



# Australia United Mining Limited

ABN 35 126 540 547

## Annual Report

For the year ended 30 June 2019



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## Corporate Directory



### AUSTRALIA UNITED MINING LIMITED

ABN 35 126 540 547

#### REGISTERED OFFICE

Australia United Mining Ltd  
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Sydney, NSW 2000

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Facsimile: (61) 2 9252 4525

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Email: [office@australiaunitedmining.com.au](mailto:office@australiaunitedmining.com.au)

#### DIRECTORS

Xiaojing Wang (Executive Chairman)

Jia Yu (Non-Executive Director)

Xinhua Geng (Non-Executive Director)

#### COMPANY SECRETARY

Xuekun Li

#### AUDITOR

INP Sydney

Suite 1204, 227 Elizabeth Street  
Sydney NSW 2000

#### SHARE REGISTRY

Computershare Investor Services Pty Ltd

452 Johnston Street

Abbotsford Vic 3067

Tel: 1300 787 272 (within Australia)

or

+613 9415 4000 (outside Australia)

#### STOCK EXCHANGE LISTING

Australian Securities Exchange

Home Exchange - Melbourne

ASX Code – AYM

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## Directors' report

The Directors present their report together with the financial report of the consolidated entity consisting of Australia United Mining Limited and its controlled entities (the Group), for the financial year ended 30 June 2019 and independent auditor's report.

### INFORMATION ON DIRECTORS AND COMPANY SECRETARY

The qualifications, experience and special responsibilities of each person who has been a Director of Australia United Mining Limited, together with details of the Company Secretary, during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

#### CURRENT DIRECTORS

##### XIAOJING WANG

Executive Chairman

*Appointed 2 May 2012*

Mr Xiaojing Wang holds a Diploma of Business Management and has extensive commercial and corporate experience, including the management of the Oriental Foundation International Automobile City, one of the projects approved by the Beijing Chaoyang District government. Its total investment exceeds RMB 2 billion (AUD 353 million), and includes 18 automobile stores.

Mr Wang is also responsible for the management of Beijing Orient Outlets Factory Shop; with a building area of around 90,000 square metres, the outlet shop is a large sale shopping centre complex offering numerous domestic and foreign brands.

Mr Wang also has extensive energy and resources experience, and holds interests in Zhouqu Chinese Electric Power Corporation, a hydroelectric power station producing 51,000 kilowatts of power and Gansu Zhongyuan Chinese Energy Source Investment Corporation, as well as interests in the Beisha Hongshan Mining Area and the Hougou Mining District.

##### XINHUA GENG

Non-Executive Director

*Appointed 8 March 2019*

Mr. Geng has been successively working in Shandong Huimin Foreign Trade Company, Beijing Chuangshi Jiaye Advertising Co., Ltd, Shanghai Furun Investment Management Center and Shandong Gold Pty Ltd. In the years of employment, he has accumulated rich management and investment experience, and he has made achievements in foreign trade, mining, finance, etc. He also has extensive contacts and keen market insight.

##### JIA YU

Non-Executive Director

*Appointed 2 May 2012*

Ms Yu holds a Bachelor of Political Science and Law Degree and has passed the British Association of Chartered Certified Accountants exam in the People's Republic of China. She is currently an Executive Officer with the Oriental Foundation Investment Group, a large company based in Beijing with interests in real estate, the mineral industry, the energy sector and the finance sector.

##### XUEKUN LI

Company Secretary

*Appointed 6 September 2019*

Ms Li is a chartered company secretary and a qualified accountant with more than 20 years' experience in financial accounting and corporate governance. In her early career, she worked as an audit manager at the China practice of Big-Four international accounting firm where she was involved in audits both for periodic financial reporting and for initial public offerings. Prior to founding her own accounting and corporate business, she worked for a local accounting firm and worked as Senior Accountant and Company Secretary for an ASX listed junior explorer. Her corporate clients operate in a range of industries such as retail, exploration, manufacturing, and trading.

### PRINCIPAL ACTIVITIES

The principal activity of the economic entity during the financial period was exploration and development activity on its tenements in New South Wales and Queensland.

## REVIEW & RESULTS OF OPERATIONS

The profit of Australia United Mining Limited ("AUML") and its subsidiaries (the "consolidated entity") for the financial year ended 30 June 2019, after income tax, amounted to \$145,534 (2018 loss: \$423,889).

During the reporting period, the company successfully renewed EL 8402 to 29<sup>th</sup> October 2021 and EPM14498 to 15<sup>th</sup> January 2021.

The company has been focusing on development of the Forsyth project and a more targeted drilling program has been designed for potential areas and will commence once the company has received sufficient funds. Although the renewal process for ML3417 and ML3418 is ongoing, the Queensland Department of Natural Resources, Mines and Energy advised the licence permits remain in force.

The company's NSW exploration has been designed with drilling planned at Spring Gully and Queenslander prospects. There has been progress with landholder compensation agreements, and they will be signed before the project commencement.

The company appointed Geos Mining to prepare an Independent Technical Valuation Report for the valuation of mineral assets in Queensland and NSW. The preferred value of the mineral assets is \$3,100,000. The directors reviewed the valuation report and accepted the preferred value which was based upon the current market conditions and commodity prices.

## TENEMENTS

Queensland	Licence	Equity (%)	Area (km <sup>2</sup> )
Flying Cow & Flying Cow South	ML3418	100%	1.1
Ropewalk	ML3417	100%	1.3
New Gossan	ML3417	100%	
Lady Franklin	EPM14498	100%	
Lightning & Lightning Flash	EPM14498	100%	
Havelock & Caravan Park	EPM14498	100%	59.0
Queenslander	EPM14498	100%	
Nil Desperandum	EPM14498	100%	
<b>Total Area</b>			<b>61.4</b>

New South Wales	Licence	Equity (%)	Area (km <sup>2</sup> )
Sofala	EL7423	100%	36.4
Honeybugle	EL7041	100%	20.4
Karang	EL8402	100%	225
<b>Total Area</b>			<b>281.8</b>

## CHANGES IN STATE OF AFFAIRS

There was no significant change in the state of affairs of the group during the financial year.

## **FUTURE DEVELOPMENTS**

The Directors are cautiously optimistic that, despite the challenges in the global economic environment, through focused and continued exploration, value will in due course be able to be extracted from the Company's leases and tenements which are geographically well positioned and in highly prospective geological environments.

## **ENVIRONMENTAL REGULATIONS**

The Company's exploration and mining tenements are located in New South Wales and Queensland. The operation of these tenements is subject to compliance with the New South Wales, Queensland and Commonwealth mining and environmental regulations and legislation.

Licence requirements relating to ground disturbance, rehabilitation and waste disposal exist for all tenements held. The Directors are not aware of any significant breaches of mining and environmental regulations and legislation during the period covered by this report.

## **DIVIDENDS**

No dividends in respect of the current financial period have been paid, declared or recommended for payment (2018: Nil).

## **SHARE OPTIONS**

### **Share options granted to directors and consultants**

No share options were issued to Directors and consultants during the year.

### **Shares under option or issued on exercise of options**

At year ended 30 June 2019 there were no options on unissued shares (2018: Nil). No further options were issued during the year and none were exercised (2018: Nil).

## **INDEMNIFICATION OF OFFICERS AND AUDITORS**

During the financial year, the Company paid a premium in respect of a contract insuring the directors of the Company (as named above), the Company Secretary, the Chief Executive Officer, the Chief Financial Officer and any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

## **DIRECTORS' MEETINGS**

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member).

## Directors' Meetings

### Directors

	Eligible to Attend	Attended
Mr. Xiaojing Wang	6	6
Ms. Jia Yu	6	6
Mr. Xinhua Geng	2	2

### DIRECTORS' SHAREHOLDINGS

The following table sets out each Director's or associated entities' relevant interest in shares, debentures, and rights or options in shares or debentures of the Company or a related body corporate as at the date of this report.

Directors	Number of fully paid ordinary shares	Number of share options
Mr. Xiaojing Wang	1,030,110,128	-
Ms. Jia Yu	62,991,147	-
Mr. Xinhua Geng	94,406,009	-

Mr Wang holds 1,030,110,128 units of fully paid ordinary shares consisting of:

- 246,570,631 units of Xiaojing Wang;
- 26,666,667 units of Ever Resources Pty Ltd (Mr. Wang is the sole shareholder);
- 249,952,507 units of WY Australia Investment Pty Ltd (Mr. Wang is the sole shareholder);
- 506,920,323 units of W.Y. International (Australia) Pty Ltd (Mr. Wang holds 90% of 563,244,803 units of fully paid ordinary shares).

Ms Yu holds 62,991,147 units of fully paid ordinary shares consisting of:

- 6,666,667 units of Jia Yu;
- 56,324,480 units of W.Y. International (Australia) Pty Ltd (Ms. Yu holds 10% of 563,244,803 units of fully paid ordinary shares).

Mr. Geng holds 94,406,009 units of fully paid ordinary shares consisting of:

- 33,333,300 units of Xinhua Geng;
- 61,072,709 units of Shandong Gold Pty Ltd (Mr. Geng is the sole shareholder).

## Remuneration Report (Audited)

### Remuneration Policy for Directors and Executives

#### Details of Key Management Personnel

The Directors and Key Management Personnel of Australia United Mining Limited during the 2019 financial year were:

<p><b>XIAOJING WANG</b>            Executive Chairman            Appointed 6 Jan 2012            Ceased 6 Feb 2012            Reappointed 2 May 2012</p>	<p><b>JIA YU</b>            Non-Executive Director            Appointed 6 Jan 2012            Ceased 6 Feb 2012            Reappointed 2 May 2012</p>
<p><b>JUN WANG</b>            Non-Executive Director            Appointed 20 February 2018            Ceased 8 March 2019</p>	<p><b>XINHUA GENG</b>            Non-Executive Director            Appointed 8 March 2019</p>
<p><b>YIPU DING</b>            Company Secretary            Appointed 6 March 2017            Ceased 22 November 2018</p>	<p><b>RICHARD HILL</b>            Company Secretary            Appointed 22 November 2018            Ceased 6 September 2019</p>
<p><b>XUEKUN LI</b>            Company Secretary            Appointed 6 September 2019</p>	

#### Remuneration policy

The Board is responsible for determining and reviewing the compensation of the directors, the Chief Executive Officer, the executive officers and senior managers of the Company. This process requires consideration of the levels and form of remuneration appropriate to securing, motivating and retaining executives with the skills to manage the Company's operations. The Board of Directors assesses market rates and seeks the advice of external advisers, where necessary, in connection with the structure of remuneration packages. The Board of Directors also recommends levels and form of remuneration for Non-Executive Directors with reference to performance, relevant comparative remuneration and independent expert advice. The total sum of remuneration payable to Non-Executive Directors shall not exceed the sum fixed by members of the Company in general meeting.

There is no direct relationship between the Company's Remuneration Policy and the Company's performance. That is, no portion of the remuneration of Directors, Secretary or Senior Managers is 'at risk'. However, in determining the remuneration to be paid in each subsequent financial year, the Board will have regard to the Company's performance. Therefore, the relationship between the Remuneration Policy and the Company's performance is indirect.

## Director and executive remuneration

Details of the remuneration of key management personnel of the consolidated entity are set in the following tables.

Year ended 30-Jun-19	Short Term Benefits	Post Employment Benefits	Share Based Payment	Short term non-monetary benefits	Termination Benefits	Total
	Salary and fees	Superannuation	Options			
	\$	\$	\$	\$	\$	\$
<b>Directors</b>						
Xiaojing Wang	100,000	-	-	-	-	100,000
Jia Yu	48,000	-	-	-	-	48,000
Jun Wang	32,903	-	-	-	-	32,903
Xinhua Geng	18,871	-	-	-	-	18,871
	<b>199,774</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>199,774</b>

Year ended 30-Jun-18	Short Term Benefits	Post Employment Benefits	Share Based Payment	Short term non-monetary benefits	Termination Benefits	Total
	Salary and fees	Superannuation	Options			
	\$	\$	\$	\$	\$	\$
<b>Directors</b>						
Xiaojing Wang	100,000	-	-	-	-	100,000
Jia Yu	48,000	-	-	-	-	48,000
Jianbing Zhang	16,000	-	-	-	-	16,000
Jun Wang	17,400	-	-	-	-	17,400
	<b>181,400</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>181,400</b>

### Elements of compensation of Directors and 5 named highest paid company executives consisting of securities

The Directors, CEO and Company Secretary's compensation may include the issuance of securities. These are at the discretion of the Board. Currently there are no elements of compensation that consist of securities for any of the Directors or the Company's management.

### Executive options

There were no executive options as at 30 June 2019. (2018: Nil)

### Value of options issued to directors and executives

There were no grants of share-based payment compensation to directors and senior management that relate to the 2019 financial year. (2018: Nil)

No options were exercised during the reporting period.

***(End of audited remuneration report)***

### **NON-AUDIT SERVICES**

During the year INP Sydney, the Company's auditors, has performed no other services (2018 INP Sydney: Nil) in addition to their statutory duties.

### **PROCEEDINGS ON BEHALF OF THE COMPANY**

As at the date of this report, 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 these proceedings.

### **AUDITOR'S INDEPENDENCE DECLARATION**

The auditor's independence declaration is included on page 11 of the annual report.

Signed in accordance with a resolution of directors made pursuant to s298 (2) of the Corporations Act 2001.

On behalf of the Directors



**Xiaojing Wang**  
**Executive Chairman**  
27<sup>th</sup> September 2019



Melbourne - Sydney - Adelaide



INP Sydney  
Suite 1204, Level 12, 227 Elizabeth Street, Sydney NSW 2000  
Telephone: 1300 168 368

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## **Auditors 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 audit for the year ended 30 June 2019, there have been:

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

INP Sydney

Christopher Wong  
Partner

27<sup>th</sup> September 2019

Sydney NSW 2000

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**Corporate Governance Statement**

## **CORPORATE GOVERNANCE STATEMENT**

In recognising the need for the highest standard of corporate behaviour and accountability, the Directors of Australia United Mining Limited support the principle of good corporate governance. As such, Australia United Mining Limited has adopted the third edition of the Corporate Governance Principles and Recommendations which was released by the ASX Corporate Governance Council on 27 March 2014 and became effective for financial years beginning on or after 1 July 2014.

During the reporting period the Company continued to review and enhance its governance policies and practices and the governance framework in line with best practice. The Company's corporate governance policies will continue to be under regular review due to the ever-changing regulatory environment and the desire for the company to operate at the highest governance levels possible.

Unless otherwise disclosed below, the Company's governance practices comply with the ASX Corporate Governance Principles and Recommendations and have been applied for the entire financial year ended 30 June 2019. This Corporate Governance Statement was approved by the Board on 27 September 2019.

A description of the Company's main corporate governance practices is set out below.

**Principle 1: Lay Solid Foundations for Management and Oversight**

**A listed entity should establish and disclose the respective role and responsibilities of the Board and management and should establish and disclose the respective roles and responsibilities of board and how their performance is monitored and evaluated.**

**Recommendation 1.1: A listed entity should disclose:**

- (a) the respective roles and responsibilities of its board and management; and**
- (b) those matters expressly reserved to the board and those delegated to management.**

**Complying**

The Board has adopted a charter which establishes the role of the Board and its relationship with management. The primary role of the Board is the protection and enhancement of long-term shareholder value. Its responsibilities include the overall strategic direction of the Group, establishing goals for management and monitoring the achievement of these goals. The functions and responsibilities of the Board and management are consistent with ASX Principle 1.

Each Director is given a letter upon his or her appointment which outlines the Director's duties. Similarly, senior executives including the chief executive officer, and the chief financial officer, have a formal job description and letter of appointment describing their term of office, duties, rights and responsibilities, and entitlements on termination.

**Recommendation 1.2: A listed entity should:**

- (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director; and**
- (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.**

**Complying**

When a candidate is standing for election as a director, detailed biographical details, including their relevant qualifications and experience and the skills, is circulated to the Board for consideration. Confirmation of any other material directorships currently held by the candidate and his/her own interest in the Company's securities is required from the candidate. The newly appointed director holds office only until the next following annual general meeting and is then eligible for re-election by shareholders. All material biographical information of the candidate as well as the Board's statement as to whether it supports the election or re-election of the candidate are disclosed in the Notice of the Meeting.

**Recommendation 1.3: A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.**

**Complying**

On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms of appointment, including compensation relevant to the office of director. Remuneration and other terms of employment for the Executive Director and other Senior Executives are formalised in service agreements or employment agreements. Material terms of contracts of directors and senior executives are disclosed in the Remuneration Report every year.

**Corporate Governance Statement**

**Recommendation 1.4: The Company Secretary should be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.**

**Complying**

The Company Secretary is responsible for:

- advising the Board and its committees on governance matters;
- monitoring that Board and committee policy and procedures are followed;
- coordinating the timely completion and dispatch of Board and committee papers;
- ensuring is accurately captured in the minutes; and
- helping to organise and facilitate the induction and professional development of directors.

**Recommendation 1.5: The Company should:**

- (a) **have a Diversity Policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the Company's progress in achieving them;**
- (b) **disclose that policy or a summary of it; and**
- (c) **disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the Board or a relevant committee of the Board in accordance with the entity's diversity policy and its progress towards achieving them, and the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes).**

**Non-Complying**

The Company has not complied with the above Recommendation as it does not have a formal diversity policy, nor does it establish measurable objectives for achieving gender diversity and annually reviewing those objectives.

With the current size of the Company and its level of activity, the Board does not consider it appropriate to formalize a diversity policy or establish measurable objectives for gender diversity. However, every candidate suitably qualified for a position has an equal opportunity of appointment regardless of gender, age, ethnicity or cultural background.

The proportion of women within the whole organization, in senior executive positions and women on the Board as at the date of this report are:

	Number	Percentage
Number of women employees in the whole organization	1	100%
Number of women in senior executive positions	1	33%
Number of women on the Board	1	33%

**Recommendation 1.6: A listed entity should:**

- (a) **have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and**
- (b) **disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.**

**Non-Complying**

The Company does not comply with the above Recommendation. With the current size of the Company and its level of activity, the Board does not consider it appropriate to have formal process to evaluate its committee and individual directors. During the year no performance evaluation was undertaken on the executive director and no performance evaluations undertaken on the Company's individual directors.

**Recommendation 1.7: A listed entity should:**

- (a) **have and disclose a process for periodically evaluating the performance of its senior executives; and**
- (b) **disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process**

## **Corporate Governance Statement**

### **Complying**

The Company has a formal process to evaluate the performance of the senior executives. The Managing Director reviews the senior executives' performance according to their job responsibilities. An informal performance evaluation was undertaken during the year. .

#### Principle 2: Structure the Board to Add Value

**A listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.**

***Recommendation 2.1: The Board should have a nomination Committee which:***

- (1) has at least three members; a majority of whom are independent directors; and***
- (2) is chaired by an independent director, and disclose:***
- (3) the charter to committee***
- (4) the members of the committee; and***
- (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.***

### **Non-Complying**

The Board has not established a formal nomination committee, having regard to the size of the Company. The Board acknowledges that when the size and nature of the Company warrants the necessity of a formal nomination committee, such a committee will operate under a nomination committee charter which will be approved by the Board. Presently, the Board, as a whole, serves as a nomination committee to the Company. Where necessary, the Board seeks advice of external advisers in connection with the suitability of applicants for Board membership.

***Recommendation 2.2: A listed entity should have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.***

### **Complying**

The Board has developed a skills matrix to provide a guide as to the skills, knowledge and experience appropriate for the governance of the Company. The skills matrix is designed to guide the recruitment of directors and Board succession planning. Each individual director's profile and skills are disclosed in the Directors' Report in this Annual Report.

***Recommendation 2.3: A listed entity should disclose:***

- (a) the names of the directors considered by the Board to be independent directors;***
- (b) if a director has an interest, position, association or relationship that might cause doubt about the directors independence, but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association in question and an explanation of why the Board is of that opinion; and***
- (c) the length of service of each director.***

### **Complying**

At the date of this Statement the Company has three directors comprising Mr Xiaojing Wang (Executive Chairman), Mr Xinhua Geng (Non-Executive director) and Ms Jia Yu (Non-Executive director). All three Board members are not considered to be independent given they are substantial shareholders of the Company.

The Company has adopted definition of independence as set out in the Board Charter. In determining a director's independence, the following definition is applied: "An independent director is considered to be independent when he or she is independent of management and has no material business or other relationship with Australia United Mining Limited which could materially impede the objectivity of, or the exercise of independent judgment by, the director or materially influence his or her ability to act in the best interests of the Company."

In reaching its decision regarding individual director independence, the Board reserves the right to consider a director to be independent even though they may not meet one or more of the specific thresholds or tests specified in the Company's Independence Policy having regard to the underlying key definition of independence and the nature of the director's circumstances.

Details of the current directors of the Company, their skills, experience, qualifications are set out on directors' report in this financial statement.

### **Length of service of each director**

Xiaojing Wang – Executive Chairman. Appointed 2 May 2012

Jia Yu – Non-Executive director. Appointed 2 May 2012

Xinhua Geng – Non-Executive director. Appointed 8 March 2019

## **Corporate Governance Statement**

***Recommendation 2.4: A majority of the Board should be independent directors.***

### **Non-Complying**

The Board believes that the interests of the shareholders are best served by directors who are not influenced by any factor other than the Company's best interests. In spite of the fact that a majority of the Board is not classified as independent, the Board believes that every director acts in good faith and in the best interests of all shareholders at all times. Enforcement of conflict of interest protocols whereby directors who have a material personal interest in a matter are not permitted to be present during discussions or to vote on that matter further ensure this. Additionally, those directors who are not classified as independent bring to the Board particular knowledge and expertise on the business which is considered valuable and constructive by the other directors.

The Company's size does not justify a large Board with a majority of independent directors.

Directors may seek independent professional advice, at the Company's expense, on any matter connected with the discharge of their responsibilities, provided the advice, together with a copy of the letter of instructions, is provided to the Board. Non-executive directors confer without management on a regular basis as and if required.

***Recommendation 2.5: The chair of the Board should be an independent director and, in particular, should not be the same person as the CEO of the entity.***

### **Non-Complying**

The Chairman, Xiaojing Wang has been Chairman of the Company since May 2012 and is a major shareholder of The Company at the date of this Annual Report. This majority shareholder status renders Mr Wang non-independent under the ASX guidelines. The Chairman leads the Board and is responsible for the efficient organisation and conduct of the Board's functions. Mr Xiaojing Wang has been the CEO of the Company since February 2018.

***Recommendation 2.6: A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.***

### **Complying**

The Company has a program for inducting new directors in place. All the new directors are required to participate in a director induction program which includes one-on-one discussions with key executives, provision to directors of important company documents, and visits to operational sites.

## **Principle 3: Act ethically and responsibly**

**A listed entity should act ethically and responsibly.**

***Recommendation 3.1: A listed entity should:***

- (a) have a code of conduct for its directors, senior executives and employees; and***
- (b) disclose that code or a summary of it.***

### **Complying**

The company maintains a code of conduct for its directors, senior executives and employees. In summary, the code requires that each person act honestly, in good faith and the best interests of the company; exercise a duty of care; use the powers of office in the best interests of the company and not for personal gain, declare any conflict of interest; safeguard company's assets and information and undertake any action that may jeopardize the reputation of company.

## **Principle 4: Safeguard Integrity in corporate Reporting**

**A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.**

***Recommendation 4.1 - The board of a listed entity should:***

***(a) have an audit committee which:***

- (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and***
- (2) is chaired by an independent director, who is not the chair of the board, and disclose:***
  - (3) the charter of the committee;***
  - (4) the relevant qualifications and experience of the members of the committee; and***
  - (5) in relation to each reporting period, the number of times the committee met throughout the period and***

**Corporate Governance Statement**

*the individual attendances of the members at those meetings; or*

- (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.***

**Non-Complying**

The Company does not have a separately established audit committee. The Board considers that due to the Company's size, an audit committee's functions and responsibilities can be adequately and efficiently discharged by the Board as a whole, operating in accordance with the Company's mechanisms designed to ensure independent judgment in decision making.

The Board meets with the auditor at least once a year and raise questions if they have any. The appointment and the removal of the external auditor are required to receive shareholders' approval.

The Company's auditor has a proper policy regarding the rotation of the audit engagement partner and signs an independent declaration to the Company every year.

***Recommendation 4.2: The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.***

**Complying**

For the financial year ended 30 June 2019, the CEO and CFO has provided the Board with the required declarations.

***Recommendation 4.3: A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.***

**Complying**

The audit engagement partner attends the AGM and is available to answer shareholder questions from shareholders relevant to the audit.

**Principle 5: Make timely and balanced disclosure**

**A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.**

***Recommendation 5.1- A listed entity should:***

- (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and***  
***(b) disclose that policy or a summary of it.***

**Complying**

The Company maintains a written policy that outlines the responsibilities relating to the directors, officers and employees in complying with the company's disclosure obligations. Where any such person is of any doubt as to whether they possess information that could be classified as market sensitive, they are required to notify the Company Secretary immediately in the first instance. The Company Secretary is required to consult with the director in relation to matters brought to his attention for potential announcement. Generally, the Director is ultimately responsible for decisions relating to the marking of market announcements. The Board is required to authorise announcements of significance to the company. No member of the company shall disclose market sensitive information to any person unless they have received acknowledgment from the ASX that the information has been released to the market.

**Principle 6: Respect the rights of security holders**

**A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.**

***Recommendation 6.1: A listed entity should provide information about itself and its governance to investors via its website.***

## **Corporate Governance Statement**

### **Complying**

The Company provides business information, including directors, strategies, projects, and corporate governance policies on its website [www.australiaunitedmining.com.au](http://www.australiaunitedmining.com.au). All ASX announcements and reports are also uploaded to the website for shareholders' information.

### ***Recommendation 6.2 & 6.3***

***A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors (6.2).***

***A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders (6.3)***

### **Complying**

In order for the investor to gain a greater understanding of the Company's business and activities, the Board has established a shareholder communications strategy policy, which aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs. The shareholder communications policy is available on written request.

In particular, the Board informs shareholders of all major developments affecting the Company's state of affairs as follows:

- The annual report is distributed to all shareholders who have elected to receive it, including relevant information about the operations of the Company during the year and changes in the state of affairs.
- The half-yearly report to the Australian Securities Exchange contains summarised financial information and a review of the operations of the Company during the period.
- All major announcements are lodged with the Australian Securities Exchange and posted on the Company's website.
- Proposed major changes in Company which may impact on share ownership rights are submitted to a vote of shareholders.
- The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the consolidated entity's strategy and goals.
- The Company's auditor attends the Annual General Meeting.

***Recommendation 6.4: A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.***

The Company engages its share registry to manage the majority of communication with shareholders. Shareholders are encouraged to receive correspondence from the Company electronically, thereby facilitating a more effective, efficient and environmentally friendly communication mechanism with shareholders. Shareholders not already receiving information electronically can elect to do so through the share registry.

## **Principle 7: Recognise and manage risk**

**A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.**

### ***Recommendation 7.1 - The board of a listed entity should:***

(a) ***have a committee to oversee risk each of which:***

- (1) has at least three members, a majority of whom are independent directors; and***
- (2) is chaired by an independent director, and disclose:***
- (3) the charter of the committee;***
- (4) the members of the committee; and***

### **Corporate Governance Statement**

***(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or***

***(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework***

### **Non-Complying**

The Company does not have a separate committee to oversee risk as the Board has decided that it is able to oversee the Company's risk management framework efficiently and effectively without establishing a risk committee. However, the Board has established a risk management policy, under which the Board has the responsibility of determining the Company's "risk profile" and is charged with overseeing and approving risk management strategy and policies, internal compliance and internal control, also is taking the Role and Responsibilities set out below:

- Business risk management;
- Compliance with legal and regulatory obligations;
- The establishment and maintenance of the internal control framework;
- The reliability and integrity of financial information for inclusion in the Company's financial statements;
- Safeguarding the independence of the external auditor; and
- Audit, accounting and financial reporting obligations.

### ***Recommendation 7.2 - The board should:***

***(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and***

***(b) disclose, in relation to each reporting period, whether such a review has taken place.***

### **Complying**

The Board has completed a risk assessment review of the Company's major business units, organisational structure and accounting controls and processes.

The Board has considered the results of the risk assessment and is confident that the Company's instituted risk management and internal control systems are sufficiently adequate to effectively mitigate and control the material business risks faced by the Company.

### ***Recommendation 7.3 – A listed entity should disclose:***

***(a) if it has an internal audit function, how the function is structured and what role it performs; or***

***(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.***

### **Non-Complying**

The Company does not have an internal audit function. The Company adopted systematic processes for the identification, analysis, evaluation, treatment, monitoring and reviewing of the material business risks. Periodically, the Board and senior managers will undertake a strategic risk assessment workshop to re-assess the Company's material risks and determine whether the current controls are adequate and effective.

Company size does not justify an internal audit function.

***Recommendation 7.4: A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.***

### **Complying**

The Company conducts exploration for minerals and is currently focused on exploration for gold and diamond in NSW and QLD. The Company does not believe that it is exposed to any material economic, environmental, or social sustainability risks.

**Corporate Governance Statement**

**Principle 8: Remunerate fairly and responsibly**

A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.

**Recommendation 8.1- The board of a listed entity should:**

**(a) have a remuneration committee which:**

- (1) has at least three members, a major majority of whom are independent directors; and**
- (2) is chaired by an independent director, and disclose:**
- (3) the charter of the committee;**
- (4) the members of the committee; and**
- (5) as at the end of each reporting period, the number of times the committee met throughout the period and the Individual attendances of the members at those meetings, or**

**(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.**

**Non-Complying**

The Board has not established a formal remuneration committee, having regard to the size of the Company. The Board acknowledges that when the size and nature of the Company warrants the necessity of a formal remuneration committee, such a committee will operate under the remuneration committee charter which has been approved by the Board. The remuneration committee charter is available on written request.

Presently, the Board as a whole, excluding any relevant affected director, serves as a remuneration committee to the Company and accordingly operates under the remuneration committee charter.

**Recommendation 8.2: A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.**

**Complying**

The Company's non-executive directors receive a fixed fee for their services and do not receive performance-based remuneration. Fees for non-executive directors are not linked to the performance of the Company.

The Executive Director and other senior executive officers receive either salaries or consulting fees. The Board reviews executive packages regularly by reference to the executives' performance and comparable information from industry sectors and other listed companies in similar industries. There is currently no equity-based remuneration for executives and non-executive directors. Any equity-based remuneration for executive directors needs to receive shareholders' approval.

**Recommendation 8.3: A listed entity which has an equity-based remuneration scheme should:**

- (a) Have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and**
- (b) Disclose that policy or summary of it.**

**Complying**

The Company does not have an equity-based remuneration scheme.

## Consolidated Statement of Profit or Loss and Other Comprehensive Income for the financial year ended 30 June 2019

		Consolidated	
		June 2019	June 2018
Revenue			
Interest	3(a)	4,052	4,622
Other Income	3(a)	12,591	197,000
Total revenue and other income		<u>16,643</u>	<u>201,622</u>
Employee benefits expense	3(b)	(70,716)	(96,952)
Depreciation and amortisation expense	3(b)	(18,800)	(23,361)
Travel and accommodation expenses		(58,495)	(28,318)
Rent & rates		(75,105)	(87,057)
Legal and corporate fees		(33,194)	(20,141)
Insurance		(24,491)	(29,815)
Finance costs		(63,335)	(86,612)
Impairment of exploration asset – Reversal of previous impairment expenses		809,826	12,160
Directors fees		(199,774)	(181,400)
Other expenses		(137,025)	(84,015)
Total expenses		<u>128,891</u>	<u>(625,511)</u>
Profit or (Loss) before income tax		<u>145,534</u>	<u>(423,889)</u>
Income tax benefit	4	-	-
Profit or (Loss) after income tax benefit attributable to the members of Australia United Mining Limited		<u>145,534</u>	<u>(423,889)</u>
Other comprehensive income		-	-
Total comprehensive loss attributable to the members of Australia United Mining Limited		<u>145,534</u>	<u>(423,889)</u>
<b>Earnings per share</b>			
Basic (cents per share)	5	0.01	(0.02)
Diluted (cents per share)	5	0.01	(0.02)

These Financial Statements should be read in conjunction with the accompanying notes.

## Consolidated Statement of Financial Position as at 30 June 2019

		Consolidated	
		As at 30 June 2019 \$	As at 30 June 2018 \$
<b>Current assets</b>			
Cash and cash equivalents	12(b)	37,114	393,023
Other receivables	6	21,035	21,593
Other assets	7	21,049	21,049
<b>Total current assets</b>		<b>79,198</b>	<b>435,665</b>
<b>Non-current assets</b>			
Other assets including cash-backed environmental bonds	7	243,726	243,226
Property, plant & equipment	8	112,635	131,435
Exploration and evaluation assets	9	3,100,000	2,230,000
<b>Total non-current assets</b>		<b>3,456,361</b>	<b>2,604,661</b>
<b>Total assets</b>		<b>3,535,559</b>	<b>3,040,326</b>
<b>Current Liabilities</b>			
Trade and other payables	10	61,376	64,780
Other financial liabilities		10,596	15,429
Provisions	13	1,162	6,333
<b>Total current liabilities</b>		<b>73,134</b>	<b>86,542</b>
<b>Non-current Liabilities</b>			
Other non-current payables	10	287,852	1,643,879
<b>Total non-current liabilities</b>		<b>287,852</b>	<b>1,643,879</b>
<b>Total liabilities</b>		<b>360,986</b>	<b>1,730,421</b>
<b>Net assets</b>		<b>3,174,573</b>	<b>1,309,905</b>
<b>Equity</b>			
Issued capital	11(a)	40,937,534	39,218,399
Accumulated losses		(37,762,961)	(37,908,494)
<b>Total equity</b>		<b>3,174,573</b>	<b>1,309,905</b>

These Financial Statements should be read in conjunction with the accompanying notes.

## Consolidated Statement of Changes in Equity for the financial year ended 30 June 2019

	Issued Capital \$	Other Reserve \$	Options reserve \$	Accumulated Losses \$	Total \$
Consolidated					
<b>Balance at 01 July 2018</b>	<b>39,218,399</b>	-	-	<b>(37,908,494)</b>	<b>1,309,905</b>
Profit attributable to members of the consolidated entity	-	-	-	145,534	145,534
<b>Total comprehensive profit for the period</b>	-	-	-	145,534	145,534
Rights Issue	1,719,134	-	-	-	1,719,134
Net amount raised	1,719,134	-	-	-	1,719,134
<b>Balance at 30 June 2019</b>	<b>40,937,533</b>	-	-	<b>(37,762,960)</b>	<b>3,174,573</b>
<b>Balance at 1 July 2017</b>	<b>39,218,399</b>	-	-	<b>(37,484,605)</b>	<b>1,733,794</b>
Loss attributable to members of the consolidated entity	-	-	-	(423,889)	(423,889)
<b>Total comprehensive loss for the period</b>	-	-	-	(423,889)	(423,889)
<b>Balance at 30 June 2018</b>	<b>39,218,399</b>	-	-	<b>(37,908,494)</b>	<b>1,309,905</b>

These Financial Statements should be read in conjunction with the accompanying notes.

## Consolidated Statement of Cash Flows for the financial year ended 30 June 2019

	Note	Consolidated	
		2019 \$	2018 \$
<b>Cash flow from operating activities</b>			
Payments to suppliers and employees		(394,955)	(390,599)
Interest received		4,052	8,427
<b>Net cash used in operating activities</b>	12(a)	<b>(390,903)</b>	<b>(382,172)</b>
<b>Cash flow from investing activities</b>			
Payments for other non-current assets - exploration & mining assets		(60,174)	(175,390)
Proceeds from rental bonds		-	101,337
<b>Net cash used in investing activities</b>		<b>(60,174)</b>	<b>(74,053)</b>
<b>Cash flow from financing activities</b>			
Proceeds from borrowings		95,168	500,000
<b>Net cash provided by financing activities</b>		<b>95,168</b>	<b>500,000</b>
<b>Net (decrease)/increase in cash held</b>		<b>(355,909)</b>	43,775
<b>Cash at the beginning of the financial year</b>		<b>393,023</b>	349,248
<b>Cash and cash equivalents at the end of financial year</b>	12(b)	<b>37,114</b>	<b>393,023</b>

These Financial Statements should be read in conjunction with the accompanying notes.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. General information

Australia United Mining Limited (the company) is a listed public company, incorporated in Australia.

#### Registered office & principal place of business

Suite 3, Level 14, 189 Kent Street,  
SYDNEY, NSW, AUSTRALIA, 2000

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27<sup>th</sup> September 2019. The directors have the power to amend and reissue the financial statements.

#### Basis of preparation

The financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations, and comply with other requirements of the law. The financial statements are for the consolidated entity consisting of Australia United Mining Limited and its subsidiaries, which are all for-profit entities.

Accounting Standards include International Financial Reporting Standards as adopted in Australia. Compliance with the International Financial Reporting Standards as adopted in Australia ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards ('IFRS'). The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars and rounded to the nearest dollar, unless otherwise noted.

#### Going Concern

The financial statements have been prepared on the basis that the consolidated entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business.

For the year ended 30 June 2019 the company had current assets of \$79,198 versus current liabilities of \$73,134 representing positive working capital balance. During the financial year, the consolidated entity has made profit after tax for the year ended 30 June 2019 of \$145,534 including impairment reversals of \$809,826. Since December 2015 the company substantially reduced its ongoing expenses by reducing the number of staff and contractors and ceasing drilling activities at the Forsayth Project. However, the company will continue to meet the minimum expenditure requirements of all of its mining tenements. Also, W.Y. International (Australia) Pty Ltd, a related company controlled by Mr Wang and Ms Yu has committed to providing ongoing financial support to the company in meeting its ongoing cash commitments as and when required. A loan agreement for \$200,000 was signed on 23 August 2019 and an additional loan agreement for \$400,000 was signed on 23 September 2019 to meet the cashflow requirements for the next 12 months ending 30 June 2020.

Based on the above and management's internal cash flow projections, the Directors believe the going concern assumption is appropriate for preparation of the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 2. Significant accounting policies

#### New, revised or amending Accounting Standards and Interpretations adopted

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

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

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

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

#### (a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) (referred to as 'the Group' in these financial statements). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

#### (a) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

#### (a) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required, and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to the end of the reporting period.

#### Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when incurred.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### (a) Financial Instruments

#### *For comparative period*

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

#### **Financial assets**

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and
- held-to-maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Company's trade and other receivables fall into this category of financial instruments.

In some circumstances, the Company renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Company does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

#### **Financial liabilities**

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired. Although the Company uses derivative financial instruments in economic hedges of currency and interest rate risk, it does not hedge account for these transactions.

The Company's financial liabilities include borrowings, trade and other payables (including finance lease

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

liabilities), which are measured at amortised cost using the effective interest rate method.

### Impairment of Financial Assets

At the end of the reporting period the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

#### *Financial assets at amortised cost*

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

#### *For current period*

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

### Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### *Classification*

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss – FVTPL
- fair value through other comprehensive income – equity instrument (FVOCI – equity)
- fair value through other comprehensive income – debt investments (FVOCI – debt)

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

#### *Amortised cost*

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

### *Impairment of financial assets*

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost
- debt investments measured at FVOCI

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

### *Trade receivables and contract assets*

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flow is discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### *Other financial assets measured at amortised cost*

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

### **Financial liabilities**

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables, bank and other loans and finance lease liabilities.

#### **(a) Exploration and evaluation assets**

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
  - (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale;  
or
  - (b) exploration and evaluation activities in the area of interest have not at the end of the reporting period reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measure of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with the development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance will then be reclassified to development.

#### **(f) Impairment**

##### Impairment

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The Group recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (eg amounts due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured a fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimated or credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Group uses the following approaches to impairment, as applicable under AASB 9: Financial Instruments:

- the general approach
- the simplified approach
- the purchased or originated credit impaired approach; and
- low credit risk operational simplification.

### *General approach*

Under the general approach, at each reporting period, the Group assesses whether the financial instruments are credit impaired, and if:

- the credit risk of the financial instrument has increased significantly since initial recognition, the Group measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; or
- there is no significant increase in credit risk since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12month expected credit losses.

### *Simplified approach*

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. This approach is applicable to:

- trade receivables or contract assets that result from transactions within the scope of AASB 15: Revenue from Contracts with Customers and contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (ie diversity of customer base, appropriate groupings of historical loss experience, etc).

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### *Low credit risk operational simplification approach*

If a financial asset is determined to have low credit risk at the initial reporting date, the Group assumes that the credit risk has not increased significantly since initial recognition and accordingly it can continue to recognize a loss allowance of 12-month expected credit loss.

In order to make such a determination that the financial asset has low credit risk, the Group applies its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

A financial asset is considered to have low credit risk if:

- there is a low risk of default by the borrower;
- the borrower has strong capacity to meet its contractual cash flow obligation in the near term; adverse changes in economic and business condition in the longer term may, but not necessarily will, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a risk of default lower than the risk inherent in the financial assets, or lower than the credit risk of the jurisdiction in which it operates.

### *Recognition of expected credit losses in financial statements*

At each reporting date, the Group recognizes the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognized at fair value, with changes in fair value recognized in other comprehensive income. Amounts in relation to change in credit risk are transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognized (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognize the loss allowance.

### **Impairment of Assets**

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information, including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognized immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 16: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

When an impairment loss subsequently reverse, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increase carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### (g) Income tax

#### Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

#### Deferred tax

Deferred tax is accounted for using the liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the statement of financial position. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

### (h) Leased assets

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### Group as lessee

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

### Lease incentives

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

### (a) **Property, plant and equipment**

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including leasehold improvements.

Depreciation is calculated on a diminishing value and straight line basis so as to write off the net cost amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes recognised on a prospective basis.

The gain or loss arising on disposal or retirement of an item of property, plant or equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit and loss.

The following useful lives are used in the calculation of depreciation

Plant and equipment	3 – 7 years	Diminishing value method
Computer equipment	2.5 – 4 years	Diminishing value and straight line method
Motor vehicles	4 years	Diminishing value method
Property	10 years	Diminishing value method

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### (j) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

### (k) Revenue

#### Revenue and Other Income

##### Revenue recognition

The Group has applied AASB 15: Revenue from Contracts with Customers using the cumulative effective method from 1 July 2018. Therefore, the comparative information has not been restated and continues to be presented under AASB 118: Revenue and AASB 111: Construction Contracts. The details of accounting policies under AASB 118 and AASB 111 are disclosed separately since they are different from those under AASB 15.

The core principle of the Standard is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

Identify the contract(s) with a customer;

Identify the performance obligations in the contract(s);

Determine the transaction price;

Allocate the transaction price to the performance obligations in the contract(s); and

Recognize revenue when the performance obligations are satisfied.

##### In the comparative period

Revenue is measured at the fair value of the consideration received or receivable.

##### Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

##### In the current period

No significant change on the revenue recognition since application of AASB 115: Revenue from Contracts with Customers as the company revenue is mainly bank interest.

### (l) Share-based payments

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of the Binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at the end of each reporting period.

### (m) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- a. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financial activities which are recoverable from or payable to the taxation authority are presented as operating cash flows.

### (n) Rounding of amounts

The company is of a kind referred to in Class order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest dollar.

### (o) New Accounting Standards for Application in Future Periods

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

The Group has chosen not to early-adopt AASB 16. However, the Group has conducted a high-level assessment of the impact of this new Standard, as follows.

A core change under AASB 16: Leases is that most leases will be recognized on the balance sheet by lessees, as the new Standard does not differentiate between operation and finance leases.

An asset and a financial liability are recognized in accordance with this new Standard. There are, however, two exceptions allowed. These are short-term and low-value leases.

AASB 16 will be applied by the Group from its mandatory adoption date of 1 January 2019. The simplified transition approach will be the Group's chosen approach, and thus the comparative amount for the year prior to first adoption will not be restated. The directors expect that the adoption of AASB 16 will result in lease assets and liabilities being recognized on balance sheet and a change in how related expenses are incurred. The directors have made an assessment and determined there will be no material impact on implementation of AASB 16.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### (p) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

#### Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

##### Exploration and evaluation assets

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made. As the asset is not available for use it is not depreciated or amortised.

##### Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

#### Key estimates

##### Tax losses

The company has not recognised a deferred tax asset with regard to unused tax losses and other temporary differences, as it has not been determined whether the company will generate sufficient taxable income against which the unused tax losses and other temporary differences can be utilised.

##### Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

### (q) Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 23.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	Consolidated 2019 \$	2018 \$
<b>3. Revenue and expenses</b>		
<b>(a) Revenue and other income</b>		
Revenue from continuing operations consisted of:		
Interest from bank deposits	4,052	4,622
Other income*	12,591	197,000
<b>Total Revenue</b>	<b>16,643</b>	<b>201,622</b>

2019 Other income – Debt forgiven by BDO previous payables of \$12,591.

### (b) Profit or (Loss) before income tax

Profit or (Loss) before income tax has been arrived at after (crediting)/charging the following expenses from continuing operations:

Depreciation of plant and equipment	18,800	23,361
Employee benefits	64,405	85,864
Superannuation	6,310	11,088
Total Employee benefit expense	70,716	96,952

### 4. Income Taxes

Income tax recognised in profit or loss	-	-
<b>Total tax benefit</b>	<b>-</b>	<b>-</b>

The prima facie income tax expense on pre-tax accounting losses from operations reconciles to the income tax expense in the financial statements as follows:

<b>Profit or (loss) from operations</b>	<b>145,534</b>	<b>(423,889)</b>
Income tax benefit calculated at 30% (2017: 30%)	43,660	(127,167)
<b>Add/(less) tax effect of</b>		
Tax effect of amounts which are not deductible/(taxable)	(261,578)	(25,929)
<b>Add reversal of prior year adjustments</b>		
<b>Unused tax losses not recognised as deferred tax assets</b>	<b>217,918</b>	<b>153,096</b>
<b>Total</b>	<b>-</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
(a) Deferred tax assets not brought to account, the benefits of which will only be realised if certain conditions for deductibility occur:		
- Unused tax losses	<u>19,099,391</u>	18,372,998
Potential tax benefit at 30% (2018: 30%)	<u>5,729,817</u>	5,511,899

The benefit of these losses has not been brought to account at 30 June 2019 because the directors do not believe it is appropriate to regard realisation of the deferred tax asset as being probable at this point in time or that there are sufficient deferred tax liabilities to offset these losses. These tax losses are also subject to final determination by the Taxation authorities when the Group derives taxable income. The benefits will only be realised if:

- (a) The company and its subsidiaries derive future assessable income of a nature and of an amount sufficient to enable the benefit of the deduction for the losses to be realised;
- (b) The company and its subsidiaries continue to comply with the conditions for the deductibility imposed by law; and
- (c) No changes in the tax legislation adversely affect the company and its subsidiaries in realising the benefit of the losses.

### 5. Earnings per share

The following reflects the income and share data used in calculating basic and diluted earnings per share:

Net profit/(loss)	<u>145,534</u>	(423,889)
Basic earnings per share (cents per share)	<b>0.01</b>	(0.02)
Diluted earnings per share (cents per share)	<b>0.01</b>	(0.02)
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	<b>1,842,577,485</b>	1,269,532,682

As at 30 June 2019, the Company has no options (2018: Nil) over unissued capital on issue.

### 6. Other Receivables

GST receivable (net)	<b>4,598</b>	197
Prepayments	<u>16,438</u>	21,396
	<b>21,035</b>	21,593

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	Consolidated	
	2019	2018
	\$	\$
<b>7. Other Assets</b>		
Current Assets		
Office Rental Bond	20,929	20,929
Bond – Donsglen P Storage	120	120
	21,049	21,049
Non-Current Assets		
Deposits – environmental bonds	243,726	243,226
Total Other Assets	243,726	243,226
<b>8. Plant and Equipment</b>		
Plant and equipment – at cost	135,285	135,286
Less: Accumulated depreciation	(116,742)	(112,107)
	18,543	23,179
Office equipment – at cost	68,331	68,331
Less: Accumulated depreciation	(61,990)	(58,866)
	6,341	9,465
Motor vehicles – at cost	47,057	47,057
Less: Accumulated depreciation	(41,861)	(40,396)
	5,196	6,661
Leasehold improvements – at cost	27,023	27,023
Less: Accumulated depreciation	(24,121)	(23,396)
	2,902	3,627
Property – at cost	201,870	201,870
Less: Accumulated depreciation	(122,217)	(113,367)
	79,653	88,503
	112,635	131,435

	Plant and equipment \$	Office equipment \$	Motor vehicles \$	Leasehold improvements \$	Property \$	Total \$
<b>Consolidated</b>						
<b>Balance at 1 July 2018</b>	23,179	9,465	6,661	3,627	88,503	131,435
Additions	-	-	-	-	-	-
Depreciation expense	-	(3,124)	-	(725)	-	(3,849)
Write-off of asset	-	-	-	-	-	-
Depreciation expense (Exploration & evaluation assets)	(4,636)	-	(1,465)	-	(8,850)	(14,951)
<b>Balance at 30 June 2019</b>	18,543	6,341	5,196	2,902	79,653	112,635

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	Plant and equipment	Office equipment	Motor vehicles	Leasehold improvements	Property	Total
<b>Balance at 1 July 2017</b>	<b>28,974</b>	<b>14,411</b>	<b>8,540</b>	<b>4,534</b>	<b>98,337</b>	<b>154,796</b>
Additions	-	-	-	-	-	-
Depreciation expense	-	(4,946)	-	-	-	(4,946)
Write-off of asset stolen	-	-	-	-	-	-
Depreciation expense (Exploration & evaluation assets)	(5,795)	-	(1,879)	(907)	(9,834)	(18,415)
<b>Balance at 30 June 2018</b>	<b>23,179</b>	<b>9,465</b>	<b>6,661</b>	<b>3,627</b>	<b>88,503</b>	<b>131,435</b>

The following useful lives are used in the calculation of depreciation

Plant and equipment	3 – 7 years	Diminishing value method
Computer equipment	2.5 – 4 years	Diminishing value and straight-line method
Motor vehicles	4 years	Diminishing value method
Property	10 years	Diminishing value method

### 9. Exploration and evaluation assets

	Consolidated 2019 \$	2018 \$
Balance at beginning of the year	2,230,000	2,150,000
Additions	60,174	67,840
Reclassification	-	-
Impairment loss reversal	809,826	12,160
Balance at year end	<u>3,100,000</u>	<u>2,230,000</u>

During the financial year 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.

#### Impairment

The tenements are reviewed for impairment whenever events of changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. In 2019, impairment loss reversal amounting to \$809,826 was for the tenements in NSW and in QLD which was revalued by the GEOS Mining minerals Consultants.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	Consolidated	
	2019	2018
	\$	\$
<b>10. Trade and other payables</b>		
<i>Current liabilities</i>		
Trade payables (i)	39,178	37,556
Other creditors/accrued expenses (ii)	22,198	27,224
	<b>61,376</b>	<b>64,780</b>

Terms and conditions relating to the above financial instruments:

- (i) Trade payables are non-interest bearing and are generally settled on 30 day terms
- (ii) Other Creditors/Accrued Expenses are non-interest bearing and have an average term of 30 days.

### Other Non-Current payables

Loans from Directors (i)	-	1,643,879
Loan from W. Y. International (Australia) Pty Ltd (ii)	287,852	-

- (i) Interest bearing loans from directors at agreed interest rate. Not payable for the 12-month period from date of the financial report as per shareholder confirmations. The amount was converted to equity on 3 January 2019.
- (ii) Being amount borrowed from W.Y. International (Australia) Pty Ltd \$100,000 plus interest on loan of \$3,189. Directors' fee owing \$150,774.23. Interest accumulated from previous loan of \$33,889.22.

### 11. Issued Capital

(a) Issued and paid up capital Ordinary shares fully paid	40,937,534	39,218,399
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Ordinary shares have the right to receive dividends as declared and, in the event of winding up of the Company, to participate in the proceeds from the same of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Movements in shares on issue

	Year Ended 30 June 2019		Year ended 30 June 2018	
	Number of Shares Issued #	Issued Capital \$	Number of Shares Issued #	Issued Capital \$
Beginning of the financial year	1,269,532,682	39,218,399	1,269,532,682	39,218,399
Movements during the year				
Right Issues	573,044,803	1,719,135	-	-
<b>Closing balance</b>	<b>1,842,577,485</b>	<b>40,937,534</b>	<b>1,269,532,682</b>	<b>39,218,399</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 12. Notes to Statement of Cash Flows

#### (a) Reconciliation of loss after tax to net cash flows from operations

	Consolidated	
	2019	2018
	\$	\$
Net profit for the period	145,534	(423,889)
Interest paid on shareholders loan	63,335	86,612
Unpaid directors fee	199,774	181,400
Non cash expense	12,000	
Debt forgiveness	(12,591)	(197,000)
Depreciation of property, plant and equipment	18,800	23,361
Impairment of exploration asset	(809,826)	(12,160)
Decrease in receivables	646	100,416
Increase / (Decrease) in creditors	(3,404)	(142,861)
(Decrease) / Increase in employee provisions	(5,171)	1,949
<b>Net cash used in operating activities</b>	<b>(390,903)</b>	<b>(382,172)</b>

#### (b) Reconciliation of cash

Cash and cash equivalents comprise:

Cash on hand and at call	37,114	393,023
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### 13. Provisions

Current provisions include accrued leave as a part of employee benefits

Opening balance at the beginning of the year	6,333	4,384
Add: Additions	4,996	9,141
Less: Amounts used	(10,167)	(7,192)
Balance at the end of the year	1,162	6,333

2019	2018
\$	\$

### 14. Commitments for expenditure

#### (a) Exploration expenditure commitments

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.

Not longer than 1 year	521,000	571,436
Longer than 1 year and not longer than 5 years	2,423,333	645,452
	<b>2,944,333</b>	<b>1,216,888</b>

#### (b) Lease commitments

Operating lease commitments are disclosed in note (c) below. There are no finance lease liabilities.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

<b>(c) Other expenditure commitments</b>	<b>2019</b>	<b>2018</b>
Property Lease		
Not longer than 1 year	<b>72,519</b>	73,000
Longer than 1 year and not longer than 5 years	<b>12,086</b>	91,000
	<b>84,605</b>	164,000

### 15. Financial instruments

The Board of Directors is responsible for monitoring and managing the financial risk exposures of the group, to which end it monitors the financial risk management policies and exposures and approves financial transactions and reviews related internal controls within the scope of its authority. The Board has determined that the only significant financial risk exposure of the group is liquidity. Other financial risks are not significant to the group due to the following:

- It has no foreign exchange risk as all of its account balances and transactions are in Australian Dollars;
- It has no significant outstanding unimpaired receivable balances that have a credit risk;
- Its mining operations are in the exploration phase and therefore have no direct exposure to movements in commodity prices;
- All of its interest-bearing liabilities are held at amortised cost which have fair values that approximate their carrying values as all payables have interest rate yields consistent with current market rates;
- The majority of the group's financing is from equity instruments;
- The group has no externally imposed capital requirements; and
- Interest bearing loans from directors, are not required to be repaid within 12 months from date of the financial report.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	Consolidated	
	2019	2018
	\$	\$
<b>(a) Categories of financial instruments</b>		
<b>Financial assets</b>		
Loans and receivables	21,035	21,593
Cash and cash equivalents	37,114	393,023
<b>Financial liabilities</b>		
Trade and other payables	61,376	64,780
Other non-current payables	287,852	1,643,879

### (b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Group's funding and liquidity management requirements. The Group manages liquidity risk by maintaining sufficient cash balances to meet obligations as and when they fall due.

The following tables detail the company's and the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

#### Consolidated Liabilities

	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years
	%	\$	\$	\$	\$
<b>2019</b>					
Trade and other payables	-	50,126	8,250	3,000	-
Other long term payables	18.14%	13,320	26,671	247,861	-
		<b>63,446</b>	<b>34,921</b>	<b>250,861</b>	<b>-</b>
<b>2018</b>					
Trade and other payables	-	64,779	-	-	-
Other long term payables	5.07%	-	-	-	1,643,879
		<b>64,779</b>	<b>-</b>	<b>-</b>	<b>1,643,879</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 16. Share-based payments

There were no share-based payments during the year ended 30 June 2019 (2018: Nil).

	Consolidated 2019 \$	2018 \$
<b>17. Key management personnel compensation</b>		
Short-term employee benefits	199,774	181,400
Post-employment benefits	-	-
Short-term non-monetary benefits	-	-
Termination benefits	-	-
	<u>199,774</u>	<u>181,400</u>

Year ended 30 June 2019	Short Term Benefits	Post- Employment Benefits	Share Based Payment	Short term non- monetary benefits	Termin- ation Benefits	Total
	Salary and fees	Super- annuation	Options			
	\$	\$	\$	\$	\$	\$
<b>Directors</b>						
Xiaojing Wang	100,000	-	-	-	-	100,000
Jia Yu	48,000	-	-	-	-	48,000
Xinhua Geng	18,871	-	-	-	-	18,871
Jun Wang	32,903	-	-	-	-	32,903
	<u>199,774</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>199,774</u>
Year ended 30 June 2018	Short Term Benefits	Post- Employment Benefits	Share Based Payment	Short term non- monetary benefits	Termin- ation Benefits	Total
	Salary and fees	Super- annuation	Options			
	\$	\$	\$	\$	\$	\$
<b>Directors</b>						
Xiaojing Wang	100,000	-	-	-	-	100,000
Jia Yu	48,000	-	-	-	-	48,000
Jianbing Zhang	16,000	-	-	-	-	16,000
Jun Wang	17,400	-	-	-	-	17,400
	<u>181,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>181,400</u>

#### (a) Remuneration options: granted and vested during the period

There were nil options issued during the reporting period (2018: Nil) relating to key management personnel.

#### (b) Shares issued on exercise of remuneration options

No shares were issued in the exercise of remuneration options during the reporting period relating to key management personnel (2018: Nil).

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### (c) Shareholdings of key management personnel

Year ended	Balance	Granted as	On	Purchases	Balance
30 June 2019	1 July	Remuneration	Exercise	/(Sales)	30 June
Ordinary Shares	2018	No.	of	No.	2019
	No.		Options	No.	No.
Xiaojing Wang	523,189,805	-	-	506,920,323	1,030,110,128
Jia Yu	6,666,667	-	-	56,324,480	62,991,147
Xinhua Geng	94,406,009	-	-		94,406,009
<b>Total</b>	<b>904,309,233</b>	<b>-</b>	<b>-</b>	<b>563,244,803</b>	<b>1,467,554,036</b>

Year ended	Balance	Granted as	On Exercise	Purchases	Balance
30 June 2018	1 July	Remuneration	of Options	/(Sales)	30 June
Ordinary Shares	2017	No.	No.	No.	2018
	No.				No.
Xiaojing Wang	523,189,805	-	-	-	523,189,805
Jia Yu	6,666,667	-	-	-	6,666,667
Jianbing Zhang	280,046,752	-	-	-	280,046,752
<b>Total</b>	<b>809,903,224</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>809,903,224</b>

### 18. Related party transactions

#### (a) Transactions with key management personnel and related parties

The Company accrued directors' fees of \$199,774 (2018: \$148,000) to W.Y. International (Australia) Pty Ltd, a company controlled by Xiaojing Wang and Jia Yu. The Company accrued directors' fees of \$32,903 (2018: \$17,400) to Jun Wang. The Company accrued directors' fees of \$18,871 (2018: nil) to Xinhua Geng.

	2019	2018
<b>(b) Loans from directors and related parties:</b>		
Mr Xiaojing Wang (non-current)	-	603,414
Ms Jia Yu (non-current)	-	221,147
W. Y. International (Australia) Pty Ltd	<b>137,078</b>	505,918
Mr Jun Wang	<b>20,903</b>	17,400
Mr Xinhua Geng	<b>18,871</b>	-
Unpaid director fees (non-interest bearing)	<b>111,000</b>	296,000
<b>Total</b>	<b>287,852</b>	<b>1,643,879</b>

### 19. 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 associated minerals in these areas. Segment information

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

is presented using a “management approach”, being segment information provided for internal reporting purposes used by the management.

### Description of Segments

Management has determined the operating segments based on reports reviewed by management for making strategic decisions. Management comprises the directors, company secretary, divisional managers and external accountant. Management monitors the business based on the stage of exploration and development and geographic location of tenements. This has resulted in the identification of the following 2 reportable segments:

#### *Forsayth Project (Queensland)*

Forsayth is the company’s flagship project and it has already established a base at the town with mining infrastructure established on site. The company’s two Mining Leases and one Exploration Permit for Minerals cover a number of small but high-grade gold reefs.

#### *NSW Exploration Licences*

In NSW, the company has four exploration licences (“EL” s) in the Lachlan Fold Belt, a region that has a very rich gold and copper endowment.

The Honeybugle Project EL7041 is prospective for nickel-cobalt-platinum mineralisation associated with a mafic intrusive complex. The Sofala Project EL7423 is noted for historical gold production and holds excellent potential for high grade gold deposits. The Karangi Project EL8402 contains numerous high-grade gold workings and has good potential for the discovery of an economic gold deposit.

#### *Other operations*

Other operations consist of the Group’s Head Office expenses, and corporate expenses that cannot be directly attributed to the operation of the Consolidated Entity’s operating segment.

	QLD Forsayth \$	NSW Exploration \$	Other Operations \$	Total \$
<b>Year ended 30 June 2019</b>				
Total segment revenue	-	-	16,643	16,643
Segment result	(53,816)	(25,911)	225,261	145,534
Segment assets	1,320,019	2,130,120	85,420	3,535,559
Segment liabilities			360,986	360,986
<b>Year ended 30 June 2018</b>				
Total segment revenue	-	-	201,622	201,622
Segment result	(54,912)	49,565	(418,542)	(423,889)
Segment assets	1,335,196	1,260,120	445,010	3,040,326
Segment liabilities	-	-	1,730,421	1,730,421

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	Consolidated	
	2019	2018
	\$	\$
<b>20. Remuneration of auditors</b>		
Audit and review of financial statements	22,000	22,000
INP Sydney		
	22,000	22,000

### 21. Contingent Liabilities

#### Licenses

The following license is currently awaiting renewal:

- ML 3417 & ML 3418: Awaiting renewal from 31 March 2018 Lodged & Pending

### 22. Subsequent events

No matter or circumstance has arisen since 30<sup>th</sup> June 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations or the consolidated entity's state of affairs in future financial years.

### 23. Parent entity disclosures

#### Parent entity

Australia United Mining Limited is the parent entity.

#### (1) The following information is the disclosures pertaining to the parent entity:

	Parent	
	2019	2018
	\$	\$
Current Assets	79,198	435,665
Total Assets	3,535,559	3,040,326
Current Liabilities	73,134	86,542
Total Liabilities	360,986	1,730,421
Issued Capital	40,937,534	39,218,399
Accumulated losses	(37,762,961)	(37,908,494)
Total Equity	3,174,573	1,309,905
Total profit	145,534	(423,889)
Total comprehensive income	145,534	(423,889)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### (2) Commitments for expenditure for Parent Entity

#### (a) Exploration expenditure commitments

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

No longer than 1 year	<b>521,000</b>	571,436
Longer than 1 year and not longer than 5 years	<b>2,423,333</b>	645,452
	<b>2,944,333</b>	1,216,888

#### (b) Lease commitments

Operating lease commitments are disclosed in note (c) below. There are no finance lease liabilities.

#### (c) Other expenditure commitments

##### Property Lease

No longer than 1 year	<b>72,519</b>	73,000
Longer than 1 year and not longer than 5 years	<b>12,086</b>	91,000
	<b>84,605</b>	164,000

### 24. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly owned subsidiaries:

Name	Principal place of business/ Country of incorporation	Ownership Interest	
		2019	2018
Icarus Mines Pty Ltd	Australia	100%	100%
Fortius Mines Pty Ltd	Australia	100%	100%

## DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, remuneration report and accompanying notes, are in accordance with the Corporations Act 2001 and:
  - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the year ended on that date.
2. The group has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
3. 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.
4. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A.
5. This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

On behalf of the directors



**Xiaojing Wang**  
Executive Chairman  
27<sup>th</sup> September 2019

## Independent Audit Report to the members of Australia United Mining Limited

### Report on the Audit of the consolidated Financial Report

#### Opinion

We have audited the consolidated financial report of Australia United Mining Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards 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 Consolidated 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 Company, 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 Continuation as a Going Concern

Without modifying our opinion, we draw attention to the consolidated statement of comprehensive income which indicates that the Group incurred an after tax profit of \$145,534 (which includes impairment reversals of \$809,826) for the year ended 30 June 2019, and the consolidated statement of cash flows which shows net cash outflow from operating activities of \$390,903. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the consolidated financial report.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, however we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><b>Valuation of Exploration and Evaluation Assets</b></p> <p>Refer to Note 9 in the consolidated financial report At 30 June 2019, the carrying value of Exploration and Evaluation Assets is stated as \$3,100,000.</p> <p>As all the tenements held by the Group are in the exploration stage, exploration expenditure is capitalised in accordance with Australian Accounting Standard <i>AASB 6 Exploration for and Evaluation of Mineral Resources</i>. Any impairment losses are then measured in accordance with <i>AASB 136 Impairment of Assets</i>.</p> <p>This area is a key audit matter due to:</p> <ul style="list-style-type: none"> <li>The significance of the total balance (approximately 88% of total assets); and</li> <li>significant judgement and expertise being required in determining whether the facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount, and then consequently in measuring any impairment loss. The assistance of an independent expert was sought in this regard.</li> </ul>	<p>Our procedures, amongst others, included:</p> <ul style="list-style-type: none"> <li>Obtaining the management prepared reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger</li> <li>Selecting a sample of capitalised exploration and evaluation expenditure and obtaining documentation to support the amounts capitalised in line with AASB 6;</li> <li>Critically reviewing management's assessment of impairment indicators for the capitalised exploration assets under AASB 6 by: <ul style="list-style-type: none"> <li>&gt;Assessing the period for the right to explore the areas of interest have not expired or will not expire in the short term without reasonable expectation of renewal;</li> <li>&gt;Reviewing forecasts to ensure that they indicate further planned exploration expenditure in the areas of interest;</li> </ul> </li> <li>assessing management's determination of impairment losses;</li> <li>Reviewing the valuation report prepared by the independent expert Geos Mining.</li> <li>Reviewing board meeting minute on adopting the value recommended by Geos Mining.</li> </ul>
<p><b>Going Concern</b></p> <p>Refer to Note 1 in the Financial Statements</p> <p>We identified going concern as a key audit matter due to the Group's net cash outflow of \$390,903 from operating activities and continued reliance on funding from related parties to meet short term cash requirements.</p> <p>For the year ended 30 June 2019, management and the board of directors performed an assessment of the Group's ability to continue as a going concern. The following mitigating factors are relevant in assessing the Group's ability to continue as a going concern:</p> <ul style="list-style-type: none"> <li>Two major shareholders and their related company have demonstrated their financial support to the company by converting the majority of the debt owed to them by the company to equity, and committing to provide ongoing financial support for at least the next 12 months to meet cashflow requirements.</li> </ul>	<p>Our procedures, amongst others, included:</p> <ul style="list-style-type: none"> <li>Reviewing and analysing the management budgeted cashflow forecast to 30 June 2020.</li> <li>Obtaining the minutes of board meetings confirming the group is solvent;</li> <li>Reviewing the going concern assessment completed by management and board of directors;</li> <li>Assessing the actions recommended by the board to mitigate going concern uncertainty;</li> <li>Including a material uncertainty regarding continuation as a going concern paragraph in our audit report which draws attention to the relevant going concern disclosures in the financial report.</li> </ul>

## Other Information other than the Consolidated 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 2019, but does not include the consolidated financial report and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Directors for the Consolidated Financial Report

The directors of the Company are responsible for the preparation of the consolidated 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 consolidated financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial report, the directors are responsible for assessing the Group's ability 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 Consolidated Financial Report

Our objectives are to obtain reasonable assurance about whether the consolidated 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 the consolidated financial report.

A further description of our responsibilities for the audit of the consolidated financial report is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar2.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf). This description forms part of our auditor's report.

## Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Australia United Mining Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

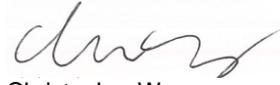
## Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report.

Liability limited by a scheme approved under Professional Standards Legislation

Report, based on our audit conducted in accordance with Australian Auditing Standards.

INP Sydney



Christopher Wong  
Partner

27<sup>th</sup> September 2019

Sydney NSW 2000

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Additional ASX information

## Additional ASX Information (Unaudited)

Additional information required by the ASX and not shown elsewhere in this report is as follows. The information set out below was applicable as at 30 June 2019.

### SUBSTANTIAL HOLDERS

As at the Reporting Date, the names of the substantial holders of Australia United Mining Limited and the number of equity securities in which those substantial holders and their associates have a relevant interest, as disclosed in substantial holding notices given to Australia United Mining Limited, are as follows:

Holder of Equity Securities	Class of Equity Securities	Number of Equity Securities held	% of total Issued securities capital
W.Y. INTERNATIONAL (AUSTRALIA) PTY LTD	Ordinary shares	563,244,803	30.57
Jianbing Zhang	Ordinary shares	280,046,752	15.20
Xiaojing Wang	Ordinary shares	246,570,631	13.38
WY AUSTRALIA INVESTMENT PTY LTD	Ordinary shares	249,952,507	13.57
Chao Ma	Ordinary shares	66,666,600	3.62

### NUMBER OF HOLDERS

As at the Reporting Date, the number of holders of ordinary shares (being the only class of equity securities on issue in AUML) is as follows:

Class of Equity Securities	Number of holders
Ordinary Shares	347

### VOTING RIGHTS OF EQUITY SECURITIES

The only class of equity securities on issue in the Company is ordinary shares.

At a general meeting of Australia United Mining Limited, every holder of ordinary shares present in person or by proxy, attorney or representative has one vote on a show of hands and on a poll, one vote for each ordinary share held. On a poll, every member (or his or her proxy, attorney or representative) is entitled to vote for each fully paid share held and in respect of each partly paid share, is entitled to a fraction of a vote equivalent to the proportion which the amount paid up (not credited) on that partly paid share bears to the total amounts paid and payable (excluding amounts credited) on that share. Amounts paid in advance of a call are ignored when calculating the proportion.

### DISTRIBUTION OF HOLDERS OF EQUITY SECURITIES

The distribution of holders of equity securities on issue in the Company as at the Reporting Date is as follows:

Distribution of ordinary shareholders

Holdings Ranges	Holders	Total Units	%
1 - 1,000	6	531	0.00
1,001 - 5,000	3	13,300	0.00
5,001 - 10,000	33	320,944	0.02
10,001 - 100,000	139	5,792,493	0.31
100,001 - 9,999,999,999	166	1,836,450,217	99.67
Rounding			0.00
Total	347	1,842,577,485	100.00

Additional ASX information

#### Less than marketable parcels of ordinary shares

The number of holders of less than a marketable parcel of ordinary shares based on the closing market price at the Reporting Date is as follows:

	Minimum Parcel Size	Holders	Units
Minimum \$ 500.00 parcel at \$ 0.0020 per unit	250,000	223	13,313,069

#### Twenty largest shareholders

The Company only has one class of quoted securities, being ordinary shares. The names of the 20 largest holders of ordinary shares, and the number of ordinary shares and percentage of capital held by each holder is as follows:

Holder Name	Balance as at Reporting Date	%
W Y INTERNATIONAL (AUSTRALIA) PTY LTD	563,244,803	30.57
MR JIANBING ZHANG	277,546,752	15.06
WY AUSTRALIA INVESTMENT PTY LTD <WY FAMILY A/C>	249,952,507	13.57
MR XIAOJING WANG	236,120,663	12.81
CHAO MA	66,666,600	3.62
SHANDONG GOLD PTY LTD	61,072,709	3.31
XINHUA GENG	33,333,300	1.81
EVER RESOURCES PTY LTD <EVER RESOURCES FAMILY A/C>	26,666,667	1.45
RYL NOMINEES PTY LTD <THE RYL FAMILY A/C>	21,298,092	1.16
J P MORGAN NOMINEES AUSTRALIA LIMITED	20,863,526	1.13
MR FANGFA HAN	20,091,351	1.09
MIGHTY INVESTMENT PTY LTD <MIGHTY INVEST FAMILY A/C>	14,872,973	0.81
ROBERT MCLENNAN <NATIONWIDE MINERALS S/F A/C>	13,500,000	0.73
STREAMFO INTERNATIONAL COMPANY LTD	12,500,000	0.68
W ASSETS GROUP LIMITED	12,500,000	0.68
MR CHER TZE HANG MATTHIAS	11,250,000	0.61
KENG CHUEN THAM	11,250,000	0.61
BEST EXPAND INVESTMENTS LIMITED	10,500,000	0.57
MR XIAOJING WANG	10,449,968	0.57
NEW CHINA PTY LTD	9,800,000	0.53
<b>Total number of shares of Top 20 Holders</b>	<b>1,683,479,911</b>	<b>91.37</b>
<b>Total Remaining Holders Balance</b>	<b>159,097,574</b>	<b>8.63</b>

Additional ASX information

### **Company Secretary**

The Company's secretary is Ms. XUEKUN LI.

### **Registered Office**

The address and telephone number of the Company's registered office are:

Suite 3, Level 14, 189 Kent Street  
Sydney, NSW 2000  
Telephone: +61 2 9252 4525

### **Share Registry**

The address and telephone number of the Company's share registry, Computershare Registry Services, are:

Street Address:  
Yarra Falls, 452 Johnston Street  
Abbotsford Victoria 3067

Postal Address:  
GPO Box 242  
Melbourne Victoria 3001

Telephone: 1300 787 272

### **Stock Exchange Listing**

Australia United Mining Limited's ordinary shares are quoted on the Australian Securities Exchange (ASX issuer code: AYM).

### **Voluntary escrow**

There are no securities on issue in Australia United Mining Limited that are subject to voluntary escrow.

### **On-market buyback**

The Company is not currently conducting an on-market buy-back.

### **Item 7 issues of securities**

There are no issues of securities approved for the purposes of item 7 of section 611 of the Corporations Act which have not yet been completed.

### **On-market purchase of securities under employee incentive scheme**

No securities were purchased on-market during the reporting period under or for the purposes of an employee incentive scheme; or to satisfy the entitlements of the holders of options or other rights to acquire securities granted under an employee incentive scheme.