AUSTRALIAN MINES LIMITED
ABN 68 073 914 191

CONSOLIDATED INTERIM FINANCIAL REPORT
HALF YEAR ENDED 31 DECEMBER 2019

AUSTRALIAN MINES LIMITED

CONTENTS

DIRECTORS' REPORT	2
AUDITOR'S INDEPENDENCE DECLARATION	6
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	7
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	8
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	9
CONSOLIDATED STATEMENT OF CASH FLOWS	10
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT	11
DIRECTORS' DECLARATION	19
INDEPENDENT AUDITOR'S REVIEW REPORT	20

AUSTRALIAN MINES LIMITED

DIRECTORS' REPORT

The Directors present their report together with the Consolidated Interim Financial Report of Australian Mines Limited ("the Company" or "Australian Mines") and its controlled entities ("the Group") for the six months ended 31 December 2019.

DIRECTORS

The Directors of the Company at any time during or since the end of the interim period are:

Michael Ramsden – Chairman, Non-Executive Director

Benjamin Bell – Managing Director

Michael Elias – Non-Executive Director

Dominic Marinelli – Non-Executive Director

Lee (Les) Guthrie – Non-Executive Director (appointed November 2019)

Oliver Carton – Company Secretary

PRINCIPAL ACTIVITIES

The consolidated entity's principal activity during the course of the financial year was the exploration and pre-development of the three battery metals projects located in eastern Australia.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Group during the financial period not otherwise disclosed in this report or the financial statements.

REVIEW OF EVENTS

Australian Mines continued to progress its flagship Sconi Project located in North Queensland, which remains one of the most advanced cobalt-nickel projects of its type in Australia.

The successful development of Sconi is expected to position the Company as a low-cost, long-term supplier of battery grade materials, operating in a low risk jurisdiction and producing ethically derived cobalt sulphate and nickel sulphate.

According to an independent Market Study[1] by CRU International, Australian Mines' Sconi Project is expected to be one of the most cost competitive cobalt-producing nickel projects in the world, giving the company a distinct advantage as a preferred supplier to the global battery industry.

[1] Australian Mines Limited, Study places Sconi as low-cost cobalt and nickel producer, released 12 February 2019

The Directors remain confident in the quality of the Sconi Project and its ability to generate significant value for shareholders over its life.

During the six months to 31 December 2019, Australian Mines recommenced offtake negotiations with third parties interested in Sconi, and continued project finance discussions with potential financiers including banks and export credit agencies. This followed termination of an offtake term sheet agreement with SK Innovation after the failure of SK Innovation to issue an agreed pre-payment/finance letter by the due date of 31 October 2019.

While the timetable for confirming new offtake partners and project financing will be a function of negotiations, Australian Mines is absolutely committed to delivering the best outcome for shareholders and we expect our selected partners will make a meaningful financial commitment to the project financing of Sconi, as part of any offtake agreement.

The decision by the Queensland Government, in January 2019, to give Sconi Prescribed Project status continues to assist in the streamlining of any remaining development approvals. The company's decision to acquire 13 acres of freehold land[1] in Greenvale in 2019 is aligned with our stated commitment to operate Sconi with a predominantly residential workforce that will form part of our broader contribution to the local Greenvale and wider Northern Queensland communities and economy. It is the first tangible part of our promise of employing local, living local and buying local.

The Bankable Feasibility Study (BFS) on Sconi, released in November 2018[2], demonstrated the strong commercial case for the development of a 2 million tonne per annum processing plant on our Sconi site, to be fed by open pit mining operations there. The development of a processing plant at Sconi would include investment in shared public-use infrastructure in the Greenvale area and the creation of secure long-term jobs.

Key financial metrics modelled in the BFS included: $512 million average annual revenue; $295 million average annual EBITDA; and a 5.2-year payback period. Detailed modelling of the proposed development also indicated 500 jobs would be created during the construction phase at Sconi followed by 300 full time positions once the operation reached steady state.

