



AUSTCHINA HOLDINGS LIMITED
ABN 20 075 877 075

HALF-YEAR REPORT – 31 DECEMBER 2022

DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

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 2022.

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
Bernard Ripoll

James Dick was appointed as a Director on 4 December 2022 and continues in office at the date of this report.

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 \$570,268 (2021: profit \$556,546).

Strategic Direction

The Company's key strategic focuses are:

1. Continued exploration and development of existing coal projects for the creation of longer-term shareholder value.
2. Continue to review technology's and processes that could provide alternate use or add value for use of the coal at the Blackall Coal Project.
3. Seek opportunities in the resources sector, and
4. Development of a suitable project to provide cash flow in the short to medium term.

Blackall 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 2022 by AustChina is provided in Table 1.

**DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022
(continued)**

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

Exploration Activities

The company outlined its exploration programme for 2023 for its Blackall Coal Project. Resource upgrade planning will incorporate the results of the mining scoping study which will assist in designing a drilling programme in Q3 2023 to upgrade the current JORC resource data for the project. The programme will provide infill drilling within the existing drilling grid over an area to be identified during the mining scoping study.

Laboratory analysis is planned to continue to year's end ahead of a JORC resource upgrade anticipated in Q1 2024.

Austchina Holdings Limited - Blackall Coal Project Exploration Activities 2023												
	2023											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Review of geological database												
Mining scoping study												
Resource upgrade planning												
Drilling programme on site												
Coal quality testing												

Technologies for Alternative Use of Blackall Coal

The potential of the Blackall Coal Project is considered to lie in alternative technologies for the use for the coal on-site to produce products including ammonia, methanol, hydrogen, and energy, with other by-products. The company is looking to take advantage of opportunities within the developing "hydrogen economy". The company's focus is the long-term production of energy products.

On 15 October 2021, AUH announced it had entered into a non-binding Memorandum of Understanding with Fortress Capital Limited to conduct due diligence on a new technology that could enhance AustChina's energy portfolio through the conversion of solid fuels including coal, municipal household and commercial waste, biomass, and other material to generate cleaner environmentally responsible electricity. This process has the potential to reduce carbon emissions and utilise fuel sources such as coal, municipal household and commercial waste that would otherwise go to landfill to produce energy for its own purposes or for sale to the electricity grid.

**DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022
(continued)**

Investment in Biogas Renewable Energy Sector

AustChina holds 25.12% of Queensland based bioenergy developer Utilitas Group Pty Ltd and is well positioned in the bioenergy and bioproducts field in Australia. Utilitas and key project delivery partners have advanced Bankable Feasibility Studies on its top three priority projects Bundaberg, Hunter & Packerham, and have defined a future pipeline of projects to follow.

The company successfully undertook an assessment identifying a new significantly larger scale project model it calls a Biorefinery, which is approximately scale magnitude of ten to the previous model. This has now become the default project size with the company's pipeline adapting to the new larger scale. This adaptation boasts significantly better returns and lower a feedstock risk profile. Support for the sector and Utilitas projects continues to strengthen, prompting more intensive project funding activities.

During the half-year period, the Company determined to write-down the value of its investment in Utilitas to nil on the basis that Utilitas is deficient in net assets. Until such time as Utilitas is in a position to capitalize upon the project activities, the Company's investment is likely to remain at nil. Once Utilitas has been able to return to a positive net asset position, the Company will then determine whether a reversal of the impairment expense is appropriate.

Investment in Revolver Resources Holdings Limited (ASX: RRR)

On 23 September 2021, Sector merged with Dianne Mining Corporation Pty Ltd and listed on the ASX as Revolver Resources Holdings Limited. (Revolver)

Revolver updated the market in December 2022 advising of maiden Copper Mineral Resource at Dianne Mine. The resource combines a shallow high-grade Primary and Supergene sulphide component encompassed within a broad near surface lower grade halo of supergene oxide mineralisation. This mineralization is amenable to low-cost heap leach processing with the sulphide mineralization amenable to floatation to produce potentially saleable copper and zinc concentrates.¹

AUH congratulates Revolver on these results and continues to see long term potential in the copper sector.

SUBSEQUENT EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No matters or circumstances have arisen since 31 December 2022 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*.

