



Appendix 4E – Preliminary Final Report

| | |
|---|---|
| Name of Entity: | Sovran White International Limited (previously China Magnesium Corporation Limited) |
| ABN: | 14 125 236 731 |
| Reporting Period - year ended: | 30 June 2020 |
| Previous corresponding period – period ended | 30 June 2019 |

Results for Announcement to the Market

| | Percentage change Up or Down | % | | \$'000 |
|---|------------------------------|-----|----|---------|
| Revenue from ordinary activities | down | 95% | to | 62 |
| (Loss) from ordinary activities after tax attributable to members | down | 86% | to | (1,635) |
| (Loss) for the period attributable to members | down | 86% | to | (1,635) |

| Dividends | Amount per Security | Franked amount per security |
|---|---------------------|-----------------------------|
| Interim Dividend – Current reporting period | Nil | Nil |
| Final Dividend – Current reporting period | Nil | Nil |
| Record date for determining entitlements to dividends (if any) | | Not applicable |
| Date Dividend is payable | | Not applicable |
| Details of any dividend reinvestment plan in operation | | Not applicable |
| The last date for receipt of an election notice for participation in any dividend reinvestment plan | | Not applicable |

| Net Tangible Assets (NTA) | June 2020 | June 2019 |
|----------------------------------|-----------|-----------|
| Net Tangible Assets per security | 1.0 Cents | 1.0 Cents |

The accounts have not yet been audited

For personal use only

Sovran White International Limited (previously China Magnesium Corporation Limited)

Brief explanation of any figures reported above necessary to enable the figures to be understood

During the year, the revenue recorded has decreased as compared with the prior period, as no commodity trades had taken place. The lower loss for the period at around \$1.7M (compared to a loss of \$12.2M in the prior period) could be mainly attributable to (i) the ongoing cost containment exercise this period; (ii) significant impairments of around \$9.2M in total in the prior period; in relation to impairment allocated to SYMC's net assets and the impairment of one-off receivable in the prior period in relation to a financial asset and expected credit loss for a few receivables.

Commentary on Results

Refer attached Chief Executive Officer's report

Dividends

No dividends were paid or declared during the period ending 30 June 2020.

Compliance Statement

This report comprises the information as required by Listing rule 4.3A. The accounts have not yet been audited. In response to circumstances caused by Covid-19, ASIC has extended the deadline by one month for listed entities to lodge their financial reports under the Corporation Act. ASX similarly decided on a class waiver to give effect to the extended reporting and lodgement deadlines. The Company is relying on the ASIC relief to extend the lodgement date for the audited accounts and will immediately make a further announcement to the market if there is a material difference between its unaudited and its audited accounts.



Jin Thean (Jason) Teoh
Chief Executive Officer

Date: 31 August 2020

Sovran White International Limited (previously China Magnesium Corporation Limited) - Chief Executive Officer's Report – 30 June 2020

Dear Shareholders

During the financial year, the Group faced a challenging period and has been affected by circumstances caused by the Covid-19. However, we will continue to maintain the momentum as we aim to navigate the Group into new beginnings.

Financial summary

The Group has recorded a net loss after tax for the period at around \$1.7M compared with the loss of \$12.2M in the prior year.

Pingyao update

As announced to the ASX on 6 August 2019, the Company has entered into a Sales and Purchase Agreement with Worldcom Parkway International Trade (Tianjin) Co. Ltd, to sell its 91.25% interest in SYMC for RMB 1 million, subject to all relevant conditions being satisfied. This sale was approved by shareholders at the general meeting held on 23 October 2019. The parties have not yet agreed to an extension to meeting the conditions of sale of the Pingyao plant. The parties are still in contact, but things have been delayed as a result of the Covid-19 and the parties are unsure as to the timeline in which a sale is possible given the current climate. As an alternative, the Company may explore other buyers.

