YOUNG AUSTRALIAN MINES LIMITED

(formerly Moly Mines Ltd)

ABN 32 103 295 521

ANNUAL FINANCIAL REPORT

31 DECEMBER 2018

CORPORATE DIRECTORY

Board of Directors

Nelson Chen	Executive Chairman
Trevor Coombe	Managing Director
Guojian Xu	Executive Director

Executive Officers

Evan Hughes	Company Secretary

Principal & Registered Office

Level 11, 100 Edward Street	GPO Box 3160
Brisbane, QLD, 4000	Brisbane, QLD, 4001
Telephone:	+61 7 3210 0113

Email:	info@yamines.com.au
Website:	www.yamines.com.au

Share Register

Computershare Investor Services Pty Ltd
Level 11 / 172 St Georges Terrace
Perth, WA, 6000

Telephone:	1300 850 505 (investors within Australia)
Fax	+61 8 9323 2033
Web	www.computershare.com

Auditor

BDO Audit Pty Ltd
Level 10, 12 Creek St
Brisbane, Qld, 4000

Telephone:	+61 7 3237 5999
Fax:	+61 7 3221 9227
Web:	www.bdo.com.au

DIRECTORS' REPORT

The Directors present their report together with the financial report of Young Australian Mines Limited, formerly Moly Mines Ltd ("Young Australian Mines" or the "Company") and of the consolidated entity, being the Company and its controlled entities (the "Group") for the year ended 31 December 2018, and the auditor's report thereon.

In this report and the financial statements, references to:

- "Hanlong" are to Hanlong Mining Investment Pty Ltd.
- "Sichuan Hanlong Group" are to Sichuan Hanlong Group, a private company incorporated in China.
- "Hanlong Group" are to the Chinese companies controlled by Sichuan Hanlong Group, including Hanlong and Sichuan Hanlong Group itself.

DIRECTORS

The names and details of the Company's Directors in office during the year and until the date of this report are set out below. Directors were in office for the entire year unless otherwise stated.

Director	Qualifications and Experience	Committee Membership
Nelson Chen Executive Chairman	Appointed 31 May 2013. Appointed Chairman 20 December 2013. Mr Chen is a Director of Hanlong (Australia) Resources Pty Ltd and a Chartered Accountant in Australia. He holds postgraduate degrees in finance and accounting. Prior to joining Hanlong, Mr Chen spent over 11 years with PricewaterhouseCoopers, Sydney office in their audit and M&A advisory practices. Mr Chen has served on the board of Australia China Business Council, NSW branch for over 7 years.	Remuneration Committee
Trevor Coombe Managing Director	Appointed 16 April 2018. Mr Coombe was previously the Chief Executive Officer of the Kurri Kurri aluminium smelter in the Hunter Valley, New South Wales (which under his stewardship was one of the largest industrial complexes in New South Wales, with a total direct and indirect workforce of up to 2,000 people) and Norske Hydro's Head of Global Alumina and Smelter Growth for the Oceania Region. Norske Hydro is one of the major global integrated aluminium producers. Mr. Coombe served in these roles for a period of over 13 years. Prior to entering the aluminium industry, Mr. Coombe was involved in the mining industry for over 30 years, including as Chief Executive Officer of Savage Resources' coal mining operation at Liddell Mine in the Hunter Valley, and General Manager of Pasminco's silver-lead-zinc-gold-copper mining operations at Rosebery, Tasmania. Mr Coombe is a Mining Engineer and has spent substantial parts of his early career at Broken Hill and Cobar (with CRA) and as the Senior Mining Engineer for the Lady Loretta joint venture in the Cloncurry region.	Remuneration Committee
Dr Guojian Xu Executive Director	Appointed 7 February 2019 Dr. Guojian Xu has over 20 years experience in the Australian and international mining industry. This experience includes technical, senior management and corporate roles with Queensland Mining Corporation, Premium Exploration, K2 Resource Services, Xstrata, Sparton Resources and Queensland Epithermal Gold. A geologist with specialist IOCG and Mt Isa Style copper deposit skills, Dr. Xu has in-depth knowledge of exploration techniques and extensive experience in mineral resources in Australia and China. Over the last 10 years, Dr. Xu has been successful in managing the exploration activities and commercial dimensions of junior resource companies from project generation, through exploration program design and execution, to resource definition and feasibility studies. He holds a PhD from James Cook University in Australia and an MSc from China University of Geosciences. He is a Member of the Australasian Institute of Mining and Metallurgy and a Fellow of the Society of Economic Geologists, and a competent person as defined by the 2012 Australasian Joint Ore Reserves Committee (JORC) code.	Remuneration Committee (chair)

Dr Lakshman Jayaweera Non-Executive, independent	Appointed 6 April 2018. Resigned 7 February 2019 Dr Jayaweera was appointed a director of QMC in January 2013 and was appointed the Chairman of QMC in July 2013. He is a chemical engineer by profession with over 30 years of experience in the field of resource recovery in Australia, including with Rio Tinto (formerly CRA Ltd) from 1980 to 1986. He was the founder of Hydromet Corporation Limited, a company specialising in metallurgical processing and metal recycling field in Australia. During his time at Hydromet from 1990 to 2012, he held various positions including the position as Managing Director and Executive Chairman. Dr Jayaweera was the Chairman of the Board of Investment of Sri Lanka from 2012 to 2014, which is the premier agency responsible for attracting foreign direct investment into the country.	Audit and Risk Management Committee
Gregory Jones Managing Director	Appointed 22 August 2014. Resigned 9 April 2018 Mr Jones is a geologist with 37 years' exploration and operational experience gained in a broad range of metalliferous commodities both within Australia and overseas. Mr Jones has held senior positions in a number of resource companies including Western Mining Corporation and Sino Gold Limited. His experience spans a wide spectrum of activities from grass-roots exploration through to resource definition and new project generation, project assessment and acquisition, as well as mine geology, ore resource/reserve generation and new mine development.	Audit and Risk Management Committee, Remuneration Committee
Gou Qing Lou Executive Director	Appointed 22 August 2014. Resigned 28 May 2018 Mr Lou was formerly the president of China Construction Bank, Panzhihua Municipality branch in Sichaun province and has over 27 years of experience in credit management and financial investment. Mr Lou holds a Bachelor of Economics degree from Wuhan University and a Postgraduate Diploma in business administration from Sichuan University. Mr Lou is a Board nominee and director of Hanlong.	Audit and Risk Management Committee,
Ivo Polovineo Non-Executive, independent	Appointed 13 March 2017. Resigned 4 April 2018 Mr Polovineo is a member of the Institute of Public Accountants and has spent the past 30 years in senior management roles in the resources sector including seven years as Company Secretary (and five years as CFO) of Sino Gold Mining Limited (a former ASX 100 company) until December 2009 and played an instrumental role in that company's dual listing on the Hong Kong Stock Exchange in 2007.	Audit and Risk Management Committee

COMPANY SECRETARY

Mr Evan Hughes appointed 3 October 2018

Mr Hughes is a chartered accountant with 30 years' experience in the mining industry. His previous positions include Chief Executive Officer of CH Warman Dubai and Managing Director of L&M Mining Ltd in New Zealand. Mr Hughes has also been CFO and Company Secretary for several ASX listed companies in the resources sector and is a member of Chartered Accountants Australia & New Zealand.

.

INTERESTS IN THE SHARES, OPTIONS AND WARRANTS OF THE COMPANY

As at the date of this report, the interests (directly or indirectly held) of the Directors in the shares and warrants of Young Australian Mines were as follows. No options were outstanding.

Director or Officer	Ordinary Shares	Options over Unissued Ordinary Shares	Performance Rights over Unissued Ordinary Shares
N. Chen (i)	-	-	2,464,047
T. Coombe	-	-	2,956,856
G. Xu	-	-	2,661,171
E Hughes	-	-	2,050,580

(i) Mr Chen is a director of Hanlong (Australia) Resources Pty Ltd. Its ultimate parent entity, Hanlong, holds 207,244,146 shares in the Company.