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

D Chan
Chairman

16 March 2023

Auditor's Independence Declaration under section 307C of the Corporations Act 2001

To the Board of Directors of AustChina Holdings Limited

As lead auditor for the review of the financial report of AustChina Holdings Limited and the entities it controlled at the end of the period or from time to time during the period for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

Nexia Brisbane Audit Pty Ltd

Nexia Brisbane Audit Pty Ltd



Gavin Ruddell
Director

Date: 16 March 2023

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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 35, 1 Eagle Street
Brisbane QLD 4000

Principal place of business

Level 3, 192 Ann 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 16 March 2023.



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

	Note	31 December 2022 \$	31 December 2021 \$
Interest income		10,535	43
Gain on derecognition of convertible note liability		151,733	-
Gain on fair value of financial instrument		-	2,343
Gain/(loss) on fair value of investments		(25,000)	900,000
Professional services expenses		(115,791)	(140,660)
Tenement expenditure written off/expensed		(730)	(84,687)
Finance and interest costs		-	(2,121)
Corporate overhead expenses		(140,298)	(130,332)
Directors' remuneration		(47,829)	(46,460)
Share of gain (loss) from equity accounted investment	10	(81,534)	58,420
Impairment of equity accounted investment	10	(321,354)	-
		-----	-----
Gain (loss) before income tax		(570,268)	556,546
Income tax expense		-	-
		-----	-----
Net gain (loss) for the half-year		(570,268)	556,546
<i>Other comprehensive income</i>			
Other comprehensive income for the period, net of tax		-	-
		-----	-----
Total comprehensive gain (loss) for the half-year		(570,268)	556,546
		=====	=====
		Cents	Cents
Profit (loss) per share for loss attributable to the ordinary equity holders of AustChina Holdings Limited:			
Basic earnings per share	8	(0.03)	0.03
Diluted earnings per share	8	(0.03)	0.03

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 2022**

	Note	31 December 2022 \$	30 June 2022 \$
ASSETS			
Current assets			
Cash and cash equivalents		2,624,103	3,204,674
Trade and other receivables		53,548	40,087
Total current assets		<u>2,677,651</u>	<u>3,244,761</u>
Non-current assets			
Exploration and evaluation assets	3	15,636,624	15,636,624
Investments accounted for using the equity method		-	402,888
Investments at fair value through profit or loss		587,500	612,500
Other assets		8,200	8,200
Total non-current assets		<u>16,232,324</u>	<u>16,660,212</u>
Total assets		<u>18,909,975</u> =====	<u>19,904,973</u> =====
LIABILITIES			
Current liabilities			
Trade and other payables		82,705	103,588
Borrowings	4	-	503,905
Total current liabilities		<u>82,705</u>	<u>607,493</u>
Non-current liabilities			
Other financial liabilities	5	1,500,000	1,500,000
Total non-current liabilities		<u>1,500,000</u>	<u>1,500,000</u>
Total liabilities		<u>1,582,705</u> =====	<u>2,107,493</u> =====
Net assets		<u>17,327,270</u> =====	<u>17,797,480</u> =====
EQUITY			
Issued capital	6	70,618,567	70,518,509
Reserves		3,766,043	3,766,043
Accumulated losses		(57,057,340)	(56,487,072)
Total equity		<u>17,327,270</u> =====	<u>17,797,480</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 2022**

	Issued capital \$	Accumulated losses \$	Share based payments reserve \$	Asset revaluation reserve \$	Total \$
Balance at 1 July 2021	66,749,129	(56,071,489)	3,766,043	272,740	14,716,423
Gain for the period	-	556,546	-	-	556,546
Other comprehensive income	-	-	-	-	-
Total comprehensive loss	-	556,546	-	-	556,546
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	921,572	-	-	-	921,572
Balance at 31 December 2021	67,670,701	(55,514,943)	3,766,043	272,740	16,194,541
Balance at 1 July 2022	70,518,509	(56,487,072)	3,766,043	-	17,797,480
Loss for the period	-	(570,268)	-	-	(570,268)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss	-	(570,268)	-	-	(570,268)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	100,058	-	-	-	100,058
Balance at 31 December 2022	70,618,567	(57,057,340)	3,766,043	-	17,327,270

