ANGLO AUSTRALIAN RESOURCES NL

ACN 009 159 077

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED
31 DECEMBER 2013

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2013 and any public announcements made by Anglo Australian Resources NL during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

ANGLO AUSTRALIAN RESOURCES NL

31 DECEMBER 2013

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DIRECTORS' REPORT

Your directors are pleased to present their report on Anglo Australian Resources NL for the half-year ended 31 December 2013.

DIRECTORS

The names of the directors who held office during or since the end of the half-year are:

- John Jones
- Angus Pilmer
- Peter Stern

REVIEW AND RESULTS OF OPERATIONS

The loss after tax of the Company for the six months ended 31 December 2013 amounted to $362,926 (31 December 2012: loss of $413,043).

A share purchase plan raised $450,000 during the half year.

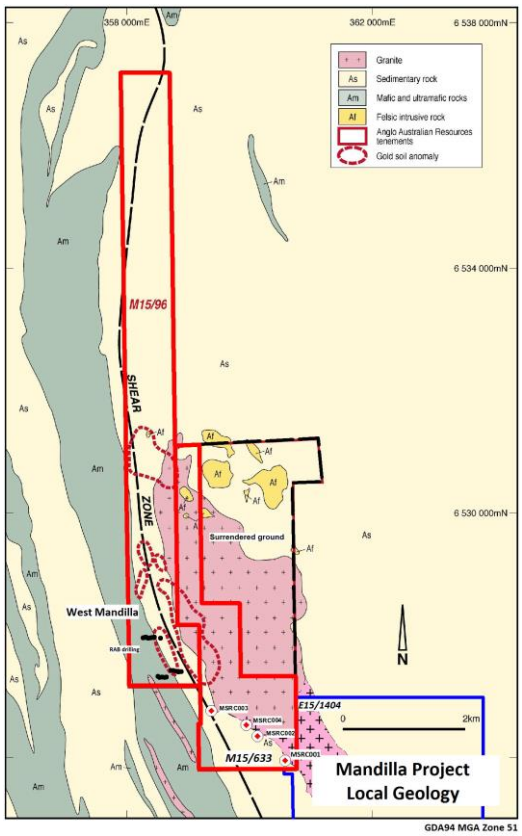
The Company undertook a 1:10 share consolidation resulting in the number of ordinary shares on issue being reduced to 93,641,488.

EXPLORATION

Anglo Australian's geological consultants evaluated and reviewed all of the Company's exploration projects during the six months to December 2013.

Drilling programs have been undertaken by the Company at the Mandilla project. In addition, three diamond core holes were completed by MMG Exploration Pty Ltd at the Victoria River Downs project under an option agreement.

MANDILLA PROJECT, WA



Anglo Australian completed a significant drilling program at West Mandilla and SE Mandilla. Best results include **47 metres at 0.20 g/t Au** from 48 metres to the end of hole MSRC004, and 2 **metres at 6.21 g/t Au** from 42 metres depth in hole MRC001. These results enhance the prospectivity of the south eastern fault zone which can now be projected to the south eastern boundary of the property. A new exploration licence application has been lodged over this area to cover the strike of the mineralised structure to the SE.

DIRECTORS' REPORT (continued)

LEONORA PROJECT, WA

Two diamond drill holes located over a strong 800-metre long bedrock conductor were completed by Anglo Australian in October 2012. Both holes intersected a sequence of predominantly mafic and felsic volcaniclastic rocks with trace to minor amounts of disseminated sulphides.

Anglo Australian's Leonora Project comprises a 10 kilometre long zone of felsic and sedimentary rocks approximately 25 kilometres to the south of and along strike from the Jaguar and Bentley copper-zinc mines of Independence Group NL.
Subsequent downhole electromagnetic (DHEM) surveys in both holes detected off hole conductors representing possible massive sulphide lenses or stringer sulphide zones.

Anglo Australian has designed a follow-up drilling program to test these off hole conductors.

