

Unreviewed Half-Year Accounts and Notification Regarding ASIC Relief

12 September 2020

Soon Mining Limited (ASX: SMG) (“SMG” or the “Company”) advises that it is relying on the relief granted by ASIC in ASIC Corporations (Extended Reporting and Lodgement Deadlines— Listed Entities) Instrument 2020/451 dated 15 May 2020 (“ASIC Relief”) to extend the lodgement date for its reviewed half year accounts required to be lodged with ASIC under section 320 of the Corporations Act 2001 (Cth).

The Company advises that the review of SMG’s half-year accounts is well progressed, however remains incomplete as at the date of this announcement. The Company’s unreviewed half-year accounts for 30 June 2020 are enclosed with this ASX announcement.

In accordance with the ASIC Relief and ASX’s class waiver ‘Extended Reporting and Lodgement Deadlines’ under listing rule 18.1, the Company’s reviewed half-year accounts will be lodged on the earlier of the date of finalisation and 14 October 2020 (being within 106 days after the end of the half-year) and will immediately make a further announcement to the market if it becomes aware that there will be a material difference between its unreviewed half year accounts and its reviewed half year accounts.

-ENDS-

Ching-Tiem Huang
Managing Director

12 September 2020
Brisbane QLD

Soon Mining Limited
ABN 45 603 637 083

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INTERIM FINANCIAL REPORT

Half-Year Ended 30 June 2020

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INTERIM FINANCIAL REPORT

Half-Year Ended 30 June 2020

General Information

The consolidated financial statements cover Soon Mining Limited (referred to hereafter as the Company) and the entities it controlled (referred to hereafter as the Group) as at 30 June 2020 and for the period then ended. The financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

Soon Mining Limited is a listed public Company limited by shares, incorporated and domiciled in Australia.

Registered office

Level 1 Suite 1a
33 Queen Street
Brisbane QLD 4000

Principal place of business

Level 1 Suite 1a
33 Queen Street
Brisbane QLD 4000

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Consolidated Statement of Profit or loss and Other Comprehensive Income

For the Half-Year Ended 30 June 2020

	Half-year ended 30-Jun-20 \$	Half-year ended 30-Jun-19 \$
Other Income	-	46
Employee benefits expense	-	(8,671)
Depreciation and amortisation expense	(49,704)	(46,178)
Other expenses	(365,621)	(417,789)
Loss before income tax expense	(415,325)	(472,592)
Income tax expense	-	-
Loss after income tax expense for the half-year	(415,325)	(472,592)
Other comprehensive income		
<i>Items that will not be reclassified subsequently to profit or loss</i>	-	-
<i>Items that may be reclassified subsequently to profit or loss when specific conditions are met</i>		
Foreign currency translation	32,118	7,356
Other comprehensive income for the half-year, net of tax	32,118	7,356
Total comprehensive loss for the half-year	(383,207)	(465,236)
	Cents	Cents
Loss per share for loss from continuing operations attributable to the owners of Soon Mining Limited		
Basic loss per share	(0.3)	(0.3)
Diluted loss per share	(0.3)	(0.3)

The accompanying notes form part of these consolidated financial statements

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Consolidated Statement of Financial Position
As at 30 June 2020

	Note	30-Jun-20 \$	31-Dec-19 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		11,710	86,334
Trade and other receivables		-	499
Other assets	2	40,638	37,100
TOTAL CURRENT ASSETS		<u>52,348</u>	<u>123,933</u>
NON-CURRENT ASSETS			
Property, plant and equipment		315,158	353,838
Exploration and evaluation assets	3	1,002,669	951,627
TOTAL NON-CURRENT ASSETS		<u>1,317,827</u>	<u>1,305,465</u>
TOTAL ASSETS		<u>1,370,175</u>	<u>1,429,398</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		945,415	639,675
Financial liabilities		374,963	356,719
TOTAL CURRENT LIABILITIES		<u>1,320,378</u>	<u>996,394</u>
TOTAL LIABILITIES		<u>1,320,378</u>	<u>996,394</u>
NET ASSETS		<u>49,797</u>	<u>433,004</u>
EQUITY			
Issued capital	4	6,364,323	6,364,323
Reserves		74,325	42,207
Accumulated losses		(6,388,851)	(5,973,526)
TOTAL EQUITY		<u>49,797</u>	<u>433,004</u>

