

Australia United Mining Limited

ACN 126 540 547

Half year financial report for the half-year ended 31 December 2017

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Current Reporting Period:
Previous Reporting Period:

Half-year ended 31 December 2017
Half-year ended 31 December 2016

<u>Results for announcement to the market</u>		A\$
Revenue from ordinary activities	UP 1,713.02%	40,934
Loss after tax attributed to members	Down 46.86%	(306,289)
Loss for the half-year attributed to members	Down 46.86%	(306,289)

The loss of Australia United Mining Limited ("AUML") and its subsidiaries (the "consolidated entity") for the half-year ended 31 December 2017, after income tax, amounted to \$306,289 (2016: \$576,422).

Dividends

It is not proposed to pay dividends

<u>Other information</u>	31 December 2017	31 December 2016
Net Tangible Assets per ordinary share	0.0011	0.0014

The financial information provided is based on the half-year condensed financial report (attached), which has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS).

The half-year financial report has been independently reviewed and includes an emphasis of matter paragraph.

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DIRECTORS' REPORT

The Directors of Australia United Mining Limited submit herewith the financial report of Australia United Mining Limited and its subsidiaries (the Group) for the half-year ended 31 December 2017. In order to comply with provisions of the *Corporations Act 2001*, the directors report as follows:

DIRECTORS

The names of Directors of the company during or since the end of the half-year are:

Mr X. J. Wang
Mr. W. Li

Ms J. Yu

Company Secretary
Mr. Yipu Ding

Mr J. Zhang resigned as Director on 27th November 2017. Mr W. Li was appointed as Director on 27th November 2017.

REVIEW OF OPERATIONS

The losses of Australia United Mining Limited ("AUML") and its subsidiaries (the "consolidated entity") for the half-year ended 31 December 2017, after income tax, amounted to \$306,289 (2016: \$576,422).

The company held its annual general meeting (AGM) on 27th November 2017. At that AGM, a resolution of additional capacity to issue equity securities was approved. The company has additional capacity to issue a further 10% of its issued share capital over and above the 15% placement capacity specified in ASX Listing Rule 7.1.

Currently, AUML's key focus is to renew all exploration licenses which are due to expire in 2018 and continue identifying drilling targets with the aim of delineating economic mineral resources. In addition, it is also important for AUML to comply with expenditure commitments and follow work programs to meet the requirements of each licence and improve cost efficiencies.

During the reporting period, AUML successfully lodged a renewal application for EL 7423 in Sofala on 29th of November 2017 before expiry and land owners in Sofala have agreed to sign a compensation agreement after final review by their solicitor. A more targeted drilling program has been designed in the Spring Gully area in Sofala and will commence as soon as the company has sufficient funds to do so.

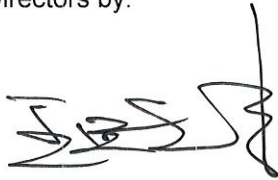
, In September 2017, AUML completed the forward modelling of ground magnetic data collected over three grids in 2014 for EL 7041 Honeybugle. Five magnetic anomalies were modelled to define drilling targets and five drillholes have been designed to optimally test each of the target anomalies.

DIRECTORS' REPORT

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the independence declaration by the lead auditor under section 307C is included on page 6 of these half-year financial statements.

This report is made in accordance with a resolution of the Board of Directors and is signed for on behalf of the Directors by:

A handwritten signature in black ink, appearing to be 'Xiao Jing Wang', written over a horizontal line.

Xiaojing Wang

Director and Executive Chairman

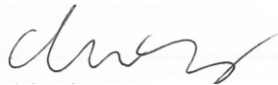
Dated in Sydney, Australia on 14 of March 2018

Auditors Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Australia United Mining Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2017, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

