

Anglo Australian Resources NL

ABN 24 651 541 976

Annual Report

for the year ended 30 June 2018

CORPORATE DIRECTORY

ABN 24 651 541 976

Directors

John Jones AM (Executive Chairman)

Graeme Smith (Non-Executive Director)

Peter Stern (Non-Executive Director)

Company Secretary

Graeme Smith

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Share Register

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registrar@securitytransfer.com.au

Auditors

Greenwich & Co Audit Pty Ltd

35 Outram Street

WEST PERTH WA 6005

Internet Address

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Stock Exchange Listing

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

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CHAIRMAN'S REPORT

Dear Shareholders

In this, my seventh Chairman's report since being re-appointed as Chairman in 2011, I am delighted to be able to report to you on the significant progress made by Anglo Australian in 2018.

This time last year, I reported that, through three aircore drilling campaigns at Feysville, we had identified the +1.6 km long Think Big prospect.

Since that time, five reverse circulation drilling campaigns and one diamond drilling campaign have been completed at Feysville, with excellent results.

We now know Think Big to be a significant robust mineralised system of some 500 metres in length and typically 100 metres in width characterised by a wide zone of supergene enriched gold mineralisation of typically 3 to 8 g/t Au at relatively shallow depth - typically around 20 metres - overlaying primary mineralisation of typically 1 to 3 g/t Au down to approximately 40 to 50 metres, though open at depth.

Metallurgical test work has confirmed excellent gold recoveries at Think Big using conventional gravity and cyanide leaching techniques.

Drilling during the year to the north-west of Think Big along the Ethereal Shear Zone led to the discovery of the Saintly Prospect which, like Think Big, is characterised by supergene enriched mineralisation at relatively shallow depth overlaying a think zone of primary mineralisation.

Gold anomalism at Saintly remains open along strike to the north-west for approximately 1.5 kilometres where it meets the Ethereal Prospect, and to the south-east for a distance of 160 metres.

With Feysville being very much the focus of Anglo Australian's exploration efforts during the year, relatively less work was undertaken at the Company's other projects than is warranted.

At Mandilla South, an aircore campaign was undertaken after year's end to better define a +1.5 kilometre in strike, 100-metre wide generally, +1 g/t Au target with a view to undertaking a follow-up reverse circulation drilling campaign. The Company applied for an was awarded a grant for co-funded drilling under the WA Government's Exploration Incentive Scheme in the amount of \$100,000.

At Koongie Park, a field program was undertaken to evaluate possible structural corridors and interpreted target areas. An application was lodged for tenement E80/5263 adding to the Company's already substantial ground position.

During the year, an aggregate of approximately \$3.8 million was raised through the issue of new shares to sophisticated investors, enabling the aforementioned exploration activity to take place. Shares were also issued, as well as options, in satisfaction of all Director's fees.

As at 30 June, the Company had cash on hand of approximately \$1.62 million, more than sufficient to undertaken considerable exploration activities going forward.

I take this opportunity to offer my sincerest thanks to Anglo Australian shareholders for their continued support, and very much look to bringing you further good news in relation to Feysville and other projects in due course.

Finally, many thanks to my fellow Directors and the Company's consultants for their outstanding efforts.

Yours sincerely

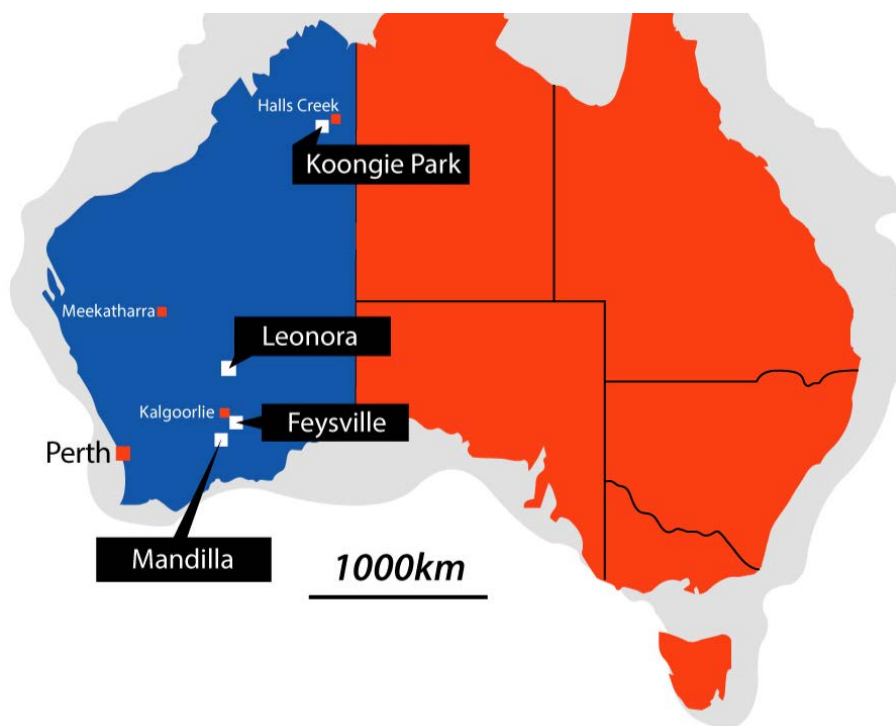


John L C Jones AM
Executive Chairman

Anglo Australian Resources NL

REVIEW OF OPERATIONS

Anglo Australian Resources NL has interests in projects targeting gold and base metals, primarily copper and zinc, all in Western Australia.



PROJECT	EXPLORATION STATUS	LOCATION	PROSPECTIVITY
Feysville Gold	Mineral Resources are being estimated and numerous new targets identified and drilling is underway	Highly strategic, 14 kilometers south of the Super Pit	Extremely high
Koongie Park Gold	Many kilometers of under explored shear zones but mapping, soils and drilling are planned	Highly strategic	Very high
Mandilla Gold	East Mandilla Gold Resource and underexplored	Non-strategic but close to Kalgoorlie	High
Koongie Park Base Metals	Indicated Mineral Resources and underexplored	Highly strategic, with numerous VMS targets existing	Very high
Leonora Base Metals	Significantly underexplored	Strategic, along strike from the Jaguar and Bentley Mines	Modest

FEYSVILLE GOLD PROJECT – WA

Anglo Australian - 100% interest (with tenements under purchase option held by Anglo Australian)

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

These features are variously illustrated in Figure 1.

REVIEW OF OPERATIONS

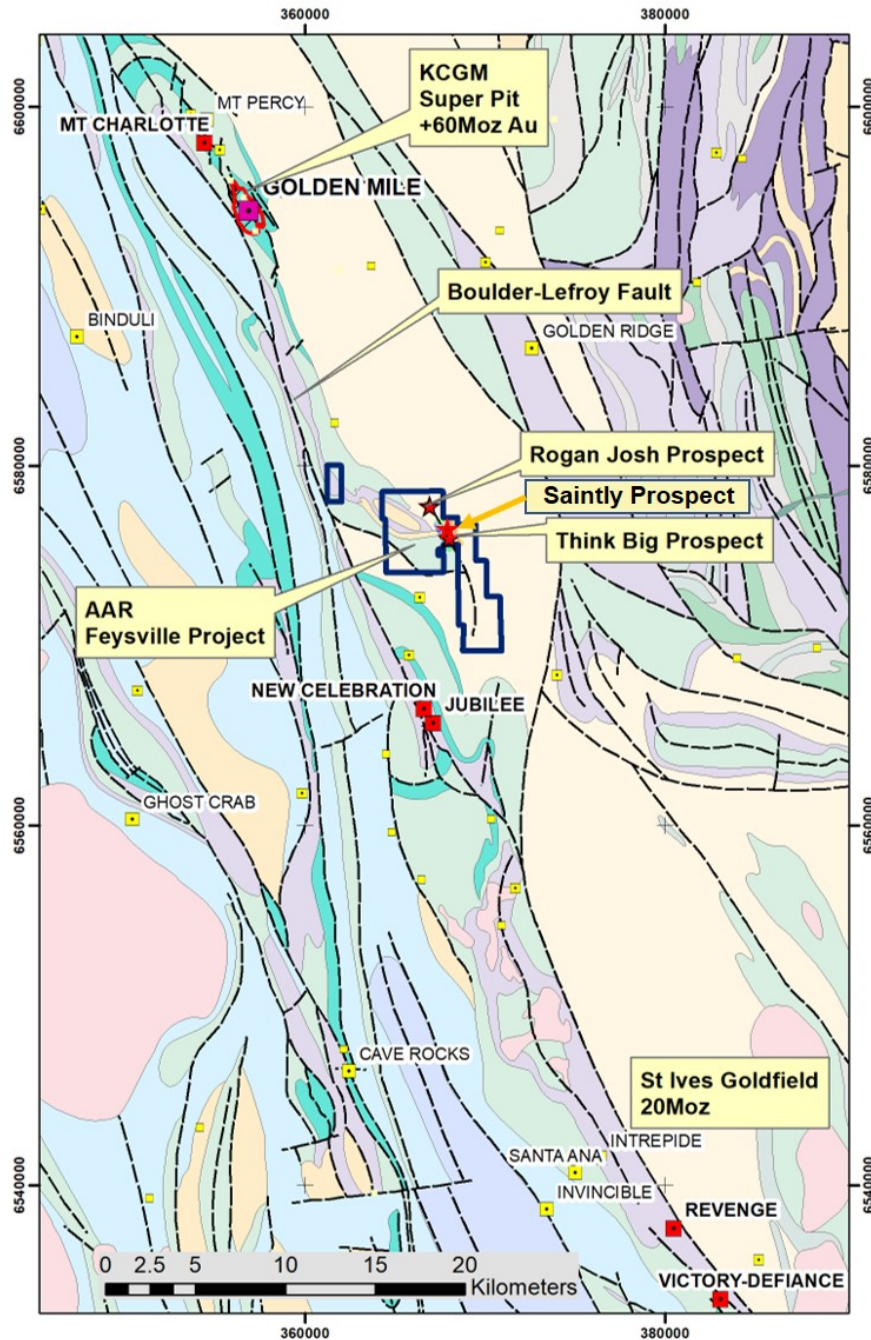


Figure 1 - Feysville Gold Project Location Map

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.

In late 2016, a ground magnetic survey identified a new shear zone of more than 7 kilometres in length, referred to as the Ethereal Shear Zone, which hosts a number of targets of interest.

A map illustrating the location of Think Big and Sainly with respect to the Ethereal Shear Zone, as well as key drilling information, is set out in Figure 2.

REVIEW OF OPERATIONS

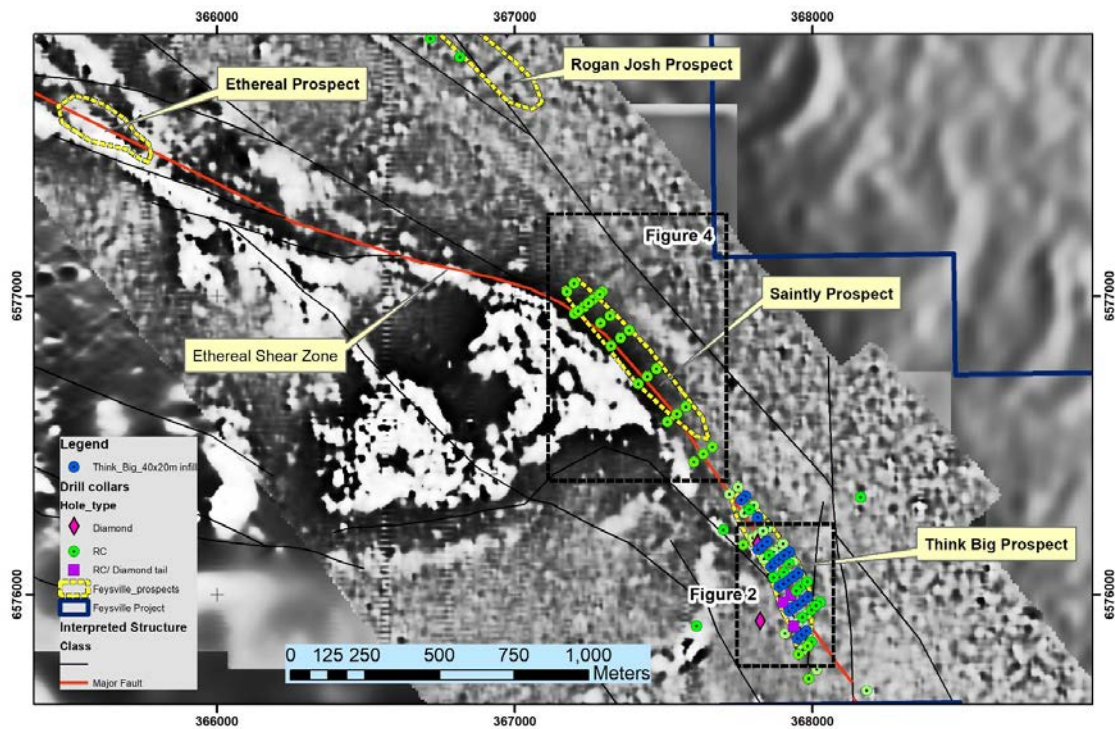


Figure 2 - Map illustrating location of Think Big and Saintly Prospects with respect to the Ethereal Shear Zone, as well as key drilling information

During the course of 2017, the company conducted three aircore drilling campaigns at Feysville with the primary focus being targets along the Ethereal Shear Zone.

