

YOUNG AUSTRALIAN MINES LIMITED

ABN: 32 103 295 521

FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED

30 JUNE 2020



ABN 32 103 295 521

Board of Directors

Nelson Chen
Dr Guojian Xu
Yao Deng
Xiangtao Wu
Bruno Bamonte

Position

Executive Chairman
Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director

Company Secretary

Bruno Bamonte

Principal & Registered Office

Level 11, 100 Edward St
Brisbane, Qld, 4000
Telephone:

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Brisbane, Qld, 4001
+61 7 3210 0113

Email:
Website:

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Share Register

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Auditor

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Your directors submit their report for the half-year ended 30 June 2020.

DIRECTORS

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

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

REVIEW AND RESULTS OF OPERATIONS

Principal Activities

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

Results from Operations

The net loss after taxation attributable to the members of Young Australian Mines for the half-year to 30 June 2020 was \$1,619,000 (half-year to 30 June 2019: \$2,683,000). The basic and diluted loss per share for the Company was 0.4 cents per share (half-year to 30 June 2019: 0.7 cents per share). The Company's financial performance and results have been, and will continue to be, attributable to its exploration, evaluation and development activities on its current tenements or properties that may be acquired in the future.

Financial Position

As at 30 June 2020, the Company had \$331,000 cash on hand (31 Dec 2019: \$1,325,000). As at 30 June 2020 the Company shows a significant net current asset deficit of (\$19,943,000). This has occurred because the Hanlong loan of \$19,509,000 is due for repayment in June 2021.

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

1. Raising additional capital or securing other forms of financing, as and when necessary to meet the levels of expenditure required for the Group to continue to explore and develop the mineral properties in which it has an interest and to meet the Group's working capital requirements;
2. Sale of other financial assets;
3. Sale of other non-core assets;
4. Reducing its working capital expenditure;
5. Introduction of a partner for the progress of the White Range Project; and
6. Investigating options for the deferral / repayment of the Hanlong Loan due in 2021.

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. Post half-year the Group sold 264,964 Dry Metric Tonnes of Iron Ore from the Spinifex Ridge stockpile generating cash receipts of \$1,054,000 (this amount is in addition to the \$800,000 non-refundable deposit previously received);
2. Post half-year the Group entered into a Share Subscription and Sale Agreement with Gold Valley Copper Pty Ltd and QMC for the potential sale of all the ordinary shares in QMC for up to \$47.5m, see significant events after the reporting date below for further details; and
3. During the period the Group negotiated a deferral of the Hanlong Loan repayment from April 2020 to June 2021, to align with the Gold Valley Copper Pty Ltd agreement noted above.

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

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

Operations Summary

White Range Project – Cloncurry, Queensland

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.

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, the Company's JV partner Tech 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 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 and 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 Iron Ore Mine – Pilbara, Western Australia

During the previous 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 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 had commenced crushing and trucking operations of the iron ore stockpile. Subsequent to the reporting period Gold Valley had completed crushing and trucking a total 264,964 of Dry Metric Tonnes and completed rehabilitation of the stockpile area.

Corporate

During the period the Company has been assessing options to raise cash to allow the further exploration and development of the White Range Project. The Board successfully negotiated the extension of the Hanlong Loan from April 2020 to 30 June 2021. Subsequent to the reporting period the Company entered into a Share Subscription and Sale Agreement with Gold Valley Copper Pty Ltd and QMC for the potential sale of all the ordinary shares in QMC, see significant events after the reporting date below for further details.

Securities on Issue

	Balance 30 June 2020
Ordinary shares	389,726,146
Performance Rights	5,125,218
Total potential ordinary shares	394,851,364

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

No circumstances or events have arisen subsequent to the end of the period that have had, or are likely to have, a material impact on the operations of the Group or the financial statements, other than:

- The Company entered into a Share Subscription and Sale Agreement with Gold Valley Copper Pty Ltd ("GVC") and QMC. QMC currently holds a number of mining tenements in northwest Queensland including the White Range Copper Project consisting mainly of the Kuridala, Greenmount, Young Australian, Vulcan, Desolation and Mt McCabe deposits.

