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Australia United Mining Limited

ACN 126 540 547

Half-Year Financial Report

For the Half-Year Ended 31 December 2022

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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 2022.

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)

REVIEW OF OPERATIONS

The Group reported a consolidated loss of \$313,564 for the half-year ended 31 December 2022 (2021: profit of \$831,030).

The Group hold 100% registered interest in three granted mineral tenements in Queensland (Forsayth Project), and two granted exploration licenses in New South Wales, being EL7423 (Sofala Project) and EL8402 (Karangi Project).

Sofala Project (EL7423, Joint Venture with MinRex Resources)

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.

Under a Farm-in Joint Venture Agreement signed in March 2021, MinRex Resources Limited (“MRR”), MRR is currently the Joint Venture Operator and fully responsible for the exploration spending as a condition for them to acquire up to EL7423’s 80% interest.

Following the Joint Venture Agreement, various exploration program were conducted in 2021, including JORC Resource estimate and a 7-hole RC drilling program that intersected significant widths of high-grade gold mineralisation at the Queenslander Prospect.

Refer to MRR’s ASX announcements during the period for the project update and development details.

Karangi Project (EL8402)

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.

The Group is considering to assess the likelihood of development of potential deposits around Karangi Project. Exploration programs have been planned to commence in the first half of 2023.

Forsayth Project (EPM 14498, ML3417 and ML3418, Joint Venture with Forsayth Resources)

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, Queenslander (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 in October 2020 to co-develop the Forsayth Project.

As at the end of December 2022, 4,000 tonnes of ore from the Ropewalk open cut had been stockpiled on site. Based on the results of the historical drilling, costeaning and recent sampling of the reef outcrops in the Ropewalk pit, the Group and Forsayth Resources are considering to focus on open cut mining at the Ropewalk currently and will study the feasibility of various underground methods when the open cut is depleted. Applications to renew the two mining licenses ML3417 and ML3418 were submitted to the Mineral Department in December 2022.

Exploration work on EPM14498 continued during the period. In 2022, three phases of field work in EPM14998 were conducted in January, June and December. Six prospects of interest were identified during regional traversing, all of which were sampled.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the independence declaration by the lead auditor under section 307C is included on page 14 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

Dated on 9 March 2023

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**CONDENSED CONSOLIDATED STATEMENT OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

		31 December	
	Note	2022 \$	2021 \$
Income			
Interest income		1,767	174
Gain on disposal of listed shares		-	202,278
Total income		<u>1,767</u>	<u>202,452</u>
Expenses			
Employee benefits expense		(97,485)	(74,961)
Depreciation expense		(4,202)	(5,321)
Travel and accommodation expenses		(7,902)	(305)
Legal and corporate fees		(31,062)	(19,406)
Insurance expense		(17,385)	(15,033)
Finance costs		(37,926)	(45,552)
Exploration and evaluation expenses		(7,224)	(16,235)
Fair value gain on financial assets		29,000	924,000
Directors' fee		(70,000)	(70,000)
Other expenses		(71,145)	(48,609)
Total expenses		<u>(315,331)</u>	<u>628,578</u>
Profit/(Loss) before income tax expense		(313,564)	831,030
Income tax expense		-	-
Profit/(Loss) for the period		(313,564)	831,030
Other comprehensive income		-	-
Total comprehensive income/(expense) attributable to the members of Australia United Mining Limited		<u>(313,564)</u>	<u>831,030</u>
Basic profit/(loss) per share (cents)	2	<u>(0.017)</u>	0.05
Diluted profit/(loss) per share (cents)	2	<u>(0.017)</u>	0.05

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

	Note	31 December 2022 \$	30 June 2022 \$
Current assets			
Cash and cash equivalents		464,087	894,213
Other receivables		4,146	9,716
Financial assets at fair value through profit or loss		928,000	899,000
Other financial assets		120	120
Total current assets		1,396,353	1,803,049
Non-current assets			
Environmental bonds with cash-backed deposits		238,726	238,726
Plant & equipment		65,267	69,468
Exploration and evaluation assets	3	3,800,000	3,800,000
Total non-current assets		4,103,993	4,108,194
Total assets		5,500,346	5,911,243
Current Liabilities			
Trade and other payables	4	41,417	48,433
Provisions		13,483	11,726
Payables due to related parties	5	200,000	200,000
Total current liabilities		254,900	260,159
Non-current Liabilities			
Payables due to related parties	5	1,316,988	1,409,062
Total non-current liabilities		1,316,988	1,409,062
Total liabilities		1,571,888	1,669,221
Net assets		3,928,458	4,242,022
Equity			
Issued capital		40,937,534	40,937,534
Accumulated losses		(37,009,076)	(36,695,512)
Total equity		3,928,458	4,242,022

