



AUSTPAC RESOURCES N.L.
ACN 002 264 057

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13 March 2020

The Manager
Company Announcements
Australian Stock Exchange Limited
Exchange Centre
Level 6
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

RE: AUSTPAC RESOURCES NL
HALF-YEARLY REPORT 31 DECEMBER 2019

We are pleased to provide Stock Exchange half-yearly report 4D for period ended 31 December 2019 together with the Auditors Review report.

Yours faithfully

N.J. Gaston
Company Secretary

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Austpac Resources N.L. and its Controlled Entities
Half-year ended 31 December 2019
ABN 87 002 264 057

Appendix 4D
Results for announcement to the market

				\$
Revenue	0	0	To	0
Profit before tax	Up	100%	To	205,043
Profit attributable to equity holders	Up	100%	To	205,043

No dividend has been paid or proposed for the six-month period ended 31 December 2018.

Review of operations

Commentary on the results of the consolidated entity has been included in the Directors' Report.

	As at 31 December 2019	As at 31 December 2018
Net asset per security (cents)	0.07	0.03

**AUSTPAC RESOURCES N.L.
AND ITS CONTROLLED ENTITIES**

ABN 87 002 264 057

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2019

Austpac Resources N.L. and its controlled entities

Directors' Report

The directors present their report together with the consolidated financial statements for the half-year ended 31 December 2019 and the auditor's review report thereon.

Directors

The directors of the Company during the half-year are:

Name	Period of Directorship
Non-executive Mr Terry Cuthbertson	Director since March 2001, Chairman since May 2004
Non-executive Mr Colin Iles	Director since 14 March 2017
Non-executive Mr Geoff Hiller	Director since May 2019

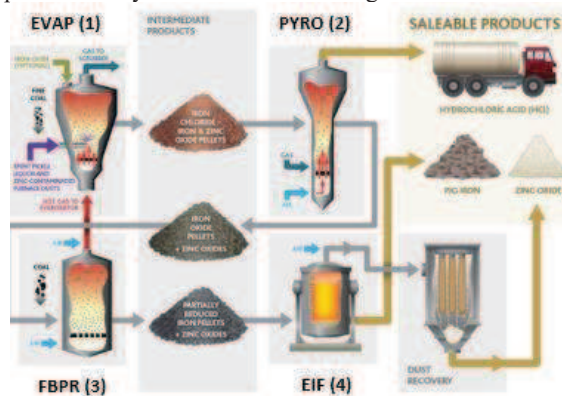
Review and Results of Operations

The net result of operations after applicable income tax benefit for the half-year was a profit of \$205,043 (2018: loss of \$421,829).

AUSTPAC'S ZINC & IRON RECOVERY PROCESS (ZIRP) PROOF OF CONCEPT TESTWORK PROGRAM COMPLETED DURING THE QUARTER

The planned Proof of Concept (PoC) testwork program was completed on 8th November 2019. The objective of this program was to process zinc-contaminated steel furnace dust (BOF filter cake) and Spent Pickle Liquor (SPL) through the first three stages of Austpac's Zinc & Iron Recovery Process (ZIRP) and produce a reduced iron oxide-zinc oxide material for melting tests in an induction furnace, which is the last process stage.

The program commenced with the Evaporation stage (EVAP) to convert filtercake and the SPL to solid iron oxide-iron chloride pellets. The EVAP pellets were campaigned through a dual-purpose fluid bed roaster operating in Pyrohydrolysis (PYRO) mode to produce solid iron oxide-zinc oxide pellets. These pellets were then processed through the roaster operating with excess fuel to partially reduce the iron in the PYRO pellets so they are suitable for feeding to an induction furnace.



Austpac's ZIRP Process for Recycling Zinc-Contaminated Furnace Dust

To ensure the melt tests are undertaken to industry standards, the Company signed a Technical Services Agreement with the CSIRO's Mineral Resources High Temperature Chemistry Division at Clayton Victoria. Samples were sent to CSIRO in December 2019. CSIRO has advised us that an initial melt test has been completed and they are awaiting analyses of the iron products before providing a report on their work.

Three steel companies visited the Newcastle plant during the test program, and one of these took samples of the raw materials and of the products from each process stage. This group is conducting detailed chemical and physical analyses of the samples they obtained, and they undertook to provide the results to Austpac and to assist our assessment.

Austpac Resources N.L. and its controlled entities

The PoC program demonstrated the technical capabilities and proved the first three stages of the ZIRP process. Once all test results are received, further work in 2020 is planned at the plant to obtain additional product samples

SALE OF A TECHNOLOGY PACKAGE TO LIDO HOLDINGS

In April 2019, Tangshan Yanshan Iron and Steel Company of China became a significant shareholder of Austpac through a share placement which provided \$805,000 for the Company's testwork program designed to demonstrate the first three stages of the ZIRP process.

