YOUNG AUSTRALIAN MINES LIMITED

ABN: 32 103 295 521

FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED

30 JUNE 2019

ABN 32 103 295 521

Board of Directors	**Position**
Nelson Chen	Executive Chairman
Trevor Coombe	Managing Director
Dr Guojian Xu	Executive Director
Yao Deng	Non-Executive Director
Xiangtao Wu	Non-Executive Director

Company Secretary
Evan Hughes

Principal & Registered Office

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Brisbane, Qld, 4000

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Your directors submit their report for the half-year ended 30 June 2019.

DIRECTORS

The names of Young Australian Mines Limited (the Company or Young Australian Mines) directors in office during the half-year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Nelson Chen	Executive Chairman
Trevor Coombe	Managing Director
Dr Lakshman Jayaweera	Non-Executive Director – Resigned 7 February 2019
Dr Guojian Xu	Executive Director – Appointed 7 February 2019
Yao Deng	Non-Executive Director – Appointed 17 April 2019
Xiangtao Wu	Non-Executive Director – Appointed 17 April 2019

REVIEW AND RESULTS OF OPERATIONS

Principal Activities

The principal activity of Young Australian Mines and its subsidiaries (the Group) during the half-year was the exploration and development of the White Range Project acquired through the acquisition of Queensland Mining Corporation Ltd (QMC).

Results from Operations

The net loss after taxation attributable to the members of Young Australian Mines for the half-year to 30 June 2019 was A$2,683,000 (half-year to 30 June 2018: A$4,390,000). The basic and diluted loss per share for the Company was 0.7 cents per share (half-year to 30 June 2018: 1.1 cents per share). The Company's financial performance and results have been, and will continue to be, attributable to its exploration, evaluation and development activities on its current ground holdings or properties that may be acquired in the future.

Financial Position

As at 30 June 2019, the Company had A$1,847,000 cash on hand (31 Dec 2018: A$3,632,000). As at 30 June 2019 the Company shows a significant net current asset deficit of (A$16,250,000). This has occurred because the Hanlong loan of A$17,589,000 is due for repayment in April 2020. In addition to this the Company needs to secure additional funds to continue operations.
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 financial assets;
3. Sale of other non-core assets; and
4. Reducing its working capital expenditure.
5. Introduction of a partner for the progress of the White Range Project.
6. Investigating options for the deferral / repayment of the Hanlong Loan due in 2020.

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 discussing with Hanlong the potential to defer the loan repayment due in April 2020.
3. Post half-year end the Group agreed with Hanlong to capitalise the interest payments due until the maturity date of the loan; and
4. The Group has been negotiating the sale of financial assets and the Spinifex Ridge low grade iron ore stockpile.

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.

Operations Summary

White Range Project – Cloncurry, Queensland

For the period under review, while the lack of available funds has reduced the level of work undertaken some progress has been made in planned metallurgical work designed to upgrade the ore grade to allow transportation to be more efficient to assist with project planning of an operation with diverse pit operations. In addition, following last year's airborne gravity survey and aircore drilling program,Teck Australia Pty Ltd (Teck), a subsidiary of Canada's largest diversified mining company, has continued its exploration activities under an earn-in option and JV agreement on the Company's White Range project. The work completed during the current term mainly includes 3D modelling of geophysical data, analysis of the aircore drilling results, and the commencement of a second aircore program over the southern half of the project area. Teck plans to undertake initial diamond drilling over selected areas in the second half of the year.

Spinifex Ridge Iron Ore Mine – Pilbara, Western Australia

For the period under review, no exploration activity was undertaken on the Young Australian Mines Western Australia tenements. With the recent increase in the Iron Ore price there has been some work performed assessing the remaining low grade stockpile for a possible sale. This low grade stockpile was left over from previous mining. Environmental monitoring on the rehabilitated waste dumps associated with the Iron Ore mine continued.

The Spinifex Ridge Molybdenum / Copper Project remains on care and maintenance.

Corporate

The Company has been assessing options to raise cash to allow the further exploration and development of the White Range Project. The Boards assessment of the Company on a going concern is based upon the assumption that work being undertaken in regard to potential capital raising will be successful. The Board is negotiating with Hanlong in regards to a potential deferment of the loan due in April 2020 and has reached an agreement to capitalise the interest instalments currently due on the loan.

Changes to the Board during the half year included the resignation of Director Dr Lakshman Jayaweera and the appointment of new Directors being Mr Guojian Xu, Mr Yao Deng and Mr Xiangtao Wu. Mr Xu is the Chief Operating Officer of the Company and has worked on the White Range Project for more than 10 years.
Mr Deng and Mr Wu have also been appointed to the board of Hanlong Mining Investment Pty Ltd (Hanlong).

