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# **Australia United Mining Limited**

ACN 126 540 547

Half-Year Financial Report

For the Half-Year Ended 31 December 2020

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

Current Reporting Period: Half-year ended 31 December 2020

Previous Reporting Period: Half-year ended 31 December 2019

<u>Results for announcement to the market</u>		<b>A\$</b>
Revenue from ordinary activities	Up 4888.33%	100,864
Loss after tax attributed to members	Down 28.23%	(249,616)
Loss for the half-year attributed to members	Down 28.23%	(249,616)

The loss of Australia United Mining Limited ("AUML") and its subsidiaries (the "consolidated entity") for the half-year ended 31 December 2020, after income tax, amounted to \$249,616 (2019: \$347,815).

Dividends

It is not proposed to pay dividends

<u>Other information</u>	<b>31 December 2020</b>	<b>30 June 2020</b>
Net Tangible Assets per ordinary share	0.0015	0.0016

The financial information provided is based on the half-year financial report (attached), which has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS).

The half-year financial report has been independently reviewed and includes an emphasis of matter paragraph.

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## DIRECTORS' REPORT

The Directors of Australia United Mining Limited (“the Company”) submit herewith the financial report of Australia United Mining Limited and its subsidiaries (“the Group”) for the half-year ended 31 December 2020. In order to comply with provisions of the *Corporations Act 2001*, the directors report as follows:

### DIRECTORS

The names of the directors of the company during or since the end of the half-year are:

Mr. Xiaojing Wang (Executive Chairman)

Ms. Jia Yu (Non-Executive Director)

Mr. Tao Wang (Non-Executive Director, appointed 8 July 2020)

Mr. Xinhua Geng (Non-Executive Director, resigned 8 July 2020)

### REVIEW OF OPERATIONS

The consolidated losses of the Group for the half-year ended 31 December 2020 after income tax amounted to \$249,616 (2019: \$347,815).

The Group holds tenure of projects of Sofala, Karangi, and Honeybugle in New South Wales and Forsayth project in Queensland, all of which contain prospects with targets identified.

#### Sofala Project

The Sofala Project is located approximately 30km north of Bathurst in the central west of New South Wales and covers a portion of Sofala Volcanics and younger sediments on the eastern side of the Hill End Trough. The area is host to a large number of vein style gold occurrences especially within the central portion of the project and these are likely to be the source area for much of the alluvial gold historically mined about the villages of Sofala and Wattle Flat and along the Turon River. Hard-rock gold workings occur at Surface Hill, the Queenslander mine, Solitary Reef and other locations.

Fortius Mines Pty Ltd (“Fortius Mines”), the Company’s wholly-owned subsidiary, entered into a Joint Venture Proposal with Sofala Minerals Pty Ltd (“Sofala Minerals”) in October 2020. A formal Farm-in and Joint Venture Agreement was executed on 26 February 2021.

#### Karangi Project

The Karangi Project is located approximately 10kms north-west of Coffs Harbour and approximately 500 kms north of Sydney. The tenement is considered to have potential for epigenetic vein, stratabound massive sulphide and exhalative-hosted gold and base metals deposits.

Drilling plans have been pending access negotiations with landholders.

#### Honeybugle Project

The Honeybugle Project is located approximately 40kms south-southwest of Nyngan in the central west of New South Wales. The tenement is centred over a large mafic intrusive complex and, although mainly concealed, is well defined by aeromagnetics. This area is deeply weathered and contains metalliferous lateritic soil profiles enriched in platinum, nickel, cobalt and scandium. The Group has completed a high resolution aeromagnetic and radiometric survey with follow up ground magnetic surveying completed. Three intense magnetic anomalies were defined as drilling targets and, although the source of the anomalies is not known, they may possibly represent ultramafic pipes enriched in platinum group elements.

Icarus Mines Pty Ltd, AYM’s wholly-owned subsidiary, received a Notice from Regional NSW – Mining, Exploration and Geoscience (“NSW Department”) regarding its application for the renewal of Exploration License 7041. According to NSW Department, the application has been put on hold. The Company started negotiation with NSW Department during the period.

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Forsayth Project

The project is located around and to the south-east of the town of Forsayth in North Queensland within the Forsayth Province of the Georgetown Inlier. The Etheridge goldfield historical production is approximately 600,000 ounces gold in total. The two largest producers around Forsayth, Queensland (26,000 oz) and Nil Desperandum (14,000 oz) lie within EPM14498 and more than fifty other historical gold mines and prospects occur within the EPM area.