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

	Issued Capital \$	Accumulated Losses \$	Total \$
Balance at 1 July 2022	40,937,534	(36,695,512)	4,242,022
Loss for the period	-	(313,564)	(313,564)
Total comprehensive expense for the half-year	-	(313,564)	(313,564)
Balance at 31 December 2022	40,937,534	(37,009,076)	3,928,458
Balance at 1 July 2021	40,937,534	(37,305,867)	3,631,667
Profit for the period	-	831,030	831,030
Total comprehensive income for the half-year	-	831,030	831,030
Balance at 31 December 2021	40,937,534	(36,474,837)	4,462,697

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

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

	31 December	
	2022	2021
	\$	\$
Cash flow from operating activities		
Payments to suppliers and employees	(224,669)	(175,874)
Interest received	1,767	174
Net cash used in operating activities	<u>(222,902)</u>	<u>(175,700)</u>
Cash flow from investing activities		
Proceeds from disposal of listed shares	-	442,278
Payments for exploration expenditure	(7,224)	(16,235)
Net cash provided by / (used in) investing activities	<u>(7,224)</u>	<u>426,043</u>
Cash flow from financing activities		
Proceeds from borrowings	-	60,000
Repayment of borrowings	(200,000)	-
Net cash provided by / (used in) financing activities	<u>(200,000)</u>	<u>60,000</u>
Net increase in cash and cash equivalents	(430,126)	310,343
Cash and cash equivalents at the beginning of the period	<u>894,213</u>	<u>129,431</u>
Cash and cash equivalents at the end of the period	<u><u>464,087</u></u>	<u><u>439,774</u></u>

The Condensed 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 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

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

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2022.

The accounting policies have been consistently applied by the entities in the group and are consistent with those in the 30 June 2022 annual 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 accrual 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

At the date of authorization of the financial statements, the Group has not applied the following new and revised Australian Accounting Standards, interpretations and amendments that have been issued but are not yet effective:

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current, AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current, effective for annual reporting periods beginning on or after 1 January 2023;

AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates, effective for annual reporting periods beginning on or after 1 January 2023;

AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction, effective for annual reporting periods beginning on or after 1 January 2023;

AASB 2022-1 Amendments to Australian Accounting Standards – Initial Application of AASB 17 and AASB 9 – Comparative Information, effective for annual reporting periods beginning on or after 1 January 2023.

2. Earnings per share

	Consolidated	
	2022 \$	2021 \$
The following reflects the income and share data used in calculating basic and diluted earnings per share:		
Consolidated net profit/(loss)	<u>(313,564)</u>	<u>831,030</u>
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	<u>1,842,577,485</u>	<u>1,842,577,485</u>
Basic and Diluted earnings per share (cents per share)	<u>(0.017)</u>	<u>0.05</u>

3. EXPLORATION AND EVALUATION ASSETS

	Consolidated	
	31 December 2022 \$	30 June 2022 \$
Balance at beginning of the period	<u>3,800,000</u>	<u>3,600,000</u>
Impairment (loss)/reversal	<u>-</u>	<u>200,000</u>
Balance at end of the period	<u>3,800,000</u>	<u>3,800,000</u>

During the financial period the Group reassessed the recoverable value of all tenement areas of interest to which exploration costs had been capitalised. 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.

4. TRADE AND OTHER PAYABLES

	Consolidated	
	31 December 2022 \$	30 June 2022 \$
Trade payables	<u>-</u>	<u>3,136</u>
Other creditors and accrued expenses	<u>41,417</u>	<u>45,297</u>
	<u>41,417</u>	<u>48,433</u>

5. LOAN PAYABLES

	Consolidated	
	31 December 2022 \$	30 June 2022 \$
<u>Current</u>		
Loans from W.Y. International (Australia) Pty Ltd (i)	200,000	200,000
<u>Non-current</u>		
Loans from W.Y. International (Australia) Pty Ltd (i)	1,088,117	1,210,191
Loans from Xinhua Geng	78,871	78,871
Loans from Tao Wang	150,000	120,000
	<u>1,516,988</u>	<u>1,609,062</u>

(i)W.Y. International (Australia) Pty Ltd (“W.Y. International”) is a related company controlled by two directors, Mr Xiaojing Wang and Ms Jia Yu. The balance due to W.Y. International included unpaid director’s fee to Mr Xiaojing Wang and Ms Jia Yu. Total loans from W.Y. International included loan principals \$559,559, loan interest \$284,208 and accumulated unpaid directors’ fee \$444,350 as at 31 December 2022. The loans are unsecured with an interest rate of 12% per annum.