Securities on Issue

	Balance 30 June 2019
Ordinary shares	384,893,989
Options, Warrants & Rights	
- EIG Warrants	4,832,157
- Performance Rights	10,132,654
Total options & warrants	**14,964,811**
Total potential ordinary shares	**399,858,800**

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:

- The Company has made an agreement with Hanlong to capitalise the interest payable on the term loan payable to Hanlong.

ROUNDING

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

AUDITORS' INDEPENDENCE DECLARATION

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

Signed in accordance with a resolution of directors.

Nelson Chen
Chairman
13 September 2019

	Note	Six months ended 30 June 2019 A$'000	30 June 2018 A$'000
Interest revenue		30	50
Other income	2	14	89
Expenses:			
Exploration expenses		(352)	(412)
Finance costs		(613)	(476)
Impairment of Shares held		(91)	(463)
Decrease in value of Equity Accounted Investment		(437)	-
Loss on disposal of asset		(50)	-
Foreign currency losses		(112)	(716)
Other expenses	3	(1,072)	(2,462)
(Loss) before income tax		**(2,683)**	**(4,390)**
Income tax expense		-	-
(Loss) after income tax		**(2,683)**	**(4,390)**
Other comprehensive income		**-**	**-**
Total comprehensive (Loss) for the period		**(2,683)**	**(4,390)**
Earnings per share for (Loss) attributable to the ordinary equity holders of the Company:			
Basic (Loss) per share (cents per share)		(0.7)	(1.1)
Diluted (Loss) per share (cents per share)		(0.7)	(1.1)

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

YOUNG AUSTRALIAN MINES LIMITED

	Note	30 June 2019 A$'000	31 Dec 2018 A$'000
Current Assets			
Cash and cash equivalents		1,847	3,632
Trade and other receivables	4	118	173
Total Current Assets		**1,965**	**3,805**
Non-Current Assets			
Receivables	4	726	726
Plant and equipment	5	169	113
Mineral Properties	6	52,419	52,120
Other financial assets – at fair value		273	364
Investments accounted for using the equity method		-	437
Total Non-Current Assets		**53,587**	**53,760**
Total Assets		**55,552**	**57,565**
Current Liabilities			
Trade and other payables	7	615	362
Borrowings	8	17,589	-
Provisions		11	10
Total Current Liabilities		**18,215**	**372**
Non-Current Liabilities			
Non current lease payable		38	-
Borrowings	8	-	17,477
Provisions	9	2,274	2,074
Total Non-Current Liabilities		**2,312**	**19,551**
Total Liabilities		**20,527**	**19,923**
Net Assets		**35,025**	**37,642**
Equity			
Contributed equity		402,673	402,673
Reserves		9,488	9,422
Accumulated losses		(377,136)	(374,453)
Total Equity		**35,025**	**37,642**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2019

	Note	30 June 2019 A$'000	30 June 2018 A$'000
Cash flows from operating activities			
Rent received		12	89
Payments to suppliers and employees		(1,128)	(2,114)
Interest received		30	50
Interest paid		(278)	(473)
Net cash flows used in operating activities		**(1,364)**	**(2,448)**
Cash flows from investing activities			
Payments for plant and equipment		-	(88)
Payments for exploration and project evaluation expenses		(461)	(674)
Proceeds from disposal of plant and equipment		62	-
Acquisition of subsidiary and costs of acquisition		-	(15,450)
Net cash flows provided by investing activities		**(399)**	**(16,212)**
Cash flows from financing activities			
Payment of lease costs		(22) -	(15,450)
Net cash flows provided by financing activities		**(22)**	**-**
Net decrease in cash and cash equivalents		(1,785)	(18,660)
Net foreign exchange difference		-	-
Cash and cash equivalents at beginning of the period		3,632	20,496
Cash and cash equivalents at end of the period		**1,847**	**1,836**

