AUSTPAC RESOURCES N.L.
ACN 002 264 057
Level 5,
37 Pitt Street
SYDNEY NSW 2000
GPO Box 5297
SYDNEY NSW 2001
Telephone: (+61 2) 9252 2599
Facsimile: (+61 2) 9252 8299
Email: apgtio2@ozemail.com.au
www.austpacresources.com

30th September 2020

Unaudited Preliminary Final Report for Year Ended 30 June 2020

"Austpac Resources N.L. (ASX:APG) (Company) wishes to advise that it will be relying on the extended reporting relief set out in ASIC Corporations (Extended Reporting and Lodgment Deadlines - Listed Entities) Instrument 2020/451, and ASX's associated class waiver 'Extended Reporting and Lodgment Deadlines' made under Listing Rule 18.1 (together the Reporting Relief).

COVID-19 has significantly affected and disrupted the Company's scheduled administrative and reporting processes and its year-end audit work. The Company will immediately make a further announcement to the market if there is a material difference between its unaudited accounts released with this announcement and its audited accounts, to be released in accordance with the Reporting Relief."

By Order of the Board

Colin ILES
CEO

AUSTPAC RESOURCES N.L.

AND CONTROLLED ENTITIES

ABN 87 002 264 057

UNAUDITED PRELIMINARY FINAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

Austpac Resources N.L.
ABN 87 002 264 057
and Controlled Entities

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 $	2019 $
Technology transaction revenue		1,500,000	-
Other income		87,500	-
Administrative and other expenses		(996,032)	(245,984)
Research and development – technology		(608,306)	(359,964)
Amortisation of right-of-use lease	11	(203,353)	-
Exploration expenditure – Nhill		(43,786)	(127,843)
Results from operating activities		(263,977)	(733,791)
Finance income		1,338	-
Finance expense		(11,734)	(19,455)
Net financing expense	2	(10,396)	(19,455)
Impairment	10	-	(359,964)
Loss attributable to owners of company before tax		**(274,373)**	**(1,113,210)**
Income tax benefit		**119,779**	**259,598**
Loss attributable to owners of company after tax		**(154,594)**	**(853,612)**
Other comprehensive income for the period, net of income tax		-	-
Total comprehensive loss for the period attributable to owners of company		**(154,594)**	**(853,612)**

		Cents per share	Cents per share
Basic (loss) earnings per share	5	(0.004)	(0.04)
Diluted (loss) earnings per share	5	(0.004)	(0.04)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Austpac Resources N.L.
ABN 87 002 264 057
and Controlled Entities

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

Consolidated Group	Share Capital	Accumulated Losses	Total Equity
	$	$	$
Balance at 1 July 2018	**87,743,077**	**(86,697,269)**	**1,045,808**
Loss attributable to owners of company	-	(853,612)	(853,612)
Shares issued (net of underwriting costs)	1,622,413	-	1,622,413
Balance at 30 June 2019	**89,365,490**	**(87,550,881)**	**1,814,609**
Adjustment *	**265,000**	**-**	**265,000**
Adjusted balance at 30 June 2019	**89,630,490**	**(87,550,881)**	**2,079,609**
Loss attributable to owners of company	-	(154,594)	(154,594)
Balance at 30 June 2020	**89,630,490**	**(87,705,475)**	**1,925,015**

*** Misstatement of Issued and Paid Up Capital in the Financial Statements 2019**

After extensive investigations, it was discovered that 265,000,000 shares were issued for $0.001 per share prior to 1st July 2019. The recovery of $265,000 has now been agreed between the Company and the holder of those unreported issued shares ("the Holder"); where the Holder has agreed to repay the Company by 30th November 2020.

The financial statements of 2019 have been restated to correct this error. The effect of the restatement on those financial statements is summarised below. There is no effect on 2020 operating results.

<u>Effect on restatement</u>:

Increase in issued shares of 265,000,000 shares and equity of $265,000 and increase of amount receivables by $265,000.