Lithium tenements

Based on recommendations by the geologists engaged by CMC Lithium Pty Ltd (CMCL), this 40% associate is considering a potential joint venture (JV) over a new tenement (also for lithium), which is located near the existing two tenements in Greenbushes Western Australia. The new tenement is still under application with the Western Australia Department of Mines, Industry Regulation and Safety (DMIRS). The potential JV partners are currently working on a non-binding heads of agreement and not in a position to disclose further details. In view of the aforesaid potential JV, the current project has been on hold. Relevant updates of any further developments will be made in due course.

Orchard & Plantation Project Joint Venture

From the existing high-level agreement for the Orchard & Plantation project joint venture, further discussions between the relevant contracting parties in respect of the detailed terms of services and ancillary facilities for the distribution of agricultural products have been affected by circumstances caused by Covid-19. The Board has been advised that the situation has yet to be resolved and further negotiations have been put on hold until factors such as the commercial and economic feasibility of the project can be reassessed by the parties in a post Covid-19 climate.

Commodities and General Trading

The Group business of international trading of commodities has been affected by the circumstances caused by Covid-19. Nevertheless, we anticipate overall trading activities to improve in a post Covid-19 climate.

Working capital and Placements

During the year, the Company issued 43,333,332 ordinary shares at 0.03 cents per share, raising a total of \$1.3m in cash before costs.

Going concern

In forming a view that the Group is a going concern, the directors' have assumed:

- a) the completion of sale of its interest in SYMC;
- b) expected access to further funding;
- c) management services revenue commencing from the plantation associate;
- d) expected cashflow and profits arising from general trading operations.

Should all of the above assumptions not eventuate, there exists a material uncertainty regarding the Company's and Group's ability to continue as a going concern and realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial statements.

Sovran White International Limited (previously China Magnesium Corporation Limited) - Chief Executive Officer's Report – 30 June 2020

Board appointment

On 11 June 2020, Mr Kwang Meng (Alvin) Tan was appointed as Non-Executive Director of the Company

Looking forward

Following shareholder approval at the general meeting held on 8 July 2020, the Company has proceeded with the resolutions passed. Besides the change of its name to Sovran White International Limited (SWI) effective 20 July 2020, the Company is in the midst of progressing the approval of its intended listing on the Sydney Stock Exchange (SSX).

Yours sincerely,



Jin Thean (Jason) Teoh
Chief Executive Officer

For personal use only

Sovran White International Limited (previously China Magnesium Corporation Limited - Consolidated Financial Statements – 30 June 2020)

Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2020

| | Note | Consolidated | |
|---|------|--------------------|---------------------|
| | | 2020 | 2019 |
| | | \$ | \$ |
| Revenue | 2 | 60,000 | 1,226,124 |
| Other income | | 1,881 | 24,026 |
| | | <u>61,881</u> | <u>1,250,150</u> |
| Impairment -receivable | | - | (2,587,137) |
| Loss on termination of lease – Right of use asset | | - | (102,196) |
| Gain on derecognition of lease liability | | - | 118,839 |
| Allowance for expected credit loss | | (51,335) | (775,206) |
| Share of profit/(loss) of associate | 4 | (102,670) | (107,750) |
| Costs of raw materials and consumables | | - | (999,590) |
| Auditing and accounting expenses | | (85,074) | (135,043) |
| Depreciation and amortisation | 3 | (65,418) | (61,403) |
| Employee benefits | | (802,254) | (958,309) |
| Finance costs | | (3,501) | (4,010) |
| Foreign exchange gain/(loss) | | 92,011 | (313,976) |
| Lease interest and amortisation | | (37,271) | (44,464) |
| Amortisation on right of use assets | | (133,110) | (167,331) |
| Other expenses | | (438,757) | (234,424) |
| Travel | | (69,306) | (90,616) |
| Total expenses | | <u>(1,696,685)</u> | <u>(6,462,616)</u> |
| Loss before income tax | | (1,634,804) | (5,212,466) |
| Income tax | | - | - |
| Loss after tax from continuing operations | | (1,634,804) | (5,212,466) |
| Loss after tax from discontinuing operations | 6 | | (7,016,664) |
| Loss after tax for the period | | (1,634,804) | (12,229,130) |
| Other comprehensive income | | | |
| <i>Items that may be reclassified to profit or loss</i> | | | |
| Foreign currency translation differences | | (48,847) | (21,037) |
| Income tax on items of other comprehensive income | | - | - |
| Other comprehensive income for the year (net of tax) | | (1,683,651) | (21,037) |
| Total comprehensive income for the year | | (1,683,651) | (12,250,167) |
| Loss for the year is attributable to: | | | |
| Owners of the parent | | (1,634,804) | (11,615,172) |
| Non-controlling interests | | - | (613,958) |
| | | <u>(1,634,804)</u> | <u>(12,229,130)</u> |
| Total comprehensive income for the year is attributable to: | | | |
| Owners of the parent | | (1,683,464) | (11,633,489) |
| Non-controlling interests | | (187) | (616,678) |
| | | <u>(1,683,651)</u> | <u>(12,250,167)</u> |
| Earnings per share | | Cents | Cents |
| Basic earnings/(loss) per share for the year | | (0.3) | (3.1) |
| Diluted earnings/(loss) per share for the year | | (0.3) | (3.1) |

