AUSTRALIAN MINES LIMITED
ABN 68 073 914 191

CONSOLIDATED INTERIM FINANCIAL REPORT
HALF YEAR ENDED 31 DECEMBER 2020

CONTENTS

AUSTRALIAN MINES
LIMITED

The Directors present their report together with the Consolidated Interim Financial Report of Australian Mines Limited ("the Company" or "Australian Mines") and its controlled entities ("the Group") for the six months ended 31 December 2020.

DIRECTORS AND COMPANY SECRETARY

The Directors and Company Secretary at any time during or since the end of the interim period are:

Michael Ramsden – Chairman, Non-Executive Director
Benjamin Bell – Managing Director
Michael Elias – Non-Executive Director
Lee (Les) Guthrie – Non-Executive Director
Dominic Marinelli – Non-Executive Director
Oliver Carton – Company Secretary

PRINCIPAL ACTIVITIES

The consolidated entity's principal activity during the financial year was the exploration and pre-development of the three battery metals projects located in eastern Australia.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Group during the financial period not otherwise disclosed in this report or the financial statements.

REVIEW OF EVENTS

Highlights

During the six months to 31 December 2020, Australian Mines continued to pursue binding offtake agreement(s) and project financing for its Tier 1, globally significant and 100%-owned Sconi Nickel-Cobalt-Scandium Project in North Queensland, Australia.

In this period, Australian Mines also pursued additional activities that potentially create significant additional value for both the Company's shareholders and the broader electric vehicle sector alike.

For example, at the request of a number of potential industry partners, Australian Mines is ramping up production runs of high value Nickel-Cobalt-Manganese (NCM) Precursor Cathode Active Materials (P-CAM) and is initiating production runs of NCM Cathode Active Materials (CAM), involving the lithiation of an NCM P-CAM. The results of Australian Mines' work, to date, have been highly positive, and the Company proposes to undertake additional, and larger volume runs of battery grade NCM P-CAM and CAM material during 2021.

Having established a successful track record of producing P-CAM for the NCM523 and NCM622 lithium-ion battery chemistries, Australian Mines is now successfully producing P-CAM for the more technically challenging NCM811 lithium-ion batteries. The level of technical sophistication required to produce battery-ready NCM811 P-CAM means there are only a few elite, specialist companies successfully working with this battery chemistry. Australian Mines has now successfully joined that group.