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Consolidated Statement of Changes in Equity
 For the Half-Year Ended 30 June 2020

	Share Capital \$	Reserves \$	Accumulated Losses \$	Total Equity \$
Balance at 1 January 2019	6,364,323	31,192	(5,042,917)	1,352,598
Comprehensive loss				
Loss for the period	-	-	(472,592)	(472,592)
Other comprehensive income for the half-year, net of tax	-	7,356	-	7,356
Total comprehensive income/(loss) for the half-year	-	7,356	(472,592)	(465,236)
Balance at 30 June 2019	6,364,323	38,548	(5,515,509)	887,362
Balance at 1 January 2020	6,364,323	42,207	(5,973,526)	433,004
Comprehensive loss				
Loss for the period	-	-	(415,325)	(415,325)
Other comprehensive income for the half-year, net of tax	-	32,118	-	32,118
Total comprehensive income/(loss) for the half-year	-	32,118	(415,325)	(383,207)
Balance at 30 June 2020	6,364,323	74,325	(6,388,851)	49,797

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Consolidated Statement of Cash Flows

For the Half-Year Ended 30 June 2020

	Half-year ended 30-Jun-20 \$	Half-year ended 30-Jun-19 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	-	46
Receipts from customers and other receivables	-	-
Payments to suppliers and employees	(66,316)	(101,010)
Net cash used in operating activities	<u>(66,316)</u>	<u>(100,964)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration and evaluation assets	(32,797)	(72,901)
Net cash used in investing activities	<u>(32,797)</u>	<u>(72,901)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Share issue costs	-	-
Repayment of borrowings	(242,565)	(80,823)
Borrowings received	260,018	100,000
Net cash from financing activities	<u>17,453</u>	<u>19,177</u>
Net decrease in cash held	(81,660)	(154,688)
Cash and cash equivalents at beginning of period	86,334	175,187
Effect of exchange rate changes on cash and cash equivalents	7,036	(8,165)
Cash and cash equivalents at end of period	<u>11,710</u>	<u>12,334</u>

The accompanying notes form part of these consolidated financial statements

Notes to the consolidated financial statements

For the Half-Year Ended 30 June 2020

Note 1 Significant Accounting Policies

These general purpose financial statements for the interim half-year reporting period ended 30 June 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2019 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

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

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going Concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

As disclosed in the financial statements, the Group incurred a loss of \$415,325 and had net cash outflows from operating and investing activities of \$66,316 and \$32,797 respectively for the half-year ended 30 June 2020. As at 30 June 2020, the Group was in a net current liability position of \$1,268,030.

These factors indicate significant uncertainty as to whether the Group 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 Directors believe that there are reasonable grounds to believe that the Group will be able to continue as a going concern, after consideration of the following factors:

- The Company expects to raise additional capital to fund working capital requirements and;
- The Company has been successful in getting the Directors and Shareholders to subordinate its \$664,057 debt owed by the Company for at least 12 months from the date of signing these financial statements.

Accordingly, the Directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

Notes to the consolidated financial statements For the Half-Year Ended 30 June 2020

Going Concern (continued)

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Group be unable to continue as a going concern.

The economic impacts of the COVID-19 outbreak, which occurred to the reporting date, remain uncertain. It is possible that there will be subdued economic wide activity during the year ending 31 December 2020. To date, COVID-19 has had minimal impact on the business, however in this environment the directors acknowledge it does have the potential to affect parts of the business, particularly its ability to raise capital and its ability to start proposed current and future projects, including but not limited to, the consolidated entity's proposed Kwahu Praso Gold Project.