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Sovran White International Limited (previously China Magnesium Corporation Limited - Consolidated Financial Statements – 30 June 2020)

Consolidated statement of financial position as at 30 June 2020

| | Note | 2020 \$ | 2019 \$ |
|---|------|-------------------|-------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 5 | 309,899 | 295,056 |
| Trade and other receivables | | 8,138 | 1,189,798 |
| Inventories | | 318,317 | 80,633 |
| Assets classified as held for sale | 6 | 9,638,192 | - |
| Total Current Assets | | 10,274,546 | 1,565,487 |
| Non-current assets | | | |
| Prepayments | | 574,796 | 218,914 |
| Property, plant and equipment | | 127,638 | 8,715,856 |
| Right of use assets | | 259,685 | 381,490 |
| Investment accounted for using equity method | 6 | 4,934,831 | 5,037,501 |
| Total Non-Current Assets | | 5,896,950 | 14,353,761 |
| Total assets | | 16,171,496 | 15,919,248 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | | 1,864,178 | 2,114,826 |
| Lease liabilities | | 147,866 | 147,866 |
| Employee benefits | | 13,294 | 17,725 |
| Liabilities classified as held for sale | | 9,432,673 | - |
| Total Current Liabilities | | 11,458,011 | 2,280,417 |
| Non-Current liabilities | | | |
| Trade and other payables | | - | 6,652,483 |
| Lease liabilities | | 137,298 | 248,975 |
| Borrowings | | - | 1,712,974 |
| Total Non-Current Liabilities | | 137,298 | 8,614,432 |
| Total liabilities | | 11,595,309 | 10,894,849 |
| Net assets | | 4,576,187 | 5,024,399 |
| EQUITY | | | |
| Contributed equity | 7 | 32,375,283 | 31,139,843 |
| Reserves | | 3,380,939 | 3,429,600 |
| Accumulated losses | | (30,257,462) | (28,622,658) |
| Total equity attributable to owners of the parent | | 5,498,760 | 5,946,785 |
| Non-controlling interest | | (922,573) | (922,386) |
| Total equity | | 4,576,187 | 5,024,399 |

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

Sovran White International Limited (previously China Magnesium Corporation Limited - Consolidated Financial Statements – 30 June 2020