Performance Rights were issued to Directors and employees during the year. Corporate strategy milestones will need to be achieved before the rights can vest in June 2021. Further details can be found in Note 13 of the Financial Statements

DIRECTORS' MEETINGS

The number of meetings of the Board of Directors and Committees of the Board held during the year and the numbers of meetings attended by each Director were as follows:

	Directors' Meetings		Audit and Risk Management Committee Meetings		Remuneration Committee Meetings	
	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend
N. Chen	12	12	-	-	-	-
T. Coombe	6	6	-	-	-	-
L. Jayaweera	6	7	-	-	-	-
G. Jones	5	5	1	1	-	-
G. Lou	7	7	1	1	-	-
I. Polovineo	3	4	0	1	-	-

OPERATING AND FINANCIAL REVIEW

Principal Activities

The principal activity of Young Australian Mines and its subsidiaries (the Group) during the year was the exploration and development of mineral properties.

Result from Operations and Financial Position

Young Australian Mines is a company limited by shares that is incorporated in Australia.

Since the Company's incorporation in January 2003 and since listing on the ASX in March 2004, the Company's financial performance and result has been, and will continue to be, attributable to its ongoing exploration, evaluation, planned development activities and mining operations on its ground holdings. Young Australian Mines was removed from the official list of ASX on 22 April 2017.

The net loss after taxation attributable to the members of the Group for the year ended 31 December 2018 was $5,702,000 (2017: $6,780,000). The basic and diluted loss per share for the Group for the year was 1.48 cents per share (2017: loss of 1.76 cents per share).

The Group's current year financial performance included finance costs of $997,000 (2017: $942,000). During 2018 the Company incurred exploration and project expenses of $2,097,000.

As at 31 December 2018, the Company had exploration and evaluation assets of $52,120,000 (2017; $50,738,000) recognised in the statement of financial position which the majority relates to the Queensland Mining Corporation Limited takeover (refer to Review of Operations for further information). In addition, the Company had net working capital (current assets less current liabilities) of $3,433,000 which included $3,632,000 of cash and cash equivalents.

The Hanlong Loan of $17,477,000 (2017: $13,250,000) was increased by a further drawdown of US$2,000,000 on 27 December 2018. The loan is due for repayment on 23 April 2020. As the Hanlong Loan is in USD, any variation in the loan balance, from year to year, is due to exchange rate fluctuations unless otherwise stated.

REVIEW OF OPERATIONS AND PROJECT DEVELOPMENT ACTIVITIES

The highlights of the Company's operations and project acquisition activities during the year and to the date of this financial report are summarised as follows:

Queensland Mining Corporation Limited (QMC)

Young Australian initiated an off market takeover bid for QMC on 15 December 2017, which was declared unconditional on 21 December 2017 and closed on 19 January 2018. Following this Young Australian made an offer to compulsorily acquire the remaining shares in QMC which was effected on 2 March 2018. QMC was subsequently delisted from the ASX and is now a wholly owned subsidiary of Young Australian Mines.

QMC held the White Range copper project which consists of three main deposits (Greenmount, Kuridala and Young Australian), several smaller deposits (Mt McCabe, Vulcan and Desolation) and numerous advanced exploration prospects (including Copper Canyon, Chopper Ridge and Black Fort). The White Range copper project holds a published JORC 2012 Mineral Resource of 29.2 Mt @ 0.82% copper, 0.18 g/t gold and 0.03% cobalt along with excellent exploration upside. Following the successful takeover of QMC the Company's aim was on formulating a strategy to develop the White Range project to provide an early positive cashflow. Details of the activities undertaken are presented in the following paragraphs.

In early 2018, Young Australian Mines Ltd (YAML) engaged a reputable mining consulting firm (AMDAD) to undertake a preliminary assessment of mining at Kuridala, some 60km south of Cloncurry. To generate an early cashflow it is envisaged that the transitional and primary sulphide ore could be mined at Kuridala and transported to a third party processing plant for treatment. In line with the outcomes of this study, the Company commenced the environmental baseline assessment. The work completed in this regard includes an ecological survey over the entire lease, surface and ground water monitoring plus the initiation of a heritage agreement discussion.

In order to reduce the transportation cost, the Company also started to investigate the possiblity to upgrade the ore at both the Kuirida and Greenmount deposits through a patented laboratory in Western Australia. Samples were despatched and various tests are currently underway. In addition, YAML completed some bottle roll leaching tests for the surface ore at Kuridala with some excellent recovery. All this information is being reviewed and the results will help the design of the overall development route.

In July 2018, the Option and Joint Venture Agreement with Teck Australia (Teck) over its White Range project commenced following the granting and transfer of tenement EPM 26372. Teck has a proven track record in mineral discovery in Australia having been associated with the Carrapateena Cu-Au discovery in South Australia and the Teena Zn-Pb discovery in the Northern Territory. Exploration work completed during the 2018 field season consisted of an airborne gravity survey over the Option area. The purpose of the survey was to aid in defining the geological architecture of the basin under shallow alluvial cover rocks. In addition, an aircore program for a total of 2,921m was completed to further ascertain the geology under alluvial cover. The data collected by Teck is still being analyzed and the results will be used to guide follow-up exploration programs.

Spinifex Ridge Molybdenum / Copper Project

Development of the Spinifex Ridge Molybdenum/Copper Project has been postponed as the Project's economics do not currently support the completion of full funding for the Project and a final investment decision. During 2018 the site camp that was used while the iron ore mine was in operation was sold as were the ball mills that had been purchased for the molebdenum project and had been stored in Perth for many years. The sale of these items will reduce the ongoing operating costs which were associated with maintaining and storing these assets.

Corporate

The Company changed its name in May 2018 from Moly Mines Ltd to Young Australian Mines Ltd.

During the 2018 year Directors, Greg Jones, Ivo Polovineo and Guo Qing Lou resigned or retired. New Directors appointed were Lakshman Jayaweera and Trevor Coombe. Since December 2018 Lakshman Jayaweera has resigned and been replaced by Guojian Xu.

The corporate office was moved from Sydney to Brisbane in July 2018 to reflect the focus of the company's assets now being situated in Queensland. There were a number of staffing and organizational changes effected as part of this move and also to implement a cost reduction strategy.

The Company is seeking to raise additional capital in order to progress the White Range project and potential capital raising options have been evaluated throughout the year. At year end a shareholder loan from Hanlong Mining Investments was extended by the additional drawdown of US$2 million to provide for working capital requirements.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

All significant changes in the state of affairs of the Group during the year are discussed in detail above.

DIVIDENDS

The Directors of Young Australian Mines have resolved not to recommend a dividend for the year ended 31 December 2018. No dividends were declared or paid during the year.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

Other than as stated under the Operating and Financial Review and the Review of Operations and Project Development Activities sections, there has not arisen in the interval between the end of the reporting period and the date of this financial report any other item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations or the state of affairs of the Group, in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Likely future developments in the operations of the Group are the progression of the White Range copper project.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group is subject to significant environmental regulation in respect to its exploration and development activities.

The Group aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and complies with all environmental legislation. The Directors of the Group are not aware of any breach of environmental legislation for the period under review.

INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITORS

The Company has made an agreement to indemnify all the Directors and Officers of the Company against all losses or liabilities incurred by each Director and Officer incurred in good faith in the ordinary course of business in their capacities as Directors and Officers of the Company. During or since the end of the reporting period, the Company has paid premiums in respect of a contract insuring all the Directors of Young Australian Mines legal costs incurred in defending proceedings for conduct involving:

- A wilful breach of duty.
- A contravention of sections 182 or 183 of the Corporations Act 2001, as permitted by section 199B of the Corporations Act 2001.

The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not indemnified its auditors.

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest thousand (when rounding is applicable) under the option available to the Company under ASIC CO 2016/191 The Company is an entity to which the class order applies.

NON-AUDIT SERVICES

The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised. Details of amounts paid or payable to the auditor for non-audit services provided during the year are outlined below:

	31 Dec 2018
	A$
Audit fees for audit and review of the financial report	44,602
	44,602

PROCEEDINGS ON BEHALF OF THE COMPANY

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained the attached independence declaration from our auditors, BDO Audit Pty Ltd, which forms part of this report.

Signed in accordance with a resolution of the Directors.