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

Austpac Resources N.L.
ABN 87 002 264 057
and Controlled Entities

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Note	2020 $	2019 $
CURRENT ASSETS			
Cash and cash equivalents	6	166,696	472,097
Trade and other receivables	7	796,844	584,750
TOTAL CURRENT ASSETS		**963,540**	**1,056,847**
NON-CURRENT ASSETS			
Property, plant and equipment	9	65,010	91,522
Intangible assets	10	2,000,000	2,000,000
Right-of-use-assets	11	213,753	-
TOTAL NON-CURRENT ASSETS		**2,278,763**	**2,091,522**
TOTAL ASSETS		**3,242,303**	**3,148,399**
CURRENT LIABILITIES			
Trade and other payables	12	295,191	379,733
Interest Bearing liabilities	13	297,301	217,044
Employee benefits	14	678,616	444,494
TOTAL CURRENT LIABILITIES		**1,271,108**	**1,041,271**
NON-CURRENT LIABILITIES			
Interest Bearing liabilities	13	46,180	27,519
TOTAL NON-CURRENT LIABILITIES		**46,180**	**27,519**
TOTAL LIABILITIES		**1,317,288**	**1,068,790**
NET ASSETS		**1,925,015**	**2,079,609**
EQUITY			
Contributed equity	15	89,630,490	89,630,490
Accumulated losses		(87,705,475)	(87,550,881)
TOTAL EQUITY		**1,925,015**	**2,079,609**

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

Austpac Resources N.L.
ABN 87 002 264 057
and Controlled Entities

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 $	2019 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceed from Technology Revenue Transaction		1,500,000	-
Payments to suppliers and employees		(1,353,226)	(733,151)
Interest received		1,338	-
Interest paid		(11,370)	(19,455)
Tax benefit received		169,780	-
Net cash generated from/(used in) operating activities	**19**	306,522	(752,606)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for intangible assets:			
Mineral Technology Development		(458,808)	(359,964)
Proceeds from sale of property, plant and equipment		25,000	-
Net cash (used in) investing activities		(433,808)	(359,964)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		95,000	1,622,413
Proceeds from short term loan		100,000	-
Repayment of short term loan		(200,000)	-
Repayment of finance lease liabilities		(173,115)	(66,901)
Net cash (used in) financing activities		(178,115)	1,555,512
NET (DECREASE)/INCREASE IN CASH HELD		(305,401)	442,942
CASH AT THE BEGINNING OF THE FINANCIAL YEAR		472,097	29,155
CASH AT THE END OF THE FINANCIAL YEAR	**6**	166,696	472,097

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

Note 1 Significant Accounting Policies

a) Significant Accounting Policies

Austpac Resources N.L. (the "company") is a company domiciled in Australia. The consolidated financial report of the company for the year ended 30 June 2020 comprises the company and its subsidiaries (the "consolidated entity"). The consolidated entity is a for profit entity, and is primarily involved in the development of mineral processing technology and exploration of mineral sand deposits and gold deposits.

Austpac Resources N.L. principal registered office is Level 5, 37 Pitt Street, Sydney NSW 2000. The financial report was authorised for issue by the directors on 30 September 2020.

Statement of Compliance

The consolidated financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. The company and the consolidated entity's financial report also complies with the International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board.

b) Basis of preparation

The financial report is presented in Australian dollars, which is the company's functional currency. The financial report is prepared on the historical cost basis.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial report.

c) Going concern

The consolidated entity has a net current asset deficiency of $307,568 at 30 June 2020 (2019 net current asset: $15,576).

The 30 June 2020 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 receipt of outstanding funds from existing shares issues, funding offered by potential new investors, further shares issues to existing shareholders, the successful commercialisation of mineral technologies, the sale of surplus assets or receipt of R&D tax returns.

Note 1 Significant Accounting Policies (Continued)

c) Going concern (Continued)

Notwithstanding the cost containment measures, without:

- the receipt of outstanding funds from existing share issues;
- funding offered by potential new investors;
- further share issues to existing shareholders;
- successful commercialisation of mineral technologies;
- sale of surplus assets;
- the receipt of R&D tax returns

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 30 June Financial Report.

d) Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial report from the date that control commences until the date that control ceases.

In the company's financial statements, investments in subsidiaries are carried at the lower of cost or recoverable amount.

(ii) Jointly controlled operations and assets

The interest of the consolidated entity in unincorporated joint ventures and jointly controlled assets are brought to account by recognising in its financial statements the assets it controls and the liabilities that it incurs, and the expenses it incurs and its share of income that it earns from the sale of goods or services by the joint venture.

