



AUSTCHINA HOLDINGS LIMITED
ABN 20 075 877 075

HALF-YEAR REPORT – 31 DECEMBER 2020

DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

Your directors present their report on AustChina Holdings Limited (referred to hereafter as the 'consolidated entity or 'group') for the half-year ended 31 December 2020.

DIRECTORS

The following persons were directors of AustChina Holdings Limited during the whole of the half-year and up to the date of this report, unless otherwise stated:

Daniel Chan
George Lam
Andrew MacIntosh

David Morris was appointed as a director on 24 November 2020 and continues in office at the date of this report.

William Ko was a director from the beginning of the half year period until his resignation on 30 November 2020.

PRINCIPAL ACTIVITIES

During the financial half-year, the principal activity of the Group consisted of exploration and investment in energy and resources.

REVIEW OF OPERATIONS

The loss for the consolidated entity after providing for income tax amounted to \$711,853 (2019: \$893,881).

COVID has not materially impacted the operations of the Group and it is not expected to adversely impact the asset values or future funding of the Group.

Strategic Direction

The Company's key strategic focuses are:

1. Exploration and development of existing coal projects for the creating of longer-term shareholder value.
2. Seek opportunities in the energy sector.
3. Seek opportunities in the resources sector, and
4. Acquisition of a suitable project to provide cash flow in the short to medium term.

AustChina's Coal Project

AustChina holds two current exploration permits for coal (EPCs), located near Blackall in Central Queensland. The EPCs (1719 and 1993) comprise a single project-based administration area approved by the Department of Natural Resources, Mines and Energy.

A schedule of the Exploration Permits held on 31 December 2020 by AustChina is provided in Table 1.

TENEMENT	PROJECT NAME	OWNERSHIP %	DATE GRANTED	EXPIRY DATE
EPC 1719	BARCOO RIVER-BLACKALL RAIL	100	28/07/2010	27/07/2025
EPC 1993	BLACKALL SOUTH CORNER	100	17/03/2010	16/03/2026

Table 1: AustChina Holdings Limited Tenement Portfolio

An application to renew EPC 1993 was lodged with the Department of Resources in the December Quarter. This application was successful, with the renewal being approved by the Department in January 2021 for a period of five years.

Under new legislation passed in May 2020 no relinquishment of area was required on renewal of EPC1993.

The Company was pleased to announce on 16 June 2020 that it had upgraded the Resource Statement for its Blackall Coal Project to 31 May 2020. The resources now for the first time include Indicated Resources of 30 million tonnes in EPC1993 (ASX: “Updated Coal Resource Statement” 16 June 2020).

During the half-year, work continued to summarize and assess the full suite of Blackall Coal Project coal quality from all drilling programmes to date, including the coal quality analysis programme undertaken during 2020 from core samples from its December 2019 drilling programme. The programme included both raw coal ply analysis and washed composite analysis and was undertaken by the Company’s coal quality consultant.

The acquisition of additional stratigraphic, structural and coal quality knowledge acquired during the drilling programme carried out in late 2019, and with coal quality assessment continuing through the half-year provides the company with further data as the Company continues to explore on-site applications for coal at the Blackall Project with companies possessing alternative technologies to extract value from coal.

There were no substantive mining production or development activities undertaken during the period.

Investment in Sector Projects Pty Ltd (AUH 5%)

Through the sale of its subsidiary Surat Gas Pty Ltd completed on 28 September 2018, AustChina acquired 5% of the issued capital of Sector Projects Pty Ltd (Sector).

Sector and or its 100%-owned subsidiary Sector Projects (Australia) Pty Ltd operate six Exploration Permits for Minerals (EPMs) 18628, 18644, 18645, 18647, 26419 and 26463 situated 220km north of Mt Isa in Queensland. The region is known to host a number of large-scale mineral deposits (Mt Isa, Century, George Fischer, Ernest Henry to name a few). The geology of the Sector tenements is known to contain the same host rocks; however, these tenements are overlain by cover material ranging from 40 to 200 metres deep. This cover material makes a more challenging environment for orebody identification when compared to areas closer to Mt Isa where many of the identified economic orebodies have outcropped at surface.

Sector did not undertake any field exploration activities during the half-year, concentrating on desk-top activities associated with target development for activities post the wet season. The current COVID-19 pandemic adds a component of uncertainty to near-term planning.