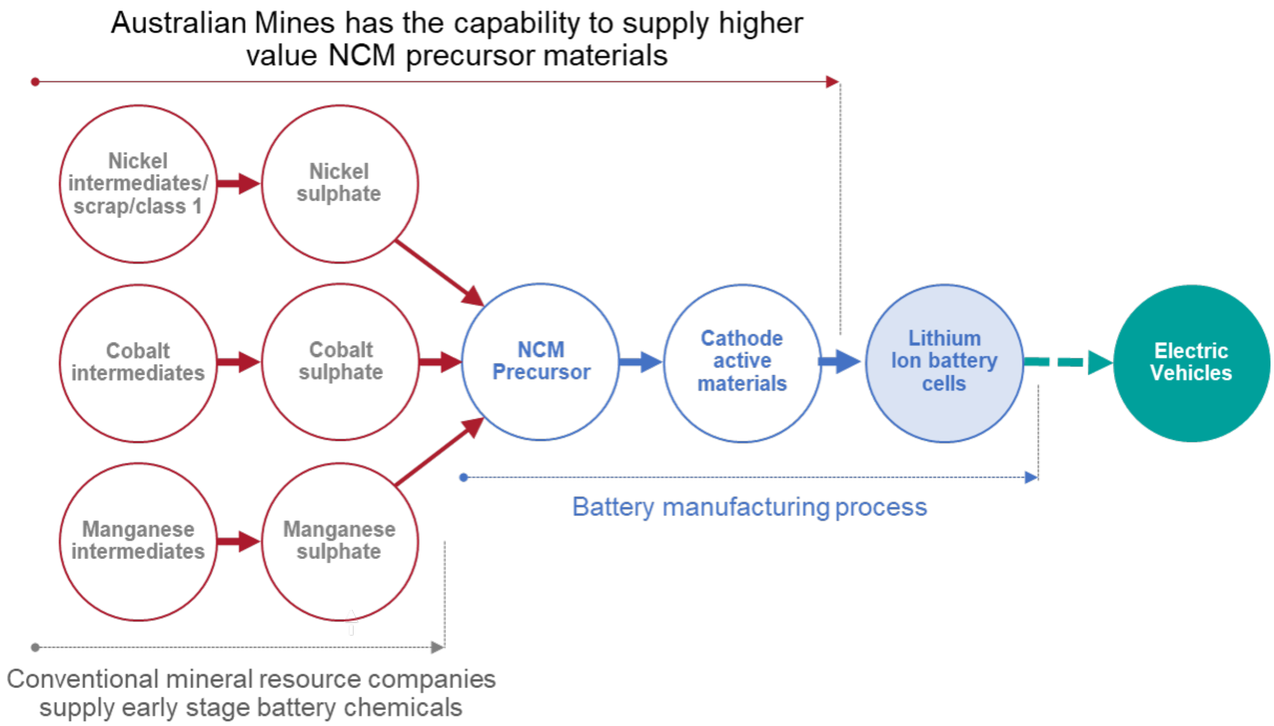

Figure1: Australian Mines' technical capability to access more of the Electric Vehicle supply chain

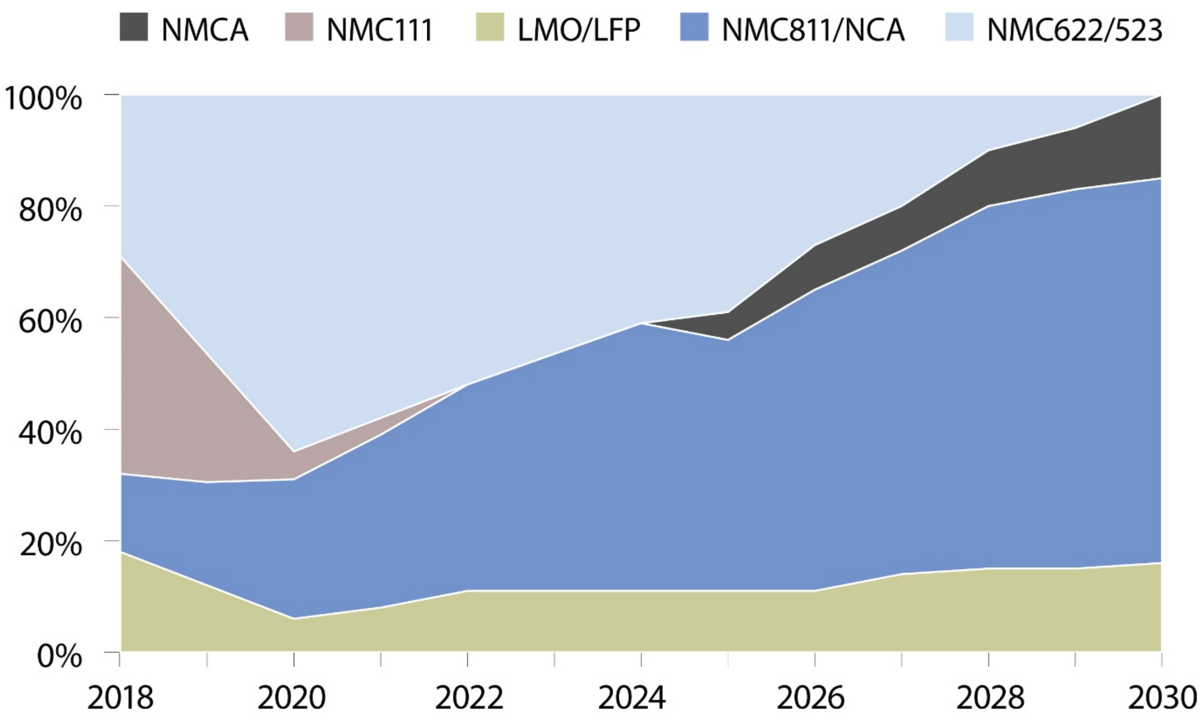

Figure 2: Evolution of lithium-ion battery technologies in electric vehicles, 2018 – 2030 (Source: Argus, 2020)

Sconi Nickel-Cobalt- Scandium Project

When fully developed, Australian Mines Sconi Project in North Queensland, Australia is projected to be one of the lowest cost, long term producers of ethically derived and socially responsible, battery-grade, nickel and cobalt[1].