Under the Agreement:

- GVC will subscribe for 1% of the ordinary shares in QMC by the payment of \$500,000 by 1 August 2020.
- GVC will subscribe for a further 2% of the ordinary shares in QMC by the payment of \$1,000,000 by 30 September 2020.
- GVC will subscribe for a further 2% of the ordinary shares in QMC by the payment of a further \$1,000,000 by 31 December 2020.
- If GVC fully performs its obligations in relation to the above subscriptions, then YAML will irrevocably grant to GVC a Call Option in respect of the remaining 95% fully paid ordinary shares in QMC that YAML holds. The sale of shares by YAML in QMC on exercise of this option by GVC will be subject to shareholder approval. The Call Option can be exercised by GVC at any time after 31 December 2020 up to and including 5.00pm (AEST) on 30 June 2021, where GVC is to pay \$45 Million on completion of the share sale.
- The parties have agreed to establish a joint management committee to oversee the operations of the assets until such time as the Call Option expiry date, the agreement is terminated or one party holds all of the issued shares in QMC.

ROUNDING

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

AUDITORS' INDEPENDENCE DECLARATION

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

Signed in accordance with a resolution of directors.



Nelson Chen
Chairman
15 October 2020

YOUNG AUSTRALIAN MINES LTD
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2020



	Six months ended	
Note	30 June 2020 \$'000	30 June 2019 \$'000
Interest revenue	7	30
Sales revenue - Iron ore	630	-
Other income	59	14
Expenses:		
Exploration expenses	(777)	(352)
Finance costs	(703)	(613)
Impairment of Shares held	-	(91)
Decrease in value of Equity Accounted Investment	-	(437)
Loss on disposal of asset	-	(50)
Foreign currency losses	(276)	(112)
Other expenses	(559)	(1,072)
(Loss) before income tax	(1,619)	(2,683)
Income tax expense	-	-
(Loss) after income tax	(1,619)	(2,683)
Other comprehensive income	-	-
Total comprehensive (Loss) for the period	(1,619)	(2,683)
Earnings per share for (Loss) attributable to the ordinary equity holders of the Company:		
Basic (Loss) per share (cents per share)	(0.4)	(0.7)
Diluted (Loss) per share (cents per share)	(0.4)	(0.7)

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 30 JUNE 2020



	30 June 2020	31 Dec 2019
Note	\$'000	\$'000
Current Assets		
Cash and cash equivalents	331	1,325
Trade and other receivables	4 420	64
Total Current Assets	751	1,389
Non-Current Assets		
Other receivables	4 728	731
Plant and equipment	5 88	127
Mineral Properties	6 47,500	47,500
Other financial assets – at fair value	203	203
Total Non-Current Assets	48,519	48,561
Total Assets	49,270	49,950
Current Liabilities		
Trade and other payables	7 1,178	1,225
Borrowings	8 19,509	-
Provisions	7	7
Total Current Liabilities	20,694	1,232
Non-Current Liabilities		
Non current lease payable	-	16
Borrowings	8 -	18,541
Provisions	9 2,275	2,275
Total Non-Current Liabilities	2,275	20,831
Total Liabilities	22,969	22,064
Net Assets	26,301	27,886
Equity		
Contributed equity	402,674	402,673
Reserves	9,574	9,541
Accumulated losses	(385,947)	(384,328)
Total Equity	26,301	27,886

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2020



Note	30 June 2020 \$'000	30 June 2019 \$'000
Cash flows from operating activities		
Government Covid-19 assistance	24	-
Payments to suppliers and employees	(482)	(1,128)
Payments for exploration and project assessment expenses	(549)	(142)
Interest received	1	30
Interest paid	(2)	(278)
Other receipts	35	12
Net cash flows used in operating activities	(973)	(1,506)
Cash flows from investing activities		
Payments for exploration and project evaluation expenses	-	(319)
Proceeds from disposal of plant and equipment	-	62
Net cash flows provided by investing activities	-	(257)
Cash flows from financing activities		
Payment of lease costs	(21)	(22)
Net cash flows provided by financing activities	(21)	(22)
Net decrease in cash and cash equivalents	(994)	(1,785)
Net foreign exchange difference	-	-
Cash and cash equivalents at beginning of the period	1,325	3,632
Cash and cash equivalents at end of the period	331	1,847