Nelson Chen
Chairman

28 March 2019
Brisbane

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

DECLARATION OF INDEPENDENCE BY R M SWABY TO THE DIRECTORS OF YOUNG AUSTRALIAN MINES LIMITED

As lead auditor of Young Australian Mines Limited for the year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Young Australian Mines Limited and the entities it controlled during the period.

BDO Audit Pty Ltd

R M Swaby
Director

Brisbane, 28 March 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

		Consolidated	
		31 Dec	31 Dec
		2018	2017
	Note	A$'000	A$'000
Interest income		61	771
Other income	4	1,517	1,009
Administrative expenses	4	(3,639)	(3,486)
Foreign currency losses	4	(1,395)	(3,121)
Exploration expenses	9	(715)	(109)
Provision for rehabilitation		(9)	(340)
Project assessment expenses		-	(562)
Movement in fair value of other financial assets		(462)	-
Decrease in value of Equity Accounted Investment		(63)	-
Finance costs	4	(997)	(942)
Loss before income tax		(5,702)	(6,780)
Income tax expense / (benefit)	5	-	-
Loss after income tax		(5,702)	(6,780)
Other comprehensive income		-	-
Total comprehensive loss for the year attributable to equity holders of the Company		(5,702)	(6,780)
Loss per share attributable to the ordinary equity holders of the Company:			
Basic and diluted loss per share (cents per share)	16	(1.48)	(1.76)

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 2018

	Note	Consolidated 31 Dec 2018 A$'000	31 Dec 2017 Restated A$'000	1 Jan 2017 Restated A$'000
Current Assets				
Cash and cash equivalents	6	3,632	20,496	63,677
Receivables	7	173	373	1,039
Inventories		-	51	49
Other financial assets – at fair value		-	862	-
Total Current Assets		3,805	21,782	64,765
Non-Current Assets				
Receivables	7	80	32	315
Plant and equipment	8	113	735	1,043
Mineral Properties	9	52,120	50,738	-
Rehabilitation security deposit		646	637	-
Other financial assets – at fair value		364	-	-
Investments accounted for using the equity method		437	500	-
Total Non-Current Assets		53,760	52,642	1,358
Total Assets		57,565	74,424	66,123
Current Liabilities				
Trade and other payables	10	362	6,483	489
Provisions	11	10	-	1,177
Total Current Liabilities		372	6,483	1,666
Non-Current Liabilities				
Borrowings	12	17,477	13,250	14,283
Provisions	11	2,074	2,064	82
Total Non-Current Liabilities		19,551	15,314	14,365
Total Liabilities		19,923	21,797	16,031
Net Assets		37,642	52,627	50,092
Equity				
Contributed equity	13	402,673	402,673	402,673
Reserves	14	9,422	9,390	9,390
Accumulated losses		(374,453)	(368,751)	(361,971)
Non-controlling interest		-	9,315	-
Total Equity		37,642	52,627	50,092

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Contributed Equity $'000	Accumulated Losses $'000	Share Based Payments Reserve $'000	Warrants Reserve $'000	Non-Controlling Interest $'000	Total Equity $'000
	(Note 13)		(Note 14)	(Note 14)		
At 1 January 2017	402,673	(354,571)	-	9,390	-	57,492
Retrospective adjustment upon prior period adjustment	-	(7,400)	-	-	-	(7,400)
At 1 January 2017 (restated)	402,673	(361,971)	-	9,390	-	50,092
Loss for the period	-	(6,780)	-	-	-	(6,780)
Other comprehensive income	-	-	-	-		-
Total comprehensive income for the period	-	(6,780)	-	-	-	(6,780)
Equity Transactions						
Non-controlling interest on acquisition of subsidiary	-	-	-	-	9,315	9,315
At 31 December 2017	402,673	(368,751)	-	9,390	9,315	52,627
At 1 January 2018	402,673	(368,751)	-	9,390	9,315	52,627
Loss for the period	-	(5,702)	-	-	-	(5,702)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	(5,702)	-	-	-	(5,702)
Equity Transactions						
Non-controlling interest on acquisition of subsidiary	-	-	-	-	(9,315)	(9,315)
Share based payment expense			32			32
At 31 December 2018	402,673	(374,453)	32	9,390	-	37,642

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Consolidated 31 Dec 2018 A$'000	Consolidated 31 Dec 2017 A$'000
Cash flows from operating activities			
Receipts from customers		97	10
Payments to suppliers and employees		(3,410)	(3,965)
Payments for exploration and project assessment expenses		(716)	(1,241)
Rental bond refunded		-	285
Other – MRL settlement		-	1,737
Interest received		61	776
Interest paid		(980)	(949)
Net cash flows used in operating activities	18	(4,948)	(3,347)
Cash flows from investing activities			
Payments for security deposits		(57)	-
Payments for plant and equipment		(92)	(1)
Payments for capitalised exploration cost		(1,195)	-
Proceeds from disposal of plant and equipment		1,500	182
Proceeds from sale of other financial assets		547	-
Acquisition of subsidiary and costs of acquisition		(15,450)	(39,009)
Net cash flows from investing activities		(14,747)	(38,828)
Cash flows from financing activities			-
Proceeds from loan		2,831	-
Net cash flows from financing activities		2,831	-
Net decrease in cash and cash equivalents		(16,864)	(42,175)
Cash on Acquisition of subsidiary		-	2,114
Net foreign exchange difference		-	(3,120)
Cash and cash equivalents at beginning of the period		20,496	63,677
Cash and cash equivalents at end of the period	6	3,632	20,496

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

1. CORPORATE INFORMATION

The financial report of Young Australian Mines Limited ("Young Austalian Mines" or the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2018 was authorised for issue in accordance with a resolution of the Directors on 28 March 2019.

Young Australian Mines is a Company limited by shares incorporated and domiciled in Australia. The ultimate Australian parent of Young Australian Mines is Hanlong, which owns 53.8% of the issued share capital. The ultimate parent of Hanlong is Sichuan Hanlong Group, a private company incorporated in China.

The nature of the operations and principal activities of Young Australian Mines is mining, exploration and development of mineral resources. The Company successfully concluded a takeover bid for Queensland Mining Corporation Limited containing the White Range Copper Project, which was commenced in 2017, during March 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on a historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

The financial report is presented in Australian dollars. All values are rounded to the nearest thousand dollars ($'000) unless stated under the option available to the Company under ASIC CO 2016/191. The Company is an entity to which that class order applies.

Compliance Statement

These financial statements are general purposes financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards ("IFRS").

New Accounting Standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year except as follows:

(i) Amendments to accounting standards that are mandatorily effective for the current year

The Group has adopted the following new and amended Australian Accounting Standards and Interpretations as of 1 January 2018:

- AASB 9 Financial Instruments; and
- AASB 15 Revenue from Contracts with Customers

The impact of the adoption of these standards and the new accounting policies, being AASB 9, are disclosed below. AASB 15 standards did not have any impact on the group's accounting policies and did not require retrospective adjustments.

AASB 9 Financial Instruments – Impact of adoption

AASB 9 replaces the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.
The adoption of AASB 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies. The new accounting policies are set out in note below. In accordance with the transitional provisions in AASB 9(7.2.15) and (7.2.26), comparative figures have not been restated.

(i) Classification and Measurement
On 1 January 2018 (the date of initial application of AASB 9), the Group's management has assessed which business models apply to the financial assets held by the group and has classified its financial instruments into the appropriate AASB 9 categories. There were no changes to the classification and measurement of financial assets.

(ii) Impairment of financial assets
The Group has one type of financial asset that is subject to AASB 9's new expected credit loss model, being trade and other receivables.

The Group was required to revise its impairment methodology under AASB. There was no material impact of the change in impairment methodology on the group's retained earnings and equity.
While cash and cash equivalents are also subject to the impairment requirements of AASB 9, there was no material impairment loss identified.

AASB 9 Financial Instruments – Accounting policies applied from 1 January 2018

Classification
From 1 January 2018, the group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement
At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.
Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments
Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the

financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. Again or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Impairment
From 1 January 2018, the group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.
For trade receivables, the group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(ii) Australian Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the year ended 31 December 2018. These are outlined the following table.