The company has since undertaken five reverse circulation and two diamond drilling campaigns.

Think Big Prospect

The Think Big Prospect, situated on the Ethereal Shear Zone, was identified in 2017 by way of aircore drilling.

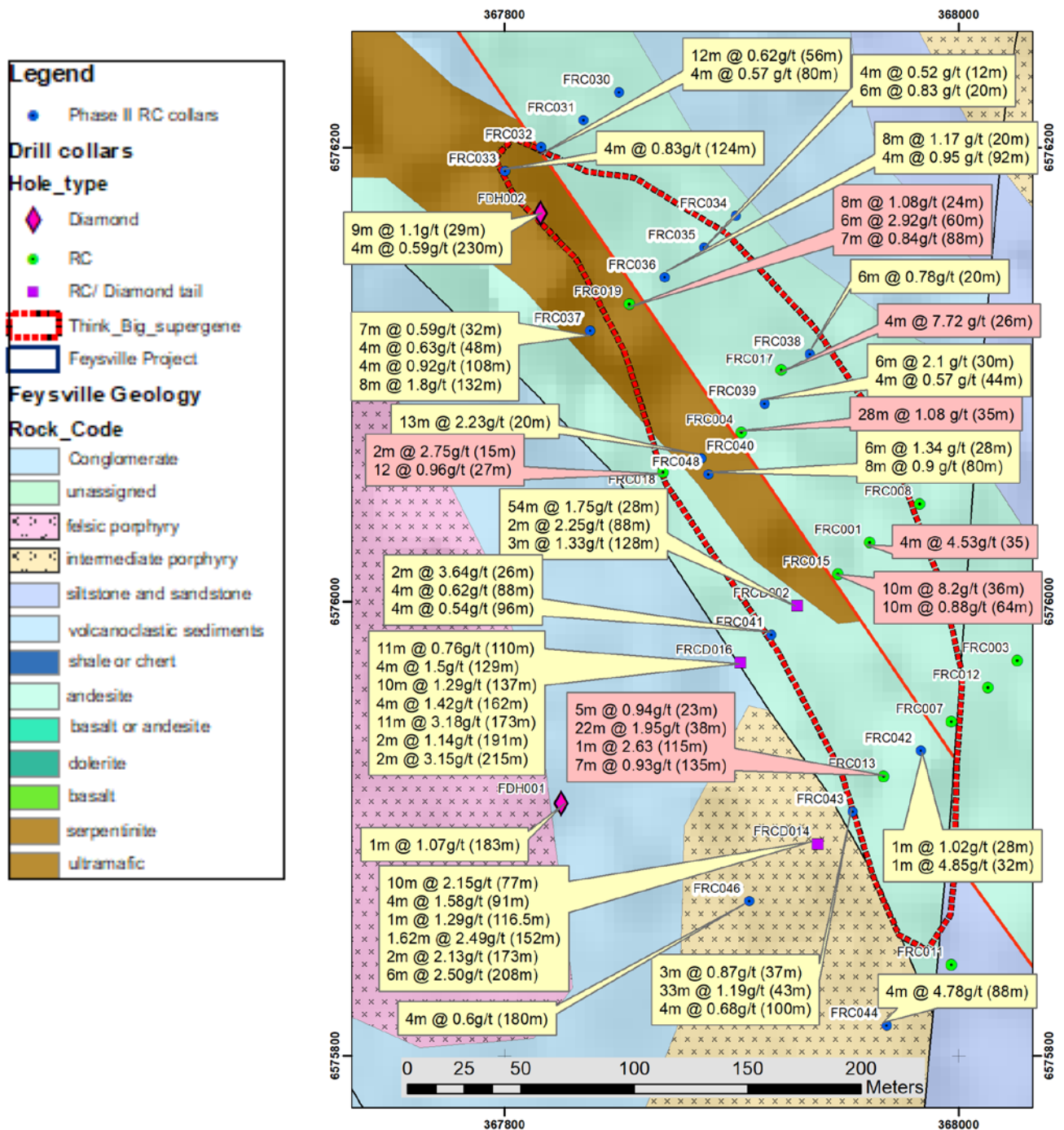
The Prospect, which has now been drilled to date on a 40 x 20 metre grid platform, represents a significant robust mineralised system of some 500 metres in length and typically 100 metres in width. An aerial photograph illustrating the diamond drill rig drilling the first hole at Think Big is set out below in Figure 3.



Figure 3 - Aerial photograph of diamond drilling at Think Big. Note that the red soil landscape reflects the “swampy” nature of the terrain at Think Big. The hill on the horizon just to the right of centre is the Super Pit mullock heap, approximately 20 kilometres to the north

REVIEW OF OPERATIONS

A map illustrating the Think Big Prospect, identifying drill hole locations and key assay results, is set out in Figure 4. (ASX – 08/11/2017).



**Figure 4 - Map of Think Big illustrating drill hole locations and assay results.
Results from the April 2018 RC campaign are shown in yellow with previous results in red**

Think Big is characterised by a wide zone of supergene enriched gold mineralisation of typically 3 to 8 g/t Au at relatively shallow depth - typically around 20 metres.

Anglo Australian considers it likely that shallow high grade gold mineralisation of this style at such shallow depth would make a compelling target for initial open pit mining.

Supergene mineralisation overlays primary mineralisation of typically 1 to 3 g/t Au down to approximately 40 to 50 metres, though open at depth.

A cross-section through Think Big is shown in Figure 5.

REVIEW OF OPERATIONS

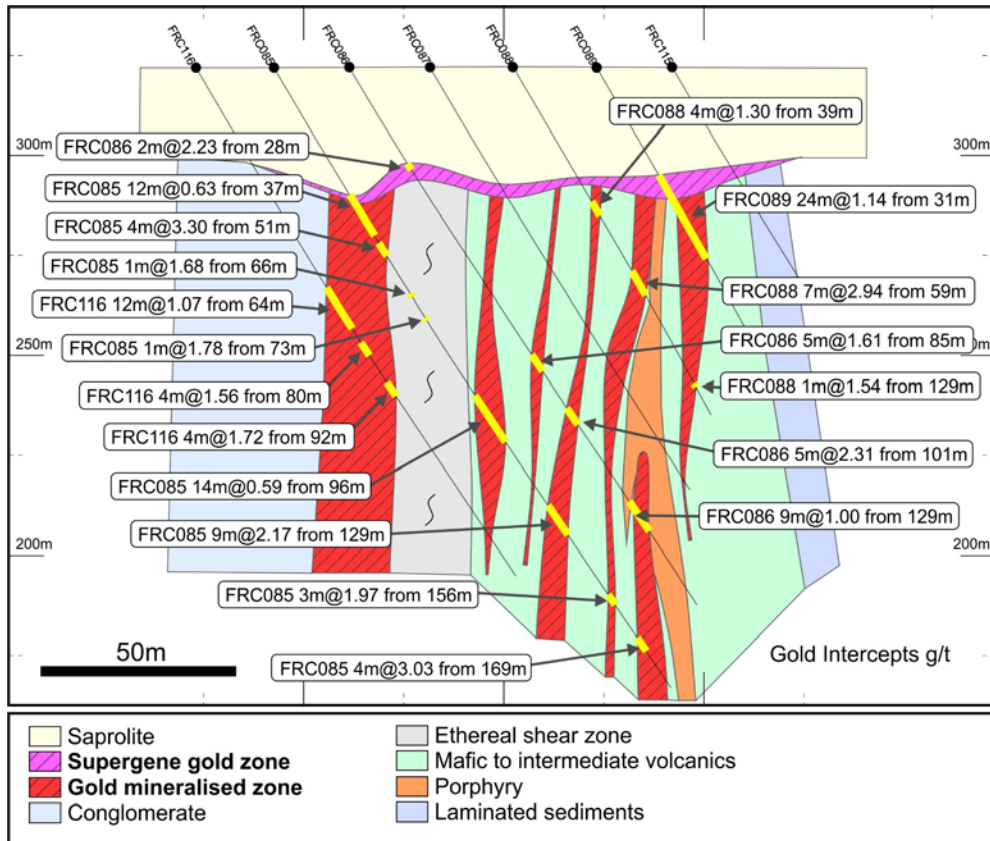


Figure 5 - Cross section through Think Big encompassing drill hole FRC116 (ASX – 15/08/2018)

Metallurgical test work has confirmed excellent gold recoveries at Think Big using conventional gravity and cyanide leaching techniques, with no deleterious elements identified – refer Figure 6.

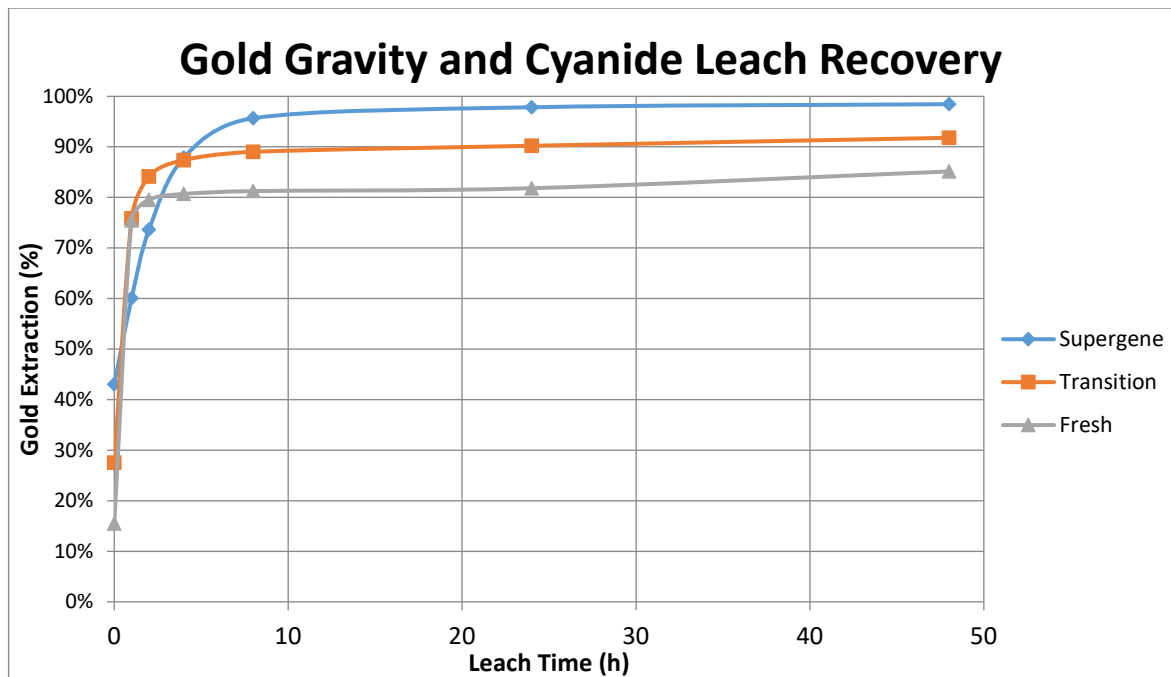


Figure 6 - Graph illustrating the gold extraction curve for samples from Feysville

Both drilling and metallurgical results have been submitted to inaugural resource calculation which is due to be received shortly.

REVIEW OF OPERATIONS

Saintly Prospect

The Saintly Prospect is situated on the Ethereal Shear Zone immediately to the north of the Think Big Prospect. It was identified in March 2018 by way of a reverse circulation drilling campaign.

With relatively little drilling having been undertaken to take, gold anomalism at Saintly remains open along strike, to the north-west for approximately 1.5 kilometres where it meets the Ethereal Prospect, and to the south-east for a distance of 160 metres.

A map illustrating the location of Saintly with respect to the Ethereal Shear Zone and other geological information is set out as Figure 7.