The successful expansion of Sconi's production output from sulphate crystals to production of the higher value-adding P-CAM and CAM for use in lithium-ion batteries, will give Australian Mines the ability to access significant additional value from moving further along the electric vehicle battery supply chain (see Figure 1). This positioning makes Sconi an attractive proposition to potential offtake and finance partners, such as global car companies (or OEMs; original equipment manufacturers) and electric vehicle battery makers alike.

The fact that Australian Mines can produce NCM P-CAMs (including NCM622 and NCM811, the current and future leading chemistries in the lithium-ion battery sector respectively (see Figure 2) from a single feed source, being the Sconi Project, only serves to further enhance the attractiveness of this project to potential offtake partners.

Market Dynamics of the Electric Vehicle (EV) Sector

Australian Mines is positioning itself to be the preferred supplier to the rapidly expanding EV manufacturing industry.

With the Sconi Project sitting within the low end of the production cost curve, combined with the recently demonstrated ability to produce high value precursor cathode active material gives additional support to Australian Mines' ability to negotiate long term attractive offtake and financing agreements whilst protecting and potentially leveraging future profitability.

Nearly all current vehicle manufacturers have entered or are starting to enter the EV sector, and those already there are expanding their range. The end game for EV manufacturers is to make EV vehicles 'mainstream'; in other words, to bring the cost into the realm of the 'average' consumer. One of the highest cost components in an EV is the battery. Therefore, to deliver a mainstream product the EV sector must deliver less expensive, higher energy density batteries as a matter of priority to achieve their goals.

Forecasts suggest that current and future nickel supply around the world is under pressure making it difficult for many EV companies to accurately provide production forecasts. The consequence of a supply shortfall will be to put upward pressure on the nickel price and the subsequent cost of EV batteries, given the input cost of these batteries will rise as nickel supply decreases.

Supply and demand economics suggest the projected increase in nickel and cobalt prices will encourage more resource companies to go into production as prices rise. However, these new mines will likely be positioned in the higher production-cost quartile, meaning that the viability of such operations are contingent on high (and increasing) commodity prices. This, in turn, only entrenches the high cost of EV batteries and undermines car companies' ability to create and operate a mainstream EV market.

Under the above-described scenario, it is anticipated that, once in production, Sconi's profile as a lowest quartile global producer of battery materials would allow the project to generate healthy profit margins. And more importantly, the Company's planned progression into P-CAM production allows Australian Mines to negotiate attractive long term, fixed offtake agreements with EV manufacturers whilst maintaining attractive returns to our shareholders.

For our potential offtake partner(s), they will have the opportunity to lock in long term, lower prices for the EV battery inputs giving a Sconi offtake partner an advantage over their competitors, as an offtake agreement with Australian Mines removes the upward input price pressure on battery costs.

[1] Australian Mines Limited, Study places Sconi as low-cost cobalt and nickel producer, released 12 February 2019

EV manufacturers want long term secure supply at realistic prices but resource companies want higher prices to justify development. Australian Mines can accommodate both while still delivering potentially superior returns to shareholders.

Therefore, Australian Mines' intention is to work with EV companies to lower the cost of battery manufacturing, and in doing so, support the adoption of EVs by the broader community. To achieve this, Australian Mines is seeking to access more of the EV supply chain and access significant additional value for shareholders. (see Figure 1)

Not only will producing a higher value P-CAM or CAM improve the Sconi Project's already robust financials, it also removes the number of intermediary companies between the mine gate and the vehicle production floor that would absorb the value-add margin.

Through the production of precursor battery chemicals, Australian Mines is aiming to reduce the supply chain between the Sconi Project and the final EV company to two (being Australian Mines and the EV company, where that company makes its own EV batteries), or three (where there is a battery manufacturer sitting between Australian Mines and the EV manufacturer).

