

Australia United Mining Limited

ACN 126 540 547

Half-Year Financial Report

For the Half-Year Ended 31 December 2021

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DIRECTORS' REPORT

The Directors of Australia United Mining Limited ("the Company") submit herewith the financial report of Australia United Mining Limited and its subsidiaries ("the Group") for the half-year ended 31 December 2021.

DIRECTORS

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

Mr. Xiaojing Wang (Executive Chairman)

Ms. Jia Yu (Non-Executive Director)

Mr. Tao Wang (Non-Executive Director)

REVIEW OF OPERATIONS

The Group reported a consolidated profit of \$831,030 for the half-year ended 31 December 2021 (2020: loss of \$249,616).

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

Sofala Project (EL7423, Joint Venture with MinRex Resources)

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

According to a Farm-in Joint Venture Agreement between Fortius Mines Pty Ltd ("Fortius Mines"), the Company's wholly-owned subsidiary, and MinRex Resources Limited ("MRR"), MRR is the Joint Venture Operator and has the right to acquire up to 80% interest in EL7423.

During the period, MRR performed various exploration work programs with promising results in the Sofala region. Refer to MRR's ASX announcements during the period for details.

Karangi Project (EL8402)

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

Drilling plans have been pending access negotiations with landholders.

Honeybugle Project (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. The Group has completed a high resolution aeromagnetic and radiometric survey with follow up ground magnetic surveying completed. Three intense magnetic anomalies were defined as drilling targets and, although the source of the anomalies is not known, they may possibly represent ultramafic pipes enriched in platinum group elements.

During the period, Icarus Mines Pty Ltd, the Company's wholly-owned subsidiary, continued to negotiate with Regional NSW – Mining, Exploration and Geoscience ("NSW Department") regarding its application for the renewal of Exploration License 7041.

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

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

The Company entered into a Cooperation Agreement with Forsayth Resources Pty Ltd to develop its Forsayth Project in October 2020. Forsayth Resources, the Project Operator, have been re-establishing the camp and facilities on the mining sites. Excavation of ore is expected to commence in the second half of the year.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the independence declaration by the lead auditor under section 307C is included on page 5 of these half-year financial statements.

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



Xiaojing Wang
Executive Chairman
Beijing China

Dated on 8 March 2022

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

Dear Board Members

Australia United Mining Limited

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

As lead auditor for the review of the financial statements of Australia United Mining Limited for the half year-ended 31 December 2021, I declare to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

Accentor Audit Services

Accentor Audit Services Pty Limited

Heng Kwang Lim

Heng Kwang Lim
Director

Sydney: 8th March 2022

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

		31 December	
		2021 \$	2020 \$
Interest income		174	864
Licence fee		-	100,000
Gain on disposal of listed shares		202,278	-
Other income		-	70,616
Employee benefits expense		(74,961)	(96,283)
Depreciation and amortisation expenses		(5,321)	(13,159)
Travel and accommodation expenses		(305)	(231)
Legal and corporate fees		(19,406)	(109,728)
Insurance expense		(15,033)	(10,096)
Finance costs		(45,552)	(37,313)
Mining and exploration expenses		(16,235)	(26,613)
Fair value movement of financial assets		924,000	-
Directors' fee		(70,000)	(70,000)
Other expenses		(48,609)	(57,673)
Profit/(Loss) before income tax expense		831,030	(249,616)
Income tax expense		-	-
Profit/(Loss) for the period		831,030	(249,616)
Other comprehensive income		-	-
Total comprehensive income/(expense) attributable to the members of Australia United Mining Limited		831,030	(249,616)
Basic profit/(loss) per share (cents)	2	0.05	(0.01)
Diluted profit/(loss) per share (cents)	2	0.05	(0.01)

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	Note	As at 31 December 2021 \$	As at 30 June 2021 \$
Current assets			
Cash and cash equivalents		439,774	129,431
Other receivables		23,767	5,577
Investment in listed shares		1,634,000	950,000
Other assets		120	120
Total current assets		2,097,661	1,085,128
Non-current assets			
Environmental bonds with cash-backed deposits		248,726	248,726
Property, plant & equipment		77,677	82,998
Exploration and evaluation assets	3	3,600,000	3,600,000
Total non-current assets		3,926,403	3,931,724
Total assets		6,024,064	5,016,852
Current Liabilities			
Trade and other payables	4	57,534	58,660
Loan payables	5	200,000	-
Provisions		9,970	8,214
Total current liabilities		267,504	66,874
Non-current Liabilities			
Loan payables	5	1,293,863	1,318,311
Total non-current liabilities		1,293,863	1,318,311
Total liabilities		1,561,367	1,385,185
Net assets		4,462,697	3,631,667
Equity			
Issued capital	6	40,937,534	40,937,534
Accumulated losses		(36,474,837)	(37,305,867)
Total equity		4,462,697	3,631,667