Consolidated statement of changes in equity for the year ended 30 June 2020

| | Contributed equity | Accumulated losses | Foreign currency translation reserve | Change of interest in subsidiary reserve | Total | Non-Controlling interest | Total equity |
|---|--------------------|---------------------|--------------------------------------|--|---------------------|--------------------------|---------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| At 1 July 2018 | 23,892,855 | (17,007,486) | 2,928,987 | 518,930 | 10,333,286 | (305,708) | 10,027,578 |
| (Loss) for the year | - | (11,615,172) | - | - | (11,615,172) | (613,958) | (12,229,130) |
| <i>Other comprehensive income:</i> | | | | | | | |
| Foreign currency translation difference | - | - | (18,317) | - | (18,317) | (2,720) | (21,037) |
| Total comprehensive income for the year | - | (11,615,172) | (18,317) | - | (11,633,489) | (616,678) | (12,250,167) |
| Transactions with owners in their capacity as owners | | | | | | | |
| Issue of shares | 7,377,076 | - | - | - | 7,377,076 | - | 7,377,076 |
| Issue costs | (130,088) | - | - | - | (130,088) | - | (130,088) |
| At 30 June 2019 | 31,139,843 | (28,622,658) | 2,910,670 | 518,930 | 5,946,785 | (922,386) | 5,024,399 |
| Loss for the year | - | (1,634,804) | - | - | (1,634,804) | - | (1,634,804) |
| <i>Other comprehensive income:</i> | | | | | | | |
| Foreign currency translation difference | - | - | (48,661) | - | (48,661) | (187) | (48,848) |
| Total comprehensive income for the year | - | (1,634,804) | (48,661) | - | (1,683,465) | (187) | (1,683,652) |
| Transactions with owners in their capacity as owners | | | | | | | |
| Issue of shares | 1,300,000 | - | - | - | 1,300,000 | - | 1,300,000 |
| Issue costs | (64,560) | - | - | - | (64,560) | - | (64,560) |
| At 30 June 2020 | 32,375,283 | (30,257,462) | 2,862,009 | 518,930 | 5,498,760 | (922,573) | 4,576,187 |

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

Sovran White International Limited (previously China Magnesium Corporation Limited - Consolidated Financial Statements – 30 June 2020)

Consolidated Statement of cash flows for the year ended 30 June 2020

| | | Consolidated | |
|---|-------------|---------------------|--------------------|
| | Note | 2020 | 2019 |
| | | \$ | \$ |
| Cash flows from operating activities | | | |
| Receipts from customers | | 271,750 | 650,726 |
| Payments to suppliers and employees | | (1,022,957) | (3,684,602) |
| Interest received | | 1,881 | 15,744 |
| Interest and other costs of finance paid | | (3,501) | (3,587) |
| Net outflow from continuing operations | | (752,827) | (3,021,719) |
| Net outflow from discontinued operations | 6 | - | (20,225) |
| Net cash inflow/(outflow) from operating activities | | (752,827) | (3,041,944) |
| Cash flows from investing activities | | | |
| Payments for property plant and equipment | | - | (274,171) |
| Investment in associate | | - | (2,000,000) |
| Refundable due diligence fee | | (320,454) | |
| Net cash inflow/(outflow) from investing activities | | (320,454) | (2,274,171) |
| Cash flows from financing activities | | | |
| Proceeds from share issue/share option | | 1,300,000 | 4,877,075 |
| Share issue costs | | (64,560) | (130,088) |
| Lease capital repayment | | (120,012) | (167,331) |
| Lease interest | | (37,271) | (44,464) |
| Net cash inflow/(outflow) from financing activities | | 1,087,157 | 4,535,192 |
| Net increase / (decrease) in cash and cash equivalents | | 4,875 | (780,922) |
| Cash and cash equivalents at the beginning of the year | | 294,939 | 1,043,615 |
| Effects of exchange rate changes on cash and cash equivalents | | 10,085 | 32,246 |
| Cash and cash equivalents at the end of the year | | 309,899 | 294,939 |