In mid-September 2019, Austpac Resources announced that a synthetic rutile technology package developed by the Company in 2006, had been sold to Lido Holdings Limited (British Virgin Islands) for \$1.5 million. Lido is a wholly-owned subsidiary of Yanshan. The technology package comprised information contained in an internal conceptual study undertaken by Austpac in 2006 into an ERMS synrutile rutile plant in Australia (the Study). The Chinese companies have the right to use the information for their own purposes in China. It is not a licence and does not represent the sale or transfer of ownership of any of Austpac's Intellectual Property.

Yanshan has assembled a team in China to evaluate the Study information and during the December 2019 Quarter, Austpac assisted Yanshan with interpretation of the Study data. Austpac will continue to assist Yanshan with their evaluation in 2020.

THE 2020 EXPLORATION PROGRAM COMMENCES AT NHILL

In 2017, Austpac completed a vertical exploration drill hole to test a basement gravity and magnetic anomaly beneath a thick cover of younger Murray Basin sediments. The hole encountered basement at 249m and obtained 76m of diamond core containing strongly to intensely hydrothermally-altered basaltic volcanics with sulphide mineralisation in fractures, along breccias boundaries and in voids. Predominant pyrite is often accompanied by significant sphalerite (Zn), minor finely disseminated chalcopyrite (Cu) and anomalous gold. Intercepts included 0.5m (308.0-308.5) containing 3.60% Zn and 0.44g/t Au, and 0.5m at the end of the hole containing 1.20% Zn and 0.2g/t Au. This mineral assemblage is typical of the outer halo of a hydrothermal system, which is highly encouraging as there had been negligible exploration in the region because of the thick cover of younger sediments. The mineralisation is open at depth and follow up drilling is required to establish its lateral extent.

Subsequent examination of the core in GG-01 identified pyrrhotite, a magnetic mineral commonly associated with Volcanic Hosted Massive Sulphide (VHMS) mineralisation. Subsequent detailed geochemistry and isotope analyses supported this conclusion, so attention turned to low amplitude magnetic features in the close spaced ground magnetic data. Two permissive magnetic features were recognised. The western magnetic body is 600m in length and trends towards the collar of GG-01, which is located off the end of that magnetic feature. The second magnetic feature located several hundred metres to the east is twice as long as the western body. These north westerly-trending targets could represent lenses of VHMS mineralisation, analogous to the narrow, well-mineralised intercepts in GG-01.

In 2019, Austpac undertook a drilling program to follow up the mineralisation encountered in 2017. The new hole was located 400m to the south-east of GG-01, and inclined at 55 degrees to test the central portion of the western target zone. The drill hole encountered unexpectedly difficult ground conditions deep in the overlying sediments, possibly exacerbated by the angle of the hole. It was not possible to extend the drill casing beyond 188m, and while the drill rods reached the gravel directly above the basement at 270m, there was a high risk that the entire drill string could be lost as a result of soft sediment squeezing the uncased rods. Drilling operations were therefore stopped immediately, and it was planned to re-drill at Nhill using different equipment once the winter crops had been harvested and during dry weather conditions.

The discovery of VHMS massive sulphide mineralisation in GG-01 at the unexplored north-western end of the Stavelly Arc, a buried ancient volcanic island arc, is highly encouraging. The two targets delineated by geophysics within EL 5291 are as yet untested. The mineralisation in GG-01 is interpreted as being the distal end of one of the targets. The opportunity for discovery of hitherto unknown VHMS deposits at Nhill far outweighs the challenge of drilling through the sediments.

Plans for the 2020 program at Nhill are now being finalised. It was decided to refine the two targets with closer-spaced ground magnetic and gravity surveys. A geophysical contractor who undertook the previous gravity-magnetic surveys at Nhill has commenced this work and modelling and interpretation of the results should be completed in February. Discussions are underway to select a drilling contractor with the suitable equipment and experience to ensure the targets are adequately tested. It is expected drilling will recommence during the second quarter of 2020.

EL 5291 Nhill

Mining Exploration Entities:

EL 5291 (Nhill); Located between Nhill and Dimboola, Victoria; 100% Austpac Resources N.L.

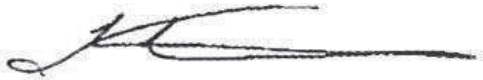
Lead Auditors' Independence Declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 5 and forms part of the directors' report for the half-year ended 31 December 2019.

