YOUNG AUSTRALIAN MINES LIMITED

(formerly Moly Mines Ltd)

ABN 32 103 295 521

ANNUAL FINANCIAL REPORT

31 DECEMBER 2019

CORPORATE DIRECTORY

Board of Directors

Nelson Chen	Executive Chairman
Guojian Xu	Executive Director
Yao Deng	Non-Executive Director
Xiangtao Wu	Non-Executive Director
Bruno Bamonte	Non-Executive Director

Company Secretary

Bruno Bamonte	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 2019, 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
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. Mr Chen is a member of the 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. Dr. Xu is Chairman of the Remuneration Committee
Mr Yao Deng Non-Executive Director	Appointed 17 April 2019 Mr Deng graduated from Université Paul-Cézanne, France, and Southwest University of Political Science & Law, China, with a double Masters Degree majoring in Economic Law, European Union Business Law and International Economic Law. Mr Deng is a legal professional in China, specializing in securities practice and legal counsel for State-owned Enterprises. Since 2016 Mr Deng has been a Director of China Sichuan International Investment Limited.
Mr Xiangtao Wu Non-Executive Director	Appointed 17 April 2019 Mr. Wu is based in Hong Kong and holds a Master of Business Administration from University of Glasgow, U.K. and a second MBA from the University of Southwestern University of Finance and Economics, China. He has many years of experience in company management and overseas work in the trade and financing sector. He was vice president and executive director of a public company listed on the Hong Kong Stock Exchange from 2008-2017.

Mr Bruno Bamonte Non-Executive Director & Company Secretary	Appointed 7 November 2019 Mr Bamonte has been an Australian Chartered Accountant since 1982. He has consulted to a number of public companies on a range of areas including preparation of prospectuses, assistance to gain admission to the official list of the Australian Stock Exchange, assistance to seek requotation of shares for suspended companies, corporate governance, and other financial areas. Mr Bamonte was the Executive Finance Director of Virotec International Limited (Company listed on ASX and the AIM of the London Stock Exchange from 2001 to 2008) and a non-executive of HydroDec Group plc from 2004 to 2008. Since 2008 Mr Bamonte has continued as a Director of a number of Private Company Groups as well as the Company Secretary for CuDeco Limited since 2011.
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.
Trevor Coombe Managing Director	Appointed 16 April 2018. Resigned 19 September 2019 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.

COMPANY SECRETARY

Mr Bruno Bamonte appointed 20 November 2019

Experience and qualifications included in table above.

Mr Evan Hughes appointed 3 October 2018 resigned 1 October 2019

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
G. Xu	-	-	2,661,171
Y. Deng	-	-	-
X. Wu	-	-	-
B. Bamonte	-	-	-

(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 2018 Financial Year. Corporate strategy milestones will need to be achieved before the rights can vest in June 2021. Further details can be found in Note 12 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	
	Attended	Eligible to Attend
N. Chen	12	12
T. Coombe	8	8
G. Xu	12	12
Y. Deng	8	8
X. Wu	8	8
B. Bamonte	2	2

The Board has established an Audit and Risk Management Committee and a Remuneration Committee. The Directors consider the Company is currently not of the size nor are its affairs of such complexity as to justify the regular meeting of these committees therefore no meetings were held during the reporting period. The Board as a whole were able to address these issues and were guided by the charters of both these committees.

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 2019 was $9,875,000 (2018: $5,702,000). The basic and diluted loss per share for the Group for the year was 2.57 cents per share (2018: loss of 1.48 cents per share).

The Group's current year financial performance included finance costs of $1,272,000 (2018: $997,000). During 2019 the Company incurred exploration and project expenses of $5,914,000 of which $5,600,000 related to the impairment of the carrying value of the QMC exploration assets.

As at 31 December 2019, the Company had exploration and evaluation assets of $47,500,000 (2018; $52,120,000) recognised in the statement of financial position which the majority relates to the assets acquired through the takeover of Queensland Mining Corporation Limited. In addition, the Company had net working capital deficit (current assets less current liabilities) of $156,000 which included $1,325,000 of cash and cash equivalents and deferred revenue liability of $800,000.

The Hanlong Loan of $18,541,000 (2018: $17,447,000) was increased by the capitalisation of interest from 1 February 2019 onwards. The loan was due for repayment on 30 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. Following the financial reporting period Hanlong Mining Investment Pty Ltd agreed to extend the maturity date of the Hanlong Loan to 30 June 2021 (see subsequent events for further details).