Australian Mines has a demonstration-size processing plant in Perth, Western Australia, where it set a benchmark in July 2018 with the largest known shipment of cobalt sulphate and nickel sulphate exported from Australia, produced using Sconi ore[3].

---

[1] Australian Mines Limited, Land acquisition reinforces AUZ's commitment to Sconi, released 22 January 2019

[2] Australian Mines Limited, BFS supports strong commercial case for developing Sconi, released 20 November 2018

[3] Australian Mines, AUZ to export largest sample of battery-grade material from Australia, released 2 July 2018

AUSTRALIAN MINES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS

The Group made a loss for the six months ended 31 December 2019 of $1,998,110. This compares with a loss of $5,561,253 for the six months ended 31 December 2018.

A comparison of the consolidated financial performance is included in the table below.

Financials	Six months ended 31 December 2019	Six months ended 31 December 2018
	$000	**$000**
Revenue from operating activities	-	-
Net loss	(1,998)	(5,561)
Cash and cash equivalents	3,943	587

EVENTS SUBSEQUENT TO REPORTING DATE

The 2019 Research and Development refundable offset of $853,695 was received in January 2020.

There have been no other material events subsequent to 31 December 2019.

DIVIDENDS

There were no dividends paid or declared or recommended since the start of the period.

ROUNDING

The parent entity is a Company of the kind specified in ASIC Corporation Legislative Instrument 2016/191. In accordance with that class order, amounts contained in the interim consolidated financial statements have been rounded to the nearest thousand dollars ($'000) unless specifically stated otherwise.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration required under Section 307C of the Corporation's Act 2001 is set out on page 6 and forms part of the director's report for the six months ended 31 December 2019.

Signed in accordance with a resolution of Directors

....
Benjamin Bell
Managing Director
Perth
Dated: 13 March 2020

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF AUSTRALIAN MINES LIMITED

As lead auditor for the review of Australian Mines Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Australian Mines Limited and the entities it controlled during the period.

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 13 March 2020

AUSTRALIAN MINES LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

	Notes	31 December 2019 $000	31 December 2018 $000
Personnel expenses		(574)	(844)
Share based payment expense	13	(26)	(444)
Exploration expenditure	8	3	(103)
Depreciation and amortisation		(122)	(26)
Corporate overheads and indirect expenses	9	(1,283)	(1,535)
Convertible notes finance charges		-	(2,613)
Results from operating activities		**(2,002)**	**(5,565)**
Finance income		4	4
Net finance income		**4**	**4**
Loss before income tax		**(1,998)**	**(5,561)**
Income tax		-	-
Loss after income tax from continuing operations		**(1,998)**	**(5,561)**
Total comprehensive loss for the period		**(1,998)**	**(5,561)**
Basic loss per share (cents)		(0.0587)	(0.1904)
Diluted loss per share (cents)		(0.0587)	(0.1904)

The notes on pages 11 to 18 are an integral part of the consolidated interim financial statements.

AUSTRALIAN MINES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

	Notes	Issued Capital $000	Accumulated Losses $000	Share Option Reserve $000	Share Based Payment Reserve $000	Total Equity $000
Opening balance at 1 July 2019		81,373	(51,616)	494	3,578	33,829
Adjustment to Opening Retained Earnings			(42)			(42)
Total comprehensive income for the period:						
(Loss) for the period		-	(1,998)	-	-	(1,998)
Transactions with owners, recorded directly in equity:						
Shares issued during the period		5,818	-	-	-	5,818
Transaction costs from issue of shares		(437)	-	-	-	(437)
Share based payment transactions	13	-	-	-	(42)	(42)
Closing balance at 31 December 2019		**86,754**	**(53,656)**	**494**	**3,536**	**37,128**

	Issued Capital $000	Accumulated Losses $000	Share Option Reserve $000	Share Based Payment Reserve $000	Total Equity $000
Opening balance at 1 July 2018	67,076	(41,820)	168	2,845	28,269
Total comprehensive income for the period:					
(Loss) for the period	-	(5,561)	-	-	(5,561)
Transactions with owners, recorded directly in equity:					
Shares issued during the period	6,307	-	-	-	6,307
Transaction costs from issue of shares	(38)	-	-	-	(38)
Share based payment transactions	-	-		445	445
Convertible Notes			326		326
Closing balance at 31 December 2018	**73,345**	**(47,381)**	**494**	**3,290**	**29,748**

The notes on pages 11 to 18 are an integral part of the consolidated interim financial statements.