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

For personal use only

Notes to the consolidated financial statements

| | |
|---|----|
| NOTE 1: SEGMENT INFORMATION | 9 |
| NOTE 2: REVENUE AND OTHER INCOME | 9 |
| NOTE 3: EXPENSES AND OTHER ITEMS | 10 |
| NOTE 4: INVESTMENT ACCOUNTED FOR USING EQUITY METHOD | 10 |
| NOTE 5: CURRENT ASSETS – CASH AND CASH EQUIVALENTS | 12 |
| NOTE 6: ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATION | 12 |
| NOTE 7: CONTRIBUTED EQUITY | 13 |
| NOTE 8: CONTINGENCIES AND COMMITMENTS | 14 |
| NOTE 9: SUBSIDIARIES AND TRANSACTIONS WITH NON-CONTROLLING INTERESTS | 14 |
| NOTE 10: EARNINGS PER SHARE | 15 |
| NOTE 11: SUBSEQUENT EVENTS | 15 |

For personal use only

Sovran White International Limited (previously China Magnesium Corporation Limited) - Notes to Consolidated Financial Statements - 30 June 2020

NOTE 1: SEGMENT INFORMATION

(a) Description of segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision maker) in assessing performance and determining the allocation of resources. Operating segments are determined on the basis of financial information reported to the Board, which is at the Group level. Accordingly, management currently identifies the Group as having only one reportable segment, being the trading of commodities including food and metal related.

During the year, the Group equity account the results of two associates, CMC Lithium Pty Ltd which is involved in the lithium exploration in Western Australia and Sovran White (Singapore) International Logistics Pte Ltd (SWL) which is involved in distribution of produce from a Plantation Project in China.

(b) Entity-wide disclosures

Consolidated revenues from each product or service;

| | Commodity products including food and metal related | Other income | Total |
|-------------|--|--------------|-----------|
| | \$ | \$ | \$ |
| 2020 | - | 61,881 | 61,881 |
| 2019 | 1,187,243 | 89,026 | 1,276,269 |

During the year \$61,881 (2019: \$ 1,187,243) revenue was mainly derived from management and administrative services for a related company.

NOTE 2: REVENUE AND OTHER INCOME

| | Consolidated | |
|---------------------------------------|---------------|------------------|
| | 2020 | 2019 |
| | \$ | \$ |
| Revenue from wood-based products | - | 1,169,829 |
| Revenue from Magnesium Lithium | - | 17,414 |
| Management fee | - | 45,000 |
| Administrative fee (a) | 60,000 | 20,000 |
| Other income | - | 8,282 |
| Interest | 1,881 | 15,744 |
| Total revenue and other income | 61,881 | 1,276,269 |

(a) Administrative fee was earned from Sovran White (Singapore) International Logistics Pte Ltd.- \$5,000 monthly (or 5% of the sales revenue of the associate, whichever is higher)

Sovran White International Limited (previously China Magnesium Corporation Limited - Notes to Consolidated Financial Statements - 30 June 2020

NOTE 3: EXPENSES AND OTHER ITEMS

| | 2020 \$ | 2019 \$ |
|---|---------------|----------------|
| Profit/(loss) before income tax includes the following specific items | | |
| <i>Depreciation/Amortisation</i> | | |
| Buildings/Plant & Equipment | - | 487,591 |
| Furniture & Fitting/Office Equipment (a) | 65,418 | 80,487 |
| Leasehold Land | - | 30,478 |
| Total depreciation and amortisation | 65,418 | 386,934 |
| Interest and finance charges paid/payable | 3,501 | 144,298 |
| Rental expense, including lease interest and amortisation of right to use asset (a) | 178,724 | 239,262 |
| Plant & Equipment impairment | - | 5,808,871 |
| Receivable impairment | - | 2,587,137 |

(a) The rental expense mainly relate to the office lease in Great World City, Singapore at a monthly lease of SGD11,440 excluding GST.