The Company entered into a Cooperation Agreement with Forsayth Resources Pty Ltd to develop its Forsayth Project, including Tenement ML3417, Tenement ML 3418 and Tenement EPM14498. Exploration work had started and focused on identifying near surface resources that can supplement ore being mined from the mining leases within EPM14498.

**AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the independence declaration by the lead auditor under section 307C is included on page 6 of these half-year financial statements.

This report is made in accordance with a resolution of the Board of Directors and is signed for on behalf of the Board by:



**Xiaojing Wang**  
**Executive Chairman**  
**Beijing China**

12 March 2021

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Melbourne - Sydney - Adelaide



INP Sydney  
Suite 2109, Level 21, 233 Castlereagh Street, Sydney NSW 2000  
Telephone: 1300 168 368

## **Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Australia United Mining Limited**

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2020, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

INP Sydney

Christopher Wong  
Partner

12<sup>th</sup> March 2021

Sydney NSW 2000

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	31 December 2020 \$	31 December 2019 \$
Revenue		
Interest	864	2,022
Licence fee	100,000	-
Other income	70,616	-
Total revenue and other income	<u>171,480</u>	<u>2,022</u>
Employee benefits expense	(96,283)	(36,283)
Depreciation and amortisation expenses	(13,159)	(38,000)
Travel and accommodation expenses	(231)	(20,188)
Legal and corporate fees	(109,728)	(13,305)
Insurance costs	(10,096)	(11,084)
Finance costs	(37,313)	(17,126)
Impairment of exploration asset	(26,613)	(37,869)
Directors' fee	(70,000)	(130,000)
Other expenses	(57,673)	(45,982)
Total expenses	<u>(421,096)</u>	<u>(349,837)</u>
Loss before income tax expense	(249,616)	(347,815)
Income tax expense	-	-
Loss after income tax expense attributable to the members of Australia United Mining Limited	<u>(249,616)</u>	<u>(347,815)</u>
Other comprehensive income	-	-
Total comprehensive expense attributable to the members of Australia United Mining Limited	<u>(249,616)</u>	<u>(347,815)</u>

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to the consolidated financial statements.

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2020**

	Note	As at 31 December 2020 \$	As at 30 June 2020 \$
<b>Current assets</b>			
Cash and cash equivalents		116,814	30,381
Other receivables		21,206	17,700
Other assets		120	21,049
<b>Total current assets</b>		138,140	69,130
<b>Non-current assets</b>			
Other assets including cash-backed environmental bonds		248,726	248,726
Property, plant & equipment		89,216	97,145
Right-of-use asset		-	12,218
Exploration and evaluation assets	2	3,600,000	3,600,000
<b>Total non-current assets</b>		3,937,942	3,958,089
<b>Total assets</b>		4,076,082	4,027,219
<b>Current Liabilities</b>			
Trade and other payables	3	54,926	57,421
Lease liability		-	10,764
Provisions		6,484	4,701
<b>Total current liabilities</b>		61,410	72,886
<b>Non-current Liabilities</b>			
Other non-current payables	4	1,227,471	917,516
<b>Total non-current liabilities</b>		1,227,471	917,516
<b>Total liabilities</b>		1,288,881	990,402
<b>Net assets</b>		2,787,201	3,036,817
<b>Equity</b>			
Issued capital	5	40,937,534	40,937,534
Accumulated losses		(38,150,333)	(37,900,717)
<b>Total equity</b>		2,787,201	3,036,817

The Consolidated Statement of Financial Position is to be read in conjunction with the notes to the consolidated financial statements

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	Issued Capital \$	Accumulated Losses \$	Total \$
Balance at 1 July 2020	40,937,534	(37,900,717)	3,036,817
Loss for the half-year	-	(249,616)	(249,616)
Total comprehensive expense for the half-year	-	(249,616)	(249,616)
Balance at 31 December 2020	40,937,534	(38,150,333)	2,787,201
Balance at 1 July 2019	40,937,534	(37,762,960)	3,174,574
Loss for the half-year	-	(347,815)	(347,815)
Total comprehensive expense for the half-year	-	(347,815)	(347,815)
Balance at 31 December 2019	40,937,534	(38,110,775)	2,826,759

The Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the consolidated financial statements.

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**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	31 December 2020 \$	31 December 2019 \$
<b>Cash flow from operating activities</b>		
Payments to suppliers and employees	(262,048)	(205,901)
Interest received	864	2,022
Government Grants: cashflow Boost	13,652	-
Government Grants: Jobkeeper	54,900	-
Finance costs	-	(2,224)
Receipts from cooperation agreement: licence fee	100,000	-
<b>Net cash (used in) operating activities</b>	<u>(92,632)</u>	<u>(206,103)</u>
<b>Cash flow from investing activities</b>		
Payments for Exploration Expenditure	(29,571)	(40,631)
Proceeds from the disposal of property, plant and equipment	3,636	-
<b>Net cash provided by / (used in) investing activities</b>	<u>(25,935)</u>	<u>(40,631)</u>
<b>Cash flow from financing activities</b>		
Proceeds from borrowings	205,000	240,000
<b>Net cash provided by financing activities</b>	<u>205,000</u>	<u>240,000</u>
<b>Net increase /(decrease) cash held</b>	86,433	(6,734)
<b>Cash at the beginning of the half year</b>	30,381	37,114
<b>Cash and cash equivalents at the end of half-year</b>	<u><u>116,814</u></u>	<u><u>30,380</u></u>

The Consolidated Statement of Cash Flows is to be read in conjunction with the notes to the consolidated financial statements.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

**1. BASIS OF PREPARATION AND ACCOUNTING POLICIES OF HALF-YEAR FINANCIAL REPORT**

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2020.

The accounting policies have been consistently applied by the entities in the consolidated group and are consistent with those in the 30 June 2020 financial report.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

*(a) Reporting Basis and Conventions*

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

*(b) New, Revised or Amending Accounting Standards and Interpretations Adopted*

The Group 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. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

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

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**NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

**2. EXPLORATION AND EVALUATION ASSETS**

	Consolidated	
	31 December 2020 \$	30 June 2020 \$
Balance at beginning of the half year	3,600,000	3,100,000
Additions	26,613	48,060
Impairment	(26,613)	451,940
Balance at end of the half-year	<u>3,600,000</u>	<u>3,600,000</u>

During the financial period the Group reassessed the recoverable value of all tenement areas of interest to which exploration costs had been capitalized. The recoverability of the carrying amount of exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

**3. TRADE AND OTHER PAYABLES**

	Consolidated	
	31 December 2020 \$	30 June 2020 \$
Trade and other payables	<u>54,926</u>	<u>57,421</u>

**4. OTHER NON-CURRENT PAYABLES**

	Consolidated	
	31 December 2020 \$	30 June 2020 \$
Loans from W.Y. International (Australia) Pty Ltd (i)	1,097,697	817,742
Loans from New China Pty Ltd ATF The Wang Family Trust	20,903	20,903
Loans from Xinhua Geng	78,871	78,871
Loans from Tao Wang	30,000	-
	<u>1,227,471</u>	<u>917,516</u>

(i) Being amount borrowed from W.Y. International (Australia) Pty Ltd \$699,559 plus interest on loan of \$34,955. Directors' fee owing \$284,350. Interest accumulated from previous loan of \$78,833.

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**5. ISSUED CAPITAL**

Ordinary Shares	31 December 2020		30 June 2020	
	Number	\$	Number	\$
Opening balance 1 July	1,842,577,485	40,937,534	1,842,577,485	40,937,534
Issue of ordinary shares	-	-	-	-
Closing balance 31 December	1,842,577,485	40,937,534	1,842,577,485	40,937,534

**6. DIVIDENDS PAID**

No dividends have been paid or provided for during the half-year ended 31 December 2020.

**7. SHARE OPTIONS**

No options were exercised during the half-year, and no options expired unexercised during the half-year.

**8. SEGMENT INFORMATION**

The Group operates in two geographical areas — in New South Wales and Queensland, Australia. The Group carries out exploration for, and development of gold deposits in these areas. Segment information is presented using a "management approach", being segment information provided for internal reporting purposes used by the executive management committee.

Management has determined the operating segments based on reports reviewed by the executive management committee for making strategic decisions. The executive management committee comprises the chairman, chief executive officer, and divisional managers. The committee monitors the business based on the stage of exploration and development and geographic location of tenements.

	QLD	NSW	Corporate	Total
31 December 2020:				
Total segment revenue	100,000	2,064	69,416	171,480
Segment result	77,232	(10,294)	(316,554)	(249,616)
Segment assets	1,583,879	2,348,554	143,649	4,076,082

There is no inter-segment revenue; therefore, segment revenues are all revenues from external customers.