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

	Contributed Equity $'000	Accumulated Losses $'000	Warrants Reserve $'000	Share Based Payments Reserve $'000	Non-Controlling Interest $'000	Total Equity $'000
At 1 January 2018	**402,673**	**(368,751)**	**9,390**	**-**	**9,315**	**52,627**
Loss for the period	-	(4,390)	-	-	-	(4,390)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	(4,390)	-	-	-	(4,390)
Equity Transactions						
Non-controlling interest on acquisition of subsidiary	-	-	-	-	(9,315)	(9,315)
At 30 June 2018	**402,673**	**(373,141)**	**9,390**	**-**	**-**	**38,922**
At 1 January 2019	**402,673**	**(374,453)**	**9,390**	**32**	**-**	**37,642**
Loss for the period	-	(2,683)	-	-	-	(2,683)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	(2,683)	-	-	-	(2,683)
Equity Transactions						
Share based payment expense	-	-	-	66	-	66
At 30 June 2019	**402,673**	**(377,136)**	**9,390**	**98**	**-**	**35,025**

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

1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

Basis of Preparation

This general purpose condensed financial report for the half-year ended 30 June 2019 has been prepared in accordance with AASB 134 *Interim Financial Reporting,* International Financial Reporting Standard, IAS 34 *Interim Financial Reporting* and the Corporations Act 2001.

The half-year financial report does not contain all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual financial report for the year ended 31 December 2018 and considered together with any public announcements made by Young Australian Mines Limited during the half-year ended 30 June 2019, in accordance with the continuous disclosure obligations of the Corporations Act 2001 requirements for unlisted disclosing entities.

The half-year financial report has been prepared on a historical cost basis.

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report except for the adoption of AASB16 Leases.

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 half-year ended 30 June 2019, the Group generated a consolidated loss of A$2,683,000 and incurred operating cash outflows of A$1,364,000. As at 30 June 2019 the Group had cash and cash equivalents of A$1,847,000, net current assets of (A$16,250,000) and net assets of A$35,025,000. Net current assets excluding the borrowings from Hanlong is A$1,339,000.

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 financial assets;
3. Sale of other non-core assets; and
4. Reducing its working capital expenditure.
5. Introduction of a partner for the progress of the White Range Project.
6. Investigating options for the deferral / repayment of the Hanlong Loan due in 2020.

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 discussing with Hanlong the potential to defer the loan repayment due in April 2020.
3. Post half-year end the Group agreed with Hanlong to capitalise the interest payments due; and
4. The Group has been negotiating the sale of financial assets and the Spinifex Ridge low grade iron ore stockpile.

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.

New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies and make adjustments as a result of adopting AASB 16 *Leases*.

The impact of the adoption of the leasing standard and the new accounting policies are disclosed below. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

(a) AASB 16 Leases

The Group has adopted AASB 16 from 1 January 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening Statement of financial position on 1 January 2019.

(i) *Impacts on transition*

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 7%.

There were no leases previously classified as finance leases.

	2019 A$000
Operating lease commitments disclosed as at 31 December 2018	108
Discounted using the lessee's incremental borrowing rate at 1 January 2019	9
Lease liability recognised as at 1 January 2019	99
Of which are:	
Current lease liabilities	39
Non-current lease liabilities	60

The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Statement of financial position as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	30 June 2019 A$000	1 January 2019 A$000
Office lease	75	96

Total right of use assets	75	96

The change in accounting policy affected the following items in the Statement of financial position on 1 January 2019:

- right-of-use assets – increase by $96
- lease liabilities – increase by $99

There was no impact on accumulated losses on 1 January 2019.

(ii) *Practical expedients applied*

In applying AASB 16 for the first time, the Group has used the following practical expedient permitted by the standard:

- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases

- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

(iii) *The Group's leasing activities and how these are accounted for*

Until the 2018 calendar year, leases of property, plant and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

2. INCOME

	Six months ended 30 June 2019 A$'000	Six months ended 30 June 2018 A$'000
Other income		
Rental and other income	14	89
	14	89

3. EXPENSES

	Six months ended 30 June 2019 A$'000	Six months ended 30 June 2018 A$'000
External consultants	256	612
Directors' fees	166	471
Rent and lease costs	-	84
Salaries and wages	339	498
Legal fees	13	92
Other expenses	298	705
	1,072	2,462

4. TRADE AND OTHER RECEIVABLES

	30 June 2019 A$'000	31 Dec 2018 A$'000
Current		
Trade receivables	11	5
GST receivables	12	-
Other Debtors	-	111
Prepayments	95	57
	118	173
Non-current		
Security deposits	726	726
	726	726

5. PLANT AND EQUIPMENT

	30 June 2019 A$'000	31 Dec 2018 A$'000
Plant and equipment		
At cost	235	139
- accumulated depreciation	(66)	(26)
Total plant and equipment	169	113

Included in the above balances are right-of-use assets as a result of the adoption of AASB 16 *Leases*