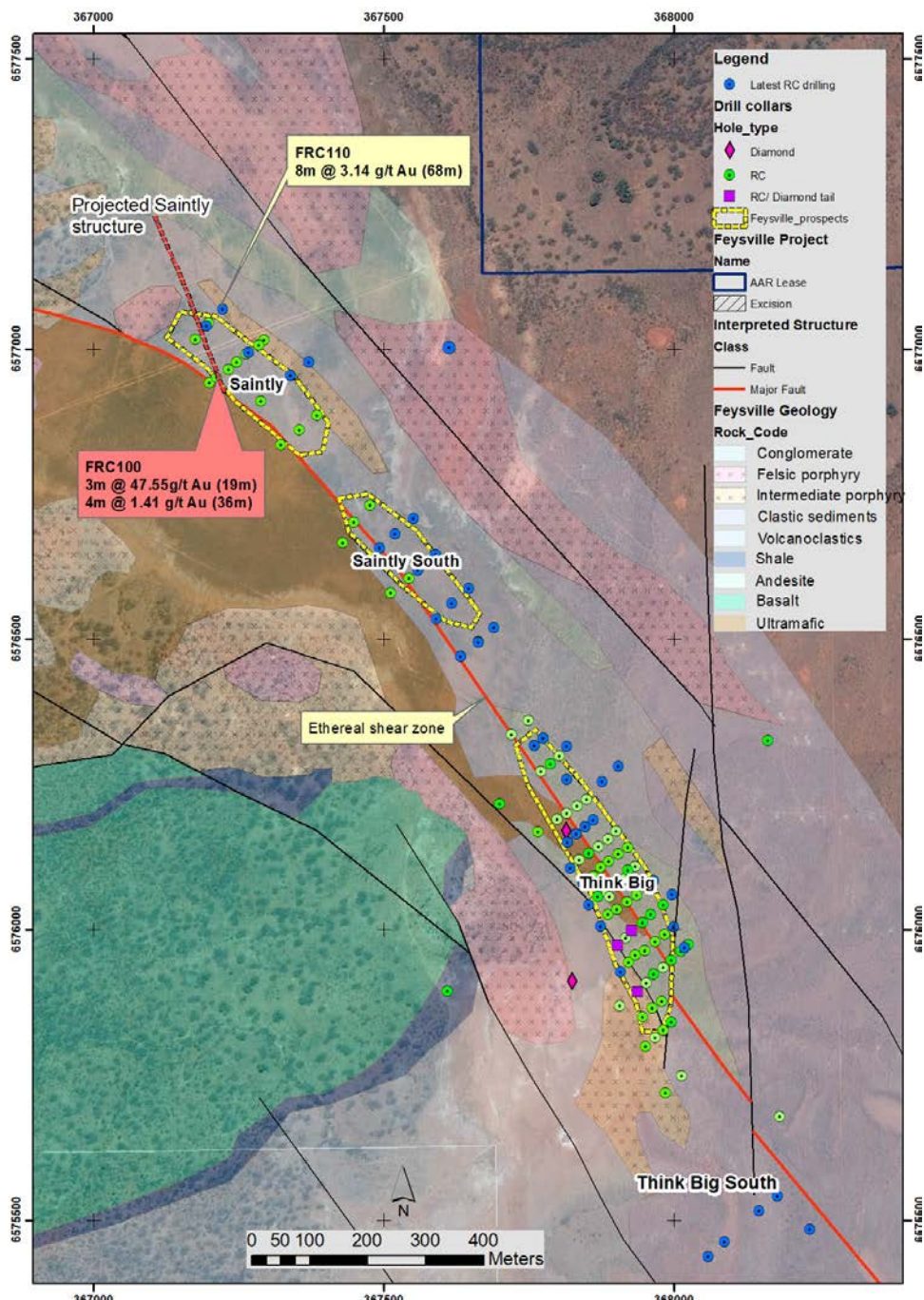


Figure 7 - Map illustrating location of Think Big, Saintly and Saintly South Prospects with respect to the Ethereal Shear Zone, as well as key drilling information

REVIEW OF OPERATIONS

Similar to Think Big, the Sainthly Prospects encompasses a relatively high-grade zone of supergene enriched gold mineralisation that sits atop a thicker lower grade zone of primary mineralisation.

Rogan Josh Prospect

The Rogan Josh Prospect is situated in the northern part of Anglo Australian's Feysville tenements on the Rogan Josh – Dalray shear zone.

This shear zone is to the north of the Ethereal Shear Zone in the central part of the company's tenement position though merges with it to the south.

Situated at surface, the Prospect has been drilled on a 40 x 20 grid.

Rogan Josh presents as a target of 300,000 to 350,000 tonnes @ 2.0 to 2.5 grams per tonne gold.

KOONGIE PARK GOLD AND BASE METALS PROJECT

Anglo Australian - 100% interest

The Koongie Park Project is located 20 kilometres to the south-west of Halls Creek in the Eastern Kimberley region of Western Australia – refer Figure 8.

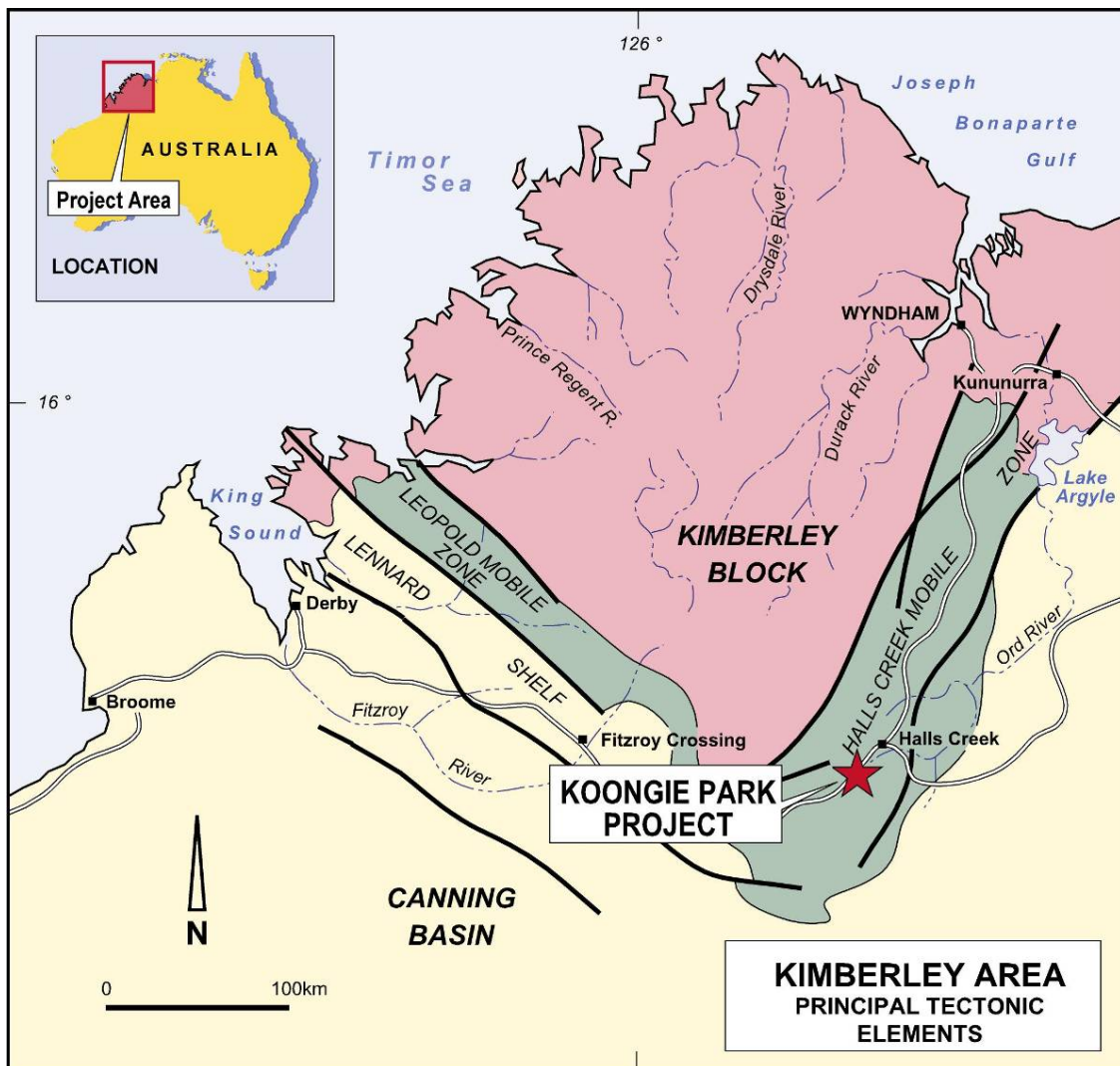


Figure 8 - Koongie Park location map

During the year, the company lodged an application for tenement E80/5263, adding to its already substantial tenement position, illustrated in Figure 9.

REVIEW OF OPERATIONS

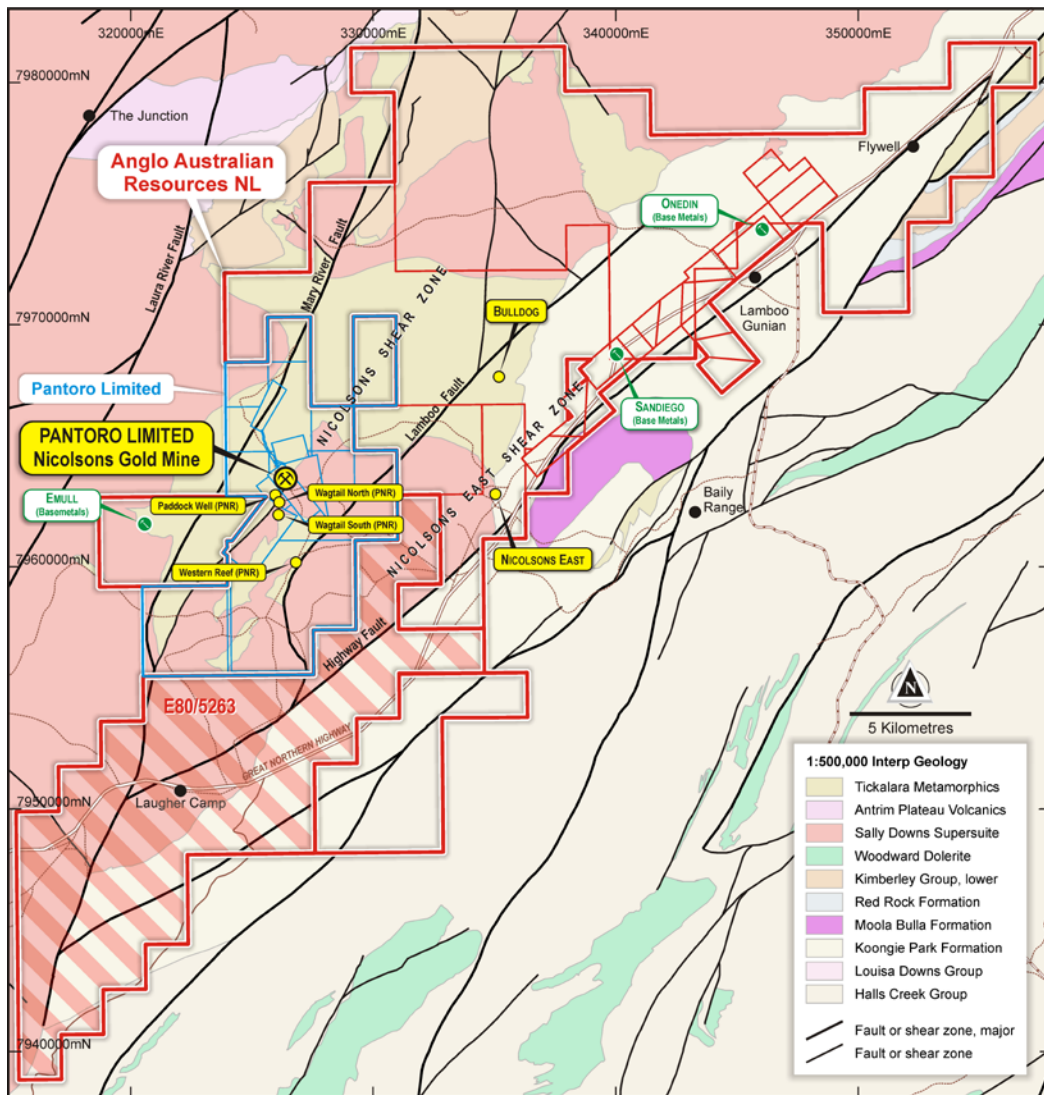


Figure 9 - Koongie Park tenement map illustrating key features

Koongie Park Gold

Various tenements held by Anglo Australian are adjacent to the Nicolsons Gold Project owned by the ASX-listed Pantoro Limited (refer blue tenement outline in map above), which is currently producing gold at a rate in the order of 55,000 ounces per annum, though the company has plans to increase production to 80,000 ounces or more through further expansion.

Ore is currently sourced from the Nicolsons Mine, where a recent resource of 964,000 tonnes at 7.1 g/t containing 219,000 ounces of gold was reported.

The NNE-SSW trending Nicolsons Shear Zone on which the Nicolsons Mine is situated also hosts other gold deposits held by Pantoro including Rowdies, Wagtail North and Wagtail South.