Subsequent Events

Subsequent to 31 December 2019, there has not arisen in the interval between 31 December 2019 and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the company, to affect significantly the operations of the consolidated entity in future financial years.

Signed in accordance with a Resolution of the Directors on 13th March 2020.

A handwritten signature in black ink, appearing to be 'T. Cuthbertson', with a long horizontal stroke extending to the right.

T. Cuthbertson
Chairman



**AUSTPAC RESOURCES N.L. ABN 87 002 264 057
AND CONTROLLED ENTITIES**

**AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C
OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF AUSTPAC RESOURCES N.L.**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2019 there have been no contraventions of:

- a. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- b. any applicable code of professional conduct in relation to the review.

MNSA Pty Ltd

MNSA Pty Ltd

Mark Schiliro
Director

Sydney

Dated this 13th day of March 2020

Austpac Resources N.L. and its controlled entities
Condensed consolidated statement of profit or loss
and other comprehensive income
For the half-year ended 31 December 2019

	Note	6 months ended 31 Dec 2019 \$	6 months ended 31 Dec 2018 \$
Technology transaction revenue		1,500,000	-
Administrative and other expenses		(745,483)	(469,130)
Research and development - technology		(525,944)	(130,374)
Amortisation of right-of-use – office lease	13	(108,504)	-
Exploration expenditure – Nhill		(32,939)	(77,196)
Results from operating activities		87,130	(676,700)
Finance income		-	-
Finance expenses		(1,866)	(4,727)
Net financing expense		(1,866)	(4,727)
Profit/(loss) before tax		85,264	(681,427)
Income tax benefit	7	119,779	259,598
Net (loss)/ profit for the period		205,043	(421,829)
Other comprehensive income for the period net of income tax		-	-
Total comprehensive (loss)/profit for the period		205,043	(421,829)
Basic and diluted (loss)/ profit per share			
Cents		0.01	(0.02)

The condensed consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the condensed notes to the half-year financial report set out on pages 10 to 12.

Austpac Resources N.L. and its controlled entities

Condensed consolidated statement of changes in equity For the half-year ended 31 December 2019

	Issued Capital \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2018	87,743,077	(86,697,269)	1,045,808
Loss for the period	-	(421,829)	(421,829)
Other comprehensive income for the period	-	-	-
Issue of ordinary shares	128,000	-	128,000
Balance at 31 December 2018	87,871,077	(87,119,098)	751,979
Balance at 1 July 2019	89,365,490	(87,550,881)	1,814,609
Profit for the period	-	205,043	205,043
Other comprehensive income for the period	-	-	-
Issue of ordinary shares	-	-	-
Balance at 31 December 2019	89,365,490	(87,345,838)	2,019,652

The condensed consolidated statement of changes in equity is to be read in conjunction with the condensed notes to the half-year financial report set out on pages 10 to 12.

Austpac Resources N.L. and its controlled entities
Condensed consolidated statement of financial position
As at 31 December 2019

	Note	31 Dec 2019 \$	30 June 2019 \$
Current Assets			
Cash and cash equivalents		625,738	472,097
Trade and other receivables		-	319,750
Total Current Assets		<u>625,738</u>	<u>791,847</u>
Non-Current Assets			
Property, plant and equipment		90,856	91,552
Intangible assets	8	2,000,000	2,000,000
Right-of-use-assets		332,498	-
Total Non-Current Assets		<u>2,423,354</u>	<u>2,091,552</u>
Total Assets		<u>3,049,092</u>	<u>2,883,399</u>
Current Liabilities			
Trade and other payables		354,828	379,733
Interest-bearing loans and borrowings		32,884	217,044
Lease liability		216,168	-
Employee benefits		304,393	444,494
Total Current Liabilities		<u>908,273</u>	<u>1,041,271</u>
Non-Current Liabilities			
Interest-bearing loans and borrowings		3,276	27,519
Lease Liability		117,891	-
Total Non-Current Liabilities		<u>121,167</u>	<u>27,519</u>
Total Liabilities		<u>1,029,440</u>	<u>1,068,790</u>
Net Assets		<u>2,019,652</u>	<u>1,814,609</u>
Equity			
Issued capital		89,365,490	89,365,490
Accumulated losses		(87,345,838)	(87,550,881)
Total equity attributable to equity holders of the parent		<u>2,019,652</u>	<u>1,814,609</u>

The condensed consolidated statement of financial position is to be read in conjunction with the condensed notes to the half-year financial report set out on pages 10 to 12.

