.

As a result there is material uncertainty related to events or conditions that may cast significant doubt on the company's ability to 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.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 16 of the directors' report for the year ended 30 June 2016. 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 in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Anglo Australian Resources NL for the year ended 30 June 2016, complies with section 300A of the Corporations Act 2001.

Greenwich & Co Audit Pty Ltd
Greenwich & Co Audit Pty Ltd



Andrew May
Audit Director

30 September 2016

Perth

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 19 September 2016.

(a) Issued Capital

The issued capital of the Company at 28 September 2015; 160,575,087 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	483	260,930
1,001	- 5,000	678	1,910,700
5,001	- 10,000	317	2,650,370
10,001	- 100,000	615	21,583,038
100,001	and over	240	198,584,653
		2,333	224,989,691
The number of shareholders holding less than a marketable parcel of shares are:		1,995	16,276,747

(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	PORTERSTREET INVESTMENTS PTY LTD	18,355,116	8.16%
2	WISE PLAN PTY LTD	14,000,000	6.22%
3	FAST LANE AUST PL	9,845,010	4.38%
4	HSBC CUSTODY NOMINEES AUST LTD	8,389,501	3.73%
5	FONTANA SABINA	5,000,000	2.22%
6	CORONA LAND HLDGS PTY LTD	4,500,000	2.00%
7	SUNDEN PTY LTD	4,166,667	1.85%
8	BEAUMONT MICHAEL JOHN	3,405,180	1.51%
9	GRAHAM INV PL	3,144,078	1.40%
10	REC WA PTY LTD	3,000,000	1.33%
11	NATIONAL NOMINEES LTD	2,758,556	1.23%
12	JONES RHETT	2,644,687	1.18%
13	LOPEZ GEORGE	2,600,000	1.16%
14	AJAVA HLDGS PTY LTD	2,500,000	1.11%
15	GC PTNRS LTD	2,100,000	0.93%
16	VIEW CREEK INTNL LTD	2,000,000	0.89%
17	K BIGGS ENTERPRISES PTY LTD	2,000,000	0.89%
18	BARGOLD HLDGS PTY LTD	2,000,000	0.89%
19	SUNDAN PTY LTD	2,000,000	0.89%
20	BARCLAY M W	2,000,000	0.89%
		96,408,795	42.86%

(d) Substantial shareholders

Porter Street Investments Pty Ltd - 8.16%

Wise Plan Pty Ltd – 6.22%

(e) Voting rights

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

(f) Unquoted Securities

At 19 September 2016, the Company has a total 80,000,000 unlisted options as follows:

Number of Options	Number of Holders	Exercise Price	Expiry Date
32,300,000	6	\$0.02	30 November 2019
37,200,000	3	\$0.02	30 November 2020
10,500,000	3	\$0.025	30 November 2020
80,000,000	12		

SCHEDULE OF MINING TENEMENTS

As at 19 September 2016

Project	Tenement	Company Interest	Title Registered to
Western Australia			
Koongie Park	M80/276, 277 EL80/ 4389,4766 EL80/4503, P80/1802-10 ELA80/4957, ELA80/4960	100%	Anglo Australian Resources NL
Feysville	P26/3942 – 3951 P26/4051 – 4052 P26/4075 - 4077	100%	Anglo Australian Resources NL
Mandilla	M15/96 M15/633 EL15/1404	Gold Rights Only 100% Gold Rights Only 100%	Apollo Phoenix Resources Pty Ltd Anglo Australian Resources NL Anglo Australian Resources NL
Leonora	EL37/1047, P37/8355- 8358, 8377	100%	Anglo Australian Resources NL