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

	Issued Capital \$	Accumulated Losses \$	Total \$
Balance at 1 July 2021	40,937,534	(37,305,867)	3,631,667
Profit for the half-year	-	831,030	831,030
Total comprehensive income for the half-year	-	831,030	831,030
Balance at 31 December 2021	40,937,534	(36,474,837)	4,462,697
 Balance at 1 July 2020	 40,937,534	 (37,900,717)	 3,036,817
Loss for the half-year	-	(249,616)	(249,616)
Total comprehensive expense for the half-year	-	(249,616)	(249,616)
Balance at 31 December 2020	40,937,534	(38,150,333)	2,787,201

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

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

	31 December 2021 \$	31 December 2020 \$
Cash flow from operating activities		
Payments to suppliers and employees	(175,874)	(262,048)
Interest received	174	864
Receipt of government grants	-	68,552
Receipts from cooperation agreement: licence fee	-	100,000
Net cash used in operating activities	(175,700)	(92,632)
Cash flow from investing activities		
Proceeds from disposal of listed shares	442,278	-
Payments for mining and exploration expenditure	(16,235)	(29,571)
Proceeds from disposal of property, plant and equipment	-	3,636
Net cash provided by / (used in) investing activities	426,043	(25,935)
Cash flow from financing activities		
Proceeds from borrowings	60,000	205,000
Net cash provided by financing activities	60,000	205,000
Net increase in cash and cash equivalents	310,343	86,433
Cash and cash equivalents at the beginning of the period	129,431	30,381
Cash and cash equivalents at the end of the period	439,774	116,814

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

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

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2021.

The accounting policies have been consistently applied by the entities in the group and are consistent with those in the 30 June 2021 annual financial report.

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

(a) Reporting Basis and Conventions

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

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

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

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

2. Earnings per share

	Consolidated	
	2021	2020
	\$	\$
The following reflects the income and share data used in calculating basic and diluted earnings per share:		
Consolidated net profit/(loss)	831,030	(249,616)
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
Basic and Diluted earnings per share (cents per share)	0.05	(0.01)

3. EXPLORATION AND EVALUATION ASSETS

	Consolidated	
	31 December 2021 \$	30 June 2021 \$
Balance at beginning of the half year	3,600,000	3,600,000
Additions	16,235	26,613
Impairment	(16,235)	(26,613)
Balance at end of the half-year	3,600,000	3,600,000

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

4. TRADE AND OTHER PAYABLES

	Consolidated	
	31 December 2021 \$	30 June 2021 \$
Trade payables	7,317	10,258
Other creditors and accrued expenses	50,217	48,402
	57,534	58,660

5. LOAN PAYABLES

	Consolidated	
	31 December 2021 \$	30 June 2021 \$
<u>Current</u>		
Loans from W.Y. International (Australia) Pty Ltd (i)	200,000	-
<u>Non-current</u>		
Loans from W.Y. International (Australia) Pty Ltd (i)	1,124,992	1,179,440
Loans from Xinhua Geng	78,871	78,871
Loans from Tao Wang	90,000	60,000
	1,493,863	1,318,311

(i) W.Y. International (Australia) Pty Ltd ("W.Y. International") is a related company controlled by two directors, Mr Xiaojing Wang and Ms Jia Yu. The balance due to W.Y. International included unpaid director's fee to Mr Xiaojing Wang and Ms Jia Yu. Total loans from W.Y. International included loan principals \$759,559, loan interest \$201,083 and accumulated unpaid directors' fee \$364,350. The loans are unsecured with an interest rate of 12% per annum.

6. ISSUED CAPITAL

	31 December 2021		30 June 2021	
	Number	\$	Number	\$
Ordinary Fully Paid Shares	1,842,577,485	40,937,534	1,842,577,485	40,937,534

7. DIVIDENDS PAID

No dividends have been paid or provided for during the half-year ended 31 December 2021.