The Nicolsons Gold Project illustrates that 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 volcanoclastics, 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.

Located as they are close to the Pantoro operation, Anglo Australian's tenements are strategically located.

The company's ground position includes approximately 15 kilometres of the Nicolsons Shear Zone to the north of ground held by Pantoro and approximately 15 kilometres to the south.

Anglo Australian has identified a parallel shear zone to the east of the Nicolsons Shear Zone, known as the Nicolsons East Shear Zone. Approximately 30 kilometres of the Nicolsons East Shear Zone is within the company's ground position – refer Figure 10.

REVIEW OF OPERATIONS

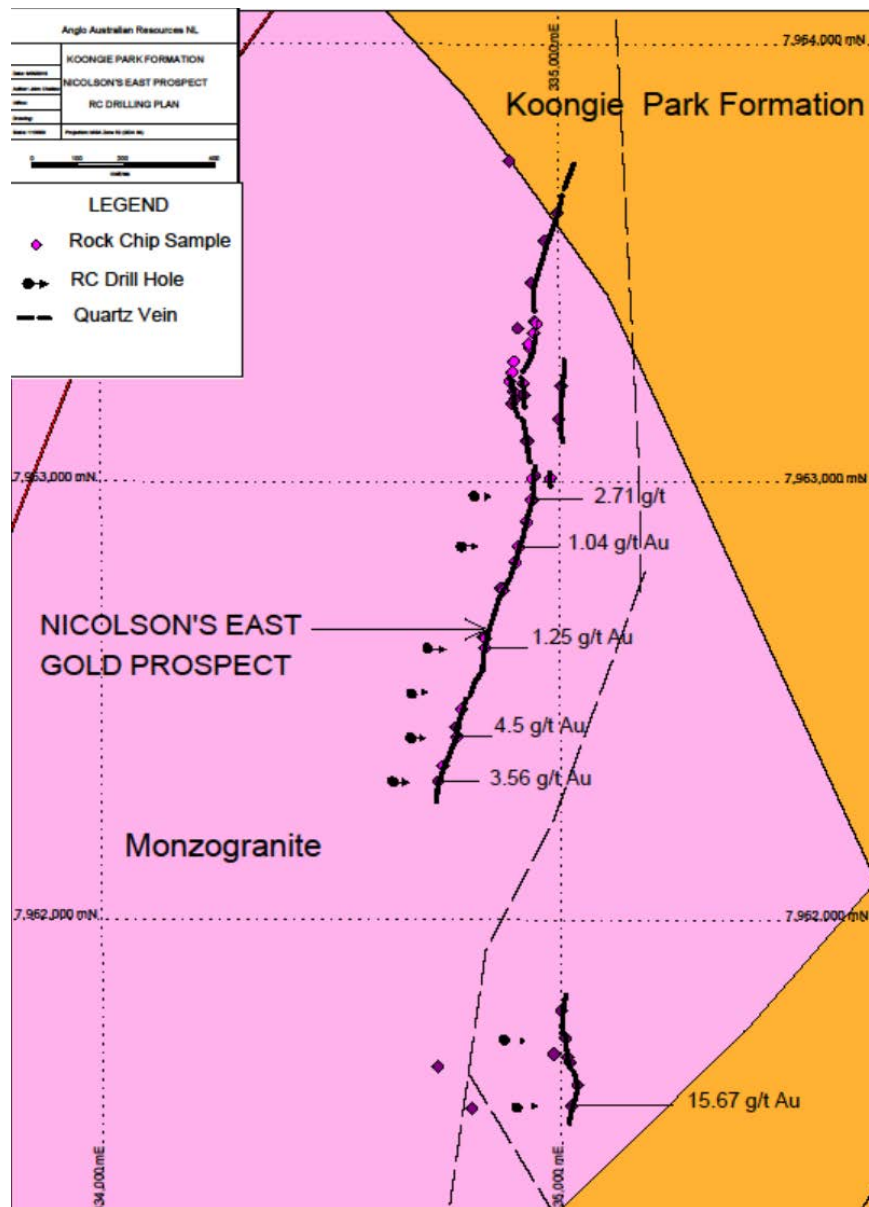


Figure 10 - Nicolsons East Gold Prospect

Limited ground work has already identified a number of highly attractive targets, including the Nicolsons East Prospect which outcrops over approximately a two-kilometre length and where a rock chip assay of 15.67 g/t Au has previously been recorded.

During the year, Anglo Australian recommenced exploration activities at Koongie Park after somewhat of a hiatus. Geological consultants, Map to Mine Pty Ltd, completed a historical data compilation and review project over Anglo's Koongie Park tenements.

A total of 393 historical reports were reviewed, summarised and compiled into a central database.

Additionally, geophysical consultants, Terra Resources, merged open-file aeromagnetic data sets and produce a series of images over the Koongie Park Project.

The Company undertook a field program comprising geological mapping, rock chip sampling and an evaluation of the regolith using the new data sets to evaluate the prospective structural corridors and interpreted target areas.

REVIEW OF OPERATIONS

Koongie Park Base Metals

Anglo Australian's tenements at Koongie Park encompass more than 40 kilometres of the Koongie Park Formation, which is prospective for VMS-style base metal deposits.

Some 245 RC and diamond drill holes encompassing 50,0417 metres have been drilled on the project by Anglo Australian. This effort focused on resource, metallurgical and Geotech drilling at two of the prospects, Sandiego and Onedin, with mineralisation seeming to have accumulated in fold hinges.

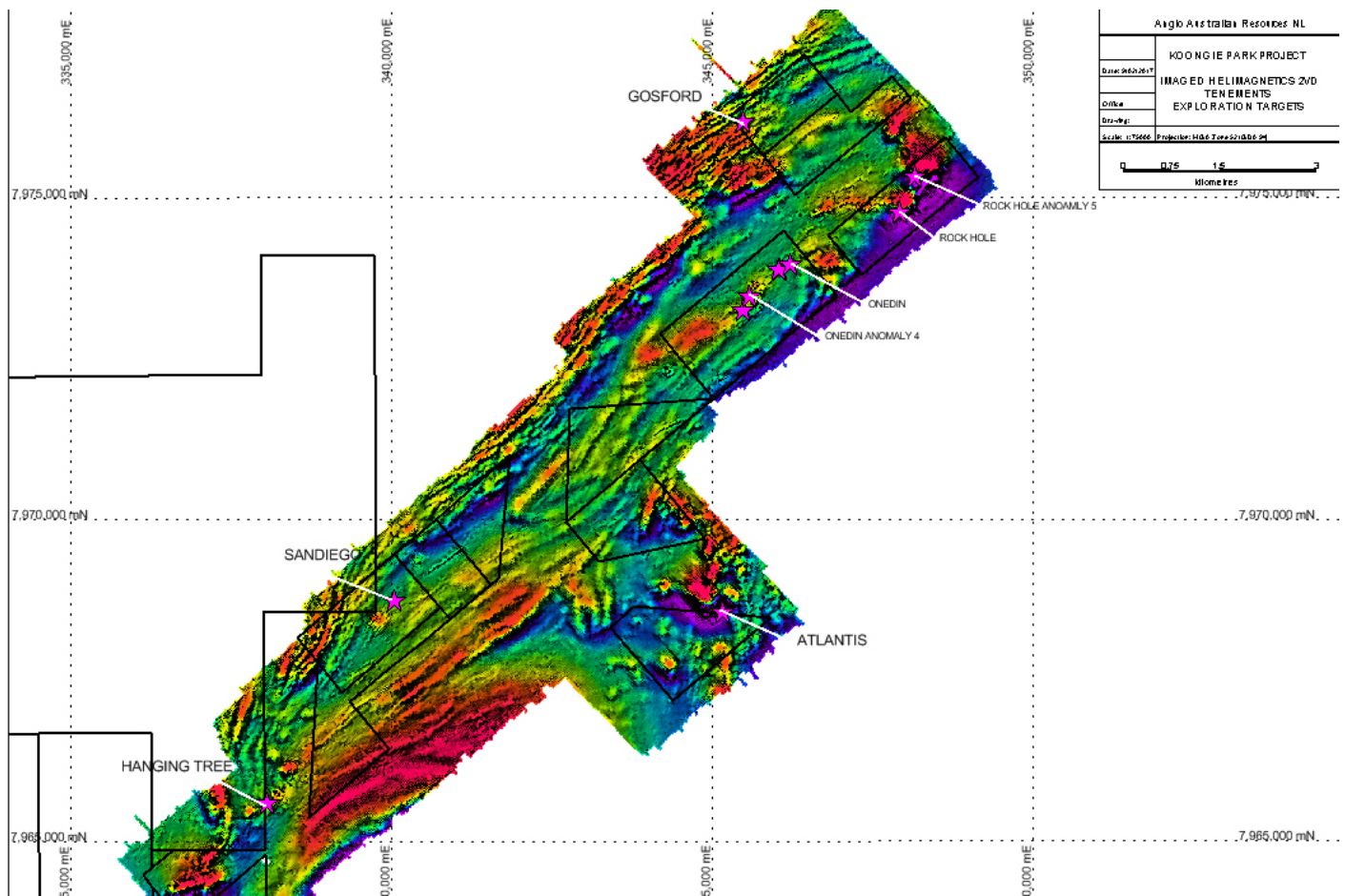


Figure 11 - Airborne magnetics over the Koongie Park Copper – Zinc Project

A cross section through Sandiego is set out as follows:

REVIEW OF OPERATIONS

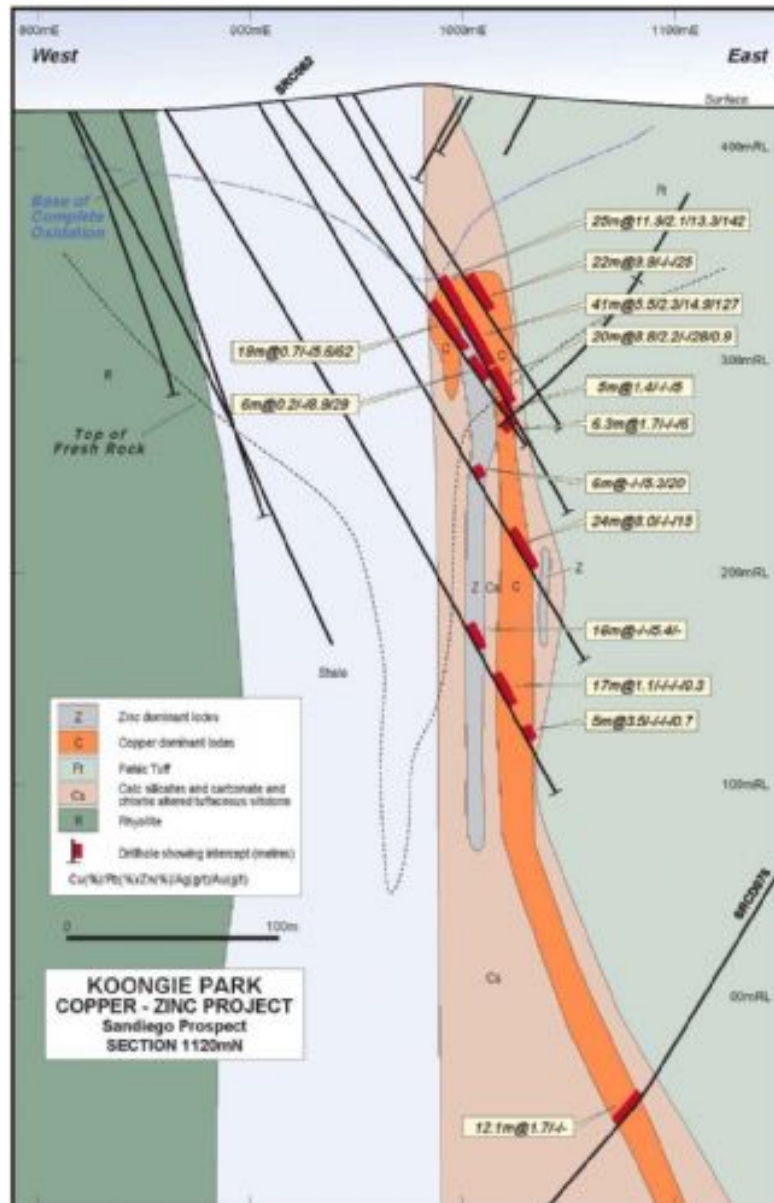


Figure 12 - Sandiego Cross Section

A summary of resources at Sandiego is set out in the following table:

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)

A cross section through Onedin is set out as follows:

REVIEW OF OPERATIONS

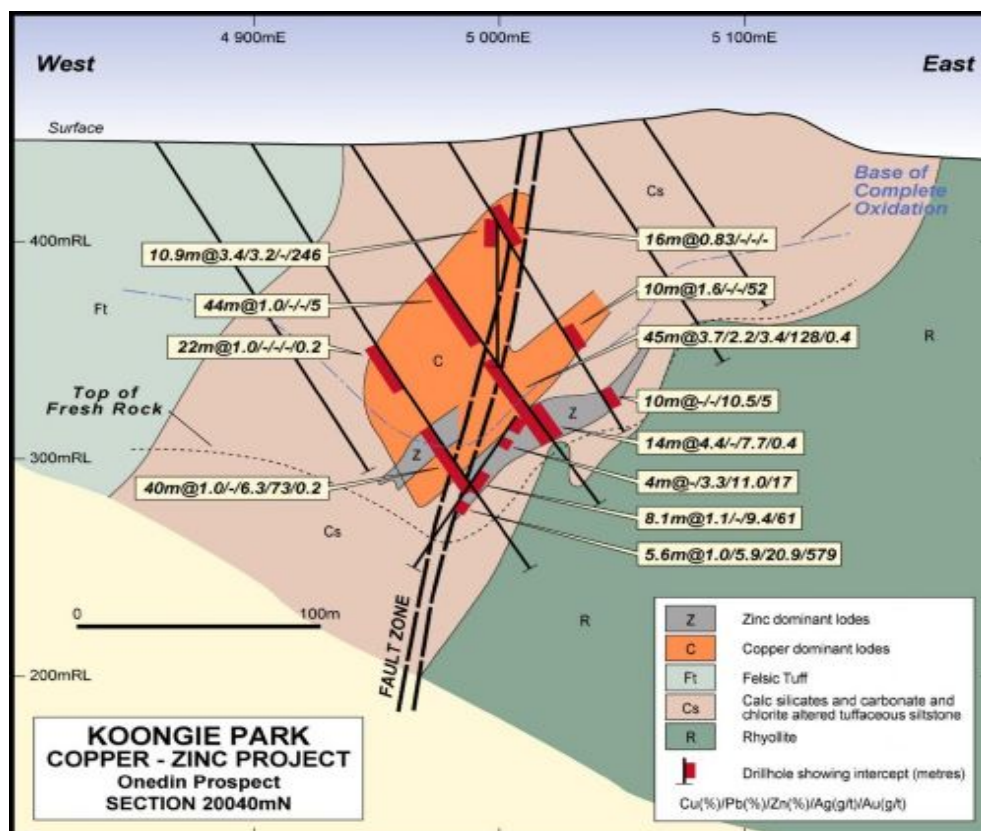


Figure 13 - Sandiego Cross Section

A summary of resources at Onedin is set out in the following table:

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)

The Sandiego and Onedin mineralized zones represent fold hinges.

Distribution of metal in rock strongly suggests that the metal has been remobilized (which explains the Sandiego and Onedin accumulations).

Within the Koongie Park project area, airborne magnetics has identified a number of other potential hinge structures that are yet to be drill-tested.

MANDILLA GOLD PROJECT

Anglo Australian - 100% interest

The Mandilla Project is located approximately 20 kilometres south-west of Kambalda, Western Australia.

At Mandilla, Anglo Australian has previously achieved production of approximately 23,000 ounces of gold from an open-cut palaeochannel.

At Mandilla East, the Company has previously identified a bedrock Inferred Resource of 357,000 tonnes at 3.3 g/t Au for approximately 38,000 contained ounces (ASX 13/06/13).

At Mandilla South, along strike and down dip from Mandilla East, gold intersections were recorded in wide spaced traverses of RC and Aircore drill holes previously completed by Anglo Australian, the most notable being 2 metres at 6.2 g/t (ASX 30/01/14).

REVIEW OF OPERATIONS

In a release to the ASX on 23 October 2017, Anglo Australian announced that, following a further aircore drilling campaign undertaken at Mandilla South, the Company had identified a weathered bedrock target extending along the NW-SE strike of more than 1.5 km in length, and with a width of typically 100 metres, with gold values exceeding 1 g/t Au recorded in most of the holes along the trend. The gold values returned indicate a likely supergene-enriched gold zone at a vertical depth of from 40 to 50 metres.

The strongly gold anomalous trend appears to be related to a shear zone close to the margin of the Emu Rocks Granite, where the orientation swings around to the more favourable NW around the rigid granite body.

The Mandilla South target, with RC results highlighted in red and aircore results in yellow, is illustrated below in Figure 14.

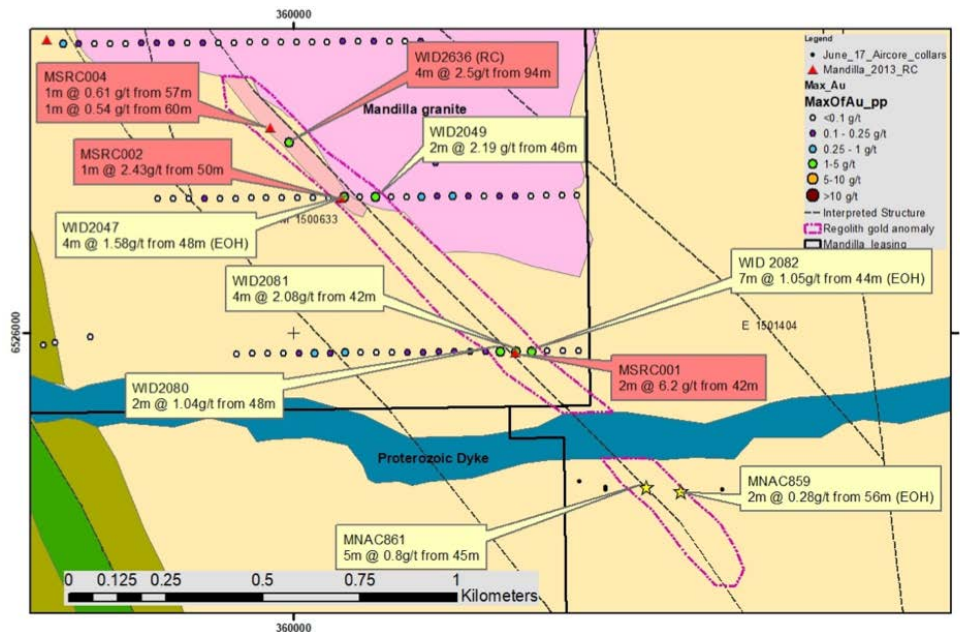


Figure 14 - Map illustrating Mandilla South target, drilling results and key geological features

On 19 September 2018, the company commenced a new drilling campaign which is planned to encompass the drilling of 70 holes along 10 variably spaced lines for an aggregate of approximately 5,000 metres drilled, or an average of approximately 70 metres per hole.

The holes have been located to infill previous drilling and extend the size of the target.

A parallel structure, interpreted to lie 200 to 400 metres west of the main target, has previously returned significant gold anomalism and will also be tested on several of the proposed drill traverses.

A map illustrating the Mandilla South target, identifying previous drilling locations and results, and intended new drilling locations, is set out in Figure 15.

REVIEW OF OPERATIONS

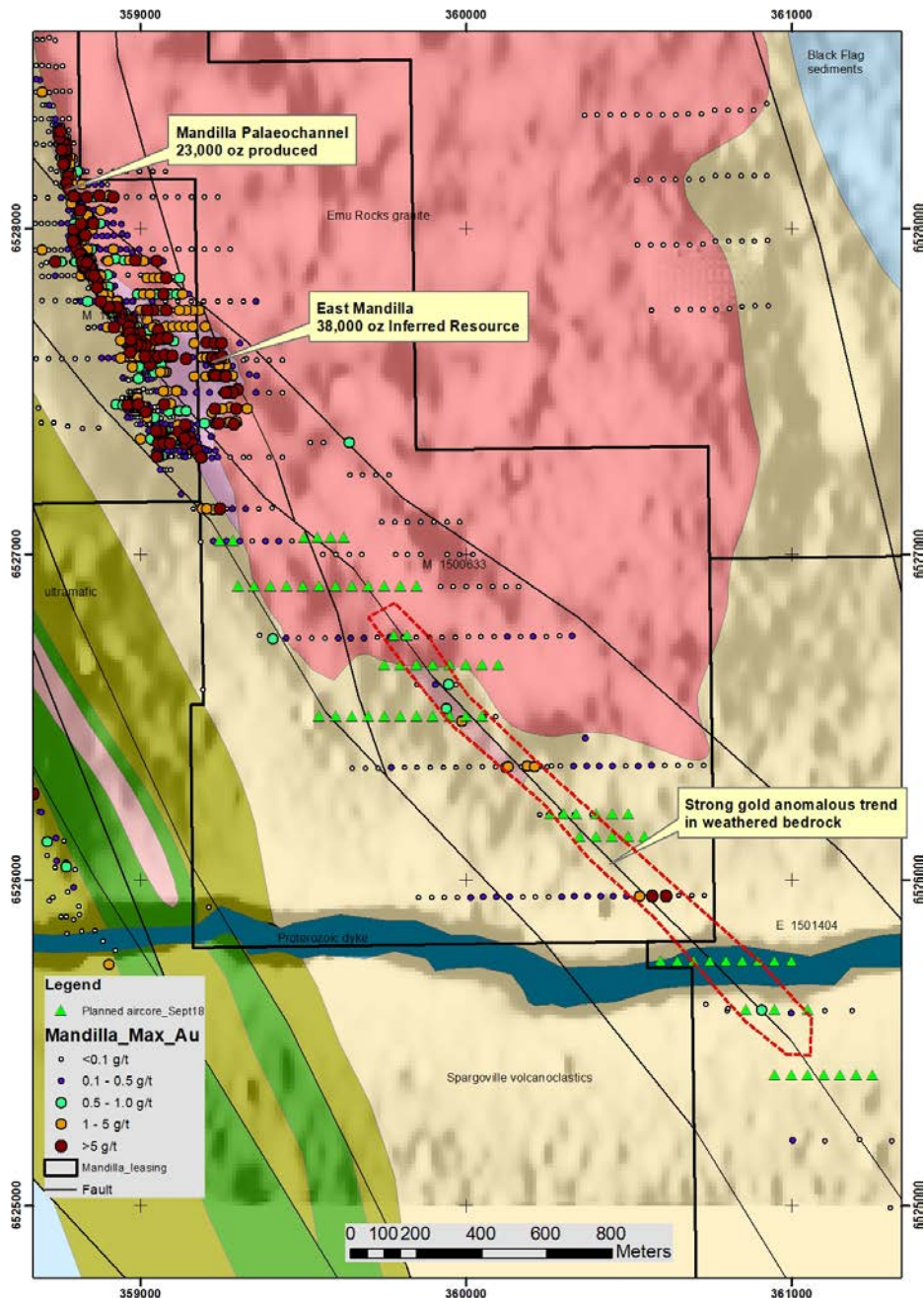


Figure 15 - Mandilla South – identifying previous drill locations and results, and intended new drill locations

During the year, Anglo Australian was granted funding assistance by the Department of Mines and Petroleum, Western Australia under its Exploration Incentive Scheme Co-funded Exploration Drilling Program for the drilling of three deep diamond drill holes at Mandilla South in the amount of \$100,000.

LEONORA BASE METALS PROJECT

Anglo Australian - 100% interest

Anglo Australian’s Leonora Project comprises Exploration Licenses located approximately 12 kilometres to the North of the township of Leonora.

The Project covers approximately 12 kilometres of strike strategically located only 32 kilometres to the south of, and along strike from the Teutonic Bore – Jaguar – Bentley mineralized VMS corridor.

These deposits, discovered by drill testing bedrock electromagnetic conductors, occur near the boundary between mafic and felsic units.

Anglo Australian’s project would appear to host these felsic volcanic and sediments broadly analogous to the geology at Jaguar and Bentley.

REVIEW OF OPERATIONS

Based on interpretation of previous aircore drilling and aeromagnetic data, Anglo Australian considers 7 kilometres of this zone is highly prospective for VMS-style mineralisation.

As bedrock in the zone is mostly covered by younger transported sediments, the company has identified Moving Loop Electromagnetic (MLEM) survey as its primary exploration tool to search for VMS deposits that are generally highly conductive and amenable to location by such geophysical methods.

A MLEM survey completed in May 2011 (refer Figure 16) at the Leonora Project targeting potential massive copper-zinc mineralisation discovered a strong 800 metre long bedrock conductor. Sample spoils from previous aircore drilling indicated that the conductor was located within favourable stratigraphy proximal to the contact between felsic and mafic volcanic rocks. Preliminary interpretation of the MLEM anomaly by the company's geophysical consultants suggested the source of the conductor (potentially massive or disseminated sulphide) commenced at the base of weathering approximately 100 metres below surface and dipped steeply south west. The conductor presented an exciting and compelling drill target.