(iii) Transactions eliminated on consolidation

All intragroup balances and transactions, including any unrealised gains or losses are eliminated on consolidation.

e) Foreign Currency Transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

Note 1 Significant Accounting Policies (Continued)

f) Property, Plant and Equipment

Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy 1 (K)). The carrying amount of property, plant and equipment is reviewed annually by directors to ensure that it is not in excess of the recoverable amount from those assets. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Any gains and losses on disposal of an item of property, plant and equipment (calculated as the difference between proceeds from disposal and the carrying amount of the item) is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Leased assets

Leases in terms of which the consolidated entity assumes substantially all of the risks and rewards of ownership are classified as finance leases. The property acquired by way of a finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

Depreciation

Depreciation is charged to the Consolidated Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives in the current and comparative periods are as follows:

fixtures and fitting, and property, plant and equipment 7 years leased plant and equipment and motor vehicles 10 years

The residual value and actual lives are assessed at each reporting date.

g) Intangible Assets – Mineral Technology Development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation (see below) and impairment losses (see accounting policy 1(K)).

Amortisation

Mineral technology development assets are not currently being amortised as the policy applied by the consolidated entity is to amortise these assets on a systematic basis over projected revenue streams once commercial licence agreements have been agreed.

Note 1 Significant Accounting Policies (Continued)

h) Intangible Assets – Exploration and Evaluation Assets

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the consolidated entity has obtained the legal rights to explore an area are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

(i) the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or

(ii) (ii) activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or other wise of economically recoverable reserves and active and significant operations, in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment, accounting policy 1(K)). For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from intangible assets to mining property and development assets within property, plant and equipment.

i) Trade and Other Receivables

Trade and other receivables are recognised initially at fair value plus any directly attributable transaction costs, subsequent to initial recognition, these assets are measured at amortised cost less impairment losses (see accounting policy 1 (K)).

j) Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits.

k) Impairment

The carrying amounts of the consolidated entity's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see below).

Recoverable amounts are estimated annually for intangible assets not yet available for use. An impairment loss is recognised where the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

The recoverable amount of assets is the greater of their fair value less costs to sell and value in use.

Reversals of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Note 1 Significant Accounting Policies (Continued)

l) Employee Benefits

Liabilities for employee entitlements for wages, salaries and annual and long service leave represent present obligations resulting from employees' services up to reporting date, based on current wage and salary rates, including related on-costs. Obligations for contributions to defined contribution superannuation plans are recognised as an employee benefit expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in the periods during which services are rendered by employees. Obligations for employee benefits that are due or are expected to be paid more than 12 months after the end of the period in which the employees render the service are inflated for future expected salaries and discounted to their present value using the appropriate Milliman discount rate.

m) Provisions

Provisions are recognised in the statement of financial position when the consolidated entity has a present legal or constructive obligation and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

n) Trade and Other Payables

Trade and other payables are recognised initially at fair value plus any directly attributable costs, subsequent to initial recognition, these liabilities are measured at amortised cost.

o) Revenue

Revenue from License Fees are recognised in the profit or loss initially in proportion to the stage of completion of the transaction at the reporting date, then once completed on a straight line basis over the life of the agreement. The stage of completion is assessed by reference to surveys of work performed, when the work performed cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable in accordance with the underlying agreement.

p) Expenses

Operating lease payments

Payments made under operating leases are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the term of the lease.

Net financing costs

Interest income and expense is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as it accrues, using the effective interest method.

q) Income Tax

Income tax on the profit/(loss) for the years presented comprises current and deferred tax. Income tax is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at balance date and any adjustment to tax payable in respect of previous years. Deferred assets and liabilities are recognised for temporary differences between the tax values of assets and their carrying amounts in the financial statements.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Note 1 Significant Accounting Policies (Continued)

r) Derivatives

The consolidated entity is exposed to changes in interest rates and commodity prices from its activities. The consolidated entity does not hedge these risks.

s) Segment Reporting

The consolidated entity operates in one segment only, being Mineral Sands and Mineral Sands Technology Development in Australia. The measure used by the chief operating decision maker to evaluate performance is profit/loss before tax.

t) Accounting Estimates and Judgements

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year are discussed below.

