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A WEST Australian mining company being bankrolled by federal MP Clive Palmer is down to its last \$74,000 and appears to be losing confidence it will be able to raise the \$4 billion needed to build an iron ore project in the Pilbara.

The parlous state of Australasian Resources' finances was revealed in cashflow statements sent to the Australian Securities Exchange confirming the company was being kept afloat only by cash injections from Mr Palmer's private vehicle Mineralogy, which has a 70 per cent stake.

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The near-insolvency of Australasian comes on top of a string of financial losses and operational failures at other companies controlled by Mr Palmer.

The Perth-based Australasian is being run by Palmer United Party candidate Zhenya Wang, who could represent the party at a fresh Senate election in Western Australia if the High Court orders a rerun of last year's disputed poll.

Australasian's cash-flow statements for the December quarter show it received a \$200,000 interest-free loan from Mr Palmer to keep it afloat. The company said he had pledged to continue bankrolling it until September.

The statements show Australasian burned through \$425,000 in administration, exploration and development costs in the three months to December 31 as its cash position degenerated from \$299,000 to \$74,000.

In its activities statement for the September quarter last year, it said it was confident a "working capital solution" would be found within a year, but the group did not provide such an assurance in its most recent statement.

Australasian also said it had been unable to secure government approvals for its Balmoral South magnetite project in the Pilbara. It said an arbitration hearing would take place in April.

In November, Mr Wang told shareholders that Mr Palmer's bitter legal wrangle with China's Citic Pacific over the nearby Sino Iron project had scared away potential Chinese investors in Australasian.

Ernst & Young partner Gavin Buckingham warned in an auditor's report last year that there was "significant uncertainty" as to whether Australasian could continue as a going concern.

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