AUSTRALIAN MINES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Notes	31 December 2019 $000	30 June 2019 $000
CURRENT ASSETS			
Cash and cash equivalents		3,943	3,360
Trade and other receivables		935	75
TOTAL CURRENT ASSETS		**4,878**	**3,435**
NON-CURRENT ASSETS			
Exploration and evaluation assets	8	29,349	28,033
Property, plant and equipment	11	763	205
Investment accounted for using equity method	10	3,407	3,085
Intangibles		5	5
TOTAL NON-CURRENT ASSETS		**33,524**	**31,328**
TOTAL ASSETS		**38,402**	**34,763**
CURRENT LIABILITIES			
Trade and other payables		420	724
Provisions		214	162
Lease Liability		166	-
TOTAL CURRENT LIABILITIES		**800**	**885**
NON-CURRENT LIABILITIES			
Provisions		-	48
Lease Liability		475	-
TOTAL NON-CURRENT LIABILITIES		**475**	**48**
TOTAL LIABILITIES		**1,275**	**933**
NET ASSETS		**37,127**	**33,829**
EQUITY			
Contributed equity	12	86,753	81,373
Reserves		4,030	4,072
Accumulated losses		(53,656)	(51,616)
TOTAL EQUITY		**37,127**	**33,829**

The notes on pages 11 to 18 are an integral part of the consolidated interim financial statements.

AUSTRALIAN MINES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

	Notes	31 December 2019 $000	31 December 2018 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash payments to suppliers and employees		(2,072)	(3,322)
Interest received		4	4
Net cash used in operating activities		**(2,068)**	**(3,318)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation		(2,278)	(8,984)
Payments for exploration acquisitions		-	-
Investment accounted for equity method	10	(450)	-
Intangibles		-	-
Payments for property, plant and equipment		-	(59)
Net cash used in investing activities		**(2,728)**	**(9,043)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of Shares (net of costs)	12	5,380	3,963
Net cash provided by financing activities		**5,380**	**3,963**
Net increase/(decrease) in cash held		**584**	**(8,398)**
Cash at the beginning of the period		**3,360**	**8,985**
Cash at the end of the period		**3,944**	**587**

The notes on pages 11 to 18 are an integral part of the consolidated interim financial statements.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

1. Reporting entity

Australian Mines Limited (the "Company", "AUZ") is a company domiciled in Australia. The address of the Company's registered office is Level 34, 1 Eagle Street, Brisbane, Queensland 4000 Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2019 comprises the Company and its subsidiaries (together referred to as the "Group").

The Group is a for-profit entity and is primarily involved in the development of Cobalt-Nickel-Scandium Projects in Australia.

The consolidated annual financial report of the Group as at and for the year ended 30 June 2019 is available upon request from the Company's registered office or at www.australianmines.com.au

2. Statement of compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 30 June 2019. The consolidated interim financial report does not include all the information required for a full annual financial report and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 June 2019.

This consolidated interim financial report was approved by the Board of Directors on 13 March 2020.

3. Significant accounting policies

Investment in associates

Interests in associates are accounted for using the equity method. Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Groups share of the profit or loss of the associate.

All other accounting policies applied by the Group in this consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2019, except for those discussed in Note 4 below.

4. Changes in accounting policy

New and amended standards adopted by the Company

The group has adopted the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application.