INP Sydney



Christopher Wong
Partner

14th March 2018

Sydney NSW 2000

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

	31 December 2017 \$	31 December 2016 \$
Revenue		
Interest	3,271	2,258
Debt forgiveness received	37,663	-
Total revenue and other income	40,934	2,258
Employee benefits expense	(32,763)	(127,757)
Depreciation and amortisation expense	(3,092)	(3,546)
Travel and accommodation expenses	(7,589)	(11,861)
Rent & rates	(53,626)	(32,393)
Legal and corporate fees	(23,647)	(23,748)
Insurance	(15,954)	-
Finance costs	(23,000)	(54,427)
Impairment of exploration asset	(50,831)	(211,691)
Directors fee	(90,000)	
Other expenses	(46,721)	(113,257)
Total expenses	(347,223)	(578,680)
Loss before income tax benefit	(306,289)	(576,422)
Income tax benefit	-	-
Loss after income tax benefit attributable to the members of Australia United Mining Limited	(306,289)	(576,422)
Other comprehensive income	-	-
Total comprehensive loss attributable to the members of Australia United Mining Limited	(306,289)	(576,422)

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017**

	Note	As at 31 December 2017 \$	As at 30 June 2017 \$
Current assets			
Cash and cash equivalents		149,473	349,248
Other receivables		14,061	28,340
Other assets		21,049	111,665
Total current assets		<u>184,583</u>	<u>489,253</u>
Non-current assets			
Other assets including cash-backed environmental bonds		248,284	246,279
Property, plant & equipment		142,878	154,796
Exploration and evaluation assets	2	<u>2,150,000</u>	<u>2,150,000</u>
Total non-current assets		<u>2,541,162</u>	<u>2,551,075</u>
Total assets		<u><u>2,725,745</u></u>	<u><u>3,040,328</u></u>
Current Liabilities			
Trade and other payables		276,018	125,703
Other financial liabilities		-	16,403
Provisions		4,842	4,384
Total current liabilities		<u>280,860</u>	<u>146,490</u>
Non-current Liabilities			
Other non-current payables	3	<u>1,017,380</u>	<u>1,160,044</u>
Total non-current liabilities		<u>1,017,380</u>	<u>1,160,044</u>
Total liabilities		<u><u>1,298,240</u></u>	<u><u>1,306,534</u></u>
Net assets		<u><u>1,427,505</u></u>	<u><u>1,733,794</u></u>
Equity			
Issued capital	4	39,218,399	39,218,399
Accumulated losses		<u>(37,790,894)</u>	<u>(37,484,605)</u>
Total equity		<u><u>1,427,505</u></u>	<u><u>1,733,794</u></u>

The consolidated statement of financial position is to be read in conjunction with the notes to the financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

	Issued Capital \$	Accumulated Losses \$	Total \$
Balance at 1 July 2017	39,218,399	(37,484,605)	1,733,794
Total comprehensive loss for the half-year			
Loss for the half-year	-	(306,289)	(306,289)
Total comprehensive loss for the half-year	-	(306,289)	(306,289)
Transactions with owners in their capacity as owners			
Conversion of convertible notes to ordinary shares	-	-	-
	-	-	-
Balance at 31 December 2017	39,218,399	(37,790,894)	1,427,505

	Issued Capital \$	Accumulated Losses \$	Total \$
Balance at 1 July 2016	37,588,814	(36,865,928)	722,886
Total comprehensive loss for the half-year			
Loss for the half-year	-	(576,422)	(576,422)
Total comprehensive loss for the half-year	-	(576,422)	(576,422)
Transactions with owners in their capacity as owners			
Rights issue	1,629,585	-	1,629,585
	1,629,585	-	1,629,585
Balance at 31 December 2016	39,218,399	(37,442,350)	1,776,049

The consolidated statement of changes in equity is to be read in conjunction with the notes to the financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

	31 December 2017 \$	31 December 2016 \$
Cash flow from operating activities		
Payments to suppliers and employees	(239,559)	(225,880)
Interest received	1,042	2,258
Finance costs	-	-
Net cash (used in) operating activities	<u>(238,517)</u>	<u>(223,622)</u>
Cash flow from investing activities		
Payments for exploration expenditure	(61,906)	(98,070)
Proceeds from release of bank guarantee	100,648	-
Net cash provided by / (used in) investing activities	<u>38,742</u>	<u>(98,070)</u>
Cash flow from financing activities		
Proceeds from issue of rights		
Proceeds from borrowings	-	500,000
Repayments of borrowings	-	-
Net cash provided by financing activities	<u>-</u>	<u>500,000</u>
Net (decrease) / increase in cash held	(199,775)	178,308
Cash at the beginning of the half year	<u>349,248</u>	<u>175,535</u>
Cash and cash equivalents at the end of half-year	<u><u>149,473</u></u>	<u><u>353,843</u></u>

*The consolidated statement of cash flows is to be read in conjunction with
the notes to the financial statements.*

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL REPORT

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2017.