8. SHARE OPTIONS

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

9. SEGMENT INFORMATION

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

	Consolidated			
	Revenue		Result	
	2021	2020	2021	2020
	\$	\$	\$	\$
Exploration and mining	-	100,000	(16,235)	73,387
Unallocated	202,452	71,480	847,265	(323,003)
	<u>202,452</u>	<u>171,480</u>	<u>831,030</u>	<u>(249,616)</u>

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

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
SEGMENT ASSETS		
Exploration and mining	3,673,634	3,678,294
Unallocated	<u>2,350,430</u>	<u>1,338,558</u>
	<u>6,024,064</u>	<u>5,016,852</u>
Segment Liabilities		
Exploration and mining	-	-
Unallocated	<u>1,561,367</u>	<u>1,385,185</u>
	<u>1,561,367</u>	<u>1,385,185</u>

10. COMMITMENTS FOR EXPENDITURE

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

	31 December 2021 \$
Not longer than 12 months	483,167
Longer than 12 months and not longer than 60 months	12,500
	<u>495,667</u>

11. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2021.

12. FAIR VALUE MOVEMENT

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

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

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

Level 3: Unobservable inputs for the asset or liability.

	Level 1	Level 2	Level 3	Total
31 December 2021				
Ordinary shares at fair value through profit or loss	<u>1,634,000</u>	<u>-</u>	<u>-</u>	<u>1,634,000</u>
30 June 2021				
Ordinary shares at fair value through profit or loss	<u>950,000</u>	<u>-</u>	<u>-</u>	<u>950,000</u>

There were no transfers between levels during the financial half-year.

The carrying amounts of other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature

13. EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is still developing and is dependent on measures imposed by the Australian State and Federal Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

There were no matters or circumstances arising since the end of the reporting period that have significantly affected, or may significantly affect the operations of the Group and the results of those operations on the state of the affairs of the Group in the financial period subsequent to 31 December 2021.

14. GOING CONCERN

During the half-year, the Group had a consolidated profit after tax of \$831,030 (31 December 2020: loss of \$249,616). The consolidated profit included positive fair value movement of financial assets amounting to \$924,000. The Group had a net operating cash outflow of \$175,700 (31 December 2020: \$92,632). Prima facie, these matters give rise to a material uncertainty regarding the Group's ability to continue as a going concern.

The financial statements have been approved by the Directors on a going concern basis. In determining the appropriateness of the basis of preparation, the Directors have considered the impact of the COVID 19 pandemic on the position of the Group at 31 December 2021 and its operations in future periods. The ability of the consolidated entity to continue as a going concern is dependent on the liquidation of its financial assets, the financial support received from the major shareholders and directors, and its ability to secure additional funding through borrowings or capital raisings as and when required to continue to meet its working capital requirements in the future.

In particular, the company has received the financial support through a loan facility W. Y. International, a related company controlled by Mr Wang and Ms Yu, who has committed to provide ongoing financial support to the company in meeting its cash commitments as and when required. The company received \$60,000 during the period. The financial statements have been prepared on a going concern basis. In making this assessment, management have considered the following:

- the company had investment in listed shares with a market value of \$1,634,000 as at 31 December 2021;
- the company had no external debt except for loans from directors;
- a working cash capital of \$172,270; and
- continued support by the directors.

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

DIRECTORS' DECLARATION

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

1. The half-year financial statements and notes set out on pages 6 to 14 are in accordance with the Corporations Act 2001, including:
 - (a) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2021 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



Xiaojing Wang
Executive Chairman
Beijing China

Dated on 8 March 2022

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

Conclusion

We have reviewed the accompanying half-year financial report of Australia United Mining Limited and its Controlled Entities (the consolidated entity), which comprises the Consolidated statement of financial position as at 31 December 2021, the Consolidated statement of profit and loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Australia United Mining Limited and its Controlled Entities is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the consolidated entity financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- complying with Australian Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Material Uncertainty related to Going Concern

Without qualifying our conclusion, we draw attention to Note 14 in the half-year financial report which indicates that the consolidated entity had a consolidated profit after tax of \$831,030. The consolidated profit after tax included fair value movement of financial assets amounting to \$924,000. The consolidated entity had a net operating cash outflow of \$175,700 during the half-year ended 31 December 2021, and the consolidated entity continues to require financial assistance from associated company loans to meet ongoing cash commitments and to support the continued operations of the consolidated entity. These conditions, together with other matters as set in forth in Note 14 indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the half-year financial report.

Directors' Responsibility for the Half-Year Financial Report

The Directors of the consolidated entity are responsible for:

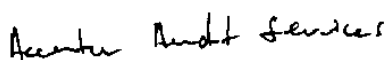
- the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor Responsibility for the Review of the Half-Year Financial Report


Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquires, primarily of persons responsible for the financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Yours sincerely



Accentor Audit Services Pty Limited



Heng Kwang Lim
Director

Sydney: 8th March 2022