Investment in Biogas Renewable Energy Sector

AustChina holds 25.14% of the Utilitas Group Pty Ltd (Utilitas), a Brisbane based privately owned company established in 2010 by Ms Fiona Waterhouse. The company is focused on the emerging biogas and biorefining industries in Australasia and represents a unique opportunity for AustChina to provide an additional investment in the energy and resources sector to diversify its existing portfolio. Ms Waterhouse remains a major shareholder in Utilitas and continues as its Chief Executive Officer.

Utilitas launched its first asset development - the Bundaberg bioHub - and commenced early works to prepare the 4-hectare site for new tenancies in the master-planned industrial park. Expressions of interest from potential tenants are now being received.

Utilitas participated at BioEconomy Bundaberg 2020 in October. Utilitas' first asset development, the Bundaberg bioHub, was showcased highlighting the redevelopment of a sewerage treatment plant into an industrial park. Stage 1 demolition works were completed at the former Bundaberg East Wastewater Treatment Plant site. Two tenants are already in place in the existing laboratories, with preparations for the remaining commercial/industrial tenancies underway, including the Company's own biogas to hydrogen project.

The Company has been engaged by "anchor tenants" in two other bioHubs at Dandenong in Victoria and in the Hunter Valley in NSW to carry out Concept Validation.

SUBSEQUENT EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No matters or circumstances have arisen since 31 December 2020 that have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in future financial years.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

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



D Chan
Chairman

10 March 2021



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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of AustChina Holdings Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

RSM

RSM AUSTRALIA PARTNERS

Steve Stavrou

Partner – Assurance and Advisory

Brisbane, Queensland
Dated: 9 March 2021

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AUSTCHINA HOLDINGS LIMITED

ABN 20 075 877 075

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General information

The financial statements cover AustChina Holdings Limited as a consolidated entity consisting of AustChina Holdings Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is AustChina Holding Limited's functional and presentation currency.

AustChina Holdings Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Level 16, 344 Queen Street
Brisbane QLD 4000

Principal place of business

Level 16, 344 Queen Street
Brisbane QLD 4000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 10 March 2021.



**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	Note	31 December 2020 \$	31 December 2019 \$
Interest income		17,419	43,641
Gain on fair value of financial instrument		1,615	70,206
Permit deposit refund previously expensed		-	10,006
Professional services expenses		(171,977)	(216,114)
Tenement expenditure written off/expensed		(25,532)	(552,051)
Finance and interest costs		(289)	-
Corporate overhead expenses		(99,571)	(115,808)
Directors' remuneration		(37,821)	(37,520)
Share based payments expense	8	(219,800)	-
Share of loss from equity accounted investment		(175,897)	(96,241)
		<hr/>	<hr/>
Loss before income tax		(711,853)	(893,881)
Income tax expense		-	-
		<hr/>	<hr/>
Net loss for the half-year		(711,853)	(893,881)
<i>Other comprehensive income</i>			
Other comprehensive income for the period, net of tax		-	-
		<hr/>	<hr/>
Total comprehensive loss for the half-year		(711,853)	(893,881)
		=====	=====
		Cents	Cents
Loss per share for loss attributable to the ordinary equity holders of AustChina Holdings Limited:			
Basic earnings per share	10	(0.04)	(0.06)
Diluted earnings per share	10	(0.04)	(0.06)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

	Note	31 December 2020 \$	30 June 2020 \$
ASSETS			
Current assets			
Cash and cash equivalents		395,963	635,035
Trade and other receivables		44,944	27,851
Convertible notes	3	332,739	489,918
Total current assets		<u>773,646</u>	<u>1,152,804</u>
Non-current assets			
Exploration and evaluation assets	4	15,561,467	15,542,886
Investments accounted for using the equity method		836,580	1,012,478
Investments at fair value through profit or loss		250,000	250,000
Other assets		8,200	8,200
Total non-current assets		<u>16,656,247</u>	<u>16,813,564</u>
Total assets		<u>17,429,893</u> =====	<u>17,966,368</u> =====
LIABILITIES			
Current liabilities			
Trade and other payables		131,815	174,622
Borrowings	5	647,136	648,751
Total current liabilities		<u>778,951</u>	<u>823,373</u>
Non-current liabilities			
Other financial liabilities	6	1,500,000	1,500,000
Total non-current liabilities		<u>1,500,000</u>	<u>1,500,000</u>
Total liabilities		<u>2,278,951</u> =====	<u>2,323,373</u> =====
Net assets		<u>15,150,942</u> =====	<u>15,642,995</u> =====
EQUITY			
Issued capital	7	66,749,129	66,749,129
Reserves		4,067,119	3,847,319
Accumulated losses		(55,665,306)	(54,953,453)
Total equity		<u>15,150,942</u> =====	<u>15,642,995</u> =====