Recoverability of intangible assets

The carrying amount of intangible assets relate to mineral technology development totalling $2,000,000 (2019: $2,000,000). The consolidated entity assesses intangibles which are not being amortised annually in accordance with the accounting policy in note 1(K). The ultimate recoupment of cost carried forward are dependent upon the successful development, commercialisation or sale of the respective technology.

u) Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financial activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

v) New Standards/Interpretations Not Yet Adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2020 reporting periods. The Group’s assessment of the impact of these new standards and interpretations is set out below. The Consolidated Entity and the Company do not plan to adopt these standards early.

The Company has adopted AASB 16: Leases from 1 July 2019 (applicable to annual reporting periods commencing on or after 1 January 2019) and using a modified retrospective approach whereby the ROU asset will equal to the lease liability and no restatement of comparative information.

Austpac Resources N.L.
ABN 87 002 264 057
and Controlled Entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

Note 2 Net Financing Cost

	2020 $	2019 $
Interest income	1,338	-
Interest expense	(11,734)	(19,455)
Net Financing expenses	**10,396**	**(19,455)**

Note 3 Auditors' Remuneration

Remuneration of the auditor of the Group for: Audit services

Audit and review of financial reports	**45,000**	**45,000**

Note 4 Employee Benefits

Wages, salaries and leave entitlements taken	432,681	41,592
Contributions to defined contribution superannuation funds	32,249	5,675
Increase / decrease in liability for employee benefits	30,877	34,199
	495,807	**81,466**

Note 5 Earnings Per Share

	2020 Cents per share	**2019** Cents per share
Basic loss per share (cents per share)	(0.004)	(0.04)
Diluted loss per share (cents per share)	(0.004)	(0.04)
	Number	Number
Weighted average number of shares		
Issued ordinary shares at 1 July	3,130,375,959	1,891,807,625
Effect of shares issued	-	239,041,096
Weighted average number of ordinary shares at 30 June	3,130,375,959	2,130,848,721

Note 6 CASH AND CASH EQUIVALENTS

	2020 $	2019 $
Cash at bank and on hand	166,696	472,097

Note 7 TRADE AND OTHER RECEIVABLES

Current		
Share capital receivable	265,000	584,750
Other receivables	531,844	-
	796,844	584,750

Note 8 Consolidated Entities

Name of controlled entity	Country of incorporation	Class of shares	Ownership interest 2020 %	Ownership interest 2019 %
Almeth Pty Ltd	Australia	Ordinary	100	100
Austpac Technology Pty Ltd	Australia	Ordinary	100	100

Note 9 PROPERTY, PLANT AND EQUIPMENT

	Plant & Equipment	Fixtures and Fittings	Total
Movement in property, plant and equipment	$	$	$
Cost			
Balance at 1 July 2018	212,337	-	212,337
Acquisitions	-	-	-
Disposals	-	-	-
Balance at 30 June 2019	212,337	-	212,337
Balance at 1 July 2019	212,337	-	212,337
Acquisitions	-	-	-
Disposals	-	-	-
Reversal of Write down	-	-	-
Balance at 30 June 2020	**212,337**	**-**	**212,337**
Depreciation and impairment losses			
Balance at 1 July 2018	86,514	-	86,514
Depreciation for the year	34,271	-	34,271
Balance at 30 June 2019	120,785	-	120,785
Balance at 1 July 2019	120,785	-	120,785
Depreciation for the year	26,542	-	120,785
Balance at 30 June 2020	**147,327**	**-**	**94,243**
Carrying amounts			
At 30 June 2018	125,823	-	125,823
At 30 June 2019	91,552	-	91,552
At 30 June 2019	91,552	-	91,552
At 30 June 2020	65,010	-	65,010

The consolidated entity leases motor vehicles under finance lease agreements. At 30 June 2020 the net carrying amount of the leased motor vehicles, classified under plant and equipment was $65,010 (2019: $91,552). The leased equipment secures lease obligations (note 19).