Austpac Resources N.L. and its controlled entities
Condensed consolidated statement of cash flows
For the half-year ended 31 December 2019

	6 months ended 31 Dec 2019 \$	6 months ended 31 Dec 2018 \$
Cash flows from Operating Activities		
Proceeds from Technology Revenue Transaction	1,500,000	-
Cash paid to suppliers and employees	(819,925)	(429,239)
Interest received	-	-
Interest paid	(1,866)	(4,727)
Income tax refund received	119,779	259,598
Net cash provided by / (used in) operating activities	<u>797,988</u>	<u>(174,368)</u>
Cash flows from investing activities		
Proceeds from sale of PPE	-	-
Payments for mineral technology development	(525,944)	(130,374)
Net cash (used in) / provided by investing activities	<u>(525,944)</u>	<u>(130,374)</u>
Cash flows from financing activities		
Proceeds from the issue of share capital	90,000	128,000
Loan from Shareholders repaid	(200,000)	200,000
Payment of finance lease liabilities	(8,403)	(32,125)
Net cash provided by financing activities	<u>(118,403)</u>	<u>295,875</u>
Net increase/(decrease) in cash held	153,641	(8,867)
Cash and cash equivalents at 1 July 2019	472,097	29,155
Cash and cash equivalents at 31 December 2019	<u>625,738</u>	<u>20,288</u>

The condensed consolidated statement of cash flows is to be read in conjunction with the condensed notes to the half-year financial report set out on pages 10 to 12.

Austpac Resources N.L. and its controlled entities

Condensed notes to the half-year financial report

1. Reporting Entity

Austpac Resources N.L. (the “Company”) is a company domiciled in Australia. The half-year financial report of the Company as at and for the six months ended 31 December 2019 comprises the Company and its subsidiaries (the “consolidated entity”).

The consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2019 is available upon request from the Company’s registered office.

2. Statement of Compliance

The half-year financial report is a general purpose financial report which has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001, and with IAS 34 Interim Financial Reporting.

The half-year financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2019.

This half-year financial report was approved by the Board of Directors on 13th March 2020.

3. Significant Accounting Policies

The accounting policies applied by the consolidated entity in this half-year financial report are the same as those applied by the consolidated entity in its consolidated annual financial report as at and for the year ended 30 June 2019.

In the current period, the Group has adopted all new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are effective for the current interim reporting period and relevant to the Group. The adoptions of these amendments has not resulted in any changes to the Group’s accounting policies and has had no effect on the amounts reported for the current or prior periods.

The half-year financial report is presented in Australian dollars.

4. Estimates

The preparation of the half-year financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this half-year financial report, the significant judgements made by management in applying the consolidated entity’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2019.

5. Going Concern

The half-year financial report has been prepared on the basis of a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the normal course of business. The Directors believe that the consolidated entity will be able to fund future operations through the funding offered by potential new investors, share issues, the successful commercialisation of mineral technologies or the sale of surplus assets.

Without the receipt of funding offered by potential new investors, share issues, successful commercialisation of mineral technologies, sale of surplus assets, or a combination of these events the consolidated entity may not be able to continue as a going concern. These circumstances indicate there is a material uncertainty as to whether the consolidated entity will be able to continue as a going concern.

If the consolidated entity is unable to continue as a going concern, it may be required to make adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities in order to realise assets and extinguish liabilities other than in the normal course of business and at amounts different from those stated in the half-year financial report.

Austpac Resources N.L. and its controlled entities

Condensed notes to the half-year financial report (continued)

6. Segment Reporting

The Company operates in one segment only, being Mineral Sands and Mineral Sands Technology Development in Australia and base metals exploration.

7. Income Tax Benefit

In December 2019, the Company received a 2019 R&D claim for \$119,779. The result of the R&D claim is shown as a tax benefit.

8. Intangible Assets

The carrying value of Intangible assets at 31 December 2019 is \$2,000,000 (30 June 2019 : \$2,000,000).

Austpac Resources N.L. mineral technology development relates to the Newcastle Iron Recovery Plant which employs the E.A.R.S acid regeneration technology, as well as ERMS mineral technology development. The ultimate recoupment of costs carried forward are dependent upon the successful development and commercialisation of the technology.

9. Capital and Reserves

As at 31 December 2019 there are 2,941,175,959 shares issued (30 June 2019: 2,941,175,959).

Dividends

No dividends were declared or paid by the consolidated entity during the period (2018 : nil).

Terms and Conditions

Ordinary Shares

Holders of fully paid ordinary shares are entitled to receive dividends if declared and are entitled to one vote per share at shareholders meetings.