REVIEW OF OPERATIONS AND PROJECT DEVELOPMENT ACTIVITIES

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

Queensland Mining Corporation Limited (QMC)

QMC holds 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.

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 the drilling of two diamond holes in the central part of the project area. Favourable host rocks have been identified, however, only minor disseminated sulphide mineralisation was intercepted. All the exploration data is currently being reviewed by Teck's technical team, with the aim to plan programs for the 2020/21 financial year.

Spinifex Ridge Project

During the period Moly Metals Australia Pty Ltd, a 100% subsidiary of Young Australian Mines, reached an agreement with Gold Valley Iron Ore Pty Ltd to sell approximately 300,000 tonnes of low grade iron ore which was stockpiled at the Spinifex Ridge project in Western Australia. Gold Valley will crush and transport the iron ore from site under a mine gate sale agreement with a sale price of $7 per tonne. Gold Valley have provided a non-refundable iron ore prepayment of $800,000 under the agreement.

As of June 2020, Gold Valley have commenced crushing and trucking operations of the iron ore stockpile.

DIRECTORS' REPORT

Corporate

During the 2019 year Directors, Dr Lakshman Jayaweera and Mr Trevor Coombes resigned or retired. New Directors appointed were Dr Guojian Xu, Mr Yao Deng, Mr Xiangtao Wu and Mr Bruno Bamonte. Mr Deng and Mr Wu have also been appointed to the board of Hanlong Mining Investments Pty Ltd.

The Company has been assessing options to raise funds to allow for the further exploration and development of the White Range Project.

Subsequent to the reporting period the Company entered into an agreement with Hanlong Mining Investment Pty Ltd to extend the maturity date of the Hanlong Loan agreement to 30 June 2021, all other terms under the agreement remain the same.

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 2019. No dividends were declared or paid during the year.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

- 14 February 2020 the Company issued 4,832,157 Young Australian Mines Ltd fully paid ordinary shares on the exercise of 4,832,157 warrants with an exercise price of $0.0001.
- 26-Jun-20 The Company entered into an agreement with Hanlong Mining Investment Pty Ltd to extend the maturity date of the Hanlong Loan agreement to 30 June 2021, all other terms under the agreement remain the same.
- On 31 January 2020, the World Health Organisation (WHO) announced a global health emergency because of a new strain of coronavirus (COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic.

  The full impact of the COVID-19 outbreak continues to evolve at the date of this report. The Company is therefore uncertain as to the full impact that the pandemic will have on its financial condition, liquidity, and future results of operations during 2020. Management is actively monitoring the global situation and its impact on the Company's financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the 2020 financial year. Although the Group cannot estimate the length or gravity of the impact of the COVID19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on the Group's results of future operations, financial position, and liquidity in fiscal year 2020.

Other than the events noted above, there are no other matters or circumstances that have arisen since the end of the year which significantly affected or may significantly affect 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 2019
	A$
Audit fees for audit and review of the financial report	43,500

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

29 June 2020
Brisbane

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Consolidated	
		31 Dec 2019 A$'000	31 Dec 2018 A$'000
Interest income		46	61
Other income	3	14	1,517
Administrative expenses	3	(1,847)	(3,639)
Foreign currency losses	3	(121)	(1,395)
Exploration expenses	8	(5,914)	(715)
Provision for rehabilitation		(203)	(9)
Loss on disposal of assets		(50)	-
Movement in fair value of other financial assets		(91)	(462)
Decrease in value of Equity Accounted Investment		(437)	(63)
Finance costs	3	(1,272)	(997)
Loss before income tax		**(9,875)**	**(5,702)**
Income tax expense / (benefit)	4	-	-
Loss after income tax		**(9,875)**	**(5,702)**
Other comprehensive income		**-**	**-**
Total comprehensive loss for the year attributable to equity holders of the Company		**(9,875)**	**(5,702)**
Loss per share attributable to the ordinary equity holders of the Company:			
Basic and diluted loss per share (cents per share)	15	(2.57)	(1.48)