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 2022**

	31 December 2022 \$	31 December 2021 \$
Cash flows from operating activities		
Receipts in the course of operations	44,343	33,143
Payments to suppliers	(383,335)	(403,141)
Interest received	10,535	43
Interest paid	-	(570)
	<hr/>	<hr/>
Net cash outflow from operating activities	(328,457)	(370,525)
	<hr/>	<hr/>
Cash flows from investing activities		
Payments for exploration and evaluation assets	-	(110,820)
	<hr/>	<hr/>
Net cash inflow/(outflow) from investing activities	-	(110,820)
	<hr/>	<hr/>
Cash flows from financing activities		
Proceeds from issue of shares	-	980,400
Repayment of convertible note	(250,000)	-
Payment of share issue expenses	(2,114)	(58,828)
	<hr/>	<hr/>
Net cash inflow from financing activities	(252,114)	921,572
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	(580,571)	440,227
Cash and cash equivalents at the beginning of the half-year	3,204,674	390,741
	<hr/>	<hr/>
Cash and cash equivalents at the end of the half-year	2,624,103	830,968
	=====	=====

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 2022

Note 1 Summary of significant accounting policies

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2022 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 2022 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*.

These interim financial statements were authorised for issue as at the date of the directors declaration.

a) Accounting policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

The Group has considered the implications of new and amended Accounting Standards, but determined that their application to the financial statements is either not relevant or not material.

b) 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 recorded a loss of \$570,268 and had net cash outflows from operating activities of \$328,457 for the half-year ended 31 December 2022. As at 31 December 2022, the Group had net current assets of \$2,594,946.

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;
- 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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

Note 1 Summary of significant accounting policies (continued)

b) Going concern (continued)

resources to fund its future operational requirements and for these reasons they continue to adopt the going concern basis in preparing the financial report.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

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 Non-current assets – Exploration and evaluation assets

	31 December 2022	30 June 2022
	\$	\$
Exploration phase costs – at cost	<u>15,636,624</u>	<u>15,636,624</u>

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

Balance at the beginning of the period	15,636,624	15,562,167
Expenditure incurred during the period	<u>-</u>	<u>74,457</u>
Balance at the end of the period	<u>15,636,624</u>	<u>15,636,624</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

Note 4 Current Liabilities – Borrowings

	31 December 2022	30 June 2022
	\$	\$
<i>Financial liabilities at amortised cost</i>		
Convertible note	-	433,896
<i>Financial liabilities at fair value through profit or loss</i>		
Embedded derivative	-	70,009
	<hr/>	<hr/>
Total borrowings	-	503,905
	<hr/>	<hr/>

During the half-year period the note holder, Treasure Wheel Global Limited, elected to convert \$250,000 of the convertible note to shares and were repaid the remaining \$250,000. No interest was payable on the convertible note.

Note 5 Non-current liabilities – Other financial liabilities

	31 December 2022	30 June 2022
	\$	\$
Other financial liabilities	<hr/> 1,500,000	<hr/> 1,500,000

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. 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(I) of the 2022 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's exploration and evaluation activities have not progressed to a stage to allow more reliable measurement of any future royalty payment obligations.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

Note 6 Contributed equity

	31 December 2022	30 June 2022	31 December 2022	30 June 2022
	Shares	Shares	\$	\$
(a) Share capital				
Ordinary shares				
Fully paid	2,077,883,635	2,036,832,732	70,618,567	70,518,509

(b) Ordinary share capital

Date	Details	Note	Number of Shares	Issue Price	\$
1 July 2022	Balance		2,036,832,732		70,518,509
14 Dec 2022	Part conversion of convertible note	(c)	41,050,903	\$0.006	250,000
	Value of conversion rights of convertible notes converted / paid out during the year			-	(147,828)
	Share issue costs			-	(2,114)
31 Dec 2021	Balance		<u>2,077,883,635</u>		<u>70,618,567</u>

(c) Conversion of convertible note

During the year the note holder elected to convert \$250,000 of the convertible note to shares (refer note 4).