Note 10 Intangible Assets

	Mineral Technology Development	Total
	$	$
Balance at 1 July 2018	2,000,000	2,000,000
Expenditure	359,964	359,964
Impairment	(359,964)	(359,964)
Balance at 30 June 2019	2,000,000	2,000,000
Balance at 1 July 2019	2,000,000	2,000,000
Expenditure	-	-
Impairment	-	-
Balance at 30 June 2020	2,000,000	2,000,000

Austpac Resources N.L. mineral technology development relates to the Newcastle Zinc Iron Recovery Plant (NZIRP). The ultimate recoupment of costs carried forward are dependent upon the successful development and commercialisation of the technology and licencing of the technology.

The recoverable amount of mineral technology development assets was based on a fair value model. Key assumptions used in the valuation of the mineral technology development assets include cash flow estimates of both product and licence cash inflows and a terminal value based on a 2.5% growth rate. A discount rate of 22% (post tax) was used to discount these cash flows.

Note 11 Right-Of-Use Assets

Below table shows the amortisation schedule for Right-of-use asset, which is recognised by adopting AASB 16. The value of the asset is assessed based on lease commitment for the year ended 2020 to 2022.

	Beginning Balance	Right-of-use asset Amortisation	Ending Balance
Year	$	$	$
2020	417,106	(203,353)	213,753
2021	213,753	(169,216)	44,537
2022	44,537	(44,537)	-

Note 12 Trade and Other Payables

	2020	2019
	$	$
Trade payables and accrued expenses	242,688	327,233
Other payables	34,503	-
Related party payable – directors fee	18,000	52,500
	295,191	379,733

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

Note 13 Interest Bearing Liabilities

This note provides information about the contractual terms of the consolidated entity's loans and borrowings. For more information about the consolidated entity's exposure to interest rates, see note 21.

		2020	2019
		$	$
Current Liabilities			
Loans from related party – director		-	200,000
Unsecured Loans		100,000	-
Lease liabilities	**16**	197,301	17,044
		297,301	**217,044**
Non-Current Liabilities			
Lease liabilities	**16**	**46,180**	**27,519**

Note 14 Employee Benefits

	2020	2019
Current		
Liability for long service leave	184,015	236,511
Liability for annual leave	494,601	207,983
	678,616	**444,494**

Note 15 Contributed Equity

	2020 $	2019 $
Issued and paid up Capital		
3,130,375,959 (2019: 2,865,375,959) ordinary shares	88,837,990	88,572,990
Adjustment to issued and paid up capital *	-	265,000
3,130,375,959 (2019: 3,130,375,959) ordinary shares	88,837,990	88,837,990
75,800,000 (2019: 75,800,000) ordinary shares partly paid	792,500	792,500
	89,630,490	**89,630,490**

* Misstatement of Issued and Paid Up Capital in the Financial Statements 2019

After extensive investigations, it was discovered that 265,000,000 shares were issued for $0.001 per share prior to 1st July 2019. The recovery of $265,000 has now been agreed between the Company and the holder of those unreported issued shares ("the Holder"); where the Holder has agreed to repay the Company by 30th November 2020.

The financial statements of 2019 have been restated to correct this error. The effect of the restatement on those financial statements is summarised below. There is no effect on 2020 operating results.

<u>Effect on restatement:</u>

Increase in issued shares of 265,000,000 shares and equity of $265,000 and increase of amount receivables by $265,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

Note 15 Contributed Equity (Continued)

a) Movement in ordinary share capital

		Number of shares	Issue price $	Share capital $
2019				
1 July 2018	Opening balance			87,743,077
July 2018	Placement	128,000,000	0.001	128,000
January 2019	Placement	108,500,000	0.002	217,000
April 2019	Shareholder Share Purchase Plan	426,233,334	0.001	426,233
April 2019	Placement	365,000,000	0.0022	803,000
May 2019	Placement	21,900,000	0.0022	48,180
30 June 2019	Balance at end of year	2,941,175,959		89,365,490
	Adjustment to issued share capital *			
		265,000,000	0.001	265,000
	Adjusted balance at end of year	3,206,175,959		89,630,490
1 July 2020	Opening balance	3,206,175,959		89,630,490
	No movement during the year			
30 June 2020	Balance at end of year	3,206,175,959		89,630,490

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 $3,889,832 (2019: $3,889,832). In the event of winding up, ordinary shareholders rank after creditors.

Dividends

No dividends were declared or paid during the financial year ended 30 June 2020 or 30 June 2019.