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2020



	Contributed Equity	Accumulated Losses	Warrants Reserve	Share Based Payments Reserve	Non- Controlling Interest	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2019	402,673	(374,453)	9,390	32	-	37,642
Loss for the period	-	(2,683)	-	-	-	(2,683)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	(2,683)	-	-	-	(2,683)
Equity Transactions						
Share based payment expense	-	-	-	66	-	66
At 30 June 2019	402,673	(377,136)	9,390	98	-	35,025
At 1 January 2020	402,673	(384,328)	9,390	151	-	27,886
Loss for the period	-	(1,619)	-	-	-	(1,619)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	(1,619)	-	-	-	(1,619)
Equity Transactions						
Exercise of warrants	1	-	-	-	-	1
Share based payment expense	-	-	-	33	-	33
At 30 June 2020	402,674	(385,947)	9,390	184	-	26,301

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

1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

Basis of Preparation

This general purpose condensed financial report for the half-year ended 30 June 2020 has been prepared in accordance with AASB 134 *Interim Financial Reporting*, International Financial Reporting Standard, IAS 34 *Interim Financial Reporting* and the Corporations Act 2001.

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

It is recommended that the half-year financial report be read in conjunction with the annual financial report for the year ended 31 December 2019 and considered together with any public announcements made by Young Australian Mines Limited during the half-year ended 30 June 2020, in accordance with the continuous disclosure obligations of the Corporations Act 2001 requirements for unlisted disclosing entities.

The half-year financial report has been prepared on a historical cost basis and are presented in Australian currency.

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

Going Concern

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

For the half-year ended 30 June 2020, the Group generated a consolidated loss of \$1,619,000 and incurred operating cash outflows of \$974,000. As at 30 June 2020 the Group had cash and cash equivalents of \$331,000, net current liabilities of \$19,943,000 and net assets of \$26,300,000. Net current liabilities excluding the borrowings from Hanlong is \$433,000.

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

1. Raising additional capital or securing other forms of financing, as and when necessary to meet the levels of expenditure required for the Group to continue to explore and develop the mineral properties in which it has an interest and to meet the Group's working capital requirements;
2. Sale of other financial assets;
3. Sale of other non-core assets;
4. Reducing its working capital expenditure;
5. Introduction of a partner for the progress of the White Range Project; and
6. Investigating options for the deferral / repayment of the Hanlong Loan due in June 2021.

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. Post half-year the Group sold 264,964 Dry Metric Tonnes of Iron Ore from the Spinifex Ridge stockpile generating cash receipts of \$1,054,000 (this amount is in addition to the \$800,000 non-refundable deposit previously received);
2. Post half-year the Group entered into a Share Subscription and Sale Agreement with Gold Valley Copper Pty Ltd and QMC for the potential sale of all the ordinary shares in QMC for up to \$47.5m, see Note 13 for further details.
3. During the period the Group negotiated a deferral of the Hanlong Loan repayment from April 2020 to June 2021, to align with the Gold Valley Copper Pty Ltd agreement noted above.

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.

Revenue from contracts with customers

Revenue is recognised when the Company transfers control of goods to the customer at the amount to which the Company expects to be entitled.

New and amended standards adopted by the Group

The following new/amended accounting standards and interpretations issued have been adopted in preparing the financial statements for the period ended 30 June 2020. There was no material impact on the financial statements of the group.