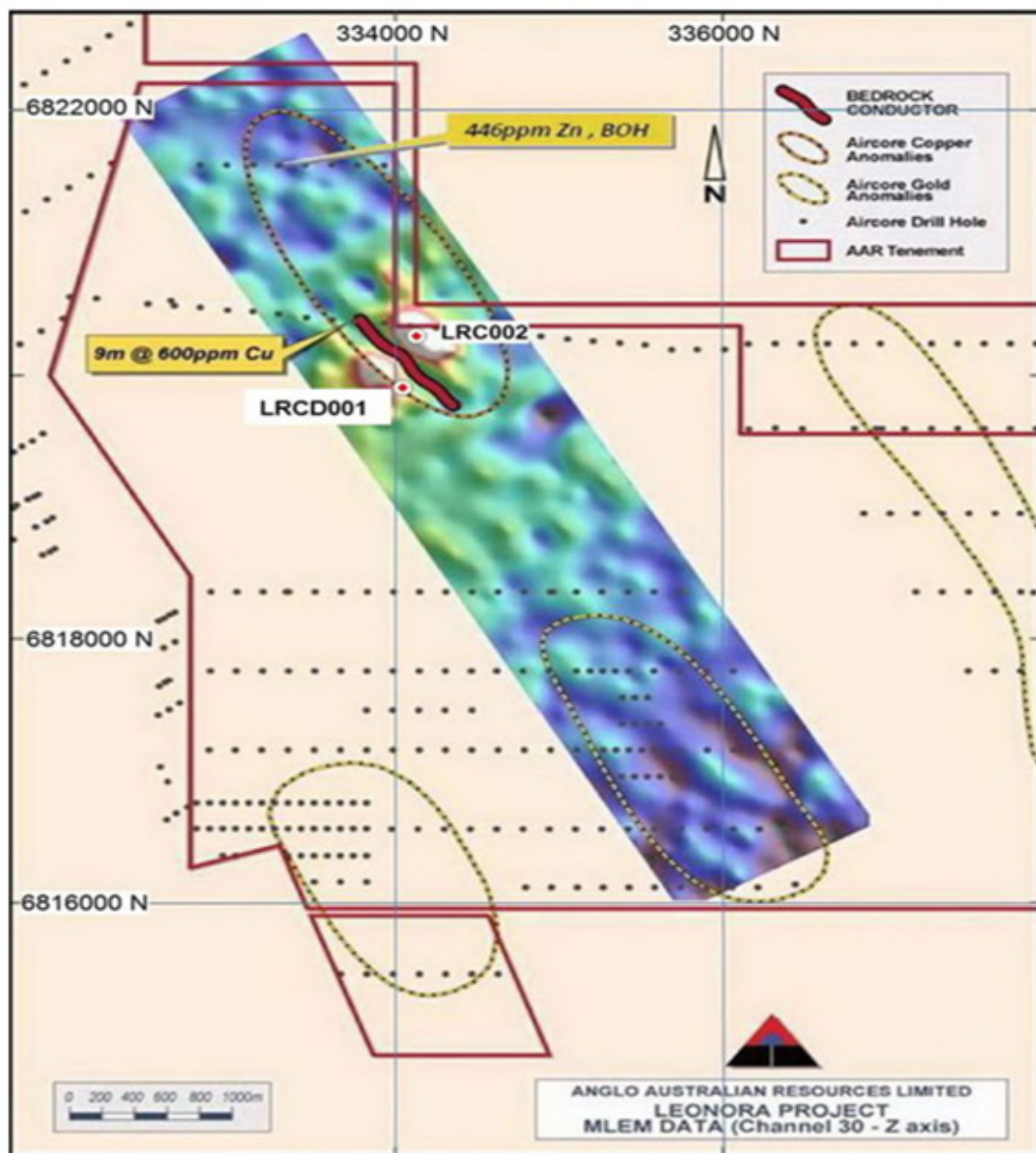


Figure 16 - MLEM Survey

Two diamond core holes were completed in October 2012 as extensions to the pre-collar holes completed in May. Both diamond core holes intersected a sequence of mafic and felsic volcanic and volcanoclastic rocks with minor non-volcanic units. Trace to minor amounts of disseminated sulphides consisting of chalcopyrite, pyrrhotite and

REVIEW OF OPERATIONS

pyrite were observed in the core and a narrow zones of stringer chalcopyrite and pyrrhotite were intersected within a foliated mafic intrusive in hole LRCD001. Anomalous copper and zinc values supported by weakly anomalous values in antimony and tin were recorded in several of the intervals selected for assaying. The best intersection comprised a 0.65 metre interval at 2.08% copper from 233.25 metres in hole LRCD001. Narrow zones of black shale containing variable amounts of pyrite and pyrrhotite and minor amounts of chalcopyrite intersected in both holes most likely explain the source of the MLEM conductor.

A downhole EM survey was subsequently undertaken on each hole to define and confirm the conductive zone.

Analysis suggests a strong off hole conductor possibly related to massive sulphides has been detected in both holes.

Compliance Statement

Information in this Report relating to geological data has been compiled by David Otterman who is an independent consultant trading as DW Otterman Exploration Consultant.

David Otterman:

- Has relevant experience in relation to the mineralisation being reported on as to qualify as a Competent Person as defined by the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2004 Edition)*;
- Is a Fellow of the Australasian Institute of Mining and Metallurgy (CP Geo) and is a Member of the Australian Institute of Geoscientists and has had more than thirty years experience in the field of activity reported herein; and
- Has consented in writing to the inclusion of this data.

Mineral resource information in relation to the Mandilla Project has been compiled by Andrew Bewsher an independent consultant from BM Geological Services, based on work by Peter Komyshan (formerly General Manager Exploration for Anglo Australian Resources NL) and BMGS Geologists.

Andrew Bewsher is a member of the Australian Institute of Geoscientists and has more than five years relevant experience in relation to the mineralisation being reported on as to qualify as a Competent Persons as defined by the Australasian Code for Reporting Identified Mineral Resources and Ore Reserves.

Mineral Resources for the Sandiego Deposit, Koongie Park Project have been estimated by David Slater, BAppSc, DipEd, MAusIMM, Specialist Consultant - Resources and Invar Kirchner, BSc(Hons), MAusIMM – Manager Resources with Coffey Mining Pty Ltd. Perth, WA. Both consultants have more than five years relevant experience in relation to the mineralisation being reported on to qualify as a Competent Person as defined by the Australasian Code for Reporting Identified Mineral Resources and Ore Reserves.

Mineral Resources for the Onedin Deposit, Koongie Park Project have been estimated under the overall supervision and direction of Gerry Fahey, MAusIMM and MAIG, of CSA Global. Participants included Peter Komyshan (geological interpretation) and David Williams, MAusIMM (Mineral Resource estimate). Mr Komyshan, Mr Williams and Mr Fahey are Competent Persons as defined by the Australasian Code for the Reporting of Exploration Results, Mineral Resources or Ore Reserves (JORC Code 2012 Edition).

REVIEW OF OPERATIONS

SCHEDULE OF MINING TENEMENTS

Project	Tenement	Company Interest	Title Registered to
Western Australia			
Koongie Park	M80/276, 277 E80/4389,4766, 4957, 4960 P80/1802-10 P80/1831-1837	100%	Anglo Australian Resources NL
Feysville	P26/3943 – 3951 P26/4031-4034 P26/4051- 4052 P26/4074 – 4077 P26/4293,4294	100%	Feysville Gold Pty Ltd
Mandilla	M15/96 M15/633 E15/1404	100% gold rights only 100% gold rights only 100%	Apollo Phoneix Resources Pty Ltd Anglo Australian Resources NL Anglo Australian Resources NL
Leonora	P37/8355 E37/1287	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 2018 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 Jones AM
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 44 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 Limited, Image Resources NL and Tanga Resources Limited.

Interest in shares and options

Shares – 22,352,177
Options - 16,200,000 - \$0.02 exp 30/11/19
Options – 23,200,000 - \$0.02 exp 30/11/20
Options – 4,980,000 - \$0.025 exp 30/11/20
Options – 3,550,000 - \$0.08 exp 30/11/20

Peter 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. Mr Stern is Non-Executive Chairman of Troy Resources Limited.

Interest in shares and options

Shares – 4,706,252
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
Options – 1,700,000 - \$0.08 exp 30/11/20

Graeme 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 was previously a director of Surefire Resources NL.

Interest in shares and options

Shares – 2,582,999
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
Options – 1,700,000 - \$0.08 exp 30/11/20

2. COMPANY SECRETARY - Graeme Smith

DIRECTORS' REPORT

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	7	7	1
Peter Stern	7	7	1
Graeme Smith	7	7	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.

2018 Key Management Personnel:

John 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 does 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 \$242,657. To date, directors' fees have not been paid in cash by the Company. The maximum shareholder approved remuneration is \$300,000 per annum. Directors' fees cover all Board activities.

DIRECTORS' REPORT

Relationship between Company performance and remuneration

The objective of the Company's remuneration structure is to reward and incentivize the directors and executives 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:

	2018	2017	2016	2015	2014	2013
Closing share price at 30 June	0.092	0.04	0.012	0.01	0.01	*0.03

* 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 2017 Annual General Meeting

The Company received 100% of "yes" votes on its remuneration report for the 2017 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 (Shares & Options) (B)	Superannuation		
2018	\$	\$	\$	\$	\$
Directors					
J L C Jones	55,000	61,465	-	-	116,465
P A Stern	25,000	38,096	-	-	63,096
G I Smith	25,000	38,096	-	-	63,096
Total	105,000	137,657	-	-	242,657

(A) Accrued fees represent director's fees accrued from 1 Jan 2018 to 30 June 2018.

(B) As at 30 June 2017, directors were owed \$160,000 in relation to remuneration. On 30 November 2017, 3,580,500 shares and 6,950,000 options were granted to directors in lieu of outstanding directors fees. The securities were ascribed a value of \$297,657 using the Black-Scholes model (Section 4.4 below). Of this amount, \$160,000 relates to remuneration incurred in the period ending 30 June 2017 and \$137,657 relates to the year to 30 June 2018.

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

DIRECTORS' REPORT

	Salary & Fees	Non-Cash Benefits (Options)	Superannuation	Other Share Based Payments	
2017	\$	\$	\$	\$	\$
Directors					
J L C Jones	90,000	15,000	-	-	105,000
P A Stern	35,000	5,000	-	-	40,000
G I Smith (include secretarial fees)	35,000	5,000	-	-	40,000
Total	160,000	25,000	-	-	185,000

(A) Accrued fees represent director's fees accrued from 1 July 2016 to 30 June 2017.

(B) As at 30 June 2016, directors were owed \$80,000 in relation to remuneration. On 30 November 2016, 10.5 million options were granted to directors in lieu of outstanding directors fees. The options were ascribed a value of \$105,000 using the Black-Scholes model (Section 4.4 below). Of this amount, \$80,000 relates to remuneration incurred in the period ending 30 June 2016 and \$25,000 relates to the year to 30 June 2017.

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

4.3 Service agreements

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

4.4 Analysis of options over equity instruments granted as compensation during the year ended 30 June

Year to 30 June 2018	Grant Date & Vesting Date	Number Granted (i)	Expiry Date	Exercise Price (cents)	Value per option		Exercised Number	% of Remuneration
					at grant date (cents)			
Directors								
J L C Jones	29/08/2017	3,500,000	30/11/2020	8	2.22	Nil	-	
P Stern	29/08/2017	1,700,000	30/11/2020	8	2.22	Nil	-	
G I Smith	29/08/2017	1,700,000	30/11/2020	8	2.22	Nil	-	

(i) As outlined above these options have been valued at \$154,437. All of this value has been offset against amounts owing to directors as at 30 June 2017. The inputs to the Black Scholes model were: Share volatility of 114%; risk free rate of 1.94%; exercise date of 30.11.2020; share price at grant date of 3.8 cents; exercise price of 8 cents.

Year to 30 June 2017	Grant Date & Vesting Date	Number Granted	Expiry Date	Exercise Price (cents)	Value per option		Exercised Number	% of Remuneration
					at grant date (cents)			
Directors								
J L C Jones	25/08/2016	6,500,000	30/11/2020	2.5	1.00	Nil	14%	
P Stern	25/08/2016	2,000,000	30/11/2020	2.5	1.00	Nil	13%	
G I Smith	25/08/2016	2,000,000	30/11/2020	2.5	1.00	Nil	13%	

(i) As outlined above these options have been valued at \$105,000. \$80,000 of this value has been offset against amounts owing to directors as at 30 June 2016. The inputs to the Black Scholes model were: Share volatility of 149%; risk free rate of 1.62%; exercise date of 30.11.2020; share price at grant date of 1.2 cents; exercise price of 2.5 cents.