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 2019

	Note	31 Dec 2019 A$'000	31 Dec 2018 A$'000
Current Assets			
Cash and cash equivalents	5	1,325	3,632
Receivables	6	64	173
Total Current Assets		**1,389**	**3,805**
Non-Current Assets			
Receivables	6	731	726
Plant and equipment	7	127	113
Mineral Properties	8	47,500	52,120
Other financial assets – at fair value		203	364
Investments accounted for using the equity method		-	437
Total Non-Current Assets		**48,561**	**53,760**
Total Assets		**49,950**	**57,565**
Current Liabilities			
Trade and other payables	9	1,225	362
Provisions	10	7	10
Total Current Liabilities		**1,232**	**372**
Non-Current Liabilities			
Non current lease payable		16	-
Borrowings	11	18,541	17,477
Provisions	10	2,275	2,074
Total Non-Current Liabilities		**20,831**	**19,551**
Total Liabilities		**22,064**	**19,923**
Net Assets		**27,886**	**37,642**
Equity			
Contributed equity	12	402,673	402,673
Reserves	13	9,541	9,422
Accumulated losses		(384,328)	(374,453)
Non-controlling interest		-	-
Total Equity		**27,886**	**37,642**

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 2019

	Contributed Equity $'000	Accumulated Losses $'000	Share Based Payments Reserve $'000	Warrants Reserve $'000	Non-Controlling Interest $'000	Total Equity $'000
	(Note 12)		(Note 13)	(Note 13)		
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**
At 1 January 2019	**402,673**	**(374,453)**	**32**	**9,390**	**-**	**37,642**
Loss for the period	-	(9,875)	-	-	-	(9,875)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	(9,875)	-	-	-	(9,875)
Equity Transactions						
Share based payment expense			119			119
At 31 December 2019	**402,673**	**(384,328)**	**151**	**9,390**	**-**	**27,886**

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 2019

	Note	Consolidated 31 Dec 2019 A$'000	Consolidated 31 Dec 2018 A$'000
Cash flows from operating activities			
Receipts from customers		-	97
Payments to suppliers and employees		(1,651)	(3,410)
Payments for exploration and project assessment expenses		(300)	(716)
Interest received		46	61
Interest paid		(278)	(980)
Net cash flows used in operating activities	17	**(2,183)**	**(4,948)**
Cash flows from investing activities			
Payments for security deposits		(6)	(57)
Payments for plant and equipment		-	(92)
Payments for capitalised exploration cost		(1,005)	(1,195)
Proceeds from sale of assets		800	-
Proceeds from disposal of plant and equipment		62	1,500
Proceeds from sale of other financial assets		70	547
Acquisition of subsidiary and costs of acquisition		-	(15,450)
Net cash flows from investing activities		**(79)**	**(14,747)**
Cash flows from financing activities			
Payment of lease costs		(45)	-
Proceeds from loan		-	2,831
Net cash flows from financing activities		(45)	2,831
Net decrease in cash and cash equivalents		(2,307)	(16,864)
Cash on Acquisition of subsidiary		-	-
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	5	**1,325**	**3,632**

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 29 June 2020.

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 undertook a takeover bid for Queensland Mining Corporation Limited containing the White Range Copper Project 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 2019:

- AASB 16 Leases;
- AASB Interpretation 23 AASB2017-4s Uncertainty Over Income Tax Treatments; and
- IFRS Standards 2015-2017 Annual Improvements to IFRS Standards 2015-2017 Cycle.

The impact of the adoption of these standards and the new accounting policies, being AASB 16, are disclosed below. AASB Interpretation 23 and IFRS Standards 2015-2017 Annual Improvements did not have any impact on the group's accounting policies and did not require retrospective adjustments.

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.

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:

	31 December 2019 A$000	1 January 2019 A$000
Office lease	55	96
Total right of use assets	55	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 $96,000
- lease liabilities – increase by $99,000

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

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.

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.

(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 2019. These are outlined the following table.

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 Contributi	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	1 January 2022	1 January 2022

on of Assets between an Investor and its Associate or Joint Venture	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.

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 19.

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) 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. The carrying value of capitailsed exploration and evaluation assets have been written down to $47,500,000 to reflect the estimated recoverable amount from noted discussions with third parties regarding the sale of these assets.

(b) 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.

(c) Going Concern

Subsequent to reporting date, on 31 January 2020, the World Health Organisation (WHO) announced a global health emergency because of a new strain of coronavirus (COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic.

These events are having a significant negative impact on world stock markets, currencies and general business activities.