NOTE 4: INVESTMENT ACCOUNTED FOR USING EQUITY METHOD

| Name | Principal activities /Country of incorporation | 2020 % | 2019 % |
|---------------------|---|-----------|-----------|
| CMC Lithium Pty Ltd | Preliminary exploration for lithium / Australia | 40% | 40% |

| | 2020 \$'000 | 2019 \$'000 |
|--|----------------|----------------|
| <i>Summarised statement of financial position</i> | | |
| Current assets | 471 | 672 |
| Non-current assets | 700 | 700 |
| Total assets | 1,171 | 1,372 |
| Current liabilities | 35 | 27 |
| Non-current liabilities | - | - |
| Total liabilities | 35 | 27 |
| Net Assets | 1,136 | 1,345 |
| <i>Summarised statement of profit or loss and other comprehensive income</i> | | |
| Revenue | - | - |
| Expenses | (209) | (226) |
| Profit / (loss) before income tax | (209) | (226) |
| Income tax expense | - | - |
| Profit / (loss) after income tax | (209) | (226) |
| Other comprehensive income | - | - |
| Total comprehensive income | (209) | (226) |
| <i>Consolidated entity's carrying amount reconciliation</i> | | |
| Opening carrying amount | 554 | 645 |
| Share of loss after income tax | (84) | (91) |
| Closing carrying amount | 470 | 554 |

Sovran White International Limited (previously China Magnesium Corporation Limited - Notes to Consolidated Financial Statements - 30 June 2020

**NOTE 4: INVESTMENT ACCOUNTED FOR USING EQUITY METHOD
(continued)**

| Name | Principal activities /Country of incorporation | 2020 % | 2019 % |
|--|--|------------------------|------------------------|
| Sovran White (Singapore) International Logistics Pte Ltd (SWL) | Management services and distribution of produce from Plantation in China | 21.43% | 0% |
| | | 2020 \$'000 | 2019 \$'000 |
| <i>Summarised statement of financial position</i> | | | |
| Current assets | | | - |
| Non-current assets | | 21,000 | 21,000 |
| Total assets | | 21,000 | 21,000 |
| Current liabilities | | 168 | 80 |
| Non-current liabilities | | - | - |
| Total liabilities | | 168 | 80 |
| Net Assets | | 20,832 | 20,920 |
| <i>Summarised statement of profit or loss and other comprehensive income</i> | | | |
| Revenue | | - | - |
| Expenses | | (88) | (80) |
| Profit / (loss) before income tax | | (88) | (80) |
| Income tax expense | | - | - |
| Profit / (loss) after income tax | | (88) | (80) |
| Other comprehensive income | | - | - |
| Total comprehensive income | | (88) | (80) |
| <i>Consolidated entity's carrying amount reconciliation</i> | | | |
| Opening carrying amount | | 4,483 | 4,500 |
| Share of loss after income tax | | (19) | (17) |
| Closing carrying amount | | 4,464 | 4,483 |

Update on investment in associate

Based on recommendations by the geologists engaged by CMC Lithium Pty Ltd (CMCL), this 40% associate is considering a potential joint venture (JV) over a new tenement (also for lithium), which is located near the existing two tenements in Greenbushes Western Australia. The new tenement is still under application with the Western Australia Department of Mines, Industry Regulation and Safety (DMIRS). The potential JV partners are currently working on a non-binding heads of agreement and not in a position to disclose further details. In view of the aforesaid potential JV, the current project has been on hold. Relevant updates of any further developments will be made in due course.

From the existing high-level agreement for the Orchard and Plantation project joint venture, further discussions between the relevant contracting parties in respect of the detailed terms of services and ancillary facilities for the distribution of agricultural products have been affected by circumstances caused by Covid-19. The Board has been advised that the situation has yet to be resolved and further negotiations have been put on hold until factors such as the commercial and economic feasibility of the project can be reassessed by the parties in a post Covid-19 climate.

Sovran White International Limited (previously China Magnesium Corporation Limited - Notes to Consolidated Financial Statements - 30 June 2020

NOTE 5: CASH AND CASH EQUIVALENTS

| | Consolidated | |
|--------------------------|----------------|----------------|
| | 2020 \$ | 2019 \$ |
| Cash at bank and in hand | 13,810 | 237,516 |
| Deposits at call | 296,089 | 57,540 |
| | 309,899 | 295,056 |

Cash at bank and in hand earn interest rates between zero and 1.0% (2019: zero and 1.0%).
Deposits at call earn a floating interest rate of around 1% (2019: 1%).