Note 16 Lease Liabilities

	Consolidated					
	2020			2019		
Finance Lease	Minimum lease payments	Interest	Principal	Minimum lease payments	Interest	Principal
Within one year	-	-	27,519	20,777	3,733	17,044
Between one and five years	-	-	-	29,670	2,151	27,519
Total	-	-	27,519	50,447	5,884	44,563

The consolidated entity's lease liabilities are secured by the leased assets of $65,010 per Note 11, (2019: $91,552), as in the event of a default, the assets revert to the lessor.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

Note 16 Lease Liabilities (Continued)

	2020 $	2019 $
Operating Leases		
Leases as lessee		
Non-cancelable operating lease rentals are payable as follows:		
Less than one year	197,301	213,874
Between one and five years	46,180	218,781
Balance at end of year	243,481	432,655

The consolidated entity leases property at Kooragang Newcastle and office property in Sydney.

During the year ended 30 June 2020, $201,144 was recognised as an expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in respect of operating leases (2019: $301,671).

Note 17 Key Management Personnel Disclosures

The following were key management personnel of the consolidated entity at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Non-executive directors: Mr T. Cuthbertson (Chairman)
Mr G. Hiller
Executive directors: Mr C. Iles

Directors	Year	Directors Fees	Short Term Salaries	Short Term Consulting Fees	Non-Monetary Benefits	Other Long Term	Post Employment Super-annuation Contributions	Total
		$	$	$	$	$	$	$
Mr T. Cuthbertson	2020	41,000	-	17,500	-	-	-	58,500
	2019	17,500	-	8,750	-	-	-	26,250
Mr C. Iles	2020	31,000	-	17,500	-	-	-	48,500
	2019	12,500	-	8,750	-	-	-	21,250
Mr G. Hiller	2020	31,000	-	21,550	-	-	-	52,550
	2019	8,333	-	5,833	-	-	-	14,166
Total	**2020**	**103,000**	**-**	**56,550**	**-**	**-**	**-**	**159,550**
	2019	38,333	-	23,333	-	-	-	61,666

In the interim, the directors have agreed to reduce their fees to $1,000 per month, effective from 1 January 2020 until the Company's financial position improves.

As at 30 June 2020 $18,000 ($52,500 at 30 June 2019) is outstanding to Directors for Director fees and consulting fees and included in the remuneration table above.

Austpac Resources N.L. engaged Mr T. Cuthbertson, Mr C. Iles and Mr G. Hiller for the provision of consultancy services. The terms and conditions of the services are no more favourable than those available, or which might reasonable be expected to be available, on similar transactions to unrelated entities on an arm's length basis.

Note 17 Key Management Personnel Disclosures (Continued)

The details of the transactions are as follows:

			2020 **$**	**2019** **$**
Specified Directors:	Mr T. Cuthbertson	Consultancy Fees	17,500	8,750
	Mr C. Iles	Consultancy Fees	17,500	8,750
	Mr G. Hiller	Consultancy Fees	21,550	8,750

Equity Instruments

Movement in shares

The movement during the reporting period in the number of ordinary shares of Austpac Resources N.L. held, directly, indirectly or beneficially, by each key management personnel, including their personally-related entities is as follows:

	2020				2019			
Specified Directors:	Held at 1 July	Purchases	Forfeited	Held at 30 June	Held at 1 July	Purchases	Forfeited	Held at 30 June
MrT.Cuthbertson								
– Fully Paid Ordinary Shares	15,166,667	-	-	15,166,667	166,667	15,000,000	-	15,166,667
– Partly Paid Ordinary Shares	5,000,000	-	-	5,000,000	9,500,000	-	4,500,000	5,000,000

The above equity holdings include directors' entitlements arising under the consolidated entity Employee Share Purchase Plan and participation in the Shareholder Share Purchase Plan announced in September 2016. No shares were granted as compensation in 2019.

Options and rights over equity instruments

No options were granted since the beginning of the financial year.

Apart from the details disclosed in this note, no other Director has entered into a material contract with the company or the consolidated entity since the end of the previous financial year and there were no material contracts involving Directors' interests subsisting at year end.

Loan to Company

A loan of $100,000 was made to the Company by a shareholder. The loan is unsecured with 10% interest rate and is payable upon R&D tax refund is received. The loan is a current liability.