(d) 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 2022**

Note 7 Commitments for expenditure

	31 December 2022	30 June 2022
	\$	\$
Exploration commitments		
Commitments as at 31 December 2022 for payments under exploration permits for minerals in existence at the reporting date but not recognised as liabilities are as follows:	<u>237,917</u>	<u>237,917</u>

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.

Note 8 Earnings per share

	31 December 2022	31 December 2021
<i>Earnings per share for profit (loss) from continuing operations</i>		
Loss after income tax attributable to the owners of AustChina Holdings Limited	<u>(570,268)</u>	<u>556,546</u>
	Number	Number
Weighted average number of shares used in calculating basic earnings per share	<u>2,040,625,478</u>	<u>1,756,554,796</u>
Weighted average number of shares used in calculating diluted earnings per share	<u>2,040,625,478</u>	<u>1,901,270,016</u>
	Cents	Cents
Basic earnings per share	(0.03)	0.03
Diluted earnings per share	(0.03)	0.03

Note 9 Events subsequent to reporting date

No matters or circumstances have arisen since 31 December 2022 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.

Note 10 Investment in Associate accounted for using the equity method

The company holds 25.12% (2022: 25.12%) of the issued capital of Utilitas Group Pty Ltd (“Utilitas”), a company that is engaged in the Biogas Renewable Energy Sector. Utilitas is incorporated in Australia and this is also its principal place of business. The proportion of ownership interest is the same as the proportion of voting rights held.

AustChina Holdings Limited does not have any commitments or contingent liabilities in respect of its investment in Utilitas Group Pty Ltd.

	Consolidated	
	31	30 June
	December	2022
	2022	\$
	\$	
Opening carrying amount	402,888	725,006
Share of loss from continuing operations after income tax	(81,534)	(49,378)
Impairment expense	(321,354)	-
Disposal of land and buildings by associate	-	(272,740)
	<hr/>	<hr/>
Closing carrying amount	-	402,888

During the half-year, the Directors of AustChina Holdings Limited decided to impair the carrying value of its investment in Utilitas to nil, consequently, an impairment expense of \$321,354 has been recorded in profit or loss.

As indicated in the Directors Report, Utilitas is well positioned in the bioenergy and bioproducts field in Australia and continues to pursue a pipeline of future projects. The Company has determined to write-down the value of its investment on the basis that Utilitas is deficient in net assets. Until such time as Utilitas is in a position to capitalize upon the project activities, the Company’s investment is likely to remain at nil. Once Utilitas has been able to return to a positive net asset position, the Company will then determine whether a reversal of the impairment expense is appropriate.

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 2022 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', written over a light blue grid background.

D Chan
Chairman

16 March 2023

Independent Auditor's Review Report to the Members of AustChina Holdings Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of AustChina Holdings Limited (the "Company" and its subsidiaries ("the Group")), which comprises the consolidated condensed statement of financial position as at 31 December 2022, the consolidated condensed statement of comprehensive income, consolidated condensed statement of changes in equity and consolidated condensed statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the 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 accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with 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 a 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 Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual 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 review report.

Material Uncertainty Related to Going Concern

The financial statements have been prepared on a going concern basis which contemplates that the Group will continue to meet its commitments and can therefore continue normal business activities and realise its assets and discharge its liabilities in the ordinary course of business.

The ability of the Group to execute its currently planned exploration, evaluation and business activities necessitates the need to periodically raise additional funds. Accordingly, when necessary, the Directors of the Company investigate various options for raising additional funds which may include, amongst other initiatives, issuing new capital or disposing of non-core assets.

Nexia Brisbane Audit Pty Ltd

Registered Audit Company 299289
Level 28, 10 Eagle Street
Brisbane QLD 4000
GPO Box 1189
Brisbane QLD 4001
p +61 7 3229 2022
f +61 7 3229 3277
e email@nexiabrisbane.com.au
w nexia.com.au

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Independent Auditor's Review Report to the Members of AustChina Holdings Limited (continued)

Material Uncertainty Related to Going Concern (continued)

As stated in Note 1, these events or conditions, along with other matters set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

The directors of the Company 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the 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 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 Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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.

Nexia Brisbane Audit Pty Ltd

Nexia Brisbane Audit Pty Ltd



Gavin Ruddell
Director

Date: 16 March 2023