**9. COMMITMENTS FOR EXPENDITURE**

The commitments detailed below are the required expenditure to maintain ownership of the tenements or as required by service contracts entered into by the company.

	<b>31 December 2020</b>
	<b>\$</b>
Not longer than 12 months	302,500
Longer than 12 months and not longer than 60 months	462,500
	<u>765,000</u>

**10. CONTINGENT LIABILITIES**

There were no contingent liabilities at 31 December 2020.

**11. EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD**

As announced on 4 March 2021, the Company entered into a formal Farm-in and Joint Venture Agreement with Sofala Minerals Pty Ltd. The Company received a cash payment of \$50,000 and \$1,000,000 worth of MinRex Resources Limited (ASX: MRR) shares at a deemed issue price of \$0.02 per share.

Apart from the above, there were no matters or circumstances arising since the end of the reporting period that have significantly affected, or may significantly affect the operations of the Group and the results of those operations on the state of the affairs of the Group in the financial period subsequent to 31 December 2020.

**12. GOING CONCERN**

During the half-year, Australia United Mining Limited incurred a net loss after tax of \$249,616 (31 December 2019: \$347,815) and the net operating cash outflow of \$92,632 (31 December 2019: \$206,103). Prima facie, these matters give rise to a material uncertainty regarding the Group's ability to continue as a going concern.

The financial statements have been approved by the Directors on a going concern basis. In determining the appropriateness of the basis of preparation, the Directors have considered the impact of the COVID 19 pandemic on the position of the Group at 31 December 2020 and its operations in future periods. The ability of the consolidated entity to continue as a going concern is dependent on the financial support received from the major shareholders and directors and its ability to secure additional funding through borrowings or capital raisings as and when required to meet its working capital requirements in the future.

In particular, the company has received the financial support through a loan facility W. Y. International, a related company controlled by Mr Wang and Ms Yu, who has committed to provide ongoing financial support to the company in meeting its cash commitments as and when required. The company received \$205,000 during the period. The financial statements have been prepared on a going concern basis. In making this assessment, management have considered the following:

- the company had \$76,730 working capital as at 31 December 2020;
- the company had no external debt except for loans from directors;
- the cash flow forecast for the period of 12 months from the approval of the financial statements;
- accessing additional sources of capital; and
- continued support by the directors.

On this basis, the Directors believe that the going concern basis of presentation is appropriate.

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**DIRECTORS' DECLARATION**

In the opinion of the Directors of Australia United Mining Limited (the "company"):

1. The half-year financial statements and notes set out on pages 6 to 14 are in accordance with the Corporations Act 2001, including:
  - (a) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
  - (b) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2020 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
2. 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:



**Xiaojing Wang**  
**Executive Chairman**  
**Beijing China**

12 March 2021

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## Independent Auditor's Review Report to the members of Australia United Mining Limited

### Conclusion

We have reviewed the accompanying half-year Financial Report of Australia United Mining Limited and its Controlled Entities (the consolidated entity), which comprises the Consolidated statement of financial position as at 31 December 2020, the Consolidated statement of profit and loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the half-year ended on that date, a summary of significant 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 Australia United Mining Limited and its Controlled Entities is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its 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*.

### Basis for Conclusion

We conducted our review in accordance with *ASRE 2410 Review of Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the review. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* has been provided to the Directors of Australia United Mining Limited.

### Material Uncertainty related to Going Concern

Without qualifying our conclusion, we draw attention to Note 12 in the half-year Financial Report which indicates that the consolidated entity incurred a net loss of \$249,616 and operating cash outflow of \$92,632 during the half-year ended 31 December 2020, and the consolidated entity continues to require financial assistance from associated company loans to meet ongoing cash commitments and to support the continued operations of the consolidated entity. These conditions, together with other matters as set in forth in Note 12 indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the half year Financial Report.

### Directors' Responsibility for the Half-Year Financial Report

The Directors of the consolidated entity are responsible for:

- the preparation of the half-year Financial Report that gives a true and fair view in accordance with





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## Independent Auditor's Review Report to the members of Australia United Mining Limited

*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 for the Review of the Half-Year Financial Report**

Our responsibility is to express a conclusion on the half-year Financial Report based on our review. We conducted our review in accordance with the 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 consolidated entity's financial position as at 31 December 2020 and its 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*.

A review of a half-year Financial Report consists of making enquires, primarily of persons responsible for the 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.

INP Sydney

Christopher Wong  
Partner

12<sup>th</sup> March 2021

Sydney NSW 2000

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