Other transactions

Notsag Pty Limited, a company which provides corporate, financial, underwriting and guarantee services, employs Mr N. Gaston and provides his services as company secretary. Notsag Pty Limited received fees of $181,200 during the financial year ended 30 June 2020 (2019: $48,400). Notsag Pty Limited received $253,250 for underwriting services in the financial year ending 30 June 2020 (2019: $142,560).

Wholly owned group

Details of interests in wholly owned controlled entities are set out in Note 8.

Note 18 EVENTS SUBSEQUENT TO REPORTING DATE

Since the end of the financial year ending 30 June 2020, there have been no subsequent events which affect the financial position of the company.

Note 19 Reconciliation of Cash Flows from Operating Activities

Reconciliation of operating profit after income tax to net cash flows from operating activities.

	2020 $	2019 $
(Loss) for the year	(154,594)	(853,612)
Adjustments for:		
Depreciation	26,564	34,271
Impairment Expense	-	359,964
Non-cash items	-	-
Operating (loss) before changes in working capital and provisions	(212,446)	(459,377)
(Decrease)/increase in receivables	198,678	141,247
Increase/(decrease) in payables / provisions	448,320	(434,476)
Net cash generated from/(used in) operating activities	306,522	(752,606)

Note 20 Fair Value of Financial Assets and Liabilities

Fair values versus carrying amounts
The Consolidated Entity's accounting policies and disclosures may require the measurement of fair values for both financial and non- financial assets and liabilities. The Consolidated Entity has an established framework for fair value measurement. When measuring the fair value of an asset or a liability, the Consolidated Entity uses market observable data where available.

Fair values are categorised into different levels in a fair value hierarchy based on the following valuation techniques:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability can be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Consolidated Entity recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Note 20 Fair Value of Financial Assets and Liabilities (Continued)

Financial assets and liabilities are stated at cost. The fair values together with the carrying amounts shown in the financial statement of financial position are as follows:

	Carrying amount	Fair value	Fair value hierarchy level	Carrying amount	Fair value	Fair value hierarchy level
	2020	2020		2019	2019	
Consolidated	$	$		$	$	
Trade and other receivables	796,844	796,844	2	584,750	584,750	2
Cash and cash equivalents	166,696	166,696	1	472,097	472,097	1
Lease liabilities	343,481	343,481	2	44,563	44,563	2
Trade and other payables	295,191	295,191	2	379,733	379,733	2

Estimation of fair values

The following summarises the major methods and assumptions used in estimating fair values of financial instruments:

1. Receivables/payables
   For receivables/payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables/payables are discounted to determine the fair value, if the effect of discounting is material.
2. Leases
   The fair value is estimated at the present value of future cash outflows. Future cash flows are discounted using appropriate market rates.

Note 21 Financial Risk Management

Overview

This note presents information about the company's and consolidated entity's exposure to credit, liquidity and market risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The company and the consolidated entity do not use any form of derivatives as it is not at a level of exposure that requires the use of derivatives to hedge its exposure. Exposure limits are reviewed by management on a continuous basis. The consolidated entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the group through regular reviews of the risks.

Credit Risk

Credit risk is the risk of financial loss to the consolidated entity and to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the consolidated entity's receivables from customers.

Presently, the consolidated entity undertakes technology development and exploration and evaluation activities exclusively in Australia. At the balance date there were no significant concentrations of credit risk.

Cash and cash equivalents

The consolidated entity's limits its exposure to credit risk by only investing in cash deposits with major banks.

Note 21 Financial Risk Management (Continued)

Trade and other receivables

The consolidated entity and the company are exposed to credit risk in relation to receivables recorded on the statement of financial position.

The company and consolidated entity have established an allowance for impairment that represents their estimate of incurred losses in respect of other receivables and investments. The directors do not expect any counterparty to fail to meet its obligations.

Exposure to credit risk

The carrying amount of the consolidated entity's financial assets represents the maximum credit exposure. The consolidated entity's maximum exposure to credit risk at the reporting date was:

	2020 **$**	**2019** **$**
Financial assets		
Cash and cash equivalents	166,696	472,097
Trade and other receivables	796,844	584,750

Guarantees

The consolidated entity's policy is not to provide financial guarantees.