Reference	Title	Summary of change	Application date of standard	Application date for Group
AASB 16	Leases	The key features of the standard are: • Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. • A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. • Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments and payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. A lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases differently. Enhanced disclosure requirements will improve information disclosed about a lessor's risk exposure. The Group will recognise a right-of-use asset and liability for its office premises leases and any other leases it has at the date of application of the standard. Depreciation of the lease assets and interest on the lease liability will be recognised in profit or loss.	1 January 2019	1 January 2019

Reference	Title	Summary of change	Application date of standard	Application date for Group
AASB 2014-10 AASB 2015-10 AASB 2017-5	Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Amendments to IFRS and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. The amendments to IFRS 10 and IAS 28 deal with situations where there is a sales or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state the gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity model, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interested in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.	1 January 2022	1 January 2022

Reference	Title	• Summary of change	Application date of standard	Application date for Group
AASB Interpretation 23 AASB2017-4	Uncertainty Over Income Tax Treatments	Interpretation 23 clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates ('tax amounts'), when there is uncertainty over income tax treatments under AASB *112 Income Taxes.* The interpretation requires an entity to: • Use judgement to determine whether each tax treatment should be considered independently or whether some tax treatments should be considered together • Assume that a taxation authority with the right to examine any amounts reported to it will examine those amounts and will have full knowledge of all relevant information when doing so • Determine tax amounts on a basis that is consistent with the tax treatment included in its income tax filings if an entity concludes that it is probable that a particular tax treatment will be accepted by the taxation authorities • Determine tax amounts using the most likely amount or expected value of the tax treatment (whichever provides better predictions of the resolution of the	1 January 2019	1 January 2019

uncertainly). If an entity concludes that it is not probable that a particular tax treatment will be accepted by the taxation authorities.

AASB 2017-4 amends AASB 1 *First-time Adoption of Australian Accounting Standards* as a consequence of the issuance of Interpretation 23. In terms of the amendment a first time adopter, whose date of transition to Australian Accounting Standards is before 1 July 2017, may elect not to reflect the application of Interpretation 23 in comparative information in its first IFRS compliant financial statements. Instead an entity which makes this election recognises the cumulative effect of applying interpretation 23 as an adjustment to opening retained earnings (or other component of equity) at the beginning of its first IFRS compliant reporting period.

Reference	Title	• Summary of change	Application date of standard	Application date for Group
IFRS Standards 2015-2017	Annual Improvements to IFRS Standards 2015-2017 Cycle	Annual Improvements to IFRS Standards 2015-2017 Cycle Makes amendments to the following Accounting Standards: • IFRS 3 Business Combinations to clarify that remeasurement of a previously held interest in a joint operation is required on obtaining control of that joint operation • IFRS 11 Joint Arrangements to clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business • IAS 12 Income Taxes to clarify the requirements surrounding when the tax consequences of distributions should be recognised in income tax expense rather than retained earnings • IAS 33 Borrowing Costs to clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.	1 January 2019	1 January 2019

Basis of Consolidation

The consolidated financial statements comprise the financial statements of Young Australian Mines Limited (the parent entity) and its subsidiaries at the reporting date (the "Group").

Subsidiaries are fully consolidated from the date the Group obtains control until such time as control ceases. An investor controls an investee when:

i) it has power over an investee;
ii) it is exposed, or has rights, to variable returns from its involvement with the investee; and
iii) has the ability to use its power to affect its returns.

All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses arising from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

Investments in subsidiaries are detailed in Note 20.

Significant accounting judgments, estimates and assumptions

The following are the critical judgements estimates and assumptions that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

(a) Asset acquisitions

In assessing the requirements of IFRS 3 Business Combinations, the Group has determined that the acquisition of QMC does not constitute a business. The principal assets acquired consist of the White Range copper project consisting of three main deposits (Greenmount, Kuridala and Young Australian), several smaller deposits (Mt McCabe, Vulcan and Desolation) and numerous advanced exploration prospects (including Copper Canyon, Chopper Ridge and Black Fort). When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition are included in the capitalised cost of the asset.

(b) Carrying value of capitalised exploration and evaluation expenditure

The Consolidated Group has capitalised significant exploration and evaluation expenditure on the basis either that this is expected to be recouped through future successful development or alternatively sale of the areas of interest. If ultimately the area of interest is abandoned or is not successfully commercialised, the carrying value of the capitalised exploration and evaluation expenditure would be written down to its recoverable amount. Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, and changes to commodity prices.

(c) Provisions for decommissioning and restoration costs

Decommissioning and restoration costs are a normal consequence of mining, and the majority of this expenditure is incurred at the end of a mine's life. In determining an appropriate level of provision consideration is given to the expected future costs to be incurred, the timing of these expected future costs (largely dependent on the life of the mine), and the estimated future level of inflation.

The ultimate cost of decommissioning and restoration is uncertain and costs can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other mine sites. The expected timing of expenditure can also change, for example in response to changes in reserves or to production rates.

Changes to any of the estimates could result in significant changes to the level of provisioning required, which would in turn impact future financial results.

(d) Going Concern

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

For the year ended 31 December 2018, the Group generated a consolidated loss of $5,702,000 and incurred operating cash outflows of $4,948,000. As at 31 December 2018 the Group had cash and cash equivalents of $3,632,000, net current assets of $3,433,000 and net assets of $37,642,000.

The ability of the Group to continue as a going concern is dependent upon the Group being able to manage its liquidity requirements by taking some or all of the following actions:

1. Raising additional capital or securing other forms of financing, as and when necessary to meet the levels of expenditure required for the Group to continue to explore and develop the mineral properties in which it has an interest and to meet the Group's working capital requirements;
2. Sale of other non-core assets; and
3. Reducing its working capital expenditure.

These conditions give rise to a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

Notwithstanding the above, the Directors consider it appropriate to prepare the financial statements on a going concern basis after having regard to the following matters:

1. The Group is currently reviewing a number of strategic and funding opportunities;
2. The Group is planning to sell non-core assets:

Should the Group be unable to continue as a going concern, it may be required to realise its assets and liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amount and classification of liabilities that might be required should the Group not be able to achieve the matters set out above and thus be able to continue as a going concern.

Prior Period Adjustment

Ball Mill Valuation - The Group has made a prior period adjustment to impair the carrying value of its two 14MW polysius 7.3 x 12.5M' ball mills. For several years the recoverable amount of these assets had been difficult to verify due to the specific nature and market for these assets. These ball mills had been ordered specifically for the proposed molybdenum operation in Western Australia and when the planned development of this project was cancelled due to poor commodity prices the ball mills were not of a size and nature that readily made them applicable to other operations. Upon audit this uncertainty over the recoverable amount had been the basis for a qualified opinion. Soon after the end of the half year to 30 June 2018 a contract for the sale of these items was concluded and therefore a recoverable amount had been determined by reference to a market based arms-length transaction. The Directors consider that this recoverable amount represents an appropriate measure for the recoverable amount when the initial impairment trigger occurred upon cancellation of the planned development.

The tables below provide a summary of the amounts of the adjustments for each financial statement line item affected by the prior period adjustment as at 1 January 2017.

	As at 1 Jan 2017		
	Previously reported	**Effect of adjustment**	**Restated**
	A$'000	**A$'000**	**A$'000**
Current Assets	64,765	-	64,765
Non Current Assets			
Plant and Equipment	8,443	(7,400)	1,043
Total Non Current Assets	8,758	(7,400)	1,358
Total Assets	73,523	(7,400)	66,123
Total Liabilities	16,031	-	16,031
Net Assets	57,492	(7,400)	50,092
Total Equity	57,492	(7,400)	50,092

Cash and cash equivalents

Cash and short term deposits in the statement of financial position comprise of cash at bank and in hand and short term deposits with an original maturity of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash includes cash at bank and in hand as defined above, net of outstanding bank overdrafts.

Trade and other receivables

Trade and other receivables, which generally have 30 to 90 day terms, are recognised initially at fair value, which is generally the original invoice amount, and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

The group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Financial assets

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after reporting date, which are classified as non-current.

Investments in associates

The Group's investment in its associates is accounted for using the equity method of accounting in the consolidated financial statements and at cost in the parent. The associates are entities over which the Group has significant influence and that are neither subsidiaries nor joint ventures.