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	Issued capital \$	Accumulated losses \$	Share based payments reserve \$	Asset revaluation reserve \$	Total \$
Balance at 1 July 2019	65,389,553	(54,539,586)	3,528,043	-	14,378,010
Loss for the period	-	(893,881)	-	-	(893,881)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss	-	(893,881)	-	-	(893,881)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	831,318	-	-	-	831,318
Equity issued on part conversion of Convertible Note	500,000	-	-	-	500,000
Equity component of Convertible Note that was converted to shares	(147,828)	-	-	-	(147,828)
Balance at 31 December 2019	66,573,043	(55,433,467)	3,528,043	-	14,667,619
Balance at 1 July 2020	66,749,129	(54,953,453)	3,528,043	319,276	15,642,995
Loss for the period	-	(711,853)	-	-	(711,853)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss	-	(711,853)	-	-	(711,853)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	-	-	-	-	-
Share based payments	-	-	219,800	-	219,800
Balance at 31 December 2020	66,749,129	(55,665,306)	3,747,843	319,276	15,150,942

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	31 December 2020	31 December 2019
	\$	\$
Cash flows from operating activities		
Receipts in the course of operations (inclusive of goods and services tax)	321	34,115
Payments to suppliers (inclusive of goods and services tax)	(303,760)	(436,469)
Interest received	4,598	138,220
Refund of security deposit	-	10,006
Net cash outflow from operating activities	<u>(298,841)</u>	<u>(254,128)</u>
Cash flows from investing activities		
Payments for exploration and evaluation assets	(110,231)	(96,639)
Proceeds from part repayment of convertible note	170,000	-
Net cash inflow/(outflow) from investing activities	<u>59,769</u>	<u>(96,639)</u>
Cash flows from financing activities		
Proceeds from issue of shares	-	831,318
Net cash inflow from financing activities	<u>-</u>	<u>831,318</u>
Net increase/(decrease) in cash and cash equivalents	(239,072)	480,551
Cash and cash equivalents at the beginning of the half-year	635,035	65,881
Cash and cash equivalents at the end of the half-year	<u>395,963</u>	<u>546,432</u>
	=====	=====

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

Note 1 Summary of significant accounting policies

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2020 has been prepared in accordance with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Act 2001*, as appropriate for for-profit oriented entities.

This condensed consolidated interim financial report does not include all the notes normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2020 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

As disclosed in the financial statements, the Group incurred a loss of \$711,853 and had net cash outflows from operating activities of \$298,841 for the half-year ended 31 December 2020. As at 31 December 2020, the Group had net current liabilities of \$5,305.

The ability of the Group to continue as a going concern is principally dependent upon one or more of the following:

- the ability of the company to raise capital as and when necessary;
- the ability of the Group to meet its cashflow forecasts;
- the successful collection of convertible notes receivable of \$332,739 (of which \$224,539 has been received subsequent to 31 December 2020); and
- disposing of non-core assets

The directors have concluded as a result of the requirement to raise funds in the future there exists a material uncertainty that may cast significant doubt regarding the Group's ability to continue as a going concern and therefore, the Group may be unable to realise their assets and discharge their liabilities in the normal course of business. Nevertheless, after taking into account the current financial position of the Group, and the Group's ability to raise further capital, the directors have a reasonable expectation that the Group will have adequate resources to fund its future operational requirements and for these reasons they continue to adopt the going concern basis in preparing the financial report.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

Note 1 Summary of significant accounting policies (continued)

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ 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 the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Group be unable to continue as a going concern.

b) Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

c) New and amended standards adopted by the Group

The Group 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. None of the new and amended standards have had any material impact on the financial statements.

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

d) Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements were set out in the 2020 Annual Report. New critical accounting estimates for the half year period are disclosed below.