For the year ended 31 December 2019, the Group generated a consolidated loss of $9,875,000 and incurred operating cash outflows of $2,183,000. As at 31 December 2019 the Group had cash and cash equivalents of $1,325,000, net current assets of $156,000 and net assets of $27,886,000.

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 has negotiated an extension to the Hanlong Loan to 30 June 2021;
2. We expect to receive $1,200,000 from the sale of iron ore; and
3. The Group is in advanced discussions with third parties regarding the potential sale of 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.

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 2019	Dec 2018
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. OTHER INCOME AND EXPENSES

	Consolidated 31 Dec 2019 A$'000	Consolidated 31 Dec 2018 A$'000
INCOME		
Other Income		
Rental and other income	14	97
Gain on sale of assets	-	1,420
	14	1,517
EXPENSES		
Administrative Expenses		
Salaries and wages	580	786
Directors' fees	349	736
Defined contribution superannuation expense	37	-
Share based payments	119	32
Other employee benefits expense	-	12
Directors and employee related costs	1,085	1,566
Site administration expenses	-	244
Consultants and legal fees	344	743
Operating lease expense	-	111
Depreciation and amortisation	80	64
Other administrative expenses	338	911
	1,847	3,639
Net Foreign Currency Losses		
Unrealised foreign currency losses	121	1,395
	121	1,395
Finance costs		
Interest expense	1,272	997

	Consolidated	
	31 Dec 2019 A$'000	31 Dec 2018 A$'000

4. 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:

Accounting loss before income tax	(9,875)	(5,702)
At the Group's statutory income tax rate of 27.5% (2018: 27.5%)	(2,716)	(1,568)
Non-deductible expenses	69	287
Unrecognised tax losses	2,647	1,281
Income tax expense	-	-

Deferred Tax Balances		
Deferred Tax Liabilities		
Loans	(11,853)	(11,974)
Other	-	6
Deferred tax asset offset against deferred tax liability	11,853	11,968
	-	-
Deferred Tax Assets		
Mine development	29,707	29,948
Plant and equipment	-	28
Provisions	654	573
Other	436	181
Tax losses	65,245	65,341
	96,042	96,071
Deferred tax asset offset against deferred tax liability	(11,853)	(11,968)
Deferred tax asset not recognised	(84,189)	(84,103)
	-	-

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.

	Consolidated	
	31 Dec 2019 A$'000	31 Dec 2018 A$'000
5. CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	1,325	3,632
Short term deposits	-	-
	1,325	3,632

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

	Consolidated	
	31 Dec 2019 A$'000	31 Dec 2018 A$'000
6. RECEIVABLES		
Current		
Trade receivables (a)	-	5
GST receivables	10	-
Other debtors	2	111
Prepayments	51	57
	63	173
Non-current		
Security deposits (a)	731	726

(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 2019 A$'000	Consolidated 31 Dec 2018 A$'000

7. PLANT AND EQUIPMENT

	2019	2018
Plant and equipment		
- at cost	235	139
- accumulated depreciation	(108)	(26)
Total plant and equipment	127	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 Assets**	Plant & Equipment 31 Dec 2019 A$'000	Plant & Equipment 31 Dec 2018 A$'000
Cost	96	-
Accumulated depreciation	(41)	-
Carrying amount at end of the year	55	-

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

	2019	2018
Plant and Equipment		
Carrying amount at beginning of the year	113	735
Additions	-	92
Disposals	-	(650)
Depreciation expense	(82)	(64)
Addition of Right-of-use asset	96	-
Carrying amount at end of the year	127	113

8. MINERAL PROPERTIES

	2019	2018
Exploration and evaluation assets	53,082	52,120
Movements:		
Balance at the beginning of the year	52,120	50,738
Additions	995	1,910
Asset acquisition of QMC	-	187
Expenditure written off during the year	(33)	(715)
Exploration assets impaired	(5,582)	-
Balance at end of the year	47,500	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.

	Consolidated	
	31 Dec 2019 A$'000	31 Dec 2018 A$'000
9. TRADE AND OTHER PAYABLES		
Trade and other payables	111	139
Accruals	270	200
Deferred revenue	800	-
Other	44	23
	1,225	362

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.