The Group generally deems they have significant influence if they have over 20% of the voting rights.
Under the equity method, investments in the associates are carried in the consolidated Statement of Financial Position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in associates.

The Group's share of its associates' post-acquisition profits or losses is recognised in the Statement of Comprehensive Income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's Statement of Comprehensive Income, while in the consolidated financial statements they reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the Group does not recognise further losses, unless it has incurred obligations or made payment on behalf of the associate.

The reporting dates of the associates and the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. The cost of each item of plant and equipment is written off over its expected economic life, adjusted for any salvage value if applicable. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items.

Depreciation is provided on a straight-line basis. Major depreciation periods are:

	Dec 2018	Dec 2017
Plant and equipment	2-4 years	2-4 years
Motor vehicles	5 years	5 years

Impairment

Plant and equipment is reviewed for impairment if there is any indication that the carrying amount may not be recoverable. Where a review for impairment is conducted, the recoverable amount is assessed by reference to the higher of 'value in use' (being the net present value of expected future cash flows of the relevant cash generating unit) and 'fair value less costs to sell'.

Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest. Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation.

Exploration expenditure for each area of interest is written off as incurred, except that it may be carried forward provided that one of the following conditions is met:

- such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- exploration activities in the area of interest have not, at reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Exploration expenditure which no longer satisfies the above policy is written off. In addition, an impairment allowance is raised against exploration expenditure where the Directors are of the opinion that the carried forward net cost may not be recoverable under the above policy. The increase in the allowance account is recognised in profit and loss for the period.

When an area of interest is abandoned, any expenditure carried forward in respect of that area is written off in the period in which the decision to abandon is made, firstly against any existing allowance account for that expenditure, with any remaining balance recognised in profit and loss for the period.

Expenditure is not carried forward in respect of any area of interest unless the Group's right of tenure to that area of interest is current. Amortisation is not charged on areas under development, pending commencement of production.

Exploration and evaluation expenditure will commence to amortise by using unit-of-production method after the individual geological area commences production.

Provision for restoration, rehabilitation and environmental expenditure

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. Furthermore, gains from the expected disposal of assets are not taken into account in measuring a provision.

Any adjustments to the provision as a result of the unwinding of the discount are recognised as an interest expense and not as a movement in the restoration provision expense.

Changes to the estimated liability, including changes as a result of changes to discount rates are added to or subtracted from the cost of the asset in the current period. The carrying value of the asset may not, however, be reduced below zero. Any excess is therefore taken to profit and loss.

Trade and other payables

Trade payables and other payables are carried at amortised cost and due to their short-term nature are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the period that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

Interest-bearing liabilities

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effect interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Gains and losses are recognised in profit and loss when the liabilities are derecognised.

Provisions

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

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit and loss net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The risks specific to the provision are factored into the cash flows and as such a risk-free government bond rate relative to the expected life of the provision is used as a discount rate. The increase in the provisions resulting from the passage of time is recognised as a finance cost.

Employee entitlements

Provision is made for employee entitlements accumulated as a result of employees rendering services up to the reporting date. These entitlements include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits due to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on corporate bonds, which have terms to maturity approximating the terms of the related liabilities, are used.

Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction net of tax of the share proceeds received.

Revenue recognition

Interest revenue

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Taxes

(i) Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation legislation

Young Australian Mines and its wholly-owned Australian controlled entities implemented the tax consolidation legislation as of 25 March 2004.

(ii) Other Taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Earnings per share

(i) Basic Earnings per Share

Basic earnings per share is determined by dividing the profit / (loss) from ordinary activities after related income tax expense by the weighted average number of ordinary shares outstanding during the period, adjusted for any bonus element.

(ii) Diluted Earnings per Share

Diluted earnings per share is calculated as net profit / (loss) attributable to members, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

3. ASSET ACQUISITION

(a) Acquisition of controlling interest in Queensland Mining Corporation Limited (QMC)

On 15 December 2017, Young Australian Mines Limited announced a takeover bid under which it offered to acquire all of the issued shares in Queensland Mining Corporation Limited (QMC). On 21 December 2017 the Company had received acceptances representing 55.53% of QMC's issued shares and Young Australian appointed two Directors on to the QMC Board, thereby obtaining control of QMC.

The Group has determined that the assets acquired did not include the sufficient inputs, processes and outputs to meet the definition of a business defined in the Australian Accounting Standards as at the date of acquisition and therefore is not a business combination. The acquisition has been accounted for as an asset acquisition.

(b) Relative Fair Value of assets acquired and liabilities assumed in QMC

Details of the relative fair value of the assets acquired and liabilities assumed at 21 December 2017 being the date control of Queensland Mining Corporation Limited was obtained, are as follows:

	21 Dec 2017 A$'000
Purchase consideration – paid or payable	
Cash	50,845
Acquisition costs of QMC	3,299
Total purchase consideration	54,144
Net assets acquired	
Cash	2,114
Other financial assets – at fair value	862
Rehabilitation security deposit	637
Investment accounted for using the equity method	500
Other assets	36
Plant and equipment	46
Exploration and evaluation assets	50,738
Other liabilities	(789)
Net identifiable assets acquired	54,144

(c) Further interest acquired in QMC

Following the takeover offer and subsequent control of QMC on 21 December 2017 (with a controlling interest of 55.53%) the Company's interest as at 31 December 2017 increased to 81.68%. The takeover offer was declared unconditional on 21 December 2017 and closed on 19 January 2018. At year end QMC has been consolidated into the Group with the non-controlling interest representing the remaining shares in QMC that have not been acquired at 31 December 2017. Subsequent to year end Young Australian made an offer to compulsorily acquire the remaining shares in QMC which was effected on 2 March 2018 (refer Review of Operations).

(d) Investments in associates

Set out below are the material associates of the Group. All of the entities listed below have share capital consisting solely of ordinary shares. The proportion of ordinary shares held by the Group equals the voting rights held by the Group. Each entity's place of incorporation is its principal place of business.

Name	Place of business/incorporation	Proportion of ordinary shares % 2018	Measurement method
Spinifex Mines P/L	Australia	20	Equity
QMC Exploration P/L	Australia	20	Equity

Spinifex Mines Pty Ltd is a private entity that holds one gold exploration licence and nine gold mining licences in Queensland. QMC Exploration Pty Ltd is a private entity that holds three gold exploration licences in Queensland. All of the Group's associates are private companies and therefore no quoted market prices are available for their shares.

(e) Available for sale investments

Other financial assets comprises of shares in a listed corporation. The shares are initially measured at cost and subsequently measured at fair value. Fair value is determined by their prices quoted on the relevant exchanges.

4. OTHER INCOME AND EXPENSES

	Consolidated	
	31 Dec 2018 A$'000	31 Dec 2017 A$'000
INCOME		
Other Income		
Rental and other income	97	10
Gain on sale of assets	1,420	
Sale revenue – iron ore (i)	-	999
	1,517	1,009
EXPENSES		
Administrative Expenses		
Salaries and wages	786	655
Directors' fees	736	646
Defined contribution superannuation expense	-	60
Share based payments	32	-
Other employee benefits expense	12	(56)
Directors and employee related costs	1,566	1,305
Site administration expenses	244	737
Consultants and legal fees	743	486
Operating lease expense	111	392
Depreciation and amortisation	64	63
Other administrative expenses	911	503
	3,639	3,486
Net Foreign Currency Losses		
Realised foreign currency losses	-	4,154
Unrealised foreign currency losses	1,395	(1,033)
	1,395	3,121
Finance costs		
Interest expense	997	942

(i) An additional amount of $999,000 was recognised in the previous year as part of the final amount of $1,737,000 which was received from MRL as part of the settlement arrangement.