	Application date
<p>Amendments to AASB 3 - Definition of a Business</p> <ul style="list-style-type: none"> Clarifies the definition of a 'business' in AASB 3 Business Combinations to assist in determining whether a transaction should be accounted for as a business combination or as an asset acquisition. 	1 January 2020
<p>Amendments to AASB 101 and AASB 108 - Definition of Material</p> <ul style="list-style-type: none"> AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors include a definition of 'materiality' which must be applied when judging whether information should be included, or amounts adjusted, in the financial statements. Consequential amendments have also been made to ensure that the definition of 'material' is consistent across all IFRS Standards, as well as the Revised Conceptual Framework (2018) and IFRS Practice Statement 2 Making Materiality Judgements. 	1 January 2020
<p>Amendments to AASB 7, AASB 9 and AASB 139 - Interest Rate Benchmark Reform</p> <ul style="list-style-type: none"> These amendments were issued by the Australian Accounting Standards Board in October 2019 and modify some of the hedge accounting requirements to provide relief from the potential effects of the uncertainty caused by interest rate benchmark reform. The amendments also require disclosure of additional information about hedging relationships that are directly affected by the uncertainties caused by interest rate benchmark reform. 	1 January 2020
<p>Amendments to AASB 1054 - Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia</p> <ul style="list-style-type: none"> Added a new paragraph 17 to AASB 1054 Australian Additional Disclosures which clarifies that, in complying with paragraph 30 of AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, entities intending to assert compliance with IFRS must also disclose the potential effect of IFRS standards that are yet to be issued by the AASB. 	1 January 2020

2. INCOME

	Six months ended	
	30 June 2020 \$'000	30 June 2019 \$'000
Other income		
Government COVID assistance	24	-
Other income	35	14
	59	14

3. EXPENSES

Consultants & Legal fees	119	256
Directors' fees	202	166
Depreciation	39	40
Salaries and wages	48	324
Defined contribution superannuation expense	4	15
Share based payments	33	65
Other expenses	114	206
	559	1,072

4. TRADE AND OTHER RECEIVABLES

	30 June 2020 \$'000	31 Dec 2019 \$'000
Current		
Trade receivables	364	-
GST receivables	16	10
Other Debtors	15	3
Prepayments	25	51
	420	64
Non-current		
Security deposits	727	731
	727	731

5. PLANT AND EQUIPMENT

	30 June 2020 \$'000	31 Dec 2019 \$'000
Plant and equipment		
At cost	235	235
- accumulated depreciation	(147)	(108)
Total plant and equipment	88	127

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

(a) Right-of-use Asset

	Plant & Equipment 30 Jun 2020 \$'000	Plant & Equipment 31 Dec 2019 \$'000
Cost	96	96
Accumulated depreciation	(62)	(41)
Net carrying amount	34	55

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

Carrying amount at beginning of the period	127	113
Additions	-	-
Disposals	-	-
Depreciation expense	(39)	(82)
Addition of Right-of-use asset	-	96
Carrying amount at end of the period	88	127

6. MINERAL PROPERTIES

Exploration and evaluation assets	47,500	53,082
Movements:		
Balance at the beginning of the year	47,500	52,120
Additions	-	995
Expenditure written off during the year	-	(33)
Exploration assets impaired	-	(5,582)
Balance at end of the year	47,500	47,500

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

7. TRADE AND OTHER PAYABLES

	30 June 2020 \$'000	31 Dec 2019 \$'000
Current		
Trade and other payables	64	111
Accruals	545	270
Deferred revenue	530	800
Other	38	44
	1,178	1,225

8. BORROWINGS

	30 Jun 2020 \$'000	31 Dec 2019 \$'000
Current		
Loan – Hanlong (i)	19,509	-
	19,509	-
Non-Current		
Loan – Hanlong (i)	-	18,541
	-	18,541

- (i) Refer to the December 2019 Annual Report for full disclosure of the terms of the Hanlong loan. During the half year the Company negotiated an extension to the maturity date from April 2020 to 30 June 2021, all other conditions of the loan remain unchanged.

9. PROVISIONS

	30 Jun 2020 \$'000	31 Dec 2019 \$'000
Non-current		
Rehabilitation – Spinifex Ridge	1,413	1,413
Rehabilitation – QMC	846	846
Long service leave	16	16
	2,275	2,275

Rehabilitation provisions are subject to inherent uncertainty in both timing and amount, and as a result are continuously monitored and revised. Timing is uncertain as the next stage in rehabilitation is dependent on success of previous work after a number of wet seasons. Iron ore rehabilitation will wait until economics determine the timing of removal of the low grade stockpile resource, after which the remaining rehabilitation can be undertaken.