VICTORIA RIVER DOWNS PROJECT, NT

The Victoria River Downs project is located approximately 200 km east of Kununurra (WA) and approximately 250 km southwest of Katherine (NT).

The license holdings total more than 1995 square kilometres in 6 exploration licences and are considered to be prospective for zinc (and lead) insofar as the Victoria-Birrindudu Basin has strong affinities to the Macarthur and Nicholson Basins which host the Macarthur River and Century "SedEx" style zinc deposits.

On 29 January 2013, Anglo entered into an agreement with MMG Exploration Pty Ltd (MMG), a wholly owned subsidiary of the Hong Kong Stock Exchange-listed global resources company MMG Limited, concerning the exploration and development of the project. Project Manager MMG Limited has advised that a program of three diamond core holes was completed during the quarter for a total of 1006 metres drilled.

Attribution

The information in this report that relates to Exploration Results is extracted from the December 2013 Quarterly Report lodged with the ASX on 30 January 2014 and is available to view on the Anglo Australian website. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market. The company confirms that the form and context in which the Competent Person's findings are presented have not materially modified from the original market announcement.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

This report is made in accordance with a resolution of directors.



John Jones
Chairman
Perth, 11 March 2014

ROTHSAY
Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005
P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 9486 7094 www.rothsayresources.com.au

The Directors
Anglo Australian Resources NL
63 Hay St
Subiaco WA 6008

Dear Directors

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

i) no contraventions of the auditor independence requirements of the Act in relation to the review of the 31 December 2013 interim financial statements; and

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

Graham Swan (Lead auditor)

Rothsay Chartered Accountants

Dated 11 March 2014

Chartered Accountants

Liability limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW).

ANGLO AUSTRALIAN RESOURCES NL

31 DECEMBER 2013

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Half-year	
	2013	2012
	$	$
Finance income – interest	**137**	**10,396**
Directors' fees	**(37,020)**	**(30,000)**
Depreciation and amortisation expenses	**(1,843)**	**(1,839)**
Employee benefits expense	**-**	**-**
Finance costs – interest	**(3,171)**	**(256)**
Rental expense	**(72,460)**	**(62,935)**
Share based payments expense	**(60,000)**	**(114,844)**
Other expenses	**(121,519)**	**(213,565)**
Exploration expenses	**(67,050)**	**-**
LOSS BEFORE INCOME TAX	**(362,926)**	**(413,043)**
Income tax expense	**-**	**-**
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF ANGLO AUSTRALIAN RESOURCES NL	**(362,926)**	**(413,043)**
Basic and diluted loss per share (cents per share)	**(0.42)**	**(0.06)**

Loss per share calculated on post 1:10 share capital consolidation

The above condensed statement of comprehensive income should be read in conjunction with the accompanying notes.

ANGLO AUSTRALIAN RESOURCES NL

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CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Note	31 December 2013 $	30 June 2013 $
CURRENT ASSETS			
Cash and cash equivalents		**62,550**	2,622
Trade and other receivables		**91,870**	59,215
TOTAL CURRENT ASSETS		**154,420**	61,837
NON-CURRENT ASSETS			
Other receivables		**222,000**	222,000
Plant and equipment		**3,416**	2,100
Exploration and evaluation assets		**5,135,449**	5,000,000
TOTAL NON-CURRENT ASSSETS		**5,360,865**	5,224,100
TOTAL ASSETS		**5,515,285**	5,285,937
CURRENT LIABILITIES			
Trade and other payables		**340,986**	345,650
Borrowings	3	**102,950**	73,055
Rehabilitation provision		**24,403**	24,403
TOTAL CURRENT LIABILITIES		**468,339**	443,108
TOTAL LIABILITIES		**468,339**	443,108
NET ASSETS		**5,046,946**	4,842,829
EQUITY			
Issued capital	4	**27,929,019**	**27,421,976**
Reserves		**174,844**	**114,844**
Accumulated losses		**(23,056,917)**	**(22,693,991)**
TOTAL EQUITY		**5,046,946**	**4,842,829**

The above condensed statement of financial position should be read in conjunction with the accompanying notes.