Share based payment transactions

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Monte Carlo option pricing model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions, including share price volatility, interest rates and vesting periods would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact the profit or loss and equity.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

Note 2 Segment information

Description of segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources. The Board of Directors carries out the role and is therefore the Chief Operating Decision Maker. Financial information provided to the board is currently at the consolidated level.

Management currently identifies the Group as having only one reportable segment, being exploration of coal, oil and gas. All significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

The Group operates solely within Australia. The Group does not have any products or services that it derives revenue from.

Note 3 Current assets – Convertible Notes

	31 December 2020	30 June 2020
	\$	\$
Convertible Note at face value	330,000	500,000
Capitalised interest	2,739	-
Prepaid interest	-	(10,082)
	<u>332,739</u>	<u>489,918</u>

In 2018 as part consideration for the sale of Surat Gas Pty Ltd the company received a Convertible Note with a Face Value of \$1,000,000 in Sector Projects Pty Ltd, the purchaser of Surat Gas Pty Ltd.

During the half year, Sector Projects Pty Ltd repaid \$170,000 on the Convertible Note. The term of the remaining \$330,000 as at 31 December 2020 has been extended and now requires repayment of \$110,000 on 29 January 2021, \$110,000 on 26 February 2021 and the final \$110,000 is due for repayment on 26 March 2021.

The Note accrues interest of 8% calculated daily and capitalised at the end of each calendar month and is payable together with the face value of the convertible note on maturity date, unless AustChina Holdings Limited elects to convert to shares in Sector Projects Pty Ltd. The Note is secured by a mortgage over two tenements controlled by Sector Projects Pty Ltd.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

Note 4 Non-current assets - Exploration and evaluation assets

	31 December 2020	30 June 2020
	\$	\$
Exploration phase costs – at cost	<u>15,561,467</u>	<u>15,542,886</u>

The capitalised exploration assets carried forward above has been determined as follows:

Balance at the beginning of the period	15,542,886	15,755,652
Expenditure incurred during the period	18,581	343,344
Tenement expenditure written off during the period	-	(556,110)
	<u>15,561,467</u>	<u>15,542,886</u>

The ultimate recoupment of costs carried forward for exploration assets is dependent upon the successful development and commercial exploitation or alternatively sale of the interests in the tenements.

Note 5 Current Liabilities – Borrowings

	31 December 2020	30 June 2020
	\$	\$
Convertible note	<u>647,136</u>	<u>648,751</u>
<i>Borrowings - Convertible Note</i>		
Face value of notes issued	750,000	750,000
Other equity securities – value of conversion rights	(102,864)	(101,249)
Current liability	<u>647,136</u>	<u>648,751</u>

During the half-year period the note holder, Treasure Wheel Global Limited, granted an extension of the remaining \$750,000 such that the current maturity date is 11 May 2021. No interest is payable on the convertible note.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

Note 6 Non-current liabilities – Other financial liabilities

	31 December 2020	30 June 2020
	\$	\$
Other financial liabilities	<u>1,500,000</u>	<u>1,500,000</u>

The Group has agreements with Oliver Lennox-King (Lennox-King), whereby Lennox-King has paid a net \$1.5 million to the Group and in return the Group has agreed to pay Lennox-King a royalty equal to 1% of the gross value of coal sold from certain tenements currently held by the Group, in the areas of the Moreton Energy Coal Project in the Clarence-Moreton Basin and the Tambo Coal & Gas Project in the Upper Surat Basin. The liability was initially recognised at fair value. Post initial recognition, the financial liability is accounted for in accordance with the Group policy for financial instruments set out in Note 1(n) of the 30 June 2020 Annual Report.

The royalty is only payable in the event of future production of coal.

There has been no movement in the balance of the liability. The Group has assessed that the fair value at the time of the initial transaction, which was at arm's length, remains a reasonable assessment of the fair value at 31 December 2020 as no changes in the underlying circumstances have occurred since. The fair value would be Level 3 in the fair value hierarchy.

The Group's exploration and evaluation activities have not progressed to a stage to allow more reliable measurement of any future royalty payment obligations.