Note 2 Other Assets

	30-Jun-20	30-Dec-19
	\$	\$
Deposits	327,508	320,823
Less: Provision for doubtful debts	(291,418)	(285,470)
Prepayments	1,216	1,747
Deposits paid on Land	3,332	-
	<u>40,638</u>	<u>37,100</u>

Note 3 Exploration and Evaluation Assets

	30-Jun-20	31-Dec-19
	\$	\$
Exploration phase costs - at cost	<u>1,002,669</u>	<u>951,627</u>

The capitalised exploration assets carried forward above have been determined as follows:

Balance at the beginning of the period	951,627	856,467
Expenditure incurred during the period- additions	31,214	88,803
Foreign exchange on conversion	19,828	6,357
Balance at the end of the period	<u>1,002,669</u>	<u>951,627</u>

Notes to the consolidated financial statements For the Half-Year Ended 30 June 2020

Note 4 Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of shares or options are shown in equity as a deduction, net of tax, from the proceeds.

	2020 \$	2019 \$
158,222,821 (2019: 158,222,821) fully paid ordinary shares	6,787,741	6,787,741
Share Issue costs	<u>(423,418)</u>	<u>(423,418)</u>
	<u>6,364,323</u>	<u>6,364,323</u>

Movements in ordinary share capital

	2020 No.	\$
Balance at the beginning of the year		
Issue of shares to the market	158,222,821	6,364,323
Share issue costs	<u>-</u>	<u>-</u>
Balance at the end of the year	<u>158,222,821</u>	<u>6,364,323</u>

Movements in ordinary share capital

	2019 No.	\$
Balance at the beginning of the year		
Issue of shares to the market	158,222,821	6,364,323
Share issue costs	<u>-</u>	<u>-</u>
Balance at the end of the year	<u>158,222,821</u>	<u>6,364,323</u>

Note 5 Fair Value Measurement

Recurring fair value measurements

No financial instruments are subject to recurring fair value measurement as at the end of the reporting period.

Due to their short term nature, the carrying amounts of current receivables and current payables is assumed to approximate their fair value.

Notes to the consolidated financial statements

For the Half-Year Ended 30 June 2020

Note 6 Contingent Liabilities

There have been no changes in contingent liabilities or contingent assets since the end of the previous annual reporting period.

Note 7 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board which makes strategic decisions.

Identification of reportable 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 makers) in assessing performance and in determining the allocation of resources. Accordingly, management currently identifies the Group as having only one reportable segment, as at 30 June 2020. There have been no changes in the operating segment during the year. All significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the consolidated financial statement of the entity as a whole.

Note 8 Events After the Reporting Period

The consolidated entity is aware of the impact that COVID-19 is having on the Australian and World economy.

The Directors have considered the impact of the Coronavirus on the consolidated entity's recorded asset values and the Directors are of the view that there has been no material impact on the consolidated entity's recorded asset values as at or subsequent to the reporting date.

As at the date of these financial statements, the consolidated entity is not aware of any impact that has occurred in relation to any of its staff, contractors or key suppliers.

Given the negative impact that has occurred and is continuing to occur on world financial markets as a result of the COVID-19, the Directors are of the view that there is the potential that the COVID-19 will have a significant negative impact on the consolidated entity's ability to secure the required debt and equity financing for its proposed current and future projects, including but not limited to, the consolidated entity's proposed Kwahu Praso Gold Project. At the date of these financial statements, this impact is not able to be fully assessed or measured.

No other matters or circumstances have arisen since 30 June 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations or the Group's affairs in future financial years.



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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Soon Mining Limited for the half-year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink that reads 'RSM'.

RSM Australia Partners

A handwritten signature in black ink that reads 'ALBERT LOOTS'.

Albert Loots

Partner – Assurance & Advisory

Brisbane, Queensland

Dated: 12 September 2020

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