ANGLO AUSTRALIAN RESOURCES NL

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CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Issued Capital	Share Based Payments Reserve	Accumulated Losses	Total
	$		$	$
BALANCE AT 1 JULY 2012	**26,582,056**	**-**	**(21,389,841)**	**5,192,215**
Loss for the half-year	**-**	**-**	**(413,043)**	**(413,043)**
TOTAL COMPREHENSIVE LOSS	**-**	**-**	**(413,043)**	**(413,043)**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS				
Shares issued during the period	**552,780**	**-**	**-**	**552,780**
Share issue transaction costs	**-**	**114,844**	**-**	**114,844**
BALANCE AT 31 DECEMBER 2012	**27,134,836**	**114,844**	**(21,802,884)**	**5,446,796**
BALANCE AT 1 JULY 2013	**27,421,976**	**114,844**	**(22,693,991)**	**4,842,829**
Loss for the half-year			**(362,926)**	**(362,926)**
TOTAL COMPREHENSIVE LOSS			**(362,926)**	**(362,926)**
Shares Issued to Directors		**60,000**		**60,000**
Shares issued during the period	**507,043**			**507,043**
BALANCE AT 31 DECEMBER 2013	**27,929,019**	**174,844**	**(23,056,917)**	**5,046,946**

The above condensed statement of changes in equity should be read in conjunction with the accompanying notes.

ANGLO AUSTRALIAN RESOURCES NL

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CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Half-year	
	2013 $	2012 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	**(245,260)**	**(301,558)**
Interest received	**137**	**5,493**
Interest paid	**-**	**(256)**
Net cash used in operating activities	**(245,123)**	**(296,321)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration and evaluation expenditure	**(225,562)**	**(248,813)**
Payments for purchases of plant and equipment	**(3,160)**	**-**
Proceeds on sale of plant and equipment	**-**	**3,400**
Net cash used in investing activities	**(228,722)**	**(245,413)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of ordinary shares	**507,043**	**552,780**
Payments of share issue transaction costs	**-**	**-**
Proceeds from borrowings	**26,730**	**100,000**
Net cash provided by financing activities	**533,773**	**652,780**
Net increase in cash and cash equivalents	**59,928**	**111,046**
Cash and cash equivalents at the beginning of the half-year	**2,622**	**11,167**
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR	**62,550**	**122,213**

The above condensed statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2013 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2013 and any public announcements made by Anglo Australian Resources NL during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

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 half-year ended 31 December 2013 the Company incurred a loss of $362,926 and had a net negative working capital balance of $313,919.

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. As at the date of signing this financial report, the Company had a cash balance of approximately $25,000 and a net negative working capital balance of approximately $90,000 necessitating a new capital raising within the next 1 to 2 months. The ability of the Company to continue funding its exploration activities and ongoing corporate activities is dependent on the Company securing further working capital by the issue of additional equity.

The Directors are currently reviewing the Company's funding needs with the intention to raise further equity.

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

Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2013, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2013.

It has been determined by the Company that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Company accounting policies.

The Company has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2013. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Company accounting policies.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)

NOTE 2: SEGMENT INFORMATION

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

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

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

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

NOTE 3: BORROWINGS

At June 30 2013 Mr John Jones, Chairman of the Company, had provided a loan to the Company totalling $73,055.

In the half year to December 2013 Mr Jones increased the amount of this loan by $29,895 to $102,950. The loan incurs interest at the rate of 6.5% per annum, unsecured, and repayable on demand. Interest accrued and not paid for the half year was $3,165.