6. ISSUED CAPITAL

	31 December 2022		30 June 2022	
	Number	\$	Number	\$
Ordinary Fully Paid Shares	<u>1,842,577,485</u>	<u>40,937,534</u>	<u>1,842,577,485</u>	<u>40,937,534</u>

7. DIVIDENDS PAID

No dividends have been paid or provided for during the half-year ended 31 December 2022.

8. SHARE OPTIONS

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

9. SEGMENT INFORMATION

Management has determined that the Group has only one reportable segment being exploration and mining. Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on one reportable segment of its business.

	Consolidated			
	Revenue		Result	
	2022	2021	2022	2021
	\$	\$	\$	\$
Exploration and mining	-	-	(11,109)	(16,235)
Unallocated	1,767	202,452	(302,455)	847,265
	<u>1,767</u>	<u>202,452</u>	<u>(313,564)</u>	<u>831,030</u>

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 1. Segment result represented the profit/(loss) before tax earned by each segment. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

	Consolidated	
	31 December 2022	30 June 2022
	\$	\$
SEGMENT ASSETS		
Exploration and mining	3,863,677	3,867,561
Unallocated	1,636,669	2,043,682
	<u>5,500,346</u>	<u>5,911,243</u>
Segment Liabilities		
Exploration and mining	-	-
Unallocated	1,571,888	1,669,221
	<u>1,571,888</u>	<u>1,669,221</u>

10. 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.

	31 December 2022
	\$
Not longer than 12 months	483,167
Longer than 12 months and not longer than 60 months	12,500
	<u>495,667</u>

11. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2022.

12. RELATED PARTY TRANSACTIONS

Remuneration arrangements of key management personnel are disclosed in the annual financial report. During the period, the Group repaid \$200,000 loan to W.Y. International and incurred \$37,926 interest expense to W.Y. International for the unpaid loan balances. The Group also paid \$17,000 to W.Y. International for commercial rental of car, car space and storage.

13. FAIR VALUE MOVEMENT

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3: Unobservable inputs for the asset or liability.

	Level 1	Level 2	Level 3	Total
31 December 2022				
Ordinary shares at fair value through profit or loss	928,000	-	-	928,000
30 June 2022				
Ordinary shares at fair value through profit or loss	899,000	-	-	899,000

There were no transfers between levels during the financial half-year. The carrying amounts of other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature

14. EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

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 2022.

15. GOING CONCERN

During the half-year, the Group had a consolidated loss after tax of \$313,564 (31 December 2021: profit of \$831,030). The Group had a net operating cash outflow of \$222,902 (31 December 2021: \$175,700). 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. The ability of the consolidated entity to continue as a going concern is dependent on the liquidation of its financial assets, 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 financial statements have been prepared on a going concern basis. In making this assessment, management have considered the following:

- the company had investment in listed shares with a market value of \$928,000 as at 31 December 2022;
- the company had no external debt except for loans from directors;
- excluding the listed shares the Group had a working cash capital of \$213,453; and
- continued support by the directors.

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

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 4 to 12 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 other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2022 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

Dated on 9 March 2023

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9 March 2023

The Board of Directors
Suite 606, 84 Pitt Street
Sydney, NSW 2000

Dear Board Members

Australia United Mining Limited

In accordance with section 307C of the *Corporation Act 2001*, I am pleased to provide the following declaration of independence to the directors of Australia United Mining Limited.

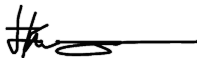
As lead auditor for the review of the financial statements of Australia United Mining Limited for the half year-ended 31 December 2022, I declare to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

Accentor Audit Services

Accentor Audit Services Pty Limited



Heng Kwang Lim
Director

Sydney: 9th March 2023

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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 2022, 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 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 financial position as at 31 December 2022 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*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Material Uncertainty related to Going Concern

Without qualifying our conclusion, we draw attention to Note 15 in the half-year financial report which indicates that the consolidated entity had a consolidated loss after tax of \$313,564. The consolidated loss after tax included fair value movement of financial assets amounting to \$29,000. The consolidated entity had a net operating cash outflow of \$222,902 during the half-year ended 31 December 2022, 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 15 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 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 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. ASRE 2410 requires us to conclude whether we 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 2022 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.

Yours sincerely

Accentor Audit Services

Accentor Audit Services Pty Limited



Heng Kwang Lim
Director

Sydney: 9th March 2023