NOTE 6: ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATION

As announced to ASX on 6 August 2019, the Company entered into a conditional Sale and Purchase Agreement (SPA) to sell its 91.25% interest in SYMC. This sale was approved by shareholders on 23 October 2019. Given the intention to dispose of SYMC, it has remained dormant without any material transactions for the current period. As such, as at 30 June 2020, SYMC represents an asset held for sale and is a discontinued operation. Revenue and expenses, gain and losses of this discontinued operation have been eliminated from the profit and loss of the Group's continuing operations and are shown as a single line item in the statement of profit or loss.

| | 2020 \$ | 2019 \$ |
|---|------------|--------------------|
| Profit or loss of SYMC for the reporting period, including from remeasurement and disposal of assets and liabilities classified as held for sale | | |
| Revenue | - | 26,119 |
| Costs of sales | - | (22,141) |
| Employee benefits expense | - | (47,667) |
| Depreciation and amortisation | - | (518,069) |
| Intragroup recharges | - | (382,072) |
| Impairment of Plant & Equipment | - | (5,808,871) |
| Other expenses | - | (123,675) |
| Operating profit/(loss) | - | (6,876,376) |
| Finance costs | - | (140,288) |
| Profit/(loss) from discontinued operations before tax | - | (7,016,664) |
| Tax expense | - | - |
| Profit/(loss) for the year | - | (7,016,664) |
| Loss before tax on remeasurement to fair value less costs to sell | - | - |
| Loss before tax on disposal | - | - |
| Profit/(loss) for the year from discontinued operations | - | (7,016,664) |
| Cash flows of SYMC for the reporting period | | |
| Operating activities | - | (20,225) |
| Investing activities | - | - |
| Cash flows from discontinued operations | | |
| Carrying amounts of assets and liabilities of SYMC | | |
| Property, plant and equipment | 8,440,543 | - |
| Current assets | | |
| Inventories | 79,802 | - |
| Trade and other receivables | 1,117,730 | - |
| Cash and cash equivalents | 116 | - |

For personal use only

Sovran White International Limited (previously China Magnesium Corporation Limited - Notes to Consolidated Financial Statements - 30 June 2020

NOTE 6: ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATION (continued)

| | 2020 \$ | 2019 \$ |
|--|------------------|------------|
| Assets classified as held for sale | 9,638,191 | - |
| Current liabilities | | |
| Provisions | 4,385 | - |
| Trade and other payables | 8,400,687 | - |
| Borrowings | 1,027,601 | - |
| Liabilities classified as held for sale | 9,432,673 | - |
| Net recoverable amount | 205,518 | - |

NOTE 7: CONTRIBUTED EQUITY

| | 2020 Shares | 2019 Shares | 2020 \$ | 2019 \$ |
|--|--------------------|-----------------------------|-------------------------|-------------------|
| (a) Share capital | 505,771,888 | 462,438,556 | 32,375,283 | 31,139,843 |
| Ordinary shares fully paid | | | | |
| (b) Movements in ordinary share capital | | | | |
| Date | Details | Number of shares | *Issue price | \$ |
| 30 June 2019 | Balance | 462,438,556 | | 31,139,843 |
| 7 August 2019 | Share issue | 6,666,666 | 0.03 | 200,000 |
| 28 August 2019 | Share issue | 3,333,333 | 0.03 | 100,000 |
| | Share issue costs | - | - | (18,864) |
| 18 November 2019 | Share issue | 33,333,333 | 0.03 | 1,000,000 |
| | Share issue costs | | | (45,696) |
| 30 June 2020 | | 505,771,888 | | 32,375,283 |

* Issue price rounded to two decimal places

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(d) Shares in escrow

There were no shares in escrow at 30 June 2020 (2019: nil).