The accounting policies have been consistently applied by the entities in the consolidated group and are consistent with those in the 30 June 2017 financial report.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

New, Revised or Amending Accounting Standards and Interpretations Adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

2. EXPLORATION AND EVALUATION ASSETS

	Consolidated	
	31 December 2017	30 June 2017
	\$	\$
Balance at beginning of the half year	2,150,000	1,940,000
Additions	50,831	179,170
Impairment	(50,831)	30,830
Balance at end of the half year	2,150,000	2,150,000

\$50,831 of costs has been capitalised during the half-year.

During the financial period the group reassessed the recoverable value of all tenement areas of interest to which exploration costs had been capitalised. The recoverability of the carrying amount of exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

3. OTHER NON-CURRENT PAYABLES	31 December 2017 \$	30 June 2017 \$
Loans from directors	1,017,380	942,044
Shandong Province Geology	-	218,000
	1,017,380	1,160,044

Interest bearing long term loans from directors, the interest rate is 6% -12% per annum.

4. Issued Capital

	31 December 2017		31 December 2016	
	Number	\$	Number	\$
Ordinary shares				
Opening balance 1 July	1,269,532,682	39,218,399	726,337,594	37,588,814
Issue of ordinary shares through rights issue	-	-	543,195,088	1,629,585
Closing balance 31 December	1,269,532,682	39,218,399	1,269,532,682	39,218,399
Total issued capital at 1 July	1,269,532,682	39,218,399	726,337,594	37,588,814
Total issued capital at 31 December	1,269,532,682	39,218,399	1,269,532,682	39,218,399

5. DIVIDENDS PAID

No dividends have been paid or provided for during the half-year.

6. SHARE OPTIONS

No options were exercised during the half-year, and no options expired unexercised during the half-year.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

7. SEGMENT INFORMATION

The Group operates in two geographical areas — in New South Wales and Queensland, Australia. The Group carries out exploration for, and development of gold deposits in these areas.

Segment information is presented using a "management approach", being segment information provided for internal reporting purposes used by the executive management committee.

Description of Segments

Management has determined the operating segments based on reports reviewed by the executive management committee for making strategic decisions. The executive management committee comprises the chairman, chief executive officer, and divisional managers. The committee monitors the business based on the stage of exploration and development and geographic location of tenements. This has resulted in the identification of the following 3 reportable segments:

Forsayth Project (Queensland)

Forsayth is the company's flagship project and it has already established a base at the town. Forsayth comprises two Mining Leases and one Exploration Permit for Minerals covering a number of small but high grade gold reefs.

NSW Exploration Licences

In NSW, the company has three exploration licences ("EL's") in the Lachlan Fold Belt, a region that has a gold and a copper endowment. The region contains geophysical similarities with known features over these world class porphyry-style ore bodies; these include coincident circular gravity and magnetic lows, associated radio metrics, and in some cases caldera structures related to known mineralized porphyry systems.

The Honeybugle EL covers epithermal gold, skarn copper and scandium/nickel/PGE targets. Australia United Mining also holds ELs at Sofala and at Karangi.

Corporate Centre Costs

The corporate centre provides administration support to the entire group.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

8. SEGMENT INFORMATION (continued)

	QLD Forsayth	NSW Exploration	Corporate Centre	Total
Half year ended 31 December 2017				
Total segment revenue	-	-	40,934	40,934
Segment result	(30,910)	(19,921)	(255,458)	(306,289)
Segment assets	1,180,120	1,345,309	200,316	2,725,745

	QLD Forsayth	NSW Exploration	Corporate Centre	Total
Half year ended 31 December 2016				
Total segment revenue	-	-	2,258	2,258
Segment result	(94,166)	(117,524)	(366,990)	(578,680)
Segment assets	1,132,583	1,221,337	405,144	2,759,064

There is no inter-segment revenue; therefore segment revenues are also revenues from external customers.