Partly Paid Shares

Holders of Austpac Resources N.L. Employee Share Purchase plan shares are entitled to the same rights as ordinary shareholders, including entitlements to dividends if declared, once the shares are paid in full. The amount of unpaid capital is \$3,758,832 (June 2019: \$3,758,832). In the event of winding up, ordinary shareholders rank after creditors.

10. Events subsequent to balance date

Subsequent to 31 December 2019, there has not arisen in the interval between 31 December 2019 and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the company, to affect significantly the operations of the consolidated entity in future financial years.

11. Financial Risk Management

Aspects of the Group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial report as at and for the year ended 30 June 2019. The carrying amount of the Group's financial assets and liabilities equals their respective fair values as at 31 December 2019.

12. Loan from Shareholder

On 3 October 2018 the company received \$200,000 in accordance with a loan agreement entered into with Terry Cuthbertson (chairman). The loan was unsecured and with a repayment period of 13 months from 3 October 2018. This loan was repaid by the Company in October 2019 with 5% pa interest.

Austpac Resources N.L. and its controlled entities

Condensed notes to the half-year financial report (continued)

13. Changes in accounting policy and new accounting policies

The accounting policies applied by the Group in this condensed half-year financial report are the same as those applied by the Group in its consolidated annual financial report as at and for the year ended 30 June 2019, with the exception of the new accounting policy adopted as disclosed below.

In the current period, the Group has adopted all applicable new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are effective for the current interim reporting period and relevant to the Group. Unless specifically outlined below, the adoption of these amendments has not resulted in any changes to the Group's accounting policies and has had no effect on the amounts reported for the current or prior periods.

The Group has adopted AASB 16 Leases (the standard) from 1 July 2019. The standard replaces AASB 117 Leases and for lessees eliminates the classifications of operating leases and finance lease. The Group have applied the standard using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of retained earnings at 1 July 2019 with no restatement of comparative information. Except for short-term leases and leases of low value assets, right of use assets and interest expenses on the lease liabilities replace the straight-line operating lease expense.

The adoption will in effect increase expenses in earlier periods of the lease compared to lease expense under AASB 117. However, EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) results improve as operating expenses is now replaced by depreciation and interest expense. Interest expense is disclosed as operating activities in the statement of cash flows and the principal portion of the lease payments are separately disclosed in financing activities.

AASB 16 Leases has an impact on the current period. The current profit before income tax expense was reduced by \$1,561. This included an increased depreciation and amortisation expense of \$108,504, offset by a reduction in other expenses (reclassification of lease expenses) of \$106,943. As at 31 December 2019, net current assets were reduced by \$216,168 (attributable to current lease liabilities) and net assets were reduced by \$1,561 (attributable to right-of-use-assets, lease liabilities. There were no deferred tax assets taken up).

Austpac Resources N.L. and its controlled entities

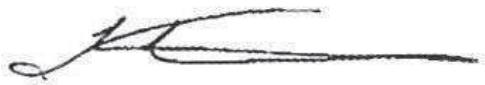
Directors' Declaration

In the opinion of the directors of Austpac Resources N.L. ("the Company"):

- (a) the financial statements and notes, set out on pages 6 to 12, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2019 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 Interim Financial 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 due and payable.

Dated at Sydney this 13th day of March 2020.

Signed in accordance with a resolution of the directors:

A handwritten signature in black ink, appearing to be 'T. Cuthbertson', with a long horizontal stroke extending to the right.

T. Cuthbertson
Chairman



**AUSTPAC RESOURCES N.L. ABN 87 002 264 057
AND CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
AUSTPAC RESOURCES N.L.**

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Austpac Resources N.L., 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 half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-year Financial Report

The directors of Austpac Resources N.L. are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Austpac Resources N.L.'s financial position as at 31 December 2018 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*. As the auditor of Austpac Resources N.L., ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and 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*.

Conclusion

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 Austpac Resources N.L. is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of Austpac Resources N.L.'s financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our conclusion, we draw your attention to Note 5 in the financial report which indicates that the consolidated entity has experienced negative operating cash flows during the period ended 31 December 2019, and as of that date, the continuing viability of the consolidated entity and its ability to continue as a going concern and meet its debts and commitments as and when they fall due are dependent upon the consolidated entity's ability to successfully achieve positive cash flows from the successful commercialisation of mineral technologies or sale of surplus assets. These conditions, along with other matters as set forth in Note 5, indicate the existence of a material uncertainty that may cast doubt about the consolidated entity's ability to continue as a going concern and, therefore, the consolidated entity may be unable to realise assets and settle its liabilities in the normal course of business and at the amounts stated in the financial report.

MNSA Pty Ltd

MNSA Pty Ltd

Mark Schiliro
Director

Sydney
Dated this 13th day of March 2020