(e) Contributed equity

During the year the company issued 43,333,332 (2019: 147,541,522) ordinary shares at \$0.03, raising \$1,300,000 before costs pursuant to share placements.

(f) Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Sovran White International Limited (previously China Magnesium Corporation Limited) - Notes to Consolidated Financial Statements - 30 June 2020

NOTE 8: CONTINGENCIES AND COMMITMENTS

The Company and Worldcom Parkway International Trade (Tianjin) Co. Ltd have not yet agreed to an extension to meeting the condition for disposal of SYMC. The parties are still in contact, but things have been delayed as a result of the Covid-19 and the parties are unsure as to the timeline in which a sale is possible given the current climate. As an alternative, the Company may explore other buyers.

In view of the pending disposal of SYMC, there are no capital commitments as at 30 June 2020.

NOTE 9: SUBSIDIARIES AND TRANSACTIONS WITH NON-CONTROLLING INTERESTS (NCI)

Interests in subsidiaries

Information relating to the group's interests in principal subsidiaries at 30 June 2020 is set out below:

| Name of entity | Country of incorporation | Group holding 2020 % | Group holding 2019 % | NCI holding 2020 % | NCI holding 2019 % |
|-------------------------------------|--------------------------|----------------------|----------------------|--------------------|--------------------|
| Shanxi Yushun Magnesium Corporation | China | 91.25 | 91.25 | 8.75 | 8.75 |
| CMC Commodities Pte Ltd | Singapore | 100.00 | 100.00 | 0.00 | 0.00 |
| Sovran Global Pte Ltd | Singapore | 100.00 | 100.00 | 0.00 | 0.00 |
| CMC Commodities Pty Ltd | Australia | 100.00 | 100.00 | 0.00 | 0.00 |

Shanxi Yushun Magnesium Corporation (SYMC), is a Sino-foreign joint venture entity. CMC Commodities Pte Ltd and Sovran Global Pte Ltd are proprietary limited companies, incorporated in Singapore while CMC Commodities Pty Ltd is incorporated in Australia.

Disposal of SYMC

As announced to the ASX on 6 August 2019, the Company has entered into a Sales and Purchase Agreement with Worldcom Parkway International Trade (Tianjin) Co. Ltd, to sell its 91.25% interest in SYMC, subject to all relevant conditions being satisfied for RMB 1 million. This sale was approved by shareholders on 23 October 2019. The parties have not yet agreed to an extension to meeting the conditions of sale of the Pingyao plant. The parties are still in contact, but things have been delayed as a result of the Covid-19 and the parties are unsure as to the timeline in which a sale is possible given the current climate. As an alternative, the Company may explore other buyers.

Sovran White International Limited (previously China Magnesium Corporation Limited) - Notes to Consolidated Financial Statements - 30 June 2020

NOTE 10: EARNINGS PER SHARE

| | 2020 Cents | 2019 Cents |
|---|---------------|---------------|
| Basic earnings / (loss) per share | (0.3) | (3.1) |
| Diluted earnings / (loss) per share | (0.3) | (3.1) |
| | \$ | \$ |
| Net loss for the year attributable to owners of the parent used to calculate loss per share – basic and diluted | (1,634,804) | (11,615,172) |
| | Number | Number |
| Weighted average number of ordinary shares outstanding during the year used to calculate basic loss per share | 491,700,850 | 375,613,273 |
| Diluted earnings per share:- options over ordinary shares would decrease loss per share and provide antidilutive effect | - | - |
| Weighted average number of ordinary shares outstanding during the year used to calculate diluted loss per share | 491,700,850 | 375,613,273 |

NOTE 11: SUBSEQUENT EVENTS

Following shareholders approval at the general meeting held on 8 July 2020, the Company is in the midst of progressing the approval of its intended listing on the Sydney Stock Exchange (SSX).

Except for the matters discussed above, no other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect:

- (a) the Group's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Group's state of affairs in future financial years.