AASB 16 Leases

The group has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening retained profits as at 1 July 2019 was as follows:

	1 July 2019 $000
Operating lease commitments as at 1 July 2019 (AASB 117)	1,128
Finance lease commitments as at 1 July 2019 (AASB 117)	-
Operating lease commitments discount based on the weighted average incremental borrowing rate of 10% (AASB 16)	(274)
Short-term leases not recognised as a right-of-use asset (AASB 16)	-
Low-value assets leases not recognised as a right-of-use asset (AASB 16)	-
Accumulated depreciation as at 1 July 2019 (AASB 16)	(173)
Right-of-use assets (AASB 16)	681
Lease liabilities - current (AASB 16)	(162)
Lease liabilities - non-current (AASB 16)	(561)
Tax effect on the above adjustments	-
Reduction in opening retained profits as at 1 July 2019	(42)

The key features of AASB 16 are as follows:

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Other standards not yet applicable

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

AUSTRALIAN MINES LIMITED

5. Estimates

The preparation of the consolidated interim financial report 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 expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2019.

6. Judgement

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2019.

7. Segment Information

The Company only operates in a single reportable geographical segment. As a result, no additional segment information provided.

8. Exploration and evaluation assets

Reconciliations of the carrying amounts for each class of exploration and evaluation expenditure are set out below:

	31 Dec 2019 $000	30 June 2019 $000
Exploration and evaluation		
Opening balance July	28,033	18,552
Acquisition of tenements	-	4,000
Expenditure incurred	2,167	7,677
Expenditure expensed	3	(159)
R&D Refund	(854)	(2,036)
Exploration costs carried forward	29,349	28,033

2019 R&D tax offset has been lodged (Refer to Note 14 – Events occurring after the reporting period for more details).

The ultimate recoupment of costs carried forward for mineral properties in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

9. Corporate overheads and indirect expenses

	31 Dec 2019 $000	31 Dec 2018 $000
Insurance	43	29
Travel and Accommodation	129	156
Legal Fees	43	88
Accounting, Tax and Audit Services	192	142
Share Registry Services	92	86
Conferences	121	89
Public Relations Fees	184	250
Advisors and Consultants	62	271
Recruitment	16	54
Other Fees and Services	104	264
General Administration	297	104
	1,283	1,534

10. Investment accounted for using equity method

	31 Dec 2019 $000	30 June 2019 $000
Investment accounted for using equity method		
Opening Balance	3,085	-
Additional Investments in Associates – Norwest	450	3,600
Share of associate loss	(128)	(515)
Total Investments in Associates	3,407	3,085

On 23 September 2019, Australian Mines Limited purchased 3 million shares from Norwest Minerals Limited at $0.15 per share. Total current shareholding is 25.05%.

11. Property, plant and equipment

	31 Dec 2019 $000	30 June 2019 $000
Plant and Equipment		
At cost	263	263
Accumulated Depreciation	(199)	(177)
	64	87

AUSTRALIAN MINES LIMITED

Motor Vehicles		
At cost	52	52
Accumulated Depreciation	(32)	(23)
	20	29
Land		
Land at cost	89	89
	89	89
Right of Use Assets		
Right of Use Assets - Lease	854	-
Right of Use Assets – Accumulated Depreciation	(264)	-
	590	-
Total Property, Plant and Equipment	763	205

12. Share capital

Reconciliation of issued capital	**31 Dec 2019 $**	**31 Dec 2019 No.**	**30 June 2019 $**	**30 June 2019 No.**
Balance at 1 July	81,373,233	3,083,406,567	67,075,806	2,677,803,672
Share placement @ $0.00	-	-	-	14,800,000
Share placement (Employee Loan Share Plan) @ $0.00 (ii)	-	-	-	10,000,000
Share placement (Senior Employee Sign on Bonus) @ $0.042	-	-	73,500	1,750,000
Share placement @ $0.016 (i)	5,817,508	361,335,912	2,960,000	87,058,824
Share placement @ $0.029	-	-	5,000,000	172,413,793
Share placement @ $0.031	-	-	458,800	
Share placement @ $0.059	-	-	360,000	6,101,695
Share placement @ $0.0892	-	-	1,500,000	16,811,916
Convertible Notes @$0.03	-	-	4,446,667	96,666,667
Costs of capital raising	- 437,427	-	- 501,540	-
Balance at end of period	86,753,314	3,444,742,479	81,373,233	3,083,406,567

(i) Australian Mines raised $5.8 million via oversubscribed Share Purchase Plan (SPP).