10. PROVISIONS

	31 Dec 2019 A$'000	31 Dec 2018 A$'000
Current		
Annual leave	7	10
	7	10
Non-current		
Rehabilitation – Spinifex Ridge	1,413	1,413
Rehabilitation – QMC	846	646
Long service leave	16	15
	2,275	2,074
Movement in the Spinifex Ridge provision for rehabilitation		
Opening balance	1,413	1,413
Increase resulting from remeasurement	-	-
Closing balance	1,413	1,413
Movement in the QMC provision for rehabilitation		
Opening balance	646	637
Increase resulting from remeasurement	200	9
Closing balance	846	646

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 2019 A$'000	31 Dec 2018 A$'000

11. BORROWINGS

Non-Current		
Loan - Hanlong	18,541	17,477

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.

Subsequent to the financial reporting period the Company and Hanlong agreed to extend the maturity date of the loan to 30 June 2021 (See Note 22 for further details).

12. 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 2018	384,893,989	402,673
Balance at 31 December 2018	384,893,989	402,673
Balance at 31 December 2019	384,893,989	402,673

Performance Rights

During the 2018 Financial 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
2019	Nil	30June2021	10,132,654	-	-	5,007,436	5,125,218
2018	Nil	30June2021	-	10,132,654	-	-	10,132,654

	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	118,801	151,516	99,269
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 2019, there were 4,832,157 (2018: 4,832,157) warrants on issue. No warrants were exercised during the period (2018: nil) or expired during the period (2018: 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

Following the reporting period on 14 February 2020 4,832,157 warrants were exercised into Young Australia Mines ordinary shares.

13. 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.

14. KEY MANAGEMENT PERSONNEL COMPENSATION

	Consolidated	
	31 Dec 2019 A$	31 Dec 2018 A$
Short-term employee benefits	767,557	940,369
Long-term employee benefits	-	17,502
Post-employment benefits	13,433	74,742
Share based payments	118,801	32,715
Termination benefits	48,978	99,615
	948,769	1,164,943

	Consolidated	
	31 Dec 2019 A$	31 Dec 2018 A$

15. 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

	31 Dec 2019 A$	31 Dec 2018 A$
Profit / (loss) used in calculating basic and diluted earnings / (loss) per share		
Loss attributable to ordinary equity holders of the parent	(9,875)	(5,702)
	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 2019, 5,125,218 performance rights (2018: 10,132,654) and 4,832,157 warrants (2018: 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.

16. COMMITMENTS & CONTINGENCIES

(a) Mineral tenement leases

	Consolidated 31 Dec 2019 A$'000	Consolidated 31 Dec 2018 A$'000
Within 1 year	938	810
Later than 1 year and not later than 5 years	852	-
	1,790	810

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) 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.

(c) 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.

	Consolidated	
	31 Dec 2019 A$'000	31 Dec 2018 A$'000
17. CASH FLOW INFORMATION		
(a) Reconciliation of operating loss after tax to net cash flows from operations		
Loss from ordinary activities	(9,875)	(5,702)
Adjusted for:		
Depreciation and amortisation	80	64
Unrealised loss on foreign exchange	121	1,395
(Profit) / loss on disposal of plant and equipment	50	(1,420)
Share-based payments	119	33
Movement in fair value of financial assets at fair value through profit and loss	91	463
Exploration Expenditure written off	33	-
Impaired Exploration and evaluation assets	5,582	-
Change in equity accounting of subsidiary	437	63
Changes in assets and liabilities:		
(Increase) / decrease in receivables	(18)	298
(Increase) / decrease in prepayments	12	-
Decrease in inventories	-	51
Increase / (decrease) in payables	987	(172)
Increase / (decrease) in employee provisions	(2)	(12)
Increase / (decrease) in rehabilitation provision	200	(9)
Net cash flows used in operations	(2,183)	(4,948)
(b) Non cash financing and investing activities		
Non current Borrowings		
Opening Balance	17,477	13,250
Capitalised Interest	943	-
Additional drawdown	-	2,831
Foreign exchange movement	121	1,396
Closing Balance	18,541	17,477

18. 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 2019 A$'000	31 Dec 2018 A$'000
At reporting date the Group had the following exposure to variable interest rate risk		
Financial assets		
Cash at bank and money market investment	1,325	3,632
	1,325	3,632

The following table summarises the impact of reasonably possible changes in interest rates for the Group and the parent entity at 31 December 2019. The sensitivity is based on the assumption that interest rate changes by 25 basis points (2018: 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 (2018: 25 bp)	3	9
25 bp decrease (2018: 25 bp)	(3)	(9)

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.