	Consolidated 31 Dec 2018 A$'000	Consolidated 31 Dec 2017 A$'000
5. INCOME TAX		
The major components of income tax expense are:		
Statement of comprehensive income		
Current Income Tax		
Current income tax charge / (benefit)	-	-
Deferred Income Tax		
Relating to origination and reversal of timing differences	-	-
	-	-

A reconciliation between income tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:

	31 Dec 2018 A$'000	31 Dec 2017 A$'000
Accounting loss before income tax	(5,702)	(6,780)
At the Group's statutory income tax rate of 27.5% (2017: 27.5%)	(1,568)	(1,864)
Non-deductible expenses	287	(139)
Unrecognised tax losses	1,281	2,003
Income tax expense	-	-
Deferred Tax Balances		
Deferred Tax Liabilities		
Foreign exchange		-
Loans	(11,974)	(12,358)
Other	6	11
Deferred tax asset offset against deferred tax liability	11,968	12,347
	-	-
Deferred Tax Assets		
Mine development	29,948	30,137
Plant and equipment	28	13,760
Provisions	573	389
Other	181	502
Tax losses	65,341	48,211
	96,071	92,999
Deferred tax asset offset against deferred tax liability	(11,968)	(12,347)
Deferred tax asset not recognised	(84,103)	(80,652)
	-	-

The deferred tax assets will only be obtained if:

(i) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
(ii) the conditions for deductibility imposed by tax legislation continue to be complied with; and
(iii) no changes in tax legislation adversely affect the consolidated entity in realising the benefit.

Young Australian Mines and its 100% owned Australian resident subsidiaries (excluding Queensland Mining Corporation Limited which was acquired late December 2017) formed a tax consolidated group with effect from 25 March 2004. Young Australian Mines is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statement in respect of this agreement on the basis that the possibility of default is remote.

6. CASH AND CASH EQUIVALENTS

	Consolidated	
	31 Dec 2018 A$'000	31 Dec 2017 A$'000
Cash at bank and in hand	3,632	15,933
Short term deposits	-	4,563
	3,632	20,496

Bank bills and other money market investments are typically held for 30 to 90 days and earn interest at the prevailing rates.

7. RECEIVABLES

	Consolidated	
	31 Dec 2018 A$'000	31 Dec 2017 A$'000
Current		
Trade receivables (a)	5	27
GST receivables	-	224
Interest receivable	-	39
Other debtors	111	-
Prepayments	57	83
	173	373
Non-current		
Security deposits (a)	80	32

(a) Credit risk

The carrying value of the receivables approximates their fair value. The maximum exposure of credit risk at the reporting date is the higher of the carrying value and fair value of each class of receivables. No collateral is held as security.

	Consolidated	
	31 Dec 2018 A$'000	31 Dec 2017 A$'000 Restated

8. PLANT AND EQUIPMENT

	2018	2017
Plant and equipment		
- at cost	139	854
- accumulated depreciation	(26)	(119)
Total plant and equipment	113	735

Reconciliation of the carrying amounts of plant and equipment at the beginning and end of the current and previous reporting periods

	2018	2017
Plant and Equipment		
Carrying amount at beginning of the year	735	1,043
Additions	92	1
Additions on asset acquisition of QMC (refer note 3)	-	46
Disposals	(650)	-
Obsolete plant and equipment written off (written down value)	-	(292)
Depreciation expense	(64)	(63)
Carrying amount at end of the year	113	735

9. MINERAL PROPERTIES

	2018	2017
Exploration and evaluation assets	52,120	50,738
Movements:		
Balance at the beginning of the year	50,738	-
Additions	1,910	109
Asset acquisition of QMC (refer note 3)	187	50,738
Expenditure written off during the year	(715)	(109)
Balance at end of the year	52,120	50,738

The ultimate recoupment of costs carried forward for exploration expenditure is dependent on the successful development and commercial exploitation or sale of the respective mining areas.

	Consolidated 31 Dec 2018 A$'000	Consolidated 31 Dec 2017 A$'000

10. TRADE AND OTHER PAYABLES

	2018 A$'000	2017 A$'000
Trade and other payables	139	1,843
Accruals	200	386
Other	23	16
QMC consideration payable (refer note 3)	-	4,238
	362	6,483

Trade and other payables are non-interest bearing and generally settled on 30 day terms. Due to their short-term nature, their carrying amount is assumed to approximate their fair value.

11. PROVISIONS

	2018 A$'000	2017 A$'000
Current		
Annual leave	10	-
	10	-
Non-current		
Rehabilitation – Spinifex Ridge	1,413	1,413
Rehabilitation – QMC (refer note 3)	646	637
Long service leave	15	14
	2,074	2,064

Movement in the Spinifex Ridge provision for rehabilitation

	2018 A$'000	2017 A$'000
Opening balance	1,413	1,073
Increase resulting from remeasurement	-	340
Closing balance	1,413	1,413

Movement in the QMC provision for rehabilitation

	2018 A$'000	2017 A$'000
Opening balance	637	
Increase due to acquisition	-	637
Increase resulting from remeasurement	9	-
Closing balance	646	637

Rehabilitation provisions are subject to inherent uncertainty in both timing and amount, and as a result are continuously monitored and revised. Timing is uncertain as the next stage in rehabilitation is dependent on success of previous work after a number of wet seasons, however rehabilitation is not expected to commence in the next year. The provision recognised is aligned with the calculation provided by the Department of Mines and Petroleum for Young Australian tenements.

	Consolidated 31 Dec 2018 A$'000	Consolidated 31 Dec 2017 A$'000
12. BORROWINGS		
Non-Current		
Loan - Hanlong	17,477	13,250

Interest Rate, Foreign Exchange and Liquidity Risk

The Company does not have any exposure to variable interest rate risk on its borrowings as all interest rates have been fixed.

Carrying Value

Borrowings are held at amortised cost. The loan is repayable in April 2020 and the carrying value is determined to be a reasonable approximation of fair value.

13. CONTRIBUTED EQUITY

Issued and paid up capital	402,673	402,673

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

Movements in shares on issue:	Number of shares	A$'000
Balance at 1 January 2017	384,893,989	402,673
Balance at 31 December 2017	384,893,989	402,673
Balance at 31 December 2018	384,893,989	402,673

Performance Rights

During the year the company implemented an employee incentive scheme to align employee performance with organisational outcomes. 10,132,654 performance rights were issued with criteria including achieving an operational cash flow, raising capital and increasing the JORC resource base as requirements to achieve before the rights will vest with the employees.

	Exercise Price	Expiry date	Balance at beginning of year	Issued during the year	Exercised during the year	Expired during the year	Balance at end of year
2018	Nil	30June2021	-	10,132,654	-	-	10,132,654
2017	-	-	-	-	-	-	-

	Grant date	Expiry date	Fair Value	Value at Grant date	Balance at beginning of year	Expensed during the year	Balance at end of year	To Expense in future Periods
2018	1-Oct-18	30-Jun-21	0.0355	359,864	-	32,715	32,715	327,149
2017	-	-	-	-	-	-	-	-

Fair value of Performance Rights Granted:- Performance Rights with Material Milestone conditions
The fair value of performance rights granted with a relative Material Milestone condition is calculated using the Net asset value per share less an allocation for the illiquid status of the Group.

Performance Rights do not have the right to receive dividends as declared and, in the event of winding up the Group, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Performance Rights do not entitle their holder to vote at a Shareholder meeting of the Group.
Shares allotted pursuant to an exercise of Performance Rights shall rank from the date of allotment, equally with existing shares of the Group in all respects.

Warrants

At 31 December 2018, there were 4,832,157 (2017: 4,832,157) warrants on issue. No warrants were exercised during the period (2017: nil) or expired during the period (2017: nil). Details of the warrants on issue are:

Grant Date	15 February 2010
Expiry Date	15 February 2020
Exercise Price	A$0.0001
Number	4,832,157

14. RESERVES

Nature and purpose of reserves

Warrants reserve

This reserve is used to record the fair value of warrants issued.

Share based payments reserve

This reserve is used to record the value of share based payment benefits provided to employees and Directors as part of their remuneration.

Non-controlling interest reserve

This reserve is used to record the portion of investments held by third parties. The non-controlling interest arose on the acquisition of Queensland Mining Corporation Limited.