NOTE 4: CHANGES IN EQUITY SECURITIES ON ISSUE

	2013 Shares	**2013 $**	**2012 Shares**	**2012 $**
Issues of ordinary shares during the half-year				
Shares issued at 0.4 cents per share	**120,595,434**	**507,704**	-	-
Shares issued to directors at a deemed price of 0.4 cents per share	**15,000,000**	**60,000**	-	-
Shares issued at 0.6 cents per share			83,800,001	502,780
Shares issued on conversion of options at 0.8 cents per share			6,250,000	50,000
	135,595,434	**567,704**	90,050,001	552,780

NOTE 4: CHANGES IN EQUITY SECURITIES ON ISSUE (continued)

Movements of options during the period

	Number of options Half-year Ended	
	31 Dec 2013	31 Dec 2012
Exercisable at 0.9 cents, expiring 30 June 2015*	**25,610,217**	
Exercised at 0.8 cents, expiring 30 June 2015		41,900,003
Exercised at 1.2 cents, expiring 30 November 2015		10,000,000
Exercised at 1.5 cents, expiring 30 November 2015		26,000,000
Exercised at 0.8 cents, expiring 30 June 2015		(6,250,000)
	25,610,217	71,650,003

*Issued before shareholder approval for a 1:10 share consolidation

Consolidation of Share Capital

At the Annual General Meeting of the Company held on 29 November 2013, shareholders approved a 1:10 consolidation of the Company's shares.

Results of the consolidation are listed below:

	Post Consolidation	**Pre-Consolidation**
Ordinary Shares	**93,641,488**	936,413,435
Options		
Exercisable at 8 cents, expiring 30 June 2015	**3,565,004**	
Exercisable at 9 cents, expiring 31 March 2015	**2,561,027**	
Exercisable at 12 cents, expiring 30 November 2015	**1,000,000**	
Exercisable at 15 cents, expiring 30 November 2015	**2,600,000**	
Exercisable at 0.8 cents, expiring 30 June 2015		35,650,003
Exercisable at 1.2 cents, expiring 30 November 2015		10,000,000
Exercisable at 1.5 cents, expiring 30 November 2015		26,000,000

NOTE 5: CONTINGENCIES

There has been no change in contingent liabilities or contingent assets since the last annual reporting date.

NOTE 6: SUBSEQUENT EVENTS

No matter or circumstance has arisen since 31 December 2013, which has significantly affected, or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years.

ANGLO AUSTRALIAN RESOURCES NL

31 DECEMBER 2013

DIRECTORS' DECLARATION

In the directors' opinion:

1. the financial statements and notes set out on the preceding pages are in accordance with the *Corporations Act 2001*, including:
   (a) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
   (b) giving a true and fair view of the company's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
2. there are reasonable grounds to believe that Anglo Australian Resources NL will be able to pay its debts as and when they become due and payable.

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



John Jones
Chairman

Perth, 11 March 2014

ROTHSAY

Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005
P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 9486 7094 www.rothsayresources.com.au

Independent Review Report to the Members of Anglo Australian Resources NL

The financial report and directors' responsibility
The interim financial report comprises the statement of financial position, statement of comprehensive income, statement of changes in equity, cashflow statement, accompanying notes to the financial statements, and the directors' declaration for Anglo Australian Resources NL for the half-year ended 31 December 2013.

The Company's directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach
We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the financial position as at 31 December 2013 and the performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Anglo Australian Resources NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence
In conducting our review we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Anglo Australian Resources NL is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the financial position as at 31 December 2013 and of the performance for the half-year ended on that date; and
- complying with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter regarding Continuation as a Going Concern

Without qualifying our conclusion, we draw attention to Note1in the financial report which indicates the basis for preparing the accounts on a going concern basis. We note the Company incurred a loss for the period of $363,413 and had a negative working capital of $313,919 as at 31 December 2013.

As stated in Note 1in the event the Company is unable to raise additional funds there is material uncertainty as to whether the Company could continue as a going concern and therefore may be unable to realise its assets and extinguish its liabilities in the normal course of business and for the amounts stated in the financial report.

Rothsay

Rothsay

Graham R Swan
Partner

Dated 11 March 2014

Chartered Accountants

Liability limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW).