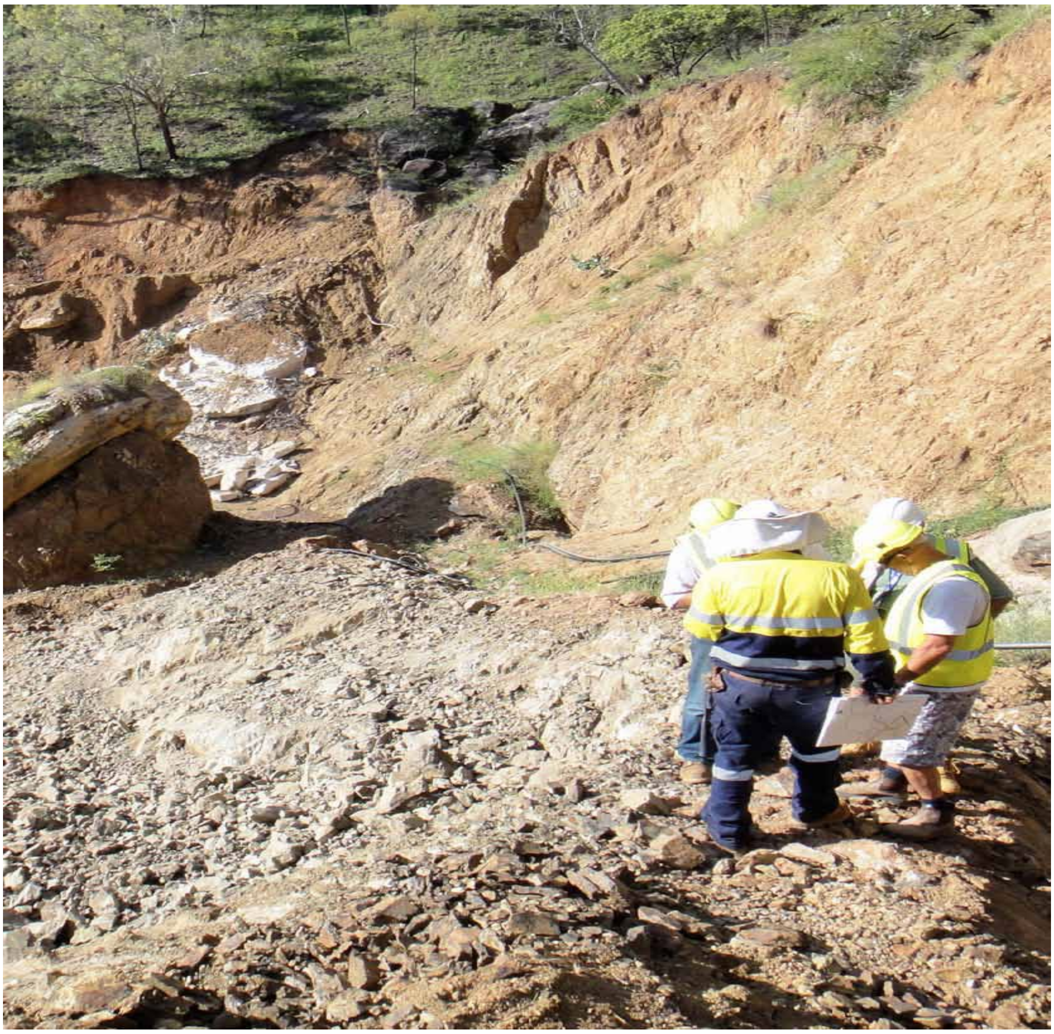
Australia United Mining Limited

ABN 35 126 540 547

Annual Report

For the year ended 30 June 2020



Corporate Directory

AUSTRALIA UNITED MINING LIMITED
ABN 35 126 540 547

REGISTERED OFFICE
Australia United Mining Ltd
Suite 606, 84 Pitt Street
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Telephone: (61) 2 9252 4525
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Web: www.australiaunitedmining.com.au
Email: office@australiaunitedmining.com.au

DIRECTORS
Xiaojing Wang (Executive Chairman)
Jia Yu (Non-Executive Director)
Tao Wang (Non-Executive Director)

COMPANY SECRETARY
Xuekun Li

AUDITOR
INP Sydney
Suite 2109, Level 21, 233 Castlereagh Street
Sydney NSW 2000

SHARE REGISTRY
Computershare Investor Services Pty Ltd
452 Johnston Street
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STOCK EXCHANGE LISTING
Australian Securities Exchange
Home Exchange - Melbourne
ASX Code – AYM

Contents

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 2020.

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. 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. During the past three (3) years, Mr Wang has not served as a director on any other Australian public company.
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. 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. During the past three (3) years, Ms Yu has not served as a director on any other Australian public company.
TAO WANG Non-Executive Director *Appointed 8 July 2020*	Mr Wang has extensive experience in energy and resource industry. He is the General Manager of Gansu Zhongyun Huaxia Energy Investment Limited Company, which was incorporated in 2006 and has specialised in investments in utility and mineral industries. He has rich management and investment experience, and also extensive contacts and keen market insight. During the past three (3) years, Mr Wang has not served as a director on any other Australian public company.
XINHUA GENG Non-Executive Director *Appointed 8 March 2019* *Resigned 8 July 2020*	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.

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. Her corporate clients operate in a range of industries such as retail, exploration, manufacturing, and trading.

PRINCIPAL ACTIVITIES

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

REVIEW OF OPERATIONS

The Group holds tenure over four projects in New South Wales and Queensland, all of which contain prospects with targets identified. Three of the projects show evidence of significant historical gold production and the Group plans to advance these prospects to drill ready status.

Sofala – EL7423 (100% AYM)

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

The renewal of EL 7423 has been granted by the NSW Government and the licence now will expire on 30 November 2021. The Group has signed a joint venture proposal recently (refer to Subsequent Events for details).

Karangi – EL8402 (100% AYM)

The Karangi Project is located approximately 10kms north-west of Coffs Harbour and approximately 500 kms north of Sydney. The tenement is considered to have potential for epigenetic vein, stratabound massive sulphide and exhalative-hosted gold and base metals deposits. There are a very large number of gold, copper, mercury and manganese occurrences within the project area. The Illabo mine and the Beacon Group are the largest past gold producers. At the Mount Brown mine, copper is the predominant metal, while native mercury occurs at the Woolgoola prospect.

Drilling plans are still current pending access negotiations with landholders. The nature of the topography, environmental constraints and likely social concerns will provide significant challenges and can be expected to add considerably to any exploration budget.

The renewal of EL 8402 has been granted by the NSW Government and the licence now will expire on 29 October 2021. Minimum exploration activities were undertaken during the financial year.

Honeybugle – EL7041

The Honeybugle Project is located approximately 40kms south-southwest of Nyngan in the central west of New South Wales. The tenement is centred over a large mafic intrusive complex and, although mainly concealed, is well defined by aeromagnetics. This area is deeply weathered and contains metalliferous lateritic soil profiles enriched in platinum, nickel, cobalt and scandium. AYM has completed a high resolution aeromagnetic and radiometric survey with follow up ground magnetic surveying completed.

Three intense magnetic anomalies were defined as drilling targets and, although the source of the anomalies is not known, they may possibly represent ultramafic pipes enriched in platinum group elements.

The Group applied for a renewal of EL7041 during the year. According to a Notice received from Regional NSW – Mining, Exploration and Geoscience, the application has been put on stop-the-clock (refer to Subsequent Events for details).

Forsayth – ML 3417, ML3418, EPM 14498 (100% AYM)

The project is located around and to the south-east of the town of Forsayth in North Queensland within the Forsayth Province of the Georgetown Inlier. The Etheridge gold field produced about 600,000 oz gold, but of the two largest mines at Forsayth, the Caledonian produced 10,900 oz and the Ropewalk 1,931 oz. Over 50 historic gold workings, prospects and significant past producing mines occur within the project area and at least 18 companies have explored the area.

The Group was planning to perform drilling in 2020 after some preparation work had been completed in 2019. Due to the outbreak of the COVID-19, the Group was not able to take further steps and in a position to confirm a schedule.

Applications for the renewal of three licenses were all granted during the year. ML3417 and ML3418 have an extension term until 31 March 2023.

The company appointed an independent consultant to prepare an Independent Technical Valuation Report for the valuation of mineral assets in Queensland and NSW. The preferred value of the mineral assets was $3,600,000 at 30 June 2020 based on the current market conditions and commodity prices. The directors accounted the exploration assets with reference to the valuation report.

TENEMENTS

Queensland	Licence	Equity (%)	Area (km^2)
Flying Cow & Flying Cow South	ML3418	100%	1.1
Ropewalk	ML3417	100%	1.3
New Gossan	ML3417	100%	
Lady Franklin	EPM14498	100%	49
Lightning & Lightning Flash	EPM14498	100%	
Havelock & Caravan Park	EPM14498	100%	
Queenslander	EPM14498	100%	
Nil Desperandum	EPM14498	100%	
Total Area			**51.4**

New South Wales	Licence	Equity (%)	Area (km^2)
Sofala	EL7423	100%	40
Honeybugle*	EL7041	100%	21
Karangi	EL8402	100%	169
Total Area			**230**

*: The application for renewal has been put in Stock-the-clock status due to a compliance issue. Refer to Subsequent Events for details.

CHANGES IN STATE OF AFFAIRS

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

OPERATING RESLUTS FOR THE YEAR

The loss of Australia United Mining Limited ("AUML") and its subsidiaries (the "consolidated entity") for the financial year ended 30 June 2020 amounted to $137,756 (2019: a profit after income tax: $ 145,534). The loss included a reversal of previous impairment expenses amounted to $451,939 (2019: 809,826).

REVIEW OF FINANCIAL CONDITIONS

The net assets of the Group as at 30 June 2020 were 3,036,817 (2019: 3,174,573).

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group expects to maintain a similar status and level of activities to that at present and hence there are no likely developments in the entity's operations.

SUBSEQUENT EVENTS AFTER THE END OF FINANCIAL YEAR

On 14 September 2020, Icarus Mines Pty Ltd, AYM's wholly-owned subsidiary, received a Notice from Regional NSW – Mining, Exploration and Geoscience ("NSW Department") regarding its application for the renewal of Exploration License 7041. Due to a compliance issue, the application has been put on stock-the-clock to allow NSW Department to investigate further. The Group has engaged an independent consultant to negotiate with NSW Department. During the investigation period, the application for the renewal remains in effect. The Board of directors considers the carrying value of EP 7041 was not material as at 30 June 2020.

On 2 October 2020, the Company received a Statement of Claim registered with Federal Circuit Court of Australia, of which applicant was a former employee ("the Claim"). The Claim was related to a dispute of remuneration. The Company is currently taking settlement negotiation with the applicant and expects the dispute will be settled by the end of November 2020. The proposed terms of the settlement are confidential but the Board of directors consider the dispute and the total estimated settlement costs will not materially affect the Company's normal business.

As announced to the market on 14 October 2020, the Company had entered into a Cooperation Agreement with Forsayth Resources Pty Ltd to develop its Forsayth Project, including Tenement ML3417, ML3418, and Tenement EPM14498 ("the Agreement). Under the Agreement, the Company would receive a cash license fee totaling $200,000 via instalments, and 15% of the amount equal to the value of any gold bullion and other minerals produced from ore mined from the above tenements less the State Government Royalties. The Agreement was subject to the satisfaction of a due diligence within six weeks after the Agreement had been executed.

As announced to the market on 22 October 2020, the Company had entered into a Joint Venture Proposal with Sofala Minerals Pty Ltd ("Sofala Minerals") regarding its Exploration License EL7423 ("the Joint Venture Proposal"). Subject to approval of its shareholders, MinRex Resources Limited, an ASX listed company, was proposing to acquire the interest and assume the obligations of Sofala Minerals under the Joint Venture Proposal. Under the Joint Venture Proposal, the Company would enter into a Joint Venture Agreement to receive a consideration totaling $1,050,000, including a cash payment of $50,000 and $1,000,000 worth of MinRex shares at a deemed price of $0.02 per share. Both the Joint Venture Proposal and the Joint Venture Agreement were subject to a number of conditions which were detailed in the announcement.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while there has been no material impact on the Company's financial position and operation up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the NSW, QLD and Australian Governments and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

There were no other matters or circumstances arising since the end of the reporting period that have significantly affected or may significantly affect the operations of the Company and the results of those operations or the state of the affairs of the Company in the financial period subsequent to 30 June 2020.

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 (2019: 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 2020 there were no options on unissued shares (2019: Nil). No further options were issued during the year and none were exercised (2019: Nil).

INDEMNIFICATION OF OFFICERS AND AUDITORS

During and since the financial year the Company has indemnified and entered into Deeds of Indemnity and Access with each of the current Directors to indemnify the Director or any related body corporate against a liability incurred as a Director. The Deeds provide for the Company to pay all damages and costs which may be awarded against the Directors.

The Company has paid a premium to insure the directors and officers of the Company for the period 1 July 2019 to 30 June 2020 against those liabilities for which insurance is permitted under section 199B of the *Corporations Act 2001*. Details of the nature of liabilities insured for and the amount of the premium are subject to a confidentiality clause under the contract of insurance.

No indemnity has been granted to the Auditor of the Company.

DIRECTORS' MEETINGS

The following table sets out the number of directors' meetings held during the financial year and the number of meetings attended by each director while in office.

Directors	Board Meeting Eligible to Attend	Board Meeting Attended	Circular Resolutions Passed	Total
Mr. Xiaojing Wang	-	-	6	6
Ms. Jia Yu	-	-	6	6
Mr. Tao Wang	-	-	-	-
Mr. Xinhua Geng	-	-	4	4

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	1,086,434,608	-
Ms. Jia Yu	6,666,667	-
Mr. Xinhua Geng	94,406,009	-

Mr Wang holds 1,086,434,608 units of fully paid ordinary shares consisting of:

- 246,570,631 units held by Xiaojing Wang;
- 26,666,667 units held by Ever Resources Pty Ltd (Mr. Wang is the sole shareholder);
- 249,952,507 units held by WY Australia Investment Pty Ltd (Mr. Wang is the sole shareholder);
- 563,244,803 units held by W.Y. International (Australia) Pty Ltd (Mr. Wang controls the company).

Ms Yu holds 6,666,667 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)

Details of Key Management Personnel

The Directors and Key Management Personnel of Australia United Mining Limited during the 2020 financial year were:

XIAOJING WANG Executive Chairman Appointed 6 Jan 2012 Ceased 6 Feb 2012 Reappointed 2 May 2012	**JIA YU** Non-Executive Director Appointed 6 Jan 2012 Ceased 6 Feb 2012 Reappointed 2 May 2012
TAO WANG Non-Executive Director Appointed 8 July 2020	**XINHUA GENG** Non-Executive Director Appointed 8 March 2019 Resigned 8 July 2020

Remuneration policy

The Board is responsible for determining and reviewing the compensation of the directors 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 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-20	Short Term Benefits	Post Employment Benefits	Share Based Payment	Short term non-monetary benefits	Termination Benefits	Total
	Salary and fees	Superannuation	Options			
	$	$	$	$	$	$
Directors						
Xiaojing Wang	86,664	8,233	-	-	-	94,897
Jia Yu	86,664	8,233	-	-	-	94,897
Xinhua Geng	60,000	-	-	-	-	60,000
	233,328	**16,466**	**-**	**-**	**-**	**249,794**

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			
	$	$	$	$	$	$
Directors						
Xiaojing Wang	100,000	-	-	-	-	100,000
Jia Yu	48,000	-	-	-	-	48,000
Jun Wang	32,903	-	-	-	-	32,903
Xinhua Geng	18,871	-	-	-	-	18,871
	199,774	**-**	**-**	**-**	**-**	**199,774**

Elements of compensation of Directors consisting of securities

The Directors' 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 2020. (2019: 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 2020 financial year. (2019: 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 (2019 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 12 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
28th October 2020

Melbourne - Sydney - Adelaide

CHARTERED ACCOUNTANTS
AUSTRALIA + NEW ZEALAND

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

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 2020, 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

28th October 2020

Sydney NSW 2000

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 2020. This Corporate Governance Statement was approved by the Board on 28 October 2020.

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 measureable 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 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

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.

Corporate Governance Statement

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 note 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), Ms Jia Yu (Non-Executive director) and Mr Tao Wang (Non-executive director). Mr Xiaojing Wang and Ms Jia Yu are substantial shareholders of the company thus they are not independent. Mr Tao Wang works for a company which is significantly influenced by Mr Xiaojing Wang and thus he is not considered to be independent.

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 and their relevant skills

Xiaojing Wang – Executive Chairman. Appointed 2 May 2012 (skills: business development and business management)

Jia Yu – Non-Executive director. Appointed 2 May 2012 (skills: financial management)

Tao Wang – Non-Executive director. Appointed 8 July 2020 (skills: business development)

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 in independent director and, in particular, should not be the same person as the CEO of the entity.

Non-Complying

Xiaojing Wang has been the Chairman of the Company since May 2012. He 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. 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 list 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 list 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 2020, Mr Xiaojing Wang, acting as 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 auditor 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. 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's material exposure to economic, environmental and social sustainability risks have been disclosed in its annual financial report.

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 2020

		Consolidated June 2020 $	June 2019 $
Revenue			
Interest	3(a)	**3,265**	4,052
Other Income	3(a)	**-**	12,591
Government Grant and Incentive	3(a)	**28,000**	-
Total revenue and other income		**31,265**	16,643
Employee benefits expense	3(b)	**(110,006)**	(70,716)
Depreciation and amortisation expense	3(b)	**(88,802)**	(18,800)
Travel and accommodation expenses		**(24,464)**	(58,495)
Rent & rates		**-**	(75,105)
Legal and corporate fees		**(25,090)**	(33,194)
Insurance		**(28,063)**	(24,491)
Finance costs		**(46,251)**	(63,335)
Impairment of exploration asset – Reversal of previous impairment expenses		**451,939**	809,826
Directors fees		**(193,332)**	(199,774)
Other expenses		**(104,952)**	(137,025)
Total expenses		**(169,021)**	128,891
Profit or (Loss) before income tax		**(137,756)**	145,534
Income tax benefit	4	**-**	-
Profit or (Loss) after income tax benefit attributable to the members of Australia United Mining Limited		**(137,756)**	145,534
Other comprehensive income		**-**	-
Total comprehensive loss attributable to the members of Australia United Mining Limited		**(137,756)**	145,534

Earnings per share

Basic (cents per share)	5	**(0.01)**	0.01
Diluted (cents per share)	5	**(0.01)**	0.01

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

Consolidated Statement of Financial Position as at 30 June 2020

		Consolidated	
		As at 30 June 2020 $	As at 30 June 2019 $
Current assets			
Cash and cash equivalents	12(b)	**30,381**	37,114
Other receivables	6	**17,700**	21,035
Other assets	7	**21,049**	21,049
Total current assets		**69,130**	79,198
Non-current assets			
Other assets including cash-backed environmental bonds	7	**248,726**	243,726
Property, plant & equipment	8(a)	**97,145**	112,635
Right-of-use asset	8(b)	**12,218**	-
Exploration and evaluation assets	9	**3,600,000**	3,100,000
Total non-current assets		**3,958,089**	3,456,361
Total assets		**4,027,219**	3,535,559
Current Liabilities			
Trade and other payables	10(a)	**57,421**	61,376
Lease liability	10(b)	**10,764**	-
Other financial liabilities		**-**	10,596
Provisions	13	**4,701**	1,162
Total current liabilities		**72,886**	73,134
Non-current Liabilities			
Other non-current payables	10(c)	**917,516**	287,852
Total non-current liabilities		**917,516**	287,852
Total liabilities		**990,402**	360,986
Net assets		**3,036,817**	3,174,573
Equity			
Issued capital	11(a)	**40,937,534**	40,937,534
Accumulated losses		**(37,900,717)**	(37,762,961)
Total equity		**3,036,817**	3,174,573

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 2020

	Issued Capital $	Other Reserve $	Options reserve $	Accumulated Losses $	Total $
Consolidated					
Balance at 01 July 2019	**40,937,534**	**-**	**-**	**(37,762,961)**	**3,174,573**
Loss attributable to members of the consolidated entity	-	-	-	(137,756)	(137,756)
Total comprehensive loss for the period	-	-	-	(137,756)	(137,756)
Balance at 30 June 2020	**40,937,534**	**-**	**-**	**(37,900,717)**	**3,036,817**
Balance at 01 July 2018	**39,218,399**	**-**	**-**	**(37,908,494)**	**1,309,905**
Profit attributable to members of the consolidated entity	-	-	-	145,534	145,534
Total comprehensive profit for the period	-	-	-	145,534	145,534
Rights Issue	1,719,134	-	-	-	1,719,134
Net amount raised	1,719,134	-	-	-	1,719,134
Balance at 30 June 2019	**40,937,534**	**-**	**-**	**(37,762,961)**	**3,174,573**

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

Consolidated Statement of Cash Flows for the financial year ended 30 June 2020

	Note	Consolidated 2020 $	2019 $
Cash flow from operating activities			
Payments to suppliers and employees		**(369,422)**	(394,955)
Receipts from government grant and incentive		**28,000**	-
Interest received		**3,265**	4,052
Finance costs		**(4,448)**	-
Net cash used in operating activities	12(a)	**(342,605)**	(390,903)
Cash flow from investing activities			
Payments for other non-current assets - exploration & mining assets		**(48,060)**	(60,174)
Proceeds from rental bonds		-	-
Net cash used in investing activities		**(48,060)**	(60,174)
Cash flow from financing activities			
Proceeds from borrowings		**383,932**	95,168
Net cash provided by financing activities		**383,932**	95,168
Net (decrease) in cash held		**(6,733)**	(355,909)
Cash at the beginning of the financial year		**37,114**	393,023
Cash and cash equivalents at the end of financial year	12(b)	**30,381**	37,114

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 606, 84 Pitt Street
Sydney, NSW 2000

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28th October 2020. 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

For the year ended 30 June 2020 the company had current assets of $69,130 versus current liabilities of $72,886 representing negative working capital balance. During the financial year, the consolidated entity has made loss for the year ended 30 June 2020 of $137,756 including impairment reversals of $451,939.

The financial statements have been approved by the Directors on a going concern basis. In determining the appropriateness of the basis of preparation, the Directors have considered the impact of the COVID19 pandemic on the position of the Group at 30 June 2020 and its operations in future periods. The ability of the consolidated entity to continue as a going concern is dependent on the financial support received from the major shareholders and directors and its ability to secure additional funding through borrowings or capital raisings as and when required to continue to meet its working capital requirements in the next 12 months. These conditions indicate a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors believe that they will be able to secure funds via borrowings or capital raisings as required and that the Group will continue as a going concern and as a result the financial report has been prepared on a going concern basis. In arriving at this position the Directors have considered the following pertinent matters:

- In response to preserve the Company's cash flow, since December 2015 the company substantially reduced its ongoing expenses by reducing the number of staff and diminishing its office costs;

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

- The Company has received the financial support through a loan facility W.Y. International (Australia) Pty Ltd, a related company controlled by Mr Wang and Ms Yu, who have committed to providing ongoing financial support to the company in meeting its ongoing cash commitments as and when required. Under a loan agreement between the Company and W.Y. International (Australia) Pty Ltd, there was $246,000 unused financing facility available at 30 June 2020;

- The Company has recently executed a cooperation agreement and a joint venture proposal which may generate totalling $250,000 cashflow (refer to Note 21 for details).

However, should the consolidated entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that different from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the consolidated entity not continue as a going concern.

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.

AASB16 Leases

AASB 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. Under AASB 16, right-of-use assets and lease liabilities need to be recognised in the Statement of Financial Position, initially measured at the present value of the future lease payments. Depreciation of right-of-use assets and interest on lease liabilities will subsequently be recognised in profit and loss accounts.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(b) 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.

(c) 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.

(d) Financial Instruments

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Amortised cost

Assets measured at amortised cost are financial assets where:

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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.

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.

(e) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

<u>Impairment</u>

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:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

- 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).

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 recognise 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 recognises 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 are measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value, with changes in far value recognised 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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 recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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) Lease

The Group has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 ‘Leases’ and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated.

Practical expedients applied

In adopting AASB 16, the Group has used the following practical expedients permitted by the standard:

- applied a single discount rate to a portfolio of leases with reasonable similar characteristics.
- accounted for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases.
- excluded initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentive received, any initial direct costs incurred, and except where included in the cost inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the lease asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit and loss as incurred or paid.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payment to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or rate are expense in the period in which they are incurred.

Lease liabilities are measured at amortized cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(i) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

(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 core principle of the Standard is that an entity will recognise 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

Recognise revenue when the performance obligations are satisfied.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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.

At the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations (for which Australian equivalent Standards and Interpretations have not yet been issued) were in issue but not yet effective:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
Amendments to References to the Conceptual Framework in IFRS Standards.	1 January 2020	30 June 2021

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 deductable 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(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.

	Consolidated 2020 $	2019 $
3. Revenue and expenses		
(a) Revenue and other income		
Revenue from continuing operations consisted of:		
Interest from bank deposits	**3,265**	4,052
Other income	**-**	12,591
Government grant and incentive	**28,000**	-
Total Revenue	**31,265**	16,643
(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	**88,802**	18,800
Employee benefits	**89,202**	64,405
Superannuation	**20,804**	6,310
Total Employee benefit expense	**110,006**	70,716
4. Income Taxes		
Income tax recognised in profit or loss	**-**	-
Total tax benefit	**-**	-

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:

Profit or (loss) from operations	**(137,756)**	145,534
Income tax benefit calculated at 30% (2017: 30%)	**(41,327)**	43,660
Add/(less) tax effect of		
Tax effect of amounts which are not deductible/(taxable)	**(106,234)**	(261,578)
Add reversal of prior year adjustments		
Unused tax losses not recognised as deferred tax assets	**147,561**	217,918
Total	**-**	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(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	**19,728,623**	19,099,391
Potential tax benefit at 30% (2019: 30%)	**5,918,587**	5,729,817

The benefit of these losses has not been brought to account at 30 June 2020 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

		Consolidated
	2020	**2019**
	$	**$**
The following reflects the income and share data used in calculating basic and diluted earnings per share:		
Net (loss) / profit	**(137,756)**	145,534
Basic earnings per share (cents per share)	**(0.01)**	0.01
Diluted earnings per share (cents per share)	**(0.01)**	0.01
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	**1,842,577,485**	1,842,577,485

As at 30 June 2020, the Company has no options (2019: Nil) over unissued capital on issue.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	Consolidated 2020 $	2019 $
6. Other Receivables		
GST receivable (net)	**12,561**	4,598
Prepayments	**5,139**	16,438
	17,700	21,035

	Consolidated 2020 $	2019 $
7. Other Assets		
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	**248,726**	243,726
Total Other Assets	**248,726**	243,726

	Consolidated 2020 $	2019 $
8.(a) Plant and Equipment		
Plant and equipment – at cost	**135,285**	135,285
Less: Accumulated depreciation	**(120,451)**	(116,742)
	14,834	18,543
Office equipment – at cost	**68,331**	68,331
Less: Accumulated depreciation	**(64,082)**	(61,990)
	4,249	6,341
Motor vehicles – at cost	**47,057**	47,057
Less: Accumulated depreciation	**(43,004)**	(41,861)
	4,053	5,196
Leasehold improvements – at cost	**27,023**	27,023
Less: Accumulated depreciation	**(24,701)**	(24,121)
	2,322	2,902
Property – at cost	**201,870**	201,870
Less: Accumulated depreciation	**(130,183)**	(122,217)
	71,687	79,653
	97,145	112,635

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	Plant and equipment	Office equipment	Motor vehicles	Leasehold improvements	Property	Total
Balance at 1 July 2019	**18,543**	**6,341**	**5,196**	**2,902**	**79,653**	**112,635**
Depreciation expense	-	(2,092)	-	(580)	-	(2,672)
Depreciation expense (Exploration & evaluation assets)	(3,709)	-	(1,143)		(7,966)	(12,818)
Balance at 30 June 2020	**14,834**	**4,249**	**4,053**	**2,322**	**71,687**	**97,145**

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

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

8.(b) Right of Use

The Company has applied AASB 16 using the modified retrospective (cumulative catch-up) method and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related Interpretations.

	Consolidated 2020 $	2019 $
Right of Use Assets	**85,531**	-
Less: Accumulated depreciation	**(73,313)**	-
	12,218	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	Consolidated 2020 $	2019 $
9. Exploration and evaluation assets		
Balance at beginning of the year	**3,100,000**	2,230,000
Additions	**48,060**	60,174
Impairment loss reversal	**451,940**	809,826
Balance at year end	**3,600,000**	3,100,000

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 it recoverable amount. In 2020, impairment loss reversal amounting to $451,940 was for the tenements in NSW and in QLD which was revaluated by an independent minerals consultant.

	2020	2019
10.(a) Trade and other payables		
Current liabilities		
Trade payables (i)	**13,074**	39,178
Other creditors/accrued expenses (ii)	**44,347**	22,198
	57,421	61,376

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.

10.(b) Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year	1 - 5 years	> 5 years	Lease liabilities included in this Statement of Financial Position
2020	**$**	**$**	**$**	**$**
Lease liabilities	10,764	-	-	10,764

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. (c) Other Non-Current payables

	Consolidated	
	2020	**2019**
	$	**$**
Loan from W. Y. International (Australia) Pty Ltd (i)	**817,742**	248,078
Loan from New China Pty Ltd ATF The Wang Family Trust	**20,903**	20,903
Loan from Xinhua Geng	**78,871**	18,871
	917,516	287,852

(i) Being amount borrowed from W.Y. International (Australia) Pty Ltd $494,559 plus interest on loan of $41,803. Directors' fee owing $244,350. Interest accumulated from previous loan of $37,030.

11. Issued Capital

(a)	Issued and paid up capital		
	Ordinary shares fully paid	**40,937,534**	40,937,534

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.

(a) Movements in shares on issue

	Year Ended 30 June 2020		**Year ended 30 June 2019**	
	Number of Shares Issued #	**Issued Capital $**	**Number of Shares Issued #**	**Issued Capital $**
Beginning of the financial year	**1,842,577,485**	**40,937,534**	1,269,532,682	39,218,399
Right Issues	**-**	**-**	573,044,803	1,719,135
Closing balance	**1,842,577,485**	**40,937,534**	1,842,577,485	40,937,534

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 2020 $	2019 $
Net profit for the period	**(137,756)**	145,534
Interest paid on shareholders loan	**41,803**	63,335
Amounts reclassified as investment activities	**48,060**	
Right of Use Assets movement	**(74,767)**	
Unpaid directors fee	**193,332**	199,774
Non cash expense	**-**	12,000
Debt forgiveness	**-**	(12,591)
Depreciation of property, plant and equipment and ROU assets	**88,803**	18,800
Amortisation of ROU assets		
Impairment of exploration asset	**(500,000)**	(809,826)
(Increase) / Decrease in receivables	**(1,665)**	646
(Decrease) in creditors	**(3,955)**	(3,404)
Increase / (Decrease) in employee provisions	**3,540**	(5,171)
Net cash used in operating activities	**(342,605)**	(390,903)

(b) Reconciliation of cash

Cash and cash equivalents comprise:

	2020	2019
Cash on hand and at call	**30,381**	37,114

13. Provisions

Current provisions include accrued leave as a part of employee benefits

	2020	2019
Opening balance at the beginning of the year	**1,162**	6,333
Add: Additions	**3,539**	4,996
Less: Amounts used	**-**	(10,167)
Balance at the end of the year	**4,701**	1,162

14. Commitments for expenditure

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.

	2020	2019
Not longer than 1 year	**418,333**	521,000
Longer than 1 year and not longer than 5 years	**1,320,000**	2,423,333
	1,738,333	2,944,333

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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.

	Consolidated	
	2020	2019
(a) Categories of financial instruments	$	$
Financial assets		
Loans and receivables	**17,700**	21,035
Cash and cash equivalents	**30,381**	37,114
Financial liabilities		
Trade and other payables	**57,421**	61,376
Other non-current payables	**917,516**	287,852

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Consolidated Liabilities

	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years
	%	$	$	$	$
2020					
Trade and other payables	-	**22,397**	**24,037**	**26,453**	**-**
Other long term payables	6.47%	**-**	**-**	**-**	**917,516**
		22,397	**24,037**	**26,453**	**917,516**
2019					
Trade and other payables	-	**50,126**	**8,250**	**3,000**	**-**
Other long term payables	18.14%	**13,320**	**26,671**	**247,861**	**-**
		63,446	**34,921**	**250,861**	**-**

16. Share-based payments

There were no share-based payments during the year ended 30 June 2020 (2019: Nil).

	Consolidated 2020	2019
	$	$
17. Key management personnel compensation		
Short-term employee benefits	**249,794**	199,774
Post-employment benefits	**-**	-
Short-term non-monetary benefits	**-**	-
Termination benefits	**-**	-
	249,794	199,774

Year ended 30 June 2020	**Short Term Benefits**	**Post-Employment Benefits**	**Share Based Payment**	**Short term non-monetary benefits**	**Termin-ation Benefits**	**Total**
	Salary and fees	Super-annuation	Options			
	$	$	$	$	**$**	**$**
Directors						
Xiaojing Wang	86,664	8,233	-	-	-	94,897
Jia Yu	86,664	8,233	-	-	-	94,897
Xinhua Geng	60,000	-	-	-	-	60,000
	233,328	16,466	-	-	-	249,794

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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			
	$	$	$	$	$	$
Directors						
Xiaojing Wang	100,000	-	-	-	-	100,000
Jia Yu	48,000	-	-	-	-	48,000
Xinhua Geng	18,871	-	-	-	-	18,871
Jun Wang	32,903	-	-	-	-	32,903
	199,774	-	-	-	-	199,774

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

There were nil options issued during the reporting period (2019: 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 (2019: Nil).

(c) Shareholdings of key management personnel

Year ended 30 June 2020 Ordinary Shares	Balance 1 July 2019 No.	Granted as Remuneration No.	On Exercise of Options No.	Purchases /(Sales) No.	Balance 30 June 2020 No.
Xiaojing Wang	1,030,110,128	-	-	-	1,030,110,128
Jia Yu	62,991,147	-	-	-	62,991,147
Xinhua Geng	94,406,009	-	-	-	94,406,009
Total	**1,187,507,284**	**-**	**-**	**-**	**1,187,507,284**

Year ended 30 June 2019 Ordinary Shares	Balance 1 July 2018 No.	Granted as Remuneration No.	On Exercise of Options No.	Purchases /(Sales) No.	Balance 30 June 2019 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
Total	624,262,481	-	-	563,244,803	**1,187,507,284**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. Related party transactions

(a) Transactions with key management personnel and related parties

The Company accrued directors' fees of $133,332 (2019: $199,774) to W.Y. International (Australia) Pty Ltd, a company controlled by Xiaojing Wang and Jia Yu. The Company accrued directors' fees of $60,000 (2019: 18,871) to Xinhua Geng.

(b) Loans from directors and related parties:	2020 $	2019 $
W. Y. International (Australia) Pty Ltd	**573,392**	137,078
Mr Jun Wang	**20,903**	20,903
Mr Xinhua Geng	**78,871**	18,871
Unpaid director fees (non-interest bearing)	**244,350**	111,000
Total	**917,516**	287,852

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 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 Group applied for a renewal of EL7041 during the year. According to a Notice received from Regional NSW – Mining, Exploration and Geoscience, the application has been put on stop-the-clock (refer to Note 21 for details).

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	QLD Forsayth $	NSW Exploration $	Other Operations $	Total $
Year ended 30 June 2020				
Total segment revenue	-	-	31,265	31,265
Segment result	(49,935)	(15,903)	(71,918)	(137,756)
Segment assets	1,500,292	2,338,434	188,493	4,027,219
Segment liabilities			990,402	990,402
Year ended 30 June 2019				
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

	Consolidated 2020 $	2019 $
20. Remuneration of auditors		
Audit and review of financial statements INP Sydney	**22,000**	22,000
	22,000	22,000

21. Subsequent events after the end of financial year

On 14 September 2020, Icarus Mines Pty Ltd, AYM's wholly-owned subsidiary, received a Notice from Regional NSW – Mining, Exploration and Geoscience ("NSW Department") regarding its application for the renewal of Exploration License 7041. Due to a compliance issue, the application has been put on stock-the-clock to allow NSW Department to investigate further. The Group has engaged an independent consultant to negotiate with NSW Department. During the investigation period, the application for the renewal remains in effect. The Board of directors considers the carrying value of EP 7041 was not material as at 30 June 2020.

On 2 October 2020, the Company received a Statement of Claim registered with Federal Circuit Court of Australia, of which applicant was a former employee ("the Claim"). The Claim was related to a dispute of remuneration. The Company is currently taking settlement negotiation with the applicant and expects the dispute will be settled by the end of November 2020. The proposed terms of the settlement are confidential but the Board of directors consider the dispute and the total estimated settlement costs will not materially affect the Company's normal business.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As announced to the market on 14 October 2020, the Company had entered into a Cooperation Agreement with Forsayth Resources Pty Ltd to develop its Forsayth Project, including Tenement ML3417, ML3418, and Tenement EPM14498 (“the Agreement). Under the Agreement, the Company would receive a cash license fee totalling $200,000 via instalments, and 15% of the amount equal to the value of any gold bullion and other minerals produced from ore mined from the above tenements less the State Government Royalties. The Agreement was subject to the satisfaction of a due diligence within six weeks after the Agreement had been executed.

