Financial Report

Australasian Gold Limited
ACN 625 744 907

For the year ended 30 June 2020

Table of Contents

Directors' Report

Australalasian Gold Limited ("the **Company**" or "**Australasian Gold**") is an unlisted public company incorporated and domiciled in Australia. The Company was incorporated on 23 April 2018 and the comparative financial information is for the 15 months ended 30 June 2019.

The directors present their report together with the financial statements on the group consisting of the Company and its controlled entity at the end of, or during the year ended 30 June 2020.

1. DIRECTORS

The names of the directors in office at any time during or since the end of the year are:

Qingtao Zeng	appointed 23 April 2018
Stephen Stone	appointed 23 April 2018, resigned 17 February 2020
Wei Zheng	appointed 23 April 2018, resigned 21 April 2020
Graeme Fraser	appointed 10 August 2020
Rory McGoldrick	appointed 10 August 2020

Qingtao Zeng
Director (appointed 23 April 2018)

Dr Zeng has a strong academic background including a Ph.D in Earth Sciences from Nanjing University (China) and a Ph.D in Geology & Geochemistry obtained from the University of Western Australia. Whilst studying Dr Zheng was further recognised by numerous fully funded trips to attend conferences & symposiums relating to his academic achievements. After graduation he has worked his way up from assistant field Geologist in China, to Managing Director & Senior Geological Consultant for companies within Australia.

Stephen Stone
Director (appointed 23 April 2018, resigned 17 February 2020)

Stephen graduated with honours in Mining Geology from University of Wales, Cardiff and has since gained more than 30 years' of operating, project evaluation, executive management and corporate development experience in the international mining and exploration industry. Stephen worked for several years at the large open pit and underground copper mines of the Zambian Copperbelt. He came to Australia in 1986 and since then has been involved in the formation and management of several junior ASX listed exploration companies. Mr Stone is a Member of the Australasian Institute of Mining and Metallurgy, a Fellow of the Australian Institute of Company Directors and a member of the Editorial Board of International Mining Magazine.

Wei Zheng
Director (appointed 23 April 2018, resigned 21 April 2020)

Wei graduated from Marshall University (US) with a Master of Science in IS and a Bachelor of Business Administration. Wei then applied this knowledge whilst working in the United States in assorted IT based roles. Later on he took on roles such as Vice President & General Manager for companies across Asia in the Real Estate, Mining & Finance fields. These experiences have given Wei a deep understanding of both East & West Business cultures, not to mention a results driven approach to management.

Graeme Fraser
Director (appointed 10 August 2020)

Graeme graduated with a Bachelor in Geology from the University of Melbourne with over 20 years experience in senior management roles for Eldorado Gold and Fosterville Gold Mine among others.

Rory McGoldrick
Director (appointed 10 August 2020)

Rory McGoldrick is a qualified lawyer and holds a Bachelor of Laws from the University of Western Australia. He is admitted as a barrister and solicitor of the Supreme Court of Western Australia and has been practising as a lawyer for approximately 10 years. Mr McGoldrick has advised public companies on a wide range of corporate matters, and has broad experience in Corporations Act and ASX Listing Rules compliance, corporate governance matters, capital raising and acquisitions. He is a director of Quantum Capital Partners, a corporate advisory firm based in Western Australia. Mr McGoldrick has broad experience in the energy and resources sector, working on a range of corporate transactions as a lawyer and as an advisor. He assisted with the early stage development of a number of mining and energy projects within Europe since 2010, with a focus on projects in Poland. He holds board positions for a number of unlisted companies in the energy sector.

2. Company Secretaries

Daniel Smith
Company Secretary (appointed 14 December 2020)

Daniel has a comprehensive background in finance, having established himself as a broker and working more recently in project origination, technical due diligence, and business development. He has extensive primary and secondary capital markets expertise and has been involved in a number of IPOs and capital raising.

Nicholas Ong
Company Secretary (appointed 14 December 2020)

Nicholas spent seven years as a Principal Advisor at the ASX overseeing the listings of over a hundred companies. He has since worked as a company secretary and director to listed companies and has developed a wide network of private client advisers, high net worth individuals and sovereign fund managers.

Justyn Stedwell was appointed as the company secretary on 23 April 2018. Nova Taylor was also appointed as the co-company secretary on 28 May 2018. Justyn and Nova both resigned as company secretaries on 24 December 2020. Justyn is a professional Company Secretary consultant with over 11 years' experience as a Company Secretary of ASX listed companies in a wide range of industries. His qualifications include a Bachelor of Commerce (Management and Economics) from Monash University, a Graduate Diploma of Accounting from Deakin University and a Graduate Diploma in Applied Corporate Governance at the Governance Institute of Australia.

3. PRINCIPAL ACTIVITIES

During the financial year, the principal activities of the group consisted of:

- Exploration for and evaluation of mineral resource projects within Australia and overseas

No significant change in the nature of these activities occurred during the financial year.

4. REVIEW OF OPERATIONS AND OPERATING RESULTS

The operating loss for the financial year to 30 June 2020 was $64,038 (2019: loss: 436,700).

5. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

No significant changes in the group's state of affairs occurred during the financial year.

6. ENVIRONMENT REGULATION

The group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

7. MEETING OF DIRECTORS

Attendances by each director during the period were as follows:

	Director's Meeting	
	Eligible Attend	**Number Attended**
Stephen Stone	-	-
Qingtao Zeng	-	-
Wei Zheng	-	-

8. EVENTS AFTER THE END OF THE REPORTING PERIOD

Graeme Fraser and Rory McGoldrick were appointed as directors on 10 August 2020. Daniel Smith and Nicholas Ong were appointed as joint company secretaries on 14 December 2020. Justyn Stedwell and Nova Taylor resigned as company secretaries on 24 December 2020.

In August 2020, the group paid $5,000 and 0.5 million shares at 10 cents/share to GeoSmart Consulting Pty Ltd as consideration for tenement acquired by the group. In addition, the Board resolved to issue 2 million shares to Mr Qingtao Zeng in the Company in recognition of services rendered to the group, on the basis that the remuneration fell into the Remuneration exemption of Chapter 2E of the *Corporations Act 2001.*

The group raised another $200,000 before costs during November and December 2020.

Qingtao Zeng was appointed as managing director on 31 October 2020 with a monthly fee of $10,000 which will increase to $20,000 upon when the group is listed on the Australian Securities Exchange (ASX). The initial term is 24 months from the date the group listed on the ASX. Per the Managing Director Service agreement, it provided for the issuance of 3,500,000 performance rights. In addition, it provided for issuance of 700,000 ordinary shares and 2,000,000 options exercisable at 30 cents each share within two years of the group listed on the ASX.

On 1 July 2020, the Group executed agreement with its landlord to vary certain terms and conditions contained in the original lease agreement. These variations will be reflected in the Group's financial statements.

The group entered into a Sale and Purchase Agreement for the May Queen Gold Project on 9 September 2020 and agreed to issue 4.5 million shares at $0.10 per share to IronRidge Resources Limited (IronRidge) as consideration. In turn, IronRidge also agreed to invest acquire 1 million shares at $0.10 per share. The May Queen gold project lies within the Brovinia goldfield in Queensland. This goldfield is located in the northern part of the Surat Basin with the tenement mostly covered by Early to Late Jurassic sediments that unconformably overlay outcropping Late Devonian – Mississippian volcanoclastic sedimentary rocks hosting the May Queen gold mineralisation.

The group also entered into a Sale and Purchase Agreement for the Mt Clermont Gold project on 25 November 2020 and agreed to issue 1 million shares at $0.10 per share as consideration to Drummond West Pty Ltd. The Mt Clermont gold project lies within the Anakie Province of the Drummond Basin which is composed of a sequence of Devonian to Carboniferous volcanic and sediments in Central Queensland, approximately 60 km by road north-west of the town at Emerald.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not impacted the group for the year ended 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian, State and Territories Governments and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Except for the above, no matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

9. DIVIDENDS

No dividends paid or declared since the start of the financial year.

10. OPTIONS

No options over issued shares or interests in the group were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

No shares were issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests.

11. INDEMNIFICATION OF OFFICERS AND AUDITORS

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Company.

12. PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

13. AUDITOR’S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the *Corporations Act 2001.*

On behalf of the directors

____
Qingtao Zeng
Director

Dated this 3rd day of February 2021

HLB MANN JUDD

Auditor's independence declaration

As lead auditor for the audit of the consolidated financial report of Australasian Gold Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

This declaration is in relation to the Australasian Gold Limited and the entity it controlled during the year.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Jude Lau
Partner

Melbourne
3 February 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	Note	Year ended 30 June 2020 $	15 months ended 30 June 2019 $
Other revenue		-	-
Other expenses	2	(60,899)	(433,143)
		(60,899)	(433,143)
Finance income	3	182	361
Finance costs	3	(3,321)	(3,918)
Loss before income tax		**(64,038)**	**(436,700)**
Income tax benefit	4	-	-
Loss for the year after income tax		**(64,038)**	**(436,700)**
Total other comprehensive income		**-**	**-**
Total comprehensive (loss) for the year		**(64,038)**	**(436,700)**

The accompanying notes form part of these financial statements.

	Note	2020 $	2019 $
ASSETS			
Current assets			
Cash and cash equivalents	5	172,529	204,894
Trade and other receivables	6	15,681	14,383
Prepayment		2,542	1,993
Total current assets		**190,752**	**221,270**
Non-current assets			
Right-of-use assets	7	35,444	-
Total non-current assets		**35,444**	**-**
Total assets		**226,196**	**221,270**
LIABILITIES			
Current liabilities			
Trade and other payables	8	94,174	63,415
Lease liabilities	9	26,290	-
Total current liabilities		**120,464**	**63,415**
Non-current liabilities			
Lease Liabilities	9	11,915	-
Total non-current liabilities		**11,915**	**-**
Total liabilities		**132,379**	**63,415**
Net assets		**93,817**	**157,855**
EQUITY			
Issued capital	10	594,555	594,555
Accumulated losses		(500,738)	(436,700)
Total equity		**93,817**	**157,855**

The accompanying notes form part of these financial statements.

	ISSUED CAPITAL $	ACCUMULATED LOSSES $	TOTAL $
Balance at 23 April 2018	**-**	**-**	**-**
Total comprehensive income			
Total profit or (loss)	-	(436,700)	**(436,700)**
Other comprehensive income	-	-	**-**
Total comprehensive income	**-**	**(436,700)**	**(436,700)**
Transactions with members in their capacity as owners:			
Funds received from capital raising, net of costs	594,555	-	**594,555**
Total transactions with owners	**594,555**	**-**	**594,555**
Balance at 30 June 2019	**594,555**	**(436,700)**	**157,855**
Total comprehensive income			
Total profit or (loss)	-	(64,038)	**(64,038)**
Other comprehensive income	-	-	**-**
Total comprehensive income	**-**	**(64,038)**	**(64,038)**
Transactions with members in their capacity as owners:			
Funds received from capital raising, net of costs	-	-	**-**
Total transactions with owners	**-**	**-**	**-**
Balance at 30 June 2020	**594,555**	**(500,738)**	**93,817**

The accompanying notes form part of these financial statements.

	Note	Year ended 30 June 2020 $	15 months ended 30 June 2019 $
Cash flows from operating activities			
Interest income received		182	361
Payments to suppliers and employees		(29,547)	(390,022)
Net cash (used in) by operating activities	16	**(29,365)**	**(389,661)**
Cash flow from financing activities			
Issue of shares, net of costs		-	594,555
Repayments of leasing liabilities		(3,000)	-
Net cash provided by financing activities		**(3,000)**	**594,555**
Net (decrease)/increase in cash held		(32,365)	204,894
Cash at the beginning of the year		204,894	-
Cash at the end of the year	5	**172,529**	**204,894**

The accompanying notes form part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Australasian Gold Limited ("the **Company**" or "**Australasian Gold**") is an unlisted public company incorporated and domiciled in Australia. The Company was incorporated on 23 April 2018 and the comparative financial information presented in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cashflows is for the 15 months ended 30 June 2019.

These special purpose financial statements are presented in Australian dollars, which is the group's presentation and functional currency. The group comprises the Company and its controlled entity at the end of, or during the year ended 30 June 2020.

These special purpose financial statements were authorised for issue, in accordance with a resolution of directors, on 3rd February 2021.

a) General information and statement of compliance

These special purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities.

The financial statements have been prepared on an accruals basis and are based on historical costs.

b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entity controlled by the Company. Subsidiaries are all those entities over which the group has control. The consolidated entity controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

c) Going concern assumption

As at 30 June 2020, the group has accumulated losses of $500,738 and net operating cash outflow for the year of $29,365.

In spite of the above, the directors are satisfied with the group's current financial position and are of the view that the continued application of the going concern basis of accounting is appropriate due to the following factors:

- The group is the process of completing its initial public offering on the Australian Securities Exchange (ASX) and is seeking to raise circa $4.5 million before costs, with the process progressing as planned; and

- Should the group not succeed with its planned IPO, the directors are able to selectively manage and reduce the group's cash outflow to manage the group's cash position, as well as consider alternative fund-raising arrangements to provide the group with the necessary cashflow required.

The financial report does not include any adjustments relating to the recoverability & classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessarily incurred should the group not continue as a going concern.

d) New or amended Accounting Standards and interpretations adopted

In the current year, the group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting report. The adoption of these new and revised Standards and Interpretations has resulted in a material change to the group's accounting policies applicable to lease accounting.

AASB 16 *Leases*

AASB 16 Leases became effective for periods beginning on or after 1 January 2019. The group has applied the modified retrospective approach and all of the exemptions and expedients available in AASB 16.

AASB 16 has been adopted retrospectively from 1 July 2019 and comparatives for the 2019 reporting period have not been restated, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019.

On adoption of AASB 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 6.2%.

Total operating lease commitments disclosed at 30 June 2019	65,440
less GST impact	-
terminate lease / adjusted lease commitments	-
add lease extension	-
un-discounted amount	65,440
Impact of discounting	(4,976)
Lease liabilities recognised at 1 July 2019	60,464

In applying AASB 16 for the first time, the group has used the following practical expedients permitted by the standard:

- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease;
- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 July 2019;
- accounting for leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases;
- excluding initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- accounting for low value leases.

The group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying AASB 117 and Interpretation 4 Determining whether an Arrangement contains a Lease.

AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard.

The group has applied the standard from its mandatory adoption date of 1 January 2019. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

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

e) New Accounting Standards for application in future periods

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the group. The directors have decided not to early-adopt any of the new and amended pronouncements. The following sets out their assessment of the pronouncements that are relevant to the group and applicable in future reporting periods.

Reference	Summary	Application date	Impact on the group's financial statements
AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material*	This Standard principally amends AASB 101 *Presentation of Financial Statements* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material.	1 Jan 2020	The standard is not expected to have a significant impact on the public sector.

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2019-20 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on the group.

- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current.
- AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business.
- AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework.
- AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform.
- AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia.
- AASB 2020-2 Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities.

f) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, unless the GST incurred is not recoverable from the Australian Tax Office. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables in the statement of financial position are shown inclusive of GST. The net amount of GST recoverable from the Australian Tax Office is included with other receivables in the statement of financial position.

Cash flows are presented in the cash flow statement on a GST inclusive basis.

g) Exploration and Development Expenditure

Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Where these criteria are not met, the expenditure incurred are expensed to the profit or loss.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the period in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area.

h) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group. The resulting accounting estimates will, by definition, seldom equal the related actual results. The areas involving significant estimates and assumptions are listed below:

Exploration and Evaluation Expenditure

The application of the group's accounting policy for exploration and evaluation expenditure necessarily requires the Board to make certain estimates and assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under this policy, it is concluded that the expenditures are unlikely to be recoverable by future exploitation or sale, then the relevant capitalised amount will be written off to the statement of comprehensive income.

2. OTHER EXPENSES

Accounting policy – Other expenses

Other expenses represent costs incurred for administration of the business.

	Year end 30 June 2020 $	15 months ended 30 June 2019 $
Accounting & bookkeeping fees	4,800	4,400
Audit fees	6,550	6,550
ASIC fees	3,258	146
Company secretary fees	3,000	3,000
Depreciation	25,020	-
Director fees	-	30,000
Entertainment	-	17
Legal fees	704	-
Marketing & design	-	4,806
Office expenses & outgoings	11,501	3,374
Prepaid expenses written off	-	242,146
Project expenses written off	5,894	124,685
Rent expenses	-	14,000
Travel expenses	172	19
Total other expenses	**60,899**	**433,143**

3. FINANCE INCOME AND COSTS

Accounting policy – Finance income and finance costs

Finance income includes interest income which is recognised on an accruals basis, using the effective interest method taking into account the interest rates applicable. It is recognised at the time the right to receive payment is established.

Finance costs include transaction and holdings fees for bank accounts.

	Year end 30 June 2020 $	15 months ended 30 June 2019 $
Finance income		
Interest earned	182	361
Total finance income	182	361
Finance costs		
Bank fees	180	3,918
Interest expense	3,141	-
Total finance costs	**3,321**	**3,918**

4. INCOME TAX

Accounting policy – Income taxes

The income tax expense or benefit for the year is the tax payable on that year's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

	Year ended 30 June 2020 $	15 months ended 30 June 2019 $
Loss before income tax	**(64,038)**	**(436,700)**
Prima facie tax (benefit) on loss before income tax at 27.5% (2019: 27.5%)	(17,610)	(120,093)
Permanent differences:		
Entertainment non-deductible	-	5
Movement in unrecognised tax assets and liabilities	16,200	13,076
Current year tax loss not recognisable	(1,410)	(107,012)
Under/(Over) provided in prior year	-	-
Aggregate income tax expense	**-**	**-**
Aggregate income tax expense comprises:		
Current taxation expense	-	-
Net deferred tax	-	-
	-	**-**
Cumulative unused tax losses for which no deferred tax asset has been recognised:		
Revenue losses	**394,262**	**389,133**

The group considers that in the future it will be generating taxable income to utilise carried forward tax losses, however, it does not meet the recognition criteria. Additionally, the carried forward tax losses can only be utilised in the future when taxable income is being generated, if the continuity of ownership test is passed, or failing that, the same business test is passed.

5. CASH AND CASH EQUIVALENTS

Accounting policy – Cash and cash equivalents
Cash and cash equivalents include cash on hand and deposits held at call with banks.

	2020 $	2019 $
Cash at bank and on hand	172,529	204,894
Total cash and cash equivalents	**172,529**	**204,894**

6. TRADE AND OTHER RECEIVABLES

Accounting policy – Trade and other receivables
Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days. The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. At balance date, no receivables were considered to be outstanding or impaired.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

	2020 $	2019 $
GST recoverable	15,448	14,219
TFN withholding tax receivable	233	164
Total trade and other receivables	**15,681**	**14,383**

7. RIGHT-OF-USE ASSETS

Accounting policy – Right-of-use assets
The right-of-use asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The group also assesses the right-of-use asset for impairment when such indicators exist.

If the group expects to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset.

	2020 $	2019 $
Cost		
Building	60,464	-
Accumulated depreciation	(25,020)	-
Balance at 30 June 2020	**35,444**	-

7.1 Amounts recognised in the consolidated statement of profit or loss and other comprehensive income

	Year ended 30 June 2020 $	15 months ended 30 June 2019 $
Depreciation	25,020	-
Interest expense	3,141	-
	28,161	**-**

The total cash outflow for leases in 2020 was $3,000, with a payable of $22,400 included as part of accruals in note 8.

8. TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables consist of the following:

Unsecured	2020 $	2019 $
Trade payables	6,320	15,865
Accruals	87,854	47,550
Total trade and other payables	**94,174**	**63,415**

9. LEASE LIABILITIES

Company as a Lessee

For any new contracts entered into on or after 1 July 2019, the group considers whether a contract is, or contains a lease. A lease is defined as ‘a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration’. To apply this definition the group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the company
- the group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the group has the right to direct the use of the identified asset throughout the period of use. The group assesses whether it has the right to direct ‘how and for what purpose’ the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

At the commencement date, the group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Short-term leases and leases of low-value assets
The group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

	2020 $	2019 $
Current	26,290	-
Non-current	11,915	-
Total lease liabilities	**38,205**	**-**

The incremental borrowing rate applied to lease liabilities recognised was 6.2%.

Recognition and measurement of leases (under AASB 117 until 30 June 2019)
In the comparative period, leases of property, plant and equipment were classified as either finance lease or operating leases. The group determined whether an arrangement was or contained a lease based on the substance of the arrangement and required an assessment of whether fulfilment of the arrangement is dependent on the use of the specific asset(s); and the arrangement conveyed a right to use the asset(s).

Leases of property, plant and equipment where the group as a lessee had substantially all of the risks and rewards of ownership were classified as finance leases. Finance leases were initially recognised as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The leased asset is accounted for as a non-financial physical asset and depreciated over the shorter of the estimated useful life of the asset or the term of the lease. Minimum finance lease payments were apportioned between the reduction of the outstanding lease liability and the periodic finance expense, which is calculated using the interest rate implicit in the lease and charged directly to the comprehensive operating statement.

Assets held under other leases were classified as operating leases and were not recognised in the group's balance sheet. Operating lease payments were recognised as an operating expense in the Statement of profit or loss and other Comprehensive Income on a straight-line basis over the lease term.

10. ISSUED CAPITAL

Accounting policy – Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares is shown in equity as a deduction from the proceeds. The Company does not have authorised capital or par value in respect of its issued shares.

	Number	$
Shares issued on incorporation	1	1
issue of shares – 21/1/2019	6,000,000	600,000
cost of shares issued	-	(5,446)
Balance at 30 June 2019	**6,000,001**	**594,555**
Shares issued	-	-
Balance at 30 June 2020	**6,000,001**	**594,555**

a) Ordinary shares

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At the shareholders' meeting each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

b) Capital management

Management objectives when managing capital are to ensure that the Company can fund further exploration and listing activities.

The group manages the capital structure and makes adjustments to it in light of the forecast cash requirements. To that end, internal capital rationing is complemented by capital raising activities as required to ensure funding for development activities is in place. There was no change to the capital management policies applied in the current year. There are no externally imposed capital requirements.

11. PARENT ENTITY INFORMATION

	2020 $	2019 $
Assets		
Current assets	190,652	221,170
Non-current assets	35,544	100
Total assets	**226,196**	**221,270**
Liabilities		
Current liabilities	120,464	63,415
Non-current liabilities	11,915	-
Total liabilities	**132,379**	**63,415**
Net assets	**93,817**	**157,855**
Equity		
Issued capital	594,555	594,555
Accumulated losses	(500,738)	(436,700)
Total equity	**93,817**	**157,855**
Loss for the year (2019: 15 months ended 30 June 2019)	**(64,038)**	**(436,700)**

Guarantees

The Company has not entered into any guarantees, in the current financial period, in relation to the debts of its subsidiary.

Contingent liabilities
At 30 June 2020, the Company does not have any contingent liabilities other than those outlined in note 1.

Contractual commitments
At 30 June 2020, the Company had not entered into any contractual commitments for the acquisition of property, plant and equipment other than as disclosed in note 9.

12. RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms & conditions no more favourable than those available to other parties unless otherwise stated. The following transactions occurred with related parties:

During the year, services were provided by GeoSmart Consulting which provides technical assistance to the Company to carry out its work activities. Qingtao Zeng, who is the director of Australasian Gold Limited, controls GeoSmart Consulting. The Board considers that the GeoSmart Consulting arrangement is a commercial arrangement entered into on favourable terms to Australasian Gold Limited. There is no obligation for the Company to acquire services exclusively from GeoSmart Consulting or for GeoSmart Consulting to exclusively provide services to the Company.

Total amounts paid (excluding GST) to GeoSmart Consulting during the year including the provision of services provided by Qingtao were $nil (2019: $71,380). The balance outstanding at 30 June 2020 was $nil (2019: $nil).

During the prior period, the group entered into a lease agreement with Woodsouth Asset Management which is controlled by a close family member of Qingtao Zeng, director of Australasian Gold Limited.

Total amounts paid to Woodsouth Asset Management during the year were $3,000 excluding GST (2019: $3,000 excluding GST). The balance outstanding at 30 June 2020 was $33,400, (2019: $11,000) which will only become due and payable upon the group's successful listing on ASX and taking into accounts the variations agreed with the landlord.

13. CONTROLLED ENTITIES

Details of the subsidiary controlled by the Company as at 30 June 2020 are as follows

	Country of Incorporation	Percentage Owned (%) 30 June 2020	Percentage Owned (%) 30 June 2019
Australasian Gold Limited	Australia		
Subsidiary of Australasian Gold Limited			
Pure Mining Pty Ltd (ACN 627 691 721)	Australia	100%	100%

14. EVENTS AFTER THE END OF THE YEAR

Graeme Fraser and Rory McGoldrick were appointed as directors on 10 August 2020. Daniel Smith and Nicholas Ong were appointed as joint company secretaries on 14 December 2020. Justyn Stedwell and Nova Taylor resigned as company secretaries on 24 December 2020.

In August 2020, the group paid $5,000 and 0.5 million shares at 10 cents/share to GeoSmart Consulting Pty Ltd as consideration for tenement acquired by the group. In addition, the Board resolved to issue 2 million shares to Mr Qingtao Zeng in the Company in recognition of services rendered to the group, on the basis that the remuneration fell into the Remuneration exemption of Chapter 2E of the *Corporations Act 2001.*

The group raised another $200,000 before costs during November and December 2020.

Qingtao Zeng was appointed as managing director on 31 October 2020 with a monthly fee of $10,000 which will increase to $20,000 upon when the group is listed on the Australian Securities Exchange (ASX). The initial term is 24 months from the date the group listed on the ASX. Per the Managing Director Service agreement, it provided for the issuance of 3,500,000 performance rights. In addition, it provided for issuance of 700,000 ordinary shares and 2,000,000 options exercisable at 30 cents each share within two years of the group listed on the ASX.

On 1 July 2020, the Group executed agreement with its landlord to vary certain terms and conditions contained in the original lease agreement. These variations will be reflected in the Group's financial statements.
The group entered into a Sale and Purchase Agreement for the May Queen Gold Project on 9 September 2020 and agreed to issue 4.5 million shares at $0.10 per share to IronRidge Resources Limited (IronRidge) as consideration. In turn, IronRidge also agreed to invest acquire 1 million shares at $0.10 per share. The May Queen gold project lies within the Brovinia goldfield in Queensland. This goldfield is located in the northern part of the Surat Basin with the tenement mostly covered by Early to Late Jurassic sediments that unconformably overlay outcropping Late Devonian – Mississippian volcanoclastic sedimentary rocks hosting the May Queen gold mineralisation.

The group also entered into a Sale and Purchase Agreement for the Mt Clermont Gold project on 25 November 2020 and agreed to issue 1 million shares at $0.10 per share as consideration to Drummond West Pty Ltd. The Mt Clermont gold project lies within the Anakie Province of the Drummond Basin which is composed of a sequence of Devonian to Carboniferous volcanic and sediments in Central Queensland, approximately 60 km by road north-west of the town at Emerald.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not impacted the group for the year ended 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian, State and Territories Governments and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Except for the above, no matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

15. CONTINGENCIES

As of 30 June 2020, the group had no contingent assets and liabilities (2019: Nil).

16. CASHFLOW INFORMATION

Reconciliation of cash flows from operating activities with loss after income tax	Year ended 30 June 2020 $	15 months ended 30 June 2019 $
Net loss	(64,038)	(436,700)
Add back: Non-cashflows in loss		
- AASB 16 related finance costs	3,141	-
- AASB 16 related depreciation	25,020	-
Changes in assets and liabilities		
- (increase)/decrease in trade & other receivables	(1,298)	(14,383)
- (increase)/decrease in prepayments	(549)	(1,993)
- increase/(decrease) in trade & other payables	30,759	63,415
- less movements in trade & other payables relating to balance sheet items (Note 7.1)	(22,400)	-
Net cash provided by/(used in) operating activities	**(29,365)**	**(389,661)**

17. COMPANY DETAILS

The registered office and principal place of business is:

Registered Address:
Level 8, 99 St Georges Terrace
Perth, WA 6000

Principal Business Office:
Unit 34, 123B Colin Street
West Perth, WA 6008

Director's Declaration

In accordance with a resolution of the directors of Australasian Gold Limited, the directors have determined that the group is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described throughout the notes to these financial statements.

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 9 to 25, are in accordance with the *Corporations Act 2001* and:

   a. comply with Australian Accounting Standards; and
   b. give a true and fair view of the group's financial position as at 30 June 2020 and of its performance for the period ended on that date in accordance with the accounting policies described throughout the notes to these financial statements.

2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, based on the factors outlined in Note 1(c), Going Concern.

Signed in accordance with a resolution of the Directors made pursuant to *Section 295(5)(a)* of the *Corporations Act 2001.*

____
Qingtao Zeng
Director

Dated this 3rd day of February 2021

Independent Auditor's Report to the Members of Australasian Gold Limited

Opinion

We have audited the financial report of Australasian Gold Limited ("the Company") and its controlled entity ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2020, 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards to the extent described in Note 1 and other notes to the financial report and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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* ("the Code") that are relevant to our audit of the financial report in Australia. 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*, 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 report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Regarding Going Concern

We draw attention to Note 1(c) in the financial report, which indicates that the Group has accumulated losses of $500,738 and expended net operating cash outflow for the year of $29,365. As stated in Note 1 (c), these events or conditions, along with other matters as set forth in Note 1 (c), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

hlb.com.au

HLB Mann Judd (VIC Partnership) ABN 20 696 861 713
Level 9, 575 Bourke Street, Melbourne VIC 3000 | GPO Box 2850, Melbourne VIC 3001
T: +61 (0) 3 9606 3888 F: +61 (0) 3 9606 3800 E: mailbox@hlbvic.com.au

HLB MANN JUDD

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Group are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 and other notes to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in

our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Jude Lau
Partner

Melbourne
3 February 2021