(ii) Employee loan share plan of 10m shares issued to Marcus Hughes was forfeited as the shares had not vested under the terms of the plan. Marcus Hughes transferred these shares to Lennon Group Pty Ltd, Trustee for the Australian Mines Limited Loan Share Plan, where they are held for the time being.

13. Share based payment reserve

	31 Dec 2019	30 June 2019
Plan Shares	**No.**	**No.**
Granted 27 Nov 2017, expiring 1 June 2018	33,116,667	33,116,667
Granted 27 Nov 2017, expiring 1 June 2019	33,116,667	33,116,667
Granted 27 Nov 2017, expiring 1 June 2020	3,316,666	3,316,666
Granted 03 Dec 2018, expiring 3 Dec 2019 (i)	-	2,500,000
Granted 03 Dec 2018, expiring 3 Dec 2020 (i)	-	2,500,000
Granted 03 Dec 2018, expiring 3 Dec 2021 (i)	-	2,500,000
Granted 03 Dec 2018, expiring 3 Dec 2022 (i)	-	2,500,000
Total Plan Shares	69,550,000	79,550,000

(i) During the 2020 financial year, Key Management Executive, Marcus Hughes, resigned and according to the plan shares agreement, the 10m shares granted to Marcus Hughes have been forfeited. Hence, previously recognized share-based payment at 30 June 2019 of $67,611 for Marcus Hughes has been reversed to reduce the share-based payment reserve balance. It was also noted that as the shares had not vested under the terms of the plan, Marcus Hughes transferred these shares to Lennon Group Pty Ltd, Trustee for the Australian Mines Limited Loan Share Plan, where they are held for the time being.

14. Events occurring after the reporting period

The 2019 Research and Development refundable offset of $853,695 was received in January 2020.

There have been no other material events subsequent to 31 December 2019.

15. Contingent liabilities

In accordance with the agreement with Jervois Mining Ltd for the Flemington project, a royalty of 1.5% of gross sales is payable on all proceeds from the sale of products. At this time, it is not possible to quantify the value of this royalty.

Upon commercial production from the Sconi Cobalt-Nickel-Scandium project, it is agreed that a final issue of $2.5 million Australian Mines Limited shares (or cash at the option of Metallica Minerals Ltd) is payable to Metallica Minerals Ltd. This has not been recognised as a liability as it is contingent upon commencement of full-scale commercial production which, at this point in time, is only a possible obligation.

The Group's mining tenements are subject to native title applications. At this stage it is not possible to quantify the impact (if any) that native title may have on the operations of the Group.

There have been no other changes to contingencies in the six months ended 31 December 2019.

16. Related parties

During the half year period, Key Management Executive, Marcus Hughes, resigned from Australian Mines. Also, during the half year period, the group has appointed a new Non-Executive Director, Lee (Les) Guthrie, on November 2019.

During the half year period, no payments have been made to any related parties. All related parties are consistent to 31 December 2019.

DIRECTORS' DECLARATION

In the opinion of the Directors of Australian Mines Limited ("the Company"):

(a) the financial statements and notes disclosed on pages 7 to 18 are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance, for the six months ended on that date; and

   (ii) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors

On behalf of the Directors

....
Benjamin Bell
Managing Director

Perth
Dated: 13 March 2020

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Australian Mines Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Australian Mines Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a 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 half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2019 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch

Director

Perth, 13 March 2020