As announced to the market on 22 October 2020, the Company had entered into a Joint Venture Proposal with Sofala Minerals Pty Ltd (“Sofala Minerals”) regarding its Exploration License EL7423 (“the Joint Venture Proposal”). Subject to approval of its shareholders, MinRex Resources Limited, an ASX listed company, was proposing to acquire the interest and assume the obligatons of Sofala Minerals under the Joint Venture Proposal. Under the Joint Venture Proposal, the Company would enter into a Joint Venture Agreement to receive a consideration totalling $1,050,000, including a cash payment of $50,000 and $1,000,000 worth of MinRex shares at a deemed price of $0.02 per share. Both the Joint Venture Proposal and the Joint Venture Agreement were subject to a number of conditions which were detailed in the announcement.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while there has been no material impact on the Company’s financial position and operation up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the NSW, QLD and Australian Governments and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

There were no other matters or circumstances arising since the end of the reporting period that have significantly affected or may significantly affect the operations of the Company and the results of those operations or the state of the affairs of the Company in the financial period subsequent to 30 June 2020.

22. 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	
	2020	**2019**
	$	**$**
Current Assets	**69,130**	79,198
Total Assets	**4,027,219**	3,535,559
Current Liabilities	**72,886**	73,134
Total Liabilities	**990,402**	360,986
Issued Capital	**40,937,534**	40,937,534
Accumulated losses	**(37,900,717)**	(37,762,961)
Total Equity	**3,036,817**	3,174,573
Total profit	**(137,756)**	145,534
Total comprehensive income	**(137,756)**	145,534

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(2) Commitments for expenditure for Parent Entity

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.

	Consolidated 2020 $	2019 $
No longer than 1 year	**418,333**	521,000
Longer than 1 year and not longer than 5 years	**1,320,000**	2,423,333
	1,738,333	2,944,333

23. 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 2020	2019
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 2020 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
28th October 2020

Melbourne - Sydney - Adelaide

CHARTERED ACCOUNTANTS
AUSTRALIA • NEW ZEALAND

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

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 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, 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 2020 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 profit or loss and other comprehensive income which indicates that the Group incurred an after tax loss of $137,756 (including impairment reversals of $451,939) for the year ended 30 June 2020, and the consolidated statement of cash flows which shows net cash outflow from operating activities of $342,605. 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 Group 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**
Valuation of Exploration and Evaluation Assets	
Refer to Note 9 in the consolidated financial report. At 30 June 2020, the carrying value of Exploration and Evaluation Assets is stated as $3,600,000. As all the tenements held by the Group are in the exploration stage, exploration expenditure is capitalised in accordance with Australian Accounting Standard *AASB 6 Exploration for and Evaluation of Mineral Resources*. Any impairment losses are then measured in accordance with *AASB 136 Impairment of Assets*. This area is a key audit matter due to: • The significance of the total balance (approximately 89% of total assets); and • 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.	Our procedures, amongst others, included: • Obtaining the management prepared reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger; • Selecting a sample of capitalised exploration and evaluation expenditure and obtaining documentation to support the amounts capitalised in line with AASB 6; • Critically reviewing management's assessment of impairment indicators for the capitalised exploration assets under AASB 6 by: >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; >Reviewing forecasts to ensure that they indicate further planned exploration expenditure in the areas of interest; • assessing management's determination of any impairment losses/impairment loss reversals; • Reviewing the valuation report prepared by an independent expert; • Reviewing the board meeting minute on adopting the value recommended by the independent expert.
Going Concern	
Refer to Note 1 in the Financial Statements. We identified going concern as a key audit matter due to the Group's net cash outflow of $342,605 from operating activities and continued reliance on funding from related parties to meet short term cash requirements, together with other matters as set forth in Note1.	Our procedures, amongst others, included: • Reviewing and analysing management's budgeted cashflow forecast to 30 June 2021; • Obtaining the minutes of board meetings confirming the group is solvent; • Reviewing the going concern assessment completed by management and board of directors; • Assessing the actions recommended by the board to mitigate going concern uncertainty; • 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.

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

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 2020, 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. 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 2020.

In our opinion, the Remuneration Report of Australia United Mining Limited, for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

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

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

INP Sydney

Christopher Wong
Partner

28th October 2020

Sydney NSW 2000

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 23 October 2020.

ISSUED SECURITIES

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

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	Class of Equity Securities	Number	%
W Y INTERNATIONAL (AUSTRALIA) PTY LTD	Ordinary shares	563,244,803	30.57
MR JIANBING ZHANG	Ordinary shares	277,546,752	15.06
WY AUSTRALIA INVESTMENT PTY LTD	Ordinary shares	249,952,507	13.57
MR XIAOJING WANG	Ordinary shares	246,570,631	13.38

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	359

VOTING RIGHTS OF EQUITY SECURITIES

The voting rights of each class of share are as follows:

Ordinary Fully Paid Shares – one vote per share held.

DISTRIBUTION OF HOLDERS OF EQUITY SECURITIES

The distribution of holders of equity securities on issue in the Company as at 23 October 2020 is as follows:

Distribution of ordinary shareholders

Holdings Ranges	Holders	Total Units	%
1 - 1,000	8	1,532	0.00
1,001 - 5,000	4	16,300	0.00
5,001 - 10,000	32	310,944	0.02
10,001 - 100,000	148	6,454,969	0.35
100,001 - over	167	1,835,793,740	99.63
Total	359	1,842,577,485	100.00

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 $ 0.017 per unit	29,412	109	1,589,766

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	Holding	%
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	246,570,631	13.38
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
MR FANGFA HAN	20,091,351	1.09
J P MORGAN NOMINEES AUSTRALIA LIMITED	16,714,988	0.91
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
NEW CHINA PTY LTD	9,800,000	0.53
ABUNDANT WISDOM LTD	9,375,000	0.51
Total number of shares of Top 20 Holders	**1,688,706,373**	**91.66**

On-market buyback

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