15. KEY MANAGEMENT PERSONNEL COMPENSATION

	Consolidated	
	31 Dec 2018 A$	31 Dec 2017 A$
Short-term employee benefits	854,984	825,061
Long-term employee benefits	17,502	-
Post-employment benefits	74,742	63,697
Share based payments	32,715	-
Termination benefits (i)	99,615	521,812
	1,164,943	1,410,570

16. EARNINGS / (LOSS) PER SHARE

The following reflects the profit or loss and share data used in the calculation of basic and diluted earnings / (loss) per share		
Profit / (loss) used in calculating basic and diluted earnings / (loss) per share		
Loss attributable to ordinary equity holders of the parent	(5,702)	(6,780)
	Number of Shares	
Weighted average number of ordinary shares used in calculating basic loss per share	384,893,989	384,893,989
Share options considered dilutive (i)	-	-
Weighted average number of ordinary shares used in calculating the diluted loss per share	384,893,989	384,893,989

(i) At 31 December 2018, 10,132,654 performance rights (2017: Nil) and 4,832,157 warrants (2017: 4,832,157) were not considered dilutive as the conversion of the options and warrants to ordinary shares will result in a decrease in the net loss per share.

	Consolidated	
	31 Dec 2018 A$'000	31 Dec 2017 A$'000

17. COMMITMENTS & CONTINGENCIES

(a) Mineral tenement leases

Within 1 year	810	813

Under the terms and conditions of the Group's title to its various mining tenements, it has an obligation to meet rentals and minimum levels of exploration expenditure per annum as gazetted by the Department of Industry and Resources of Western Australia and Queensland, as well as local government rates and taxes.

(b) Lease commitments

Operating leases		
Not later than 1 year	71	26
Later than 1 year and not later than 5 years	62	28
	133	54

(c) Shareholder loan reinstatement

To the extent that Young Australian Mines makes a final investment decision for a new project that is financed with debt facilities supported by Hanlong guarantees and security, the Shareholder Loan (Loan) will be increased by a maximum amount of US$44.7 million on a pro rata basis by comparing the debt made available to the US$500 million of financing required under the Subscription Agreement. Interest will not be payable by Young Australian Mines on the portion of the Loan not reinstated.

(d) Hanlong Finance Fee

At the Company's Annual General Meeting held in May 2012, shareholders approved a variation to the Subscription Agreement between Young Australian Mines and Hanlong Mining Investment Pty Ltd (Hanlong) signed in October 2009 as subsequently amended (Subscription Agreement). The variation restructures the terms and extends the period in which Hanlong has to provide Young Australian Mines with the benefits originally contemplated under the Subscription Agreement.

18. CASH FLOW INFORMATION

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

	Consolidated 31 Dec 2018 A$'000	Consolidated 31 Dec 2017 A$'000
Loss from ordinary activities	(5,702)	(6,780)
Adjusted for:		
Depreciation and amortisation	64	63
Unrealised loss on foreign exchange	1,395	3,121
(Profit) / loss on disposal of plant and equipment	(1,420)	110
Share-based payments	33	-
Movement in fair value of financial assets at fair value through profit and loss	463	-
Change in equity accounting of subsidiary	63	-
Changes in assets and liabilities:		
(Increase) / decrease in receivables	298	(636)
(Increase) / decrease in prepayments	-	39
Decrease in inventories	51	2
Increase / (decrease) in payables	(172)	580
(Increase) / decrease in employee provisions	(12)	(186)
(Increase) / decrease in rehabilitation provision	(9)	340
Net cash flows used in operations	(4,948)	(3,347)

(b) Non cash financing and investing activities

	31 Dec 2018 A$'000	31 Dec 2017 A$'000
Non current Borrowings		
Opening Balance	13,250	14,283
Additional drawdown	2,831	-
Foreign exchange movement	1,396	(1,033)
Closing Balance	17,477	13,250

19. FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise of available for sale investments, borrowings, receivables, payables, and cash and short-term deposits.

The Group manages its exposure to a variety of financial risks, market risk (including currency risk, commodity price risk and interest rate risk), credit risk, liquidity risk and cash flow interest rate risk in accordance with the Audit and Risk Management Committee Charter and specific approved Company policies. These policies are developed in accordance with the Company's operational requirements. Currently the Group has one investment policy with the purpose of maximising the return on surplus cash with the aim of outperforming the benchmark, within acceptable levels of risk return exposure and mitigate the credit and liquidity risks that the Group is exposed to through investment activities.

Primary responsibility for the identification and control of financial risks rests with the Audit and Risk Management Committee under the authority of the Board. The Committee reviews and agrees policies for managing each of the risks identified. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessment of market forecast for interest rate and foreign exchange. The Group manages credit risk by only dealing with recognised, creditworthy, third parties and liquidity risk is monitored through the development of future rolling cash flow forecasts.

Commodity price risk

The Group does not have any exposure to commodity price risk as it does not currently operate a mine.

Interest rate risk

The Group's current exposure to the risk of changes in market interest rates relate primarily to cash assets rates and is managed by the Board (and Audit and Risk Management Committee) approved investment policy. This policy defines maximum exposures and credit ratings limits.

The Group constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing, alternative hedging positions and the mix of fixed and variable interest rates.

The Group does not account for fixed rate financial assets and liabilities at fair value through profit or loss.

	Consolidated	
	31 Dec 2018 A$'000	31 Dec 2017 A$'000
At reporting date the Group had the following exposure to variable interest rate risk		
Financial assets		
Cash at bank and money market investment	3,632	20,496
	3,632	20,496

The following table summarises the impact of reasonably possible changes in interest rates for the Group and the parent entity at 31 December 2018. The sensitivity is based on the assumption that interest rate changes by 25 basis points (2017: 25 basis points) with all other variables held constant. The 25 basis points sensitivity is based on reasonably possible changes over the reporting period.

Impact on post tax profit and equity		
Higher / (lower)		
25 bp increase (2017: 25 bp)	9	51
25 bp decrease (2017: 25 bp)	(9)	(51)

Fair value risk

The group uses three different methods in estimating the fair value of a financial investment. The methods comprise -

Level 1 – the fair value is calculated using quoted prices in active markets; and
Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
Level 3 – the fair value is estimated using inputs other than quoted prices.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the tables below.

2018	Quoted market price (Level 1)	Valuation technique – market observable inputs (Level 2)	Valuation technique – non market observable inputs (Level 3)	Total
	A$'000	A$'000	A$'000	A$'000
Financial assets				
Financial instruments at fair value through profit or loss – shares in unlisted entity		-	364	364
Total financial assets		-	364	364

2017	Quoted market price (Level 1)	Valuation technique – market observable inputs (Level 2)	Valuation technique – non market observable inputs (Level 3)	Total
	A$'000	A$'000	A$'000	A$'000
Financial assets				
Financial instruments at fair value through profit or loss – shares in listed entity	862	-	-	862
Total financial assets	862	-	-	862

Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs.

The fair value of derivatives that do not have an active market are based on valuation techniques. Level 2 derivatives include market observable inputs whilst level 3 derivatives do not include market observable inputs.

Transfer between categories

There were no transfers between levels during the year.

Foreign currency risk

The Group has significant foreign currency risk exposure on cash reserves and borrowings and has transactional exposures arising from the payment of foreign currency interest. The Group is exposed to movements in US dollar currency on cash reserves and borrowings.

At reporting date the Group had the following exposure to foreign currencies.

	Consolidated	
	31 Dec 2018 A$'000	31 Dec 2017 A$'000
Financial Assets and Liabilities		
Cash and cash equivalents		
- USD	215	2
Receivables		
- USD		-
Borrowings		
- USD	(17,477)	(13,250)
Trade and other payables		
- USD	(173)	(157)

The following table summarises the impact of reasonably possible changes in foreign currency exchange rates for the Group at 31 December 2018 on recognised financial assets and liabilities at the reporting date. The sensitivity is based on the assumption that the exchange rates change by increasing 10% and decreasing 10% with all other variables held constant. These 10% sensitivities are based on reasonably possible changes over the reporting period, using the observed range of actual historical rates for the preceding three year period. The analysis is performed on the same basis for the comparative period.

Impact on post tax profit and equity		
Higher / (lower)		
AUD/USD +10% (2016: +10%)	(1,624)	(1,219)
AUD/USD -10% (2016: -10%)	1,984	1,490

The Group does not have a formal policy to mitigate foreign currency risks.

Credit risk

Credit risk arises in the event that a counterparty will not meet its obligations under a financial instrument leading to financial losses. The Group is exposed to credit risk from its operating activities and financing activities including deposits with banks.