2019	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	-	-	203	203
Total financial assets	-	-	203	203

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

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

	Consolidated	
	31 Dec 2019 A$'000	31 Dec 2018 A$'000
Financial Assets and Liabilities		
Cash and cash equivalents		
- USD	6	215
Borrowings		
- USD	(18,541)	(17,477)
Trade and other payables		
- USD	(219)	(173)

The following table summarises the impact of reasonably possible changes in foreign currency exchange rates for the Group at 31 December 2019 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% or 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% (2018: +10%)	(1,704)	(1,624)
AUD/USD -10% (2018: -10%)	2,083	1,984

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 2019			
Cash & cash equivalents	-	1,325	-
Receivables	-	-	12
Number of counterparties	-	2	2
Largest counterparty (%)	100%	99%	81%
31 December 2018			
Cash & cash equivalents	-	3,632	-
Receivables	-	-	73
Number of counterparties	-	4	1
Largest counterparty (%)	100%	99%	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 2019				
Trade and other payables	426	-	15	-
Borrowings	-	-	18,541	-
	426	-	18,556	-
Consolidated entity at 31 December 2018				
Trade and other payables	362	-	-	-
Borrowings	579	600	18,076	-
	941	600	18,076	-

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.

19. RELATED PARTY DISCLOSURE

Subsidiaries

Name	Country of Incorporation	% Equity Interest		Principal Activities
		Dec 2019	Dec 2018	
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	100	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 2019 is 100%

Name	Country of Incorporation	% Equity Interest	
		Dec 2019	Dec 2018
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 2019 A$'000	31 Dec 2018 A$'000
Transactions		
Finance costs	1,272	979
Director fees	250	467
Other transactions with Hanlong entities	-	33
Drawdown of loan	-	2,831
Capitalised Interest	943	-
Balances		
Payables – loan interest	219	173
Loan from Hanlong	18,541	17,477

The consolidated entity has not entered into any transactions nor has other outstanding commitments at 31 December 2019 with other related parties (2018: nil).

20. AUDITOR'S REMUNERATION

The auditor of the Group is BDO Audit Pty Ltd.

	Consolidated	
	31 Dec 2019 A$	31 Dec 2018 A$
Amounts received or due and receivable by BDO Audit Pty Ltd.		
Audit fees for audit and review of the financial report	43,500	44,602
Tax compliance (non-audit services)	-	-
Tax consulting (non-audit services)	-	-
	43,500	44,602

21. PARENT ENTITY INFORMATION

	31 Dec 2019 A$'000	31 Dec 2018 A$'000
Current assets	715	3,564
Total assets	46,770	55,433
Current liabilities	345	313
Total liabilities	18,885	17,790
Contributed equity	402,673	402,673
Accumulated losses	(384,329)	(374,453)
Warrants reserve	9,390	9,390
Share Based Payments Reserve	151	33
Total shareholders' equity	27,885	37,643
Loss of the parent entity	(8,645)	(5,052)
Total comprehensive loss of the parent entity	(8,645)	(5,052)

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

22. SIGNIFICANT EVENTS AFTER THE REPORTING DATE

- 14 February 2020 the Company issued 4,832,157 Young Australian Mines Ltd fully paid ordinary shares on the exercise of 4,832,157 warrants with an exercise price of $0.0001.
- 26-Jun-20 The Company entered into an agreement with Hanlong Mining Investment Pty Ltd to extend the maturity date of the Hanlong Loan agreement to 30 June 2021, all other terms under the agreement remain the same.
- On 31 January 2020, the World Health Organisation (WHO) announced a global health emergency because of a new strain of coronavirus (COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic.

  The full impact of the COVID-19 outbreak continues to evolve at the date of this report. The Company is therefore uncertain as to the full impact that the pandemic will have on its financial condition, liquidity, and future results of operations during 2020. Management is actively monitoring the global situation and its impact on the Company's financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the 2020 financial year. Although the Group cannot estimate the length or gravity of the impact of the COVID19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on the Group's results of future operations, financial position, and liquidity in fiscal year 2020.

Other than the events noted above, there are no other matters or circumstances that have arisen since the end of the year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

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 2019 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 2019; 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
29 June 2020

AUDITOR'S INDEPENDENCE DECLARATION

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 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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

BDO Audit Pty Ltd

R M Swaby
Director

Brisbane, 29 June 2020

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 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 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 2019 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(c) 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 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

R M Swaby
Director

Brisbane, 29 June 2020