10. SEGMENT INFORMATION

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

11. RELATED PARTY TRANSACTIONS

(a) Ultimate parent entity

Transactions and outstanding balances with Hanlong were as follows:

	Six months ended	
	30 June 2020 \$'000	30 June 2019 \$'000
Finance costs paid	-	575
Capitalised Interest	703	-

	30 June 2020 \$'000	31 Dec 2019 \$'000
	Payables – loan interest	228
Loan from Hanlong	19,509	18,541

(b) Redrock Exploration Services Pty Ltd

The consolidated entity has a services contract with Redrock Exploration Services Pty Ltd, a company of which Young Australian Mines director Mr G. Xu is an employee, for exploration and geological services consultancy. During the reporting period a total of \$135,000 has been a paid to Redrock Exploration Services Pty Ltd.

The transactions with related parties are on normal commercial terms.

12. CONTINGENT LIABILITIES

(a) Shareholder loan reinstatement

To the extent that Young Australian Mines makes a final investment decision for a new project that is financed with debt facilities supported by Hanlong guarantees and security, the Shareholder Loan of US\$10,300,000 will be increased by a maximum amount of US\$44,700,000 on a pro rata basis by comparing the debt made available to the US\$500,000,000 of financing required under the Subscription Agreement. Interest will not be payable by Young Australian Mines on the portion of the Loan not reinstated.

(b) Hanlong Finance Fee

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

13. SUBSEQUENT EVENTS

No circumstances or events have arisen subsequent to the end of the period that have had, or are likely to have, a material impact on the operations of the Group or the financial statements, other than:

- The Company entered into a Share Subscription and Sale Agreement with Gold Valley Copper Pty Ltd (“GVC”) and QMC. QMC currently holds a number of mining tenements in northwest Queensland including the White Range Copper Project consisting mainly of the Kuridala, Greenmount, Young Australian, Vulcan, Desolation and Mt McCabe deposits.

Under the Agreement:

1. GVC will subscribe for 1% of the ordinary shares in QMC by the payment of \$500,000 by 1 August 2020.
2. GVC will subscribe for a further 2% of the ordinary shares in QMC by the payment of \$1,000,000 by 30 September 2020.
3. GVC will subscribe for a further 2% of the ordinary shares in QMC by the payment of a further \$1,000,000 by 31 December 2020.
4. If GVC fully performs its obligations in relation to the above subscriptions, then YAML will irrevocably grant to GVC a Call Option in respect of the remaining 95% fully paid ordinary shares in QMC that YAML holds. The sale of shares by YAML in QMC on exercise of this option by GVC will be subject to shareholder approval. The Call Option can be exercised by GVC at any time after 31 December 2020 up to and including 5.00pm (AEST) on 30 June 2021, where GVC is to pay \$45 Million on completion of the share sale.
5. The parties have agreed to establish a joint management committee to oversee the operations of the assets until such time as the Call Option expiry date, the agreement is terminated or one party holds all of the issued shares in QMC.

DIRECTORS' DECLARATION

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

In the opinion of the directors:

- (a) the financial statements and notes of the Consolidated Entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2020 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Reporting*, International Accounting Standard IAS 34 *Interim Reporting* and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become payable.

On behalf of the Board



Nelson Chen
Chairman
15 October 2020



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

As lead auditor for the review of Young Australian Mines Limited for the half-year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

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

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

A handwritten signature in black ink, appearing to read 'R M Swaby', is written over a light blue horizontal line.

R M Swaby
Director

BDO Audit Pty Ltd

Brisbane, 15 October 2020

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Young Australian Mines Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Young Australian Mines Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report


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

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 30 June 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

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

BDO Audit Pty Ltd



R M Swaby
Director

Brisbane, 15 October 2020