DIRECTORS' REPORT

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 2017	Granted as Remuneration	Received on Exercise of Options	Net Other Change	Balance at 30 June 2018
	No.	No.	No.	No.	No.
<i>Directors</i>					
J L C Jones	20,537,677	1,814,500	-	-	22,352,177
P A Stern	3,823,252	883,000	-	-	4,706,252
G I Smith	1,699,999	883,000	-	-	2,582,999

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:

	Balance at beginning of the year	Granted as compensation (A)	Lapsed	Other Changes	Balance at end of the year	Vested and exercisable
	No.	No.	No.	No.	No.	No.
J L C Jones	44,900,000	3,550,000		(520,000)	47,930,000	47,930,000
P A Stern	15,100,000	1,700,000			16,800,000	16,800,000
G I Smith	11,500,000	1,700,000			13,200,000	13,200,000

(A) As at 30 June 2018 directors were owed \$99,342 in relation to remuneration. On 29 August 2017, 6,950,000 options were granted to directors in lieu of outstanding directors fees. The options were ascribed a value of \$154,437 using the Black-Scholes model (Section 4.4 above). Of this amount, all of it relates to remuneration incurred in the period ending 30 June 2017.

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.

DIRECTORS' REPORT

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

Related Parties	Transactions	Transactions Value		Amount owing by the Company	
		30 June 2018	30 June 2017	30 June 2018	30 June 2017
		\$	\$	\$	\$
J L C Jones – Westbury Management Services Pty Ltd	Storage / Admin Services expenses	(7,794)	(21,914)	-	1,976
J L C Jones	Loan to the company net of (repayments)	-	(81,664)	-	-
P A Stern	Loan, (repayments) & interest	(2,164)	(18,314)	-	2,164
G I Smith	Loan to the company	(823)	256	-	823
G I Smith – Wembley Corporate	Company Secretarial / CFO fees	59,918	32,658	7,390	54,254
Tanga Resources Limited	Rent, Carpark & Outgoing	53,256	36,468	4,195	-

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 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 \$920,462 (2017 net loss: \$517,148).

Review of Principal Businesses

A review of the operations for the financial year, together with 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.

DIRECTORS' REPORT

9. 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	10,500,000
30 November 2020	4.0	2,500,000
30 November 2020	8.0	8,950,000
Total number of options outstanding at the date of this report		91,450,000

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

10. 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.

11. 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.

12. LEAD AUDITOR'S INDEPENDENCE DECLARATION

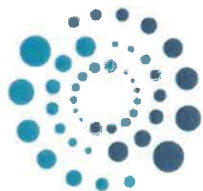
The lead auditor's independence declaration is set out on page 26 and forms part of the directors' report for the financial year ended 30 June 2018.

Signed in accordance with a resolution of the Directors.



John LC Jones AM
Executive Chairman
Anglo Australian Resources NL

Dated at Perth this 28th day of September 2018.



Greenwich & Co

Greenwich & Co Audit Pty Ltd | ABN 51 609 542 458

Level 2, 35 Outram Street, West Perth WA 6005

PO Box 983, West Perth WA 6872

T 08 6555 9500 | F 08 6555 9555

www.greenwichco.com

Auditor's Independence Declaration

To those charged with governance of Anglo Australian Resources NL

As auditor for the audit of Anglo Australian Resources NL for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

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

Greenwich & Co Audit Pty Ltd

Rafay Nabeel
Audit Director

Perth
28 September 2018

CORPORATE GOVERNANCE STATEMENT

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 2018 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/corporategovernance.

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 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.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

1.1	<p>A listed entity should disclose:</p> <ul style="list-style-type: none"> (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management. 	<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 in the Company’s Charter & Policies Manual which is shown on the Company website.</p>
1.2	<p>A listed entity should:</p> <ul style="list-style-type: none"> (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (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>The appointment of directors is undertaken by the whole Board</p> <p>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>The Company does not have any senior executives and it does not have agreements with each director.</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>
1.5	<p>A listed entity should:</p> <ul style="list-style-type: none"> (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; (b) disclose that policy or a summary of it; and (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: <ul style="list-style-type: none"> (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 (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>The Company has a Diversity Policy which is a section of the Charter & Policies manual. The Diversity Policy does not include requirements for the board to set measurable objectives for achieving gender diversity. 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 based on 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 2017– 2018.</p> <p>There are no women on the Board.</p>

CORPORATE GOVERNANCE STATEMENT

1.6	<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>A process for Evaluating Board Performance is detailed in the Board Charter in the Charter & Policies Manual.</p> <p>Information on Performance Evaluations is included in the remuneration report section of the Annual Report.</p>
1.7	<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>

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE

2.1	<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>																												
2.2	<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 951 2033 1214"> <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																											
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exploration and geology	✓	✓	-																											
corporate law	-	✓	✓																											
accounting & finance	-	✓	✓																											
listed resource companies	✓	✓	✓																											
equity markets	✓	✓	✓																											

CORPORATE GOVERNANCE STATEMENT

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>	<p>The Code of Conduct in the Charter & Policies Manual 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.</p>
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CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING

4.1	<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 under the heading Directors.</p> <p>Details of meetings of the audit committee are to be found in the Annual Report.</p>
4.2	<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 its 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>
4.3	<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>

CORPORATE GOVERNANCE STATEMENT

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 is a section of the Charter & Policies Manual which is set out on 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, as well as 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 is a section of the Charter & Policies Manual.</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>
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 endeavor 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>

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

7.1	<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 Management Policy which is a section of the Charter & Policies Manual.</p> <p>Risk management is specifically discussed at the Company's board meetings during the year.</p>
7.2	<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 Board reviews the Company's risk management framework annually and this information is disclosed in the Annual Report.</p>
7.3	<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 size and operations of the company do not warrant an internal audit committee.</p> <p>The Company's external auditor advises the Company at 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>
7.4	<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>

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

8.1	<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 Board considers the level and composition of remuneration for directors with reference to remuneration levels set by its peers in the mining industry.</p>
8.2	<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 hence has no need for a policy on remuneration of executives at this time.</p>
8.3	<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 2018

	Note	2018 \$	2017 \$
Interest income		5,491	15,431
Consultancy expenses			-
Exploration expenditure written off	9	(243,906)	(1,296)
Impairment expense		-	(18,103)
Directors' fees	22	(242,657)	(185,000)
Rental expense		(76,817)	(99,674)
Share based payments	15	(77,099)	(43,000)
Interest expenses		-	(1,942)
Other expenses		(285,474)	(183,564)
Loss before tax		<u>(920,462)</u>	<u>(517,148)</u>
Income tax expense	16	-	-
Loss for the year		<u>(920,462)</u>	<u>(517,148)</u>
Total comprehensive loss for the year attributable to equity holders of the Company		<u>(920,462)</u>	<u>(517,148)</u>
Loss per share:			
Basic and diluted loss per share (cents)	17(i)	(0.32)	(0.22)

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 2018

	Note	2018 \$	2017 \$
Assets			
Cash and cash equivalents	18(i)	1,623,785	178,786
Other receivables	7	67,000	27,660
Total Current Assets		<u>1,690,785</u>	<u>206,446</u>
Other receivables	7	-	38,000
Property, plant & equipment	8	-	-
Exploration and evaluation assets	9	3,871,182	2,230,612
Total Non-Current Assets		<u>3,871,182</u>	<u>2,268,612</u>
Total Assets		<u>5,561,967</u>	<u>2,475,058</u>
Liabilities			
Trade and other payables	10	438,846	521,577
Borrowings	11	-	2,987
Total Current Liabilities		<u>438,846</u>	<u>524,564</u>
Rehabilitation provision	12	65,220	65,220
Total Non-Current Liabilities		<u>65,220</u>	<u>65,220</u>
Total Liabilities		<u>504,066</u>	<u>589,784</u>
Net Assets		<u>5,057,901</u>	<u>1,885,274</u>
Equity			
Issued capital	13	33,951,434	30,057,224
Reserves	14(a)	916,649	717,770
Accumulated losses	14(b)	(29,810,182)	(28,889,720)
Total equity attributable to the equity holders of the Company		<u>5,057,901</u>	<u>1,885,274</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 2018

	Issued Capital	Share based Payments Reserve	Accumulated losses	Total Equity
	\$	\$	\$	\$
Opening Balance at 1 July 2016	29,213,403	569,770	(28,372,572)	1,410,601
Total comprehensive loss for the period				
Loss for the period	-	-	(517,148)	(517,148)
Total comprehensive loss for the period	-	-	(517,148)	(517,148)
Transactions with owners, recorded directly in equity				
Issue of ordinary shares	843,821	-	-	843,821
Options issued to directors	-	148,000	-	148,000
Closing balance at 30 June 2017	30,057,224	717,770	(28,889,720)	1,885,274
Opening Balance at 1 July 2017	30,057,224	717,770	(28,889,720)	1,885,274
Total comprehensive loss for the period				
Loss for the period			(920,462)	(920,462)
Total comprehensive loss for the period			(920,462)	(920,462)
Transactions with owners, recorded directly in equity				
Issue of ordinary shares	3,894,210			3,894,210
Options issued		198,879		198,879
Closing balance at 30 June 2018	33,951,434	916,649	(29,810,182)	5,057,901

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 2018

	Note	2018 \$	2017 \$
Cash Flows from Operating Activities			
Cash payments to suppliers and employees		(500,961)	(230,565)
Other revenue		-	-
Net cash used in operating activities	18(ii)	<u>(500,961)</u>	<u>(230,565)</u>
Cash Flows from Investing Activities			
Interest received		5,491	1,033
Exploration and evaluation expenditure incurred		(1,732,063)	(555,485)
Proceeds from sale of property, plant & equipment			-
Payments for property, plant & equipment			-
Net cash used in investing activities		<u>(1,726,572)</u>	<u>(554,452)</u>
Cash Flows from Financing Activities			
Proceeds from borrowings		-	30,000
Repayment of borrowings		(2,987)	(71,664)
Proceeds from issue of shares (net of costs)		3,637,519	726,052
Net cash from financing activities		<u>3,634,532</u>	<u>684,388</u>
Net (decrease) / increase in cash and cash equivalent		1,406,999	(100,629)
Cash and cash equivalents at the beginning of the financial year		178,786	279,415
Transfer of term deposits to cash and cash equivalents		38,000	-
Cash and cash equivalents at the end of the financial year	18(i)	<u>1,623,785</u>	<u>178,786</u>

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

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 2017.

(b) New and amended standards adopted by the Company

The Company has adopted all 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

From time to time, the Company grants options to key management people in lieu of services received. Options granted are measured using a Black Scholes model that 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

2. BASIS OF PREPARATION (continued)

(e) Use of estimates and judgements(continued)

(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 2018 the Company incurred a loss of \$920,462 (2017: \$517,148). The Company had net cash outflows from operations of \$500,961 (2017: \$230,565), and net cash outflows from investing activities of \$1,726,572 (2017: \$554,452).

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 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 as required, there would be 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.

4. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Property, Plant and Equipment (continued)

(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.

(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 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 equivalent

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))

4. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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.

4. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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
AASB 16 "Leases", and the relevant amending standards	1 January 2019	30 June 2019

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 has exposure to the following risks from their use of financial instruments:

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

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

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

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 risk

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern so that they may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Company's activities being mineral exploration, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Company's capital risk management is the current working capital position against the requirements of the Company to meet exploration programmes and corporate overheads. The Company's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raising as required.

The working capital position of the Company at 30 June 2018 and 30 June 2017 was as follows:

	2018	2017
	(\$)	(\$)
Cash and cash equivalents	1,623,785	178,786
Trade and other receivables	67,000	27,660
Trade and other payables	<u>438,846</u>	<u>521,577</u>
Working capital position	<u>2,129,631</u>	<u>728,023</u>

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and notes to the financial statements.

There is no material amounts of collateral held as security at balance date.

The following table provides information regarding the credit risk relating to cash and cash equivalents based on credit ratings:

	2018	2017
	(\$)	(\$)
AAA rated	1,623,785	178,786
AA rated	-	-
A rated	-	-

The credit risk for counterparties included in trade and other receivables at balance date is detailed below.

	2018	2017
	(\$)	(\$)
Trade and other receivables		
Trade and other receivables	67,000	27,660
GST and tax refundable	<u>54,499</u>	<u>27,346</u>
	<u>121,499</u>	<u>55,006</u>

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

	2018	2017
	\$	\$
Current		
Other receivables	67,000	27,660
	<u>67,000</u>	<u>27,660</u>
Non - Current		
Security deposit – leased premises	-	38,000
	<u>-</u>	<u>38,000</u>

8. PROPERTY, PLANT & EQUIPMENT

	2018	2017
	\$	\$
Office furniture & fittings, PP&E – at cost	11,392	11,392
Accumulated depreciation	(11,392)	(11,392)
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Total property, plant & equipment	<u>-</u>	<u>-</u>

9. EXPLORATION AND EVALUATION ASSETS

	2018	2017
	\$	\$
Deferred exploration and evaluation assets		
Balance at 1 July 2017	2,230,612	1,672,004
Expenditure during the year	1,884,476	576,711
Amounts impaired/written off during the year	(243,906)	(18,103)
Revaluation of rehabilitation provision	-	-
Balance at 30 June 2018	<u>3,871,182</u>	<u>2,230,612</u>
<i>Comprised of:</i>		
Feysville project	2,118,154	628,196
Koongie Park project	1,320,834	1,214,317
Leonora project	128,843	126,064
Mandilla project	303,351	262,035
	<u>3,871,182</u>	<u>2,230,612</u>
<i>Impairment / Write off relates to:</i>		
Feysville project	(131,467)	-
Koongie Park project	(102,183)	(3,580)
Leonora project	(9,756)	(14,523)
Mandilla project	-	-
	<u>(243,406)</u>	<u>(18,103)</u>

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

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

	2018	2017
	\$	\$
Current		
Trade payables	323,869	282,500
Accrued director fees	99,342	160,000
Other payables and accruals	15,635	79,077
	<u>438,846</u>	<u>521,577</u>

11. BORROWINGS

Current		
Loans	-	2,987
	<u>-</u>	<u>2,987</u>

Loan – P Stern

Interest of \$2,164 owing to director Mr Peter Stern was repaid during the year.