Note 7 Contributed equity

	31 December 2020	30 June 2020	31 December 2020	30 June 2020
	Shares	Shares	\$	\$
(a) Share capital				
Ordinary shares				
Fully paid	<u>1,634,124,361</u>	<u>1,634,124,361</u>	<u>66,749,129</u>	<u>66,749,129</u>

(b) Capital Management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group includes equity attributable to equity holders, comprising of issued capital, reserves and accumulated losses. In order to maintain or adjust the capital structure, the Company may issue new shares, sell assets to reduce debt or adjust the level of activities undertaken by the company.

The Group monitors capital on the basis of cash flow requirements for operational and exploration expenditure. The Group will continue to use capital market issues to satisfy anticipated funding requirements.

The Group has no externally imposed capital requirements. The Group's strategy for capital risk management is unchanged from prior years.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

Note 8 Share-based payments

On 30 November 2020, 70,000,000 options were granted to Directors and Key Management Personnel to take up ordinary shares. The options are exercisable at \$0.005 each and expire on 15 December 2023. The options have no voting or dividend rights and are not transferable.

The fair value of these options at grant date was \$219,800. This value was calculated using a Monte Carlo option pricing model applying the following inputs:

	Tranche 1
Number of options	70,000,000
Exercise price	\$0.005
Grant date	30/11/2020
Expiry date	15/12/2023
Volatility	157%
Dividend yield	0%
Risk-free interest rate	0.11%
Weighted average fair value at grant date	\$0.00314

Note 9 Commitments for expenditure

	31 December 2020	30 June 2020
	\$	\$
Exploration commitments		
Commitments as at 31 December 2020 for payments under exploration permits for minerals in existence at the reporting date but not recognised as liabilities are as follows:	294,167	215,417

So as to maintain current rights to tenure of various exploration tenements, the Group will be required to outlay amounts in respect of tenement exploration expenditure commitments. These outlays, which arise in relation to granted tenements are noted above. The outlays may be varied from time to time, subject to approval of the relevant government departments, and may be relieved if a tenement is relinquished.

Exploration commitments are calculated on the assumption that each of the tenements will be held for its full term. However, commitments may decrease materially as exploration advances and ground that is shown to be unprospective is progressively surrendered. Expenditure commitments on prospective ground will be met out of existing funds, joint ventures, farm-outs, and new capital raisings.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

Note 10 Earnings per share

	31 December 2020	31 December 2019
<i>Earnings per share for loss from continuing operations</i>		
Loss after income tax attributable to the owners of AustChina Holdings Limited	(711,853)	(893,881)
	<u>1,634,124,361</u>	<u>1,943,796,614</u>
	Number	Number
Weighted average number of shares used in calculating basic and diluted earnings per share	1,634,124,361	1,943,796,614
	Cents	Cents
Basic earnings per share	(0.04)	(0.06)
Diluted earnings per share	(0.04)	(0.06)

Note 11 Related party transactions

On 30 November 2020, 70,000,000 options were granted to Directors and Key Management Personnel to take up ordinary shares. 60,000,000 of these options were granted to Directors (Daniel Chan 20,000,000; George Lam 20,000,000, Andrew MacIntosh 20,000,000) and 10,000,000 of these options were granted to KMP (Andrew Fogg 5,000,000, Bruce Patrick 5,000,000). The terms of the options are set out in Note 8. An expense of \$219,800 has been recognised in the half year ended 31 December 2020.

Note 12 Events subsequent to reporting date

No matters or circumstances have arisen since 31 December 2020 that have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in future financial years.

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the attached financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date, and
- (b) there are reasonable grounds to believe that AustChina Holdings Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors

A handwritten signature in blue ink, appearing to read 'D Chan'.

D Chan
Chairman

10 March 2021



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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF AUSTCHINA HOLDINGS LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of AustChina Holdings Limited which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of AustChina Holdings Limited 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's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have 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 2020 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*. As the auditor of AustChina Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for 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.

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of AustChina Holdings Limited, 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

We draw attention to Note 1 in the half-year financial report, which indicates that the consolidated entity incurred a loss of \$711,853 and had net cash outflows from operating activities of \$298,841 for the half-year ended 31 December 2020. As at 31 December 2020, the Group had net current liabilities of \$5,305. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Conclusion

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 AustChina Holdings Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



RSM AUSTRALIA PARTNERS



Steve Stavrou
Partner – Assurance and Advisory

Brisbane, Queensland
Dated: 10 March 2021

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