(a) Right-of-use Asset	Plant & Equipment 30 Jun 2019 A$'000	Plant & Equipment 31 Dec 2018 A$'000
Cost	96	-
Accumulated depreciation	(21)	-
Net carrying amount	75	-

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

Carrying amount at beginning of the period	113	735
Additions	-	92
Disposals	-	(650)
Depreciation expense	(40)	(64)
Addition of Right-of-use asset	96	-
Carrying amount at end of the period	169	113

6. MINERAL PROPERTIES

Exploration and evaluation assets	52,419	52,120
Movements:		
Balance at the beginning of the year	52,120	50,738
Additions	451	1,910
Asset acquisition of QMC	-	187
Expenditure written off during the year	(152)	(715)
Balance at end of the year	52,419	52,120

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.

7. TRADE AND OTHER PAYABLES

	30 June 2019 A$'000	31 Dec 2018 A$'000
Current		
Trade payables	328	139
Accruals	245	200
Lease Payable	42	-
Other	-	23
	615	362

8. BORROWINGS

	30 Jun 2019 A$'000	31 Dec 2018 A$'000
Current		
Loan – Hanlong (i)	17,589	-
	17,589	-
Non-Current		
Loan – Hanlong (i)	-	17,477
	-	17,477

(i) Refer to the December 2018 Annual Report for full disclosure of the terms of the Hanlong loan. There has been no change to these terms during the half-year. The loan is due for repayment in April 2020 and has been transferred from non-current to current. It has been agreed with Hanlong to capitalise the interest payments on the loan until the loan matures in April 2020. The Directors are negotiating with Hanlong in regards to further amendments to the loan.

9. PROVISIONS

	30 Jun 2019 A$'000	31 Dec 2018 A$'000
Non-current		
Rehabilitation – Spinifex Ridge	1,413	1,413
Rehabilitation – QMC	846	646
Long service leave	15	15
	2,274	2,074

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. Iron ore rehabilitation will wait until economics determine the timing of removal of the low grade stockpile resource, after which the remaining rehabilitation can be undertaken.

10. SEGMENT INFORMATION

The Group operates predominately in the mineral exploration and development industry in Australia. For management purposes, the Group is organised into one main operating segment which currently involves the development of mineral resources. All of the Group's activities are inter-related and financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial results of the Group as a whole.

11. RELATED PARTY TRANSACTIONS

(a) Ultimate parent entity

Transactions and outstanding balances with Hanlong were as follows:

	Six months ended	
	30 June 2019 A$'000	30 June 2018 A$'000
Finance costs paid	575	473
Other	-	28

	30 June 2019 A$'000	31 Dec 2018 A$'000
Payables – loan interest	506	173
Loan from Hanlong	17,589	17,477

(b) Redrock Exploration Services Pty Ltd

The consolidated entity has a services contract with Redrock Exploration Services Pty Ltd, a company of which Young Australian Mines director Mr G. Xu is an employee, for exploration and geological services consultancy. During the period that Mr Xu has been a director a total of amount of $112,500 has been a paid to Redrock Exploration Services Pty Ltd.

The trasnactions with related parties are on normal commercial terms.

12. CONTINGENT LIABILITIES

(a) 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 of US$10,300,000 will be increased by a maximum amount of US$44,700,000 on a pro rata basis by comparing the debt made available to the US$500,000,000 of financing required under the Subscription Agreement. Interest will not be payable by Young Australian Mines on the portion of the Loan not reinstated.

(b) 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.

13. SUBSEQUENT EVENTS

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:

- The Company has made an agreement with Hanlong to capitalise the interest payable until the maturity date of the loan on the term loan payable to Hanlong.

In accordance with a resolution of the directors of Young Australian Mines Limited in accordance with section 305(5) of the Corporations Act 2001, we state that:

In the opinion of the directors:

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

  (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2019 and of its performance for the half-year ended on that date; and

  (ii) complying with Australian Accounting Standard AASB 134 *Interim Reporting*, International Accounting Standard IAS 34 *Interim Reporting* and the *Corporations Regulations 2001*; and

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

On behalf of the Board

Nelson Chen
Chairman
13 September 2019

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

As lead auditor for the review of Young Australian Mines Limited for the half-year ended 30 June 2019, 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.

R M Swaby
Director

BDO Audit Pty Ltd

Brisbane, 13 September 2019

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Young Australian Mines Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Young Australian Mines Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, 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 half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter – Material uncertainty relating to going concern

We draw attention to Note 1 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 assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the Half-Year Financial Report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2019 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001,* which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit Pty Ltd

BDO

R M Swaby
Director

Brisbane, 13 September 2019