Loan – G Smith

A loan of \$823 owing to director Mr Graeme Smith was repaid 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.

	2018	2017
	\$	\$
Balance at 1 July	65,220	65,220
Balance at 30 June	<u>65,220</u>	<u>65,220</u>

13. ISSUED CAPITAL

Issued and Paid Up Capital

	2018	2017
	\$	\$
317,864,054 ordinary shares fully paid (2017 – 258,339,441 ordinary shares fully paid)	<u>33,951,434</u>	<u>30,057,224</u>

Share movements during the year	<i>Issue Price (\$)</i>	2018 Number of Shares	2018 \$	2017 Number of Shares	2017 \$
At beginning of year		258,339,441	30,057,224	209,311,348	29,213,403
Issue – July 2017 – in lieu of services received	0.04	1,616,000	64,640		
Issue – August 2017 - in lieu of amounts owed to directors	0.04	3,580,500	143,220		
Placement – August 2017 – Cash	0.048	16,045,335	770,176		
Issue – August 2017 - in lieu of services received	0.048	622,396	29,875		
Issue – August 2017 - in lieu of services received	0.04	690,250	27,610		
Placement – August 2017 – Cash	0.078	19,230,766	1,500,000		
Issue – August 2017 - in lieu of services received	0.078	135,000	10,530		
Option Conversion	0.04	500,000	20,000		

Placement – June 2018 – Cash	0.088	17,002,094	1,496,184		
Issue – August 2017 - in lieu of services received	0.088	102,273	9,000		
Placement – July 2016 - Cash	0.012			9,845,010	118,140
Issue – August 2016 - in lieu of amounts owed to directors	0.012			5,833,333	70,000
Issue – January 2017 – in lieu of services received	0.016 - 0.02			1,154,750	21,970
Placement – March 2017 – Cash	0.02			30,750,000	615,000
Issue – May 2017 – in lieu of drilling services received	0.04			645,000	25,800
Issue – June 2017 – in lieu of drilling services received	0.02			800,000	16,000
Cost of capital			(177,025)	-	(23,089)
At the end of the year		317,864,055	33,951,434	258,339,441	30,057,224

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

14. RESERVES AND ACCUMULATED LOSSES

	2018	2017
	\$	\$
(a) Reserves		
<i>Share-based payments reserve</i>		
Balance at beginning of financial year	717,770	569,770
Share based payments – options (Note 15)	44,442	43,000
Option issued to Directors (Note 15)	154,437	105,000
Balance at end of financial year	916,649	717,770
(b) Accumulated losses		
Balance at beginning of financial year	(28,889,720)	(28,372,572)
Net loss for the year	(920,462)	(517,148)
Balance at end of financial year	(29,810,182)	(28,889,720)

(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

As at 30 June 2017, directors were owed \$160,000 in relation to remuneration (Note 10). On 29 August 2017, 3,580,500 shares and 8,950,000 unlisted options were granted to directors in lieu of outstanding directors fees. The options were ascribed a value of \$154,437 using a Black-Scholes model. Of this amount, \$25,000 relates to remuneration incurred in the year to 30 June 2017. The balance of the fair value (\$160,000) settles amounts accrued to 30 June 2017. The inputs to the Black-Scholes valuation were as follows:

Measurement date	29 August 2017
Share price at measurement date	\$0.032
Exercise price	\$0.08
Volatility	114%
Expiry date	30 November 2020
Risk free rate	1.94%

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	37,200,000	30/11/2020	2	0.37	Nil
25/08/2016	10,500,000	30/11/2020	2.5	1	Nil
08/12/2016	3,000,000	30/11/2020	4	1.43	Nil
29/08/2017	8,950,000	30/11/2020	8	2.22	Nil

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

	Weighted average exercise price 2018	Number of options 2017	Weighted average exercise price 2017	Number of options 2016
Outstanding at 1 July	\$0.021	83,000,000	\$0.02	69,500,000
Lapsed during period	-	-	-	-
Exercised during period	\$0.04	(500,000)	-	-
Granted during the period	\$0.08	8,950,000	\$0.028	13,500,000
Outstanding at 30 June	\$0.021	91,450,000	\$0.021	83,000,000
Exercisable at 30 June	\$0.027	91,450,000	\$0.021	83,000,000

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

16. TAXATION

	2018	2017
	\$	\$
Current tax expense	-	-
Deferred tax expense	-	-
a) Numerical reconciliation between tax expense and pre-tax accounting loss		
Loss before tax	(920,462)	(517,148)
Income tax using the corporate tax rate of 27.5% (2017: 28.5%)	(253,127)	(147,387)
Current year losses for which no deferred tax asset was recognised	<u>253,127</u>	<u>147,387</u>
Income tax expense	<u>-</u>	<u>-</u>

b) Unrecognised Deferred Tax Assets

The Company had estimated tax losses of \$21,426,314 (2017: \$21,173,187) at 30 June 2018. 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 company 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

	2018	2017
	\$	\$
Net loss attributable to ordinary shareholders	<u>(920,462)</u>	<u>(517,148)</u>

As the Company has made a loss for the year ended 30 June 2017, all options on issue are considered antidilutive and have not been included in the calculation of diluted earnings per share.

	2018	2017
	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	287,985,821	238,556,499
Basic loss per share recognised	(0.32 cents)	(0.22 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:

	2018	2017
	\$	\$
Cash on hand	-	-
Cash at bank	1,623,786	178,786
	<u>1,623,786</u>	<u>178,786</u>

(ii) Reconciliation of cash flows from operating activities

Loss for the period after income tax	(920,462)	(517,148)
Adjustments for:		
Depreciation		-
Impairment		18,103
Exploration expenditure written off	243,906	-
Share based payments expense	77,099	242,500
Interest received		-
Change in other receivables	(39,340)	(19,051)
Change in operating trade and other payables	137,836	45,031
	<u>(500,961)</u>	<u>(230,565)</u>

Non-cash investing and financing activities during the year are listed at Note 13.

19. AUDITOR'S REMUNERATION

	2018	2017
	\$	\$
Auditor's services		
Audit and review of financial reports	25,000	26,000

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 \$594,516 (2017: \$660,944). 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 \$1,289,089 (2017: \$1,945,268) and for later than five years the total obligations are 1,393,405 (2017: \$Nil).

20. COMMITMENTS (continued)

Operating Leases

Non-cancellable operating lease rentals are payable as follows:

	2018	2017
	\$	\$
Less than one year	48,430	137,620
Between one and five years	100,736	84,752
More than five years	149,166	222,372

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	
		2018	2017
		\$	\$
Other Receivables	7	67,000	65,660
Cash and cash equivalents	18(i)	1,623,785	178,786
		<u>1,690,785</u>	<u>244,446</u>

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 2018			
Non-derivative financial liabilities	Carrying amount	Contractual cash flows	6 mths or less
Trade and other payables	<u>438,846</u>	<u>438,846</u>	<u>438,846</u>

30 June 2017			
Non-derivative financial liabilities	Carrying amount	Contractual cash flows	6 mths or less
Trade and other payables	<u>521,577</u>	<u>521,577</u>	<u>521,577</u>

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
		\$	\$	\$
2018				
Financial Assets				
Cash and cash equivalents		1,623,785	-	1,623,785
Other receivables		-	67,000	67,000
		<u>1,623,785</u>	<u>67,000</u>	<u>1,690,785</u>
2017				
Financial Assets				
Cash and cash equivalents	1.0%	178,786	-	178,786
Other receivables	3.35%	-	65,660	65,660
		<u>178,786</u>	<u>65,660</u>	<u>244,446</u>

21. FINANCIAL INSTRUMENTS (continued)

Ref to Note 11 for information of interest rates relating to borrowings. 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.

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 \$5,491, therefore a sensitivity analysis on a 1% change in interest rates would not materially affect the loss for the year.

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

Key management personnel compensation

	2018	2017
	\$	\$
Short-term benefits	105,000	185,000
Post-employment benefits	-	-
Share-based payments	137,657	-
	242,657	185,000

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 21 to 25. 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.

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 of the Company in future financial years other than noted elsewhere in this report

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 20 to 54 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 2018.

Signed in accordance with a resolution of directors:



John LC Jones AM
Executive Chairman
Anglo Australian Resources NL

Dated at Perth this 28th day of September 2018

Independent Audit Report to the members of Anglo Australian Resources NL

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Anglo Australian Resources NL (the Company), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company 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 2018 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described as in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to 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 ability of the Company securing further working capital by the issue of additional equity.

As a result there is a 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be a key audit matter to be communicated in our report.

Capitalised Exploration Expenditure

Refer to Note 9, Capitalised Exploration Expenditure (\$3,871,182) and accounting policy Notes 4(b) and 2(e).

Key Audit Matter	How our audit addressed the matter
The Group has a significant amount of capitalised exploration and evaluation costs. As the carrying value of exploration and evaluation assets represents a significant asset of the Group, we considered it necessary to assess whether facts and circumstances exist to suggest the carrying amount of this asset may exceed its recoverable amount.	<p>Our audit work included, but was not restricted to, the following:</p> <ul style="list-style-type: none">• We obtained evidence that the Company has valid rights to explore in the areas represented by the capitalised exploration by obtaining independent searches of a sample of the Company's tenement holdings.• We enquired with those charged with governance to assess whether substantive expenditure on further exploration for and evaluation of the mineral resources in the Company's areas of interest are planned.• We enquired with management, reviewed ASX announcements made and reviewed minutes of directors' meetings to ensure that the Company has not decided to discontinue activities in any of its areas of interest.

Other Information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is included in annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors 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 preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on page 21 to page 25 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of the Company, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Greenwich & Co Audit Pty Ltd



Rafay Nabeel
Audit Director

Perth
28 September 2018

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 28 September 2018.

(a) Issued Capital

The issued capital of the Company at 28 September 2018; 317,864,054 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	481	253,371
	1,001 - 5,000	614	1,714,083
	5,001 - 10,000	344	2,817,361
	10,001 - 100,000	733	27,059,939
	100,001 and over	329	286,019,300
		2,501	317,864,054
The number of shareholders holding less than a marketable parcel of shares are:		1,186	2,493,882

(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 PL	20,169,616	6.35%
2	WISE PLAN PL	19,000,000	5.98%
3	BRAHAM INV PL	18,654,975	5.87%
4	BRAHAM CONSOLIDATED PL	15,924,565	5.01%
5	HSBC CUSTODY NOMINEES AUST LTD	9,178,548	2.89%
6	S LOADER PL	7,545,584	2.37%
7	GREAT AUST CORP PL	6,852,273	2.16%
8	C THWAITES PL	6,437,169	2.03%
9	FONTANA SABINA	5,000,000	1.57%
10	D & P BUCKLEY PL	4,828,995	1.52%
11	CORONA LAND HLDGS PL	4,500,000	1.42%
12	GRAHAM INV PL	3,644,078	1.15%
13	BEAUMONT MICHAEL JOHN	3,405,180	1.07%
14	M & A ISAACS PL	3,071,199	0.97%
15	HSBC CUSTODY NOM AUST LTD	3,000,000	0.94%
16	HADDON MATTHEW	2,836,984	0.89%
17	BYRON EXPL PL	2,700,000	0.85%
18	SUNDEN PL	2,685,784	0.84%
19	LOPEZ GEORGE	2,600,000	0.82%
20	K & F FALCONER PL	2,539,246	0.80%
		144,574,196	45.50%

(d) Substantial shareholders

Porter Street Investments Pty Ltd – 6.35%, Wise Plan Pty Ltd – 5.98%, Braham Investments Pty Ltd – 5.98%, Braham Consolidated Pty Ltd – 5.01%

(e) Voting rights

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

(f) Unquoted Securities

At 28 September 2018, the Company has a total 91,450,000 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
2,500,000	2	\$0.04	30 November 2020
8,950,000	6	\$0.08	30 November 2020
91,450,000	20		