The credit risk control procedure adopted by the Group is to assess the credit quality of the institution with which funds are deposited or invested, taking into account its financial position and past experiences. Investment limits are set in accordance with limits set by the Audit and Risk Management Committee based on the counterparty credit rating. The limits are assigned to minimise concentration of risks and mitigate financial loss through potential counterparty failure. The compliance with credit limits is regularly monitored as part of day-to-day operations. Any credit concerns are highlighted to senior management.

Credit Quality of Financial Assets

	S&P Credit Rating		
	AAA	A1+	Unrated
	$'000	$'000	$'000
31 December 2018			
Cash & cash equivalents	-	3,632	-
Receivables	-	-	73
Number of counterparties	-	4	1
Largest counterparty (%)	100%	99%	100%
31 December 2017			
Cash & cash equivalents	-	20,496	-
Receivables	224	71	27
Number of counterparties	1	2	1
Largest counterparty (%)	100%	72%	100%

Liquidity risk

The responsibility for liquidity risk management rests with the Board of Directors.

The Group manages liquidity risk by maintaining sufficient cash or credit facilities to meet the operating requirements of the business and investing excess funds in highly liquid short term investments. The Group's liquidity needs can be met through a variety of sources, including: cash generated from operations, short and long term borrowings and issue of equity instruments.

Alternatives for sourcing the Company's future capital needs include current cash position, future operating cash flow, project debt financings and equity raisings. These alternatives are evaluated to determine the optimal mix of capital resources.

The following table details the Company and Group's non-derivative financial instruments according to their contractual maturities. The amounts disclosed are based on contractual undiscounted cash flows. As a result, these balances may not agree with the amounts disclosed in the statement of financial position.

	Less than 6 months	6 months – 12 months	1-2 years	> 2 years
	$'000	$'000	$'000	$'000
Consolidated entity at 31 December 2018				
Trade and other payables	362	-	-	-
Borrowings	579	600	18,076	-
	941	600	18,076	-
Consolidated entity at 31 December 2017				
Trade and other payables	6,483	-	-	-
Borrowings	500	500	1,000	11,540
	6,983	500	1,000	11,540

Capital risk management

When managing capital (being equity and long term debt) management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits to other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity reflecting the current business status of the entity.

Management constantly adjusts the capital structure to take advantage of favourable costs of capital or high return on assets. As the market is constantly changing, management may return capital to shareholders, issue new shares or sell assets to reduce debt. Management have no plans to issue further shares on the market. The Group does not currently have a dividend policy.

The Company monitors its capital through monthly Board reporting including management accounts and forecasts combined with appropriate external financial, corporate and legal advice when required. Due to the nature of the operations of the Group and its financial position, Management does not have a target debt/equity ratio. Management prefers to maintain a flexible financing structure. The Company has a major shareholder that owns 53.8% of the Company and as a result its structure is currently inflexible.

The Group is not subject to any externally imposed capital requirements.

20. RELATED PARTY DISCLOSURE

Subsidiaries

Name	Country of Incorporation	% Equity Interest Dec 2018	% Equity Interest Dec 2017	Principal Activities
Moly Metals Australia Pty Ltd	Australia	100	100	Owns the Spinifex Ridge iron ore mine
Copper Metals Australia Pty Ltd	Australia	100	100	Dormant
Spinifex Ridge Holdings Pty Ltd	Australia	100	100	Holding company
Moly Ex Pty Ltd	Australia	100	100	Dormant
Mettle Mining (Hong Kong) Limited	Hong Kong	100	100	Dormant
Mettle Mining Holdings Limited	Cayman Islands	100	100	Holding company
Queensland Mining Corporation Limited (refer to below table)	Australia	100	81.68	Exploration and Evaluation of mineral resources

Queensland Mining Corporation Limited
The below represent to subsidiaries of Queensland Mining Corporation Limited – of which Young Australian's interest at 31 December 2018 is 100% (81.68% at 31 December 2017)

Name	Country of Incorporation	% Equity Interest Dec 2018	% Equity Interest Dec 2017
North Queensland Mines Pty Ltd	Australia	100	100
Mt Norma Mining Company Pty Ltd	Australia	100	100
Flamingo Copper Mines Pty Ltd	Australia	100	100
Soldiers Cap Mining Pty Ltd	Australia	100	100
Cloncurry Mining Company Pty Ltd	Australia	100	100
Kuridala Mining Pty Ltd	Australia	100	100
Mr McNamara Pty Ltd	Australia	100	100
Sierra Line Pty Ltd	Australia	100	100
QMC Operations Pty Ltd	Australia	100	100
White Range Mines Pty Ltd	Australia	100	100
Mt McCabe Pty Ltd	Australia	100	100
Iron Ridge – Black Fort Pty Ltd	Australia	100	100
Maxiforde Pty Ltd	Australia	100	100
Spinifex Mines Pty Ltd	Australia	20	20
QMC Exploration Pty Ltd	Australia	20	20

Ultimate Parent Entity

Young Australian Mines Limited is the ultimate parent entity of the Group. The ultimate Australian parent of Young Australian Mines Limited is Hanlong Mining Investment Pty Ltd, which was incorporated in Australia and owns 53.8% of Young Australian Mines Limited. The ultimate parent of Hanlong Mining Investment Pty Ltd is Sichuan Hanlong Group, a private company incorporated in China.

Details of Related Party Transactions

(a) Subsidiaries

Young Australian Mines Limited has related party transactions with its subsidiaries whereby it funds and pays for the exploration and evaluation expenses incurred by its subsidiaries. These expenses are charged to the subsidiaries through intercompany loans, which are non-interest bearing and have no fixed repayment terms. Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

(b) Ultimate parent entity

Transactions and outstanding balances with Hanlong were as follows:

	31 Dec 2018 A$'000	31 Dec 2017 A$'000
Transactions		
Finance costs	979	942
Director fees	467	344
Other transactions with Hanlong entities	33	70
Drawdown of loan	2,831	-
Balances		
Payables – loan interest	173	157
Payables – other	-	-
Loan from Hanlong	17,477	13,250

The consolidated entity has not entered into any transactions nor has other outstanding commitments at 31 December 2018 with other related parties (2017: nil).

21. AUDITOR'S REMUNERATION

The auditor of the Group is BDO Audit Pty Ltd, The 31 December 2017 financial statements were audited by Deloitte Touche Tohmatsu.

	Consolidated	
	31 Dec 2018 A$	31 Dec 2017 A$
Amounts received or due and receivable by BDO Audit Pty Ltd. (2017 Deloitte Touche Tohmatsu)		
Audit fees for audit and review of the financial report	44,602	48,300
Tax compliance (non-audit services)	-	13,125
Tax consulting (non-audit services)	-	8,606
	44,602	70,031

22. PARENT ENTITY INFORMATION

	31 Dec 2018 A$'000	31 Dec 2017 A$'000
Current assets	3,564	18,610
Total assets	72,797	75,263
Current liabilities	313	1,987
Total liabilities	17,790	15,237
Contributed equity	402,673	402,673
Accumulated losses	(357,089)	(352,037)
Warrants reserve	9,390	9,390
Share Based Payments Reserve	33	-
Total shareholders' equity	55,007	60,026
Loss of the parent entity	(5,052)	(6,359)
Total comprehensive loss of the parent entity	(5,052)	(6,359)

The parent entity has no contingent assets, contingent liabilities or contractual commitments relating to the purchase of property, plant or equipment.

23. SIGNIFICANT EVENTS AFTER THE REPORTING DATE

No circumstances or events have arisen subsequent to the end of the period that have had, or are likely to have, a material impact on the operations of the Group or the financial statements other than those discussed in the Review of Operations.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Young Australian Mines Limited, we state that:

In the opinion of the Directors:

(a) The financial statements and notes of the Group are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2;

(c) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 31 December 2018; and

(d) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due and payable.

On behalf of the Board

Nelson Chen
Chairman
28 March 2019

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Young Australian Mines Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Young Australian Mines Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of Young Australian Mines Limited, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2(d) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its as sets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the directors report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd

BDO

R M Swaby
Director

Brisbane, 28 March 2019