Liquidity risk

Liquidity risk is the risk that the consolidated entity and the company will not be able to meet its financial obligations as they fall due. The consolidated entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the consolidated entity's reputation.

The consolidated entity and the company manage liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows. The consolidated entity does not have any external borrowings.

The company anticipates a need to raise additional capital in the next 12 months to meet forecast operational, construction and exploration activities. The decision on how the company will raise future capital will depend on market conditions existing at that time.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Consolidated	**Less than 6 Months**	**6-12 Months**	**Between 1 and 2 Years**	**Between 2 and 5 Years**	**Over 5 Years**	**Total contractual cash flows**	**Carrying amount (assets)/liabilities**
	$	$	$	$	$	$	$
2020							
Lease liabilities	112,410	84,891	46,180	-	-	243,481	243,481
Trade and other payables	295,191	-	-	-	-	295,191	295,191
2019							
Lease liabilities	10,388	10,388	29,671	-	-	50,447	50,447
Trade and other payables	209,983	-	-	-	-	209,983	209,983

Note 21 Financial Risk Management (Continued)

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the consolidated entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency Risk

The consolidated entity is not exposed to currency risk on purchases and borrowings that are denominated in a currency other than the respective functional currencies of consolidated entity entities, which is the Australian dollar (AUD).

The consolidated entity has not entered into any derivative financial instruments.

Exposure to currency risk

The consolidated entity and the company are not exposed to currency risk and at balance date the consolidated entity and the company holds no financial assets or liabilities which are exposed to foreign currency risk.

Interest rate risk

The consolidated entity is exposed to interest rate risk on cash investments, which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest-bearing financial instruments. The consolidated entity does not use derivatives to mitigate these exposures.

The consolidated entity adopts a policy of ensuring that as far as possible it maintains excess cash and cash equivalents in short term deposits bearing interest income at commercial rates.

Profile

At the reporting date the interest rate profile of the consolidated entity's and the company's interest-bearing financial instruments

	2020 $	2019 $
Fixed rate instruments		
Financial assets (surplus cash invested)	166,696	472,097
Financial liabilities (plant and equipment leases)	27,519	50,447

Fair value sensitivity analysis for fixed rate instruments

The consolidated entity does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Commodity Price Risk

The consolidated entity operates primarily in mineral sands and steel industry waste recycling technology development and in exploration and evaluation and accordingly the consolidated entity's financial assets and liabilities are subject to minimal commodity price risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

Note 21 Financial Risk Management (Continued)

Capital Management

The consolidated entity's objectives when managing capital are to safeguard the consolidated entity's ability to continue as a going concern, in order to maintain a strong capital base sufficient to maintain future technology development and exploration of projects. In order to maintain or adjust the capital structure, the consolidated entity may issue new shares or sell assets to reduce debt. The consolidated entity's focus has been to raise sufficient funds through equity to fund technology development and exploration and evaluation activities. The consolidated entity monitors capital on the basis of the gearing ratio, however there are no external borrowings at 30 June 2020.

The consolidated entity provides employees with opportunities to participate in the Austpac Resources N.L. Staff Share Purchase Plan.

There were no changes in the consolidated entity's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting.

Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements.

Note 22 CONTINGENT LIABILITIES

There are no material contingent liabilities for the year ended 30 June 2020 (2019: Nil).

Note 23 Parent Entity Disclosures

As at, and throughout, the financial year ended 30 June 2020 the parent entity of the Group was Austpac Resources N.L.

	2020 $	2019 $
Result of parent entity		
Loss for the year	(154,594)	(853,612)
Other comprehensive income	-	-
Total comprehensive loss for the period	(154,594)	**(853,612)**
Financial position of parent entity at year end		
Current assets	963,540	1,056,847
Non-current assets	2,278,763	2,091,552
Total assets	3,242,303	3,148,399
Current liabilities	1,271,108	1,041,271
Non-current liabilities	46,180	27,519
Total liabilities	1,317,288	1,068,790
Net Assets	1,925,015	2,079,609
Equity		
Share capital	89,630,490	89,630,490
Accumulated losses	(87,705,475)	(87,550,881)
Total equity	1,925,015	2,079,609

Subsequent Events

Since the end of the financial year ending 30 June 2020, there have been no subsequent events which affect the financial position of the company.