9. COMMITMENTS FOR EXPENDITURE**(a) Exploration expenditure commitments**

The commitments detailed below are the required expenditure to maintain ownership of the tenements or as required by service contracts entered into by the company.

Not longer than 12 months	\$336,800
Longer than 12 months and not longer than 60 months	\$326,800
	\$663,600

(b) Lease commitments

Operating lease commitments are disclosed in note (c) below. There are no finance lease liabilities.

(c) Other expenditure commitmentsProperty Lease

Not longer than 12 months	\$ 77,016
Longer than 12 months and not longer than 60 months	\$154,032
	\$231,048

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

10. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2017.

11. EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Other than the following, the directors are not aware of any significant events since the end of the interim period.

On 20th February 2018, Mr Wei Li tabled his resignation to the board, and the board appointed Mr Jun Wang as a non-executive director.

12. GOING CONCERN

The directors have prepared the half-year financial statements on going concern basis, which contemplates the continuity of normal business activity in respect of continuing operations and the orderly realisation of assets and liabilities.

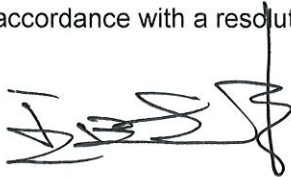
For the half year ending 31st December 2017 the company had current assets of \$184,583 versus current liabilities of \$280,860 representing a negative working capital balance. During the half year the company incurred an operating loss of \$306,289 including recognition of impairment loss on capital exploration expenditures of \$50,831. The company substantially reduced its ongoing expenses by reducing the number of staff and contractors and ceasing drilling activities at the Forsayth Project. The company is in continued discussions with sophisticated investors in relation to providing additional funding with several groups visiting the company's main project areas. While these discussions are occurring all costs are being kept to a minimum and the Chairman of the Company Mr. Xiaojing Wang and Director Ms Jia Yu proposed to convert their loans to new issued shares. Mr. Xiaojing Wang has made additional loans to the company of \$250,000 to assist the company in meeting its ongoing cash commitments as and when required and support continuous operation of the company.

DIRECTORS' DECLARATION

In the opinion of the Directors of Australia United Mining Limited (the "company"):

1. The half-year financial statements and notes set out on pages 7 to 15 are in accordance with the Corporations Act 2001, including:
 - (a) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2017 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

A handwritten signature in black ink, appearing to be 'Xiao Jing Wang', written over a horizontal line.

Xiaojing Wang

Director and Executive Chairman

Dated in Sydney, Australia on 14 of March 2018

Independent Auditor's Review Report to the members of Australia United Mining Limited

Conclusion

We have reviewed the accompanying half-year Financial Report of Australia United Mining Limited and its Controlled Entities (the consolidated entity).

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year Financial Report of Australia United Mining Limited and its Controlled Entities is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- complying with Australian Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty related to Going Concern

Without qualifying our conclusion, we draw attention to Note 12 in the half-year Financial Report, which indicates that the consolidated entity incurred a net loss of \$306,289 during the half-year ended 31 December 2017; and the consolidated entity continues to require financial assistance from directors in the form of director loans to meet ongoing cash commitments and to support the continued operations of the consolidated entity. These conditions, together with other matters as set in forth in Note 12 indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the half year Financial Report.

Composition of the Half-Year Financial Report

The half-year Financial Report comprises:

- Consolidated statement of financial position as at 31 December 2017
- Consolidated statement of profit and loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the half-year ended on that date
- Notes comprising a summary of significant accounting policies and other explanatory information
- The directors' declaration

Directors' Responsibility for the Half-Year Financial Report

The Directors of the consolidated entity 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.



INP Sydney
Level 26, 44 Market Street Sydney NSW 2000
PO Box 43 Willoughby NSW 2068
Telephone: 1300 168 368

Independent Auditor's Review Report to the members of Australia United Mining Limited

Reviewer's Responsibility for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year Financial Report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements *ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Australia United Mining Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual Financial Report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* has been provided to the Directors of Australia United Mining Limited.

INP Sydney

Christopher Wong
Partner

14th March 2018

Sydney NSW 2000