At the moment, Australian Mines understands, from the ongoing discussions with offtake partners, there may be some hesitancy by a few EV battery and vehicle companies to migrate their supply chain upstream to the mine gate. Appreciating this, Australian Mines is moving as far downstream as possible to meet EV battery and vehicle manufacturers at a point in the supply chain that sits more comfortably with their existing operations. Hence, the Company's move into P-CAM production, and more recent move into CAM production. CAM involves the lithiation (the addition of the lithium salt) of NCM P-CAM.

The strategic objective of accessing more of the EV supply chain is for Australian Mines to sell its P-CAM and CAM production to our potential offtake partner(s) at a reasonable discount to the prevailing market, whilst still protecting and enhancing our future returns to shareholders.

For EV cars to be affordable to the mainstream vehicle consumer a new supply chain model needs to be created. Australian Mines is seeking to do this by working with its offtake partners to simplify the supply chain, which in turn will lower the cost of accessing high quality battery materials for those partners and ultimately lower the cost of manufacturing electric vehicles.

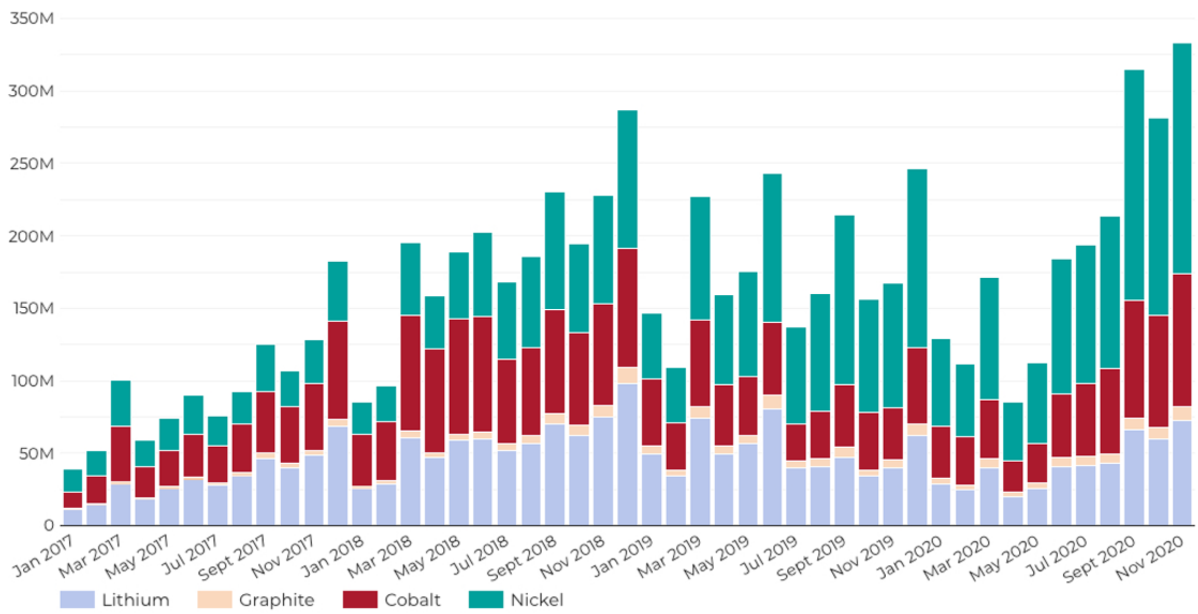

Figure 3: Value of battery metals in electric vehicles sold globally

REVIEW OF OPERATIONS

The Group made a loss for the six months ended 31 December 2020 of $2,519,313. This compares with a loss of $1,998,110 for the six months ended 31 December 2019.

A comparison of the consolidated financial performance is included in the table below.

Financials	Six months ended 31 December 2020	Six months ended 31 December 2019
	$000	**$000**
Revenue from operating activities	-	-
Net loss	(2,519)	(1,998)
Cash and cash equivalents	6,177	3,943

EVENTS SUBSEQUENT TO REPORTING DATE

The 2020 Research and Development refundable offset of $409,583 was received in January 2021.

There have been no other material events subsequent to 31 December 2020.

DIVIDENDS

There were no dividends paid or declared or recommended since the start of the period.

ROUNDING OFF

The parent entity is a Company of the kind specified in ASIC Corporation Legislative Instrument 2016/191. In accordance with that class order, amounts contained in the interim consolidated financial statements have been rounded to the nearest thousand dollars ($'000) unless specifically stated otherwise.

AUSTRALIAN MINES LIMITED

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration required under Section 307C of the Corporation's Act 2001 is set out on page 8 and forms part of the Directors' Report for the six months ended 31 December 2020.

Signed in accordance with a resolution of Directors:

Benjamin Bell

Benjamin Bell
Managing Director

Perth
Dated: 12 March 2021

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DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF AUSTRALIAN MINES LIMITED

As lead auditor for the review of Australian Mines Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

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

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

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 12 March 2021

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

AUSTRALIAN MINES LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

	Notes	31 December 2020 $000	31 December 2019 $000
Other Income		55	-
Net other income		**55**	**-**
Corporate overheads and indirect expenses	8	(641)	(1,156)
Personnel expenses		(460)	(574)
Share based payment expense	9	(3)	(26)
Exploration expenditure	10	(229)	3
Depreciation and amortisation		(121)	(122)
Impairment Loss	12	(861)	-
Share of loss of associate accounted for using the equity method	11	(261)	(127)
Results from operating activities		**(2,521)**	**(2,002)**
Finance income		2	4
Net finance income		**2**	**4**
Loss before income tax expense		**(2,519)**	**(1,998)**
Income tax		-	-
Loss after income tax		**(2,519)**	**(1,998)**
Total comprehensive loss for the period		**(2,519)**	**(1,998)**
Basic loss per share (cents)		(0.0653)	(0.0587)
Diluted loss per share (cents)		(0.0653)	(0.0587)

The notes on pages 13 to 21 are an integral part of the consolidated interim financial statements.

AUSTRALIAN MINES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Notes	31 December 2020 $000	30 June 2020 $000
CURRENT ASSETS			
Cash and cash equivalents		6,177	3,242
Trade and other receivables		549	92
Assets held for distribution	12	2,100	-
TOTAL CURRENT ASSETS		**8,826**	**3,334**
NON-CURRENT ASSETS			
Exploration and evaluation assets	10	31,582	30,640
Investment accounted for using equity method	11	-	3,222
Intangibles		5	5
Property, plant and equipment	13	602	724
TOTAL NON-CURRENT ASSETS		**32,189**	**34,591**
TOTAL ASSETS		**41,015**	**37,925**
CURRENT LIABILITIES			
Trade and other payables		204	89
Provisions		246	230
Lease Liability		176	171
TOTAL CURRENT LIABILITIES		**626**	**490**
NON-CURRENT LIABILITIES			
Lease Liability		299	390
TOTAL NON-CURRENT LIABILITIES		**299**	**390**
TOTAL LIABILITIES		**925**	**880**
NET ASSETS		**40,090**	**37,045**
EQUITY			
Contributed equity	14	93,668	88,107
Reserves		4,054	4,051
Accumulated losses		(57,632)	(55,113)
TOTAL EQUITY		**40,090**	**37,045**

The notes on pages 13 to 21 are an integral part of the consolidated interim financial statements.

AUSTRALIAN MINES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

	Notes	Issued Capital	Accumulated Losses	Share Option Reserve	Share Based Payment Reserve	Total Equity
		$000	$000	$000	$000	$000
Opening balance at 1 July 2020		88,107	(55,113)	494	3,557	37,045
Total comprehensive income for the period:						
(Loss) for the period		-	(2,519)	-	-	(2,519)
Transactions with owners, recorded directly in equity:						
Share based payment transactions	9	-	-	-	3	3
Shares issued during the period		5,902	-	-	-	5,902
Transaction costs from issue of shares		(341)	-	-	-	(341)
Closing balance at 31 December 2020		**93,668**	**(57,632)**	**494**	**3,560**	**40,090**

	Notes	Issued Capital	Accumulated Losses	Share Option Reserve	Share Based Payment Reserve	Total Equity
		$000	$000	$000	$000	$000
Opening balance at 1 July 2019		81,373	(51,616)	494	3,578	33,829
Adjustment to Opening balances (i)			(42)			(42)
Total comprehensive income for the period:						
(Loss) for the period		-	(1,998)	-	-	(1,998)
Transactions with owners, recorded directly in equity:						
Share based payment transactions		-	-	-	(42)	(42)
Shares issued during the period		5,818	-	-	-	5,818
Transaction costs from issue of shares		(437)	-	-	-	(437)
Closing balance at 31 December 2019		**86,754**	**(53,656)**	**494**	**3,536**	**37,128**

The notes on pages 13 to 21 are an integral part of the consolidated interim financial statements.

AUSTRALIAN MINES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

	Notes	31 December 2020 $000	31 December 2019 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash payments to suppliers and employees		(1,024)	(2,072)
Interest received		1	4
Sundry income		55	-
Net cash (used in) operating activities		**(968)**	**(2,068)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation		(1,654)	(2,278)
Payments for exploration acquisitions		(5)	-
Investment accounted for using equity method	11	-	(450)
Intangibles		-	-
Payments for property, plant and equipment		-	-
Net cash (used in) investing activities		**(1,659)**	**(2,728)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issue (net of costs)	14	5,562	5,380
Net cash provided by financing activities		**5,562**	**5,380**
Net increase/(decrease) in cash held		**2,935**	**584**
Cash at the beginning of the period		**3,242**	**3,360**
Cash at the end of the period		**6,177**	**3,944**

The notes on pages 13 to 21 are an integral part of the consolidated interim financial statements.

1. Reporting entity

Australian Mines Limited (the "Company", "AUZ") is a company domiciled in Australia. The address of the Company's registered office is Level 34, 1 Eagle Street, Brisbane, Queensland 4000 Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2020 comprises the Company and its subsidiaries (together referred to as the "Group").

The Group is a for-profit entity and is primarily involved in the development of Cobalt-Nickel-Scandium Projects in Australia.

The consolidated annual financial report of the Group as at and for the year ended 30 June 2020 is available upon request from the Company's registered office or at www.australianmines.com.au

2. Statement of compliance

The consolidated interim 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.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 30 June 2020. The consolidated interim financial report does not include all the information required for a full annual financial report and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 June 2020.

This consolidated interim financial report was approved by the Board of Directors on 12 March 2021.

3. Significant accounting policies

Non-Current Assets held for distribution

Non-current assets and assets of disposal groups are classified as held for distribution when the group is committed to distribute the asset to the owners. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for distribution, they must be available for immediate distribution in their present condition and the distribution must be highly probable. Actions to complete the distribution must have been initiated and are expected to be completed within one year from the date of classification.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for distribution.

Non-current assets classified as held for distribution and the assets of disposal groups classified as held for distribution are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

3. Significant accounting policies (cont.)

Investment in associates

Interests in associates are accounted for using the equity method. Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss of the associate.

All other accounting policies applied by the Group in this consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2020, except for those discussed in Note 4 below.

4. Changes in accounting policy

New and amended standards adopted by the Company

A number of new or amended Accounting Standards and Interpretations became applicable for the current reporting period, however, the Group did not change its accounting policies or make retrospective adjustments as a result of adopting these standards.

Other standards not yet applicable

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

5. Estimates

The preparation of the consolidated interim 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 consolidated interim financial report, the significant judgements made by management in applying the Group'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 2020.

6. Judgement

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2020.

Share based payments

In calculating the value of the share based payment in Note 9, the expiry date applied to the company secretary loan share plan of 4 years is a significant judgement made by the directors based on the vesting periods and volatility of the shares.

6. Judgement (cont.)

Determination of Norwest distribution as Highly Probable

Judgement is exercised in determining that the distribution of the Norwest Minerals Limited investment to shareholders is highly probable, which the management has considered based on a committed plan to distribute the shareholding via an in-specie distribution as well as it being highly probable in gaining shareholder approval.

7. Segment Information

The Company only operates in a single reportable geographical segment. As a result, no additional segment information provided.

8. Corporate overheads and indirect expenses

	31-Dec-20 $000	31-Dec-19 $000
Insurance	74	43
Travel and Accommodation	(5)	129
Legal Fees	(9)	43
Accounting, Tax and Audit Services	150	193
Share Registry Services	46	92
Conferences	3	121
Investor Relations Fees	104	184
Advisors and Consultants	18	62
Recruitment	-	16
Other Fees and Services	147	104
General Administration	113	169
	641	1,156

9. Share based payment reserve

During the half year, Company Secretary Oliver Carton was invited to apply for plan shares under the loan share plan. A limited recourse loan was provided to allow the Company Secretary to purchase the shares for $0.025 per share. The limited recourse loan plan shares are divided into 4 tranches and are subject to service period vesting conditions.

Plan Shares	
Granted 14 Dec 2020, vesting 1 Jul 2021	2,500,000
Granted 14 Dec 2020, vesting 1 Jul 2022	2,500,000
Granted 14 Dec 2020, vesting 1 Jul 2023	2,500,000
Granted 14 Dec 2020, vesting 1 Jul 2024	2,500,000
Total Plan Shares	10,000,000

The fair value of the Loan Share Plan was calculated using the Black Scholes pricing model on the next page. The value of the shares has been expensed on a proportionate basis for each period from grant date under AASB 2 to vesting date. The proportion of the value of the shares that has been expensed during the period to 31 December 2020 and accounted for in the share based payment reserve is $2,535.

9. Share based payment reserve (cont.)

Tranche	Grant Date under AASB	Number Issued	Value Per Right ($)	Probability	Condition	Total Value ($)	Vesting Period (Years)	Value Vested ($)	Value Vested Current Period ($)	Value Not Vested ($)
Company Secretary Shares										
1	14/12/2020	2,500,000	$ 0.00559	100%	Service Period	13,984	1	1,194	1,194	12,790
2	14/12/2020	2,500,000	$ 0.00768	100%	Service Period	19,198	2	579	579	18,619
3	14/12/2020	2,500,000	$ 0.00921	100%	Service Period	23,021	3	421	421	22,600
4	14/12/2020	2,500,000	$ 0.01038	100%	Service Period	25,956	4	341	341	25,615
		10,000,000				82,159		2,535	2,535	79,624

Details of the vesting conditions of the plan shares

Tranche 1: Service to the Company as an eligible person until 01 July 2021
Tranche 2: Service to the Company as an eligible person until 01 July 2022
Tranche 3: Service to the Company as an eligible person until 01 July 2023
Tranche 4: Service to the Company as an eligible person until 01 July 2024

10. Exploration and evaluation assets

Reconciliations of the carrying amounts for each class of exploration and evaluation expenditure are set out below:

	31-Dec-20 $000	30-Jun-20 $000
Opening balance	30,640	28,033
Acquisition of tenements	5	-
Expenditure incurred	1,576	3,466
Expenditure expensed	(229)	(5)
R&D Refund	(410)	(854)
Exploration costs carried forward	31,582	30,640

The 2020 research and development tax offset has been lodged and considered receivable as at 31 December 2020. The $409,583 refundable offset was received in January 2021.

The ultimate recoupment of costs carried forward for mineral properties in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

11. Investment accounted for using equity method

	31-Dec-20 $000	30-Jun-20 $000
Opening Balance	3,222	3,085
Purchase of shares in investment – Norwest Minerals Limited	-	450
Share of associate loss	(261)	(313)
Less Investments reclassified as held for distribution	(2,961)	-
Total Investments in Associates	-	3,222

On 5 October 2020 Norwest Minerals Limited issued further shares diluting Australian Mines Limited's ownership to 20.04%. All Australian Mines Limited's ownership interests in Norwest Minerals Limited are ordinary shares, carrying dividend and capital entitlements, the right to vote and to attend meetings.

On 26 October 2020 Australian Mines Limited reclassified Norwest Minerals Limited shares as held for distribution to owners.

12. Assets held for distribution

	31-Dec-20 $000	30-Jun-20 $000
Opening Balance	-	-
Investment in Norwest Minerals Limited	2,961	-
Impairment Loss	(861)	-
Total Investments Held for Distribution	2,100	-

On 26 October 2020 Australian Mines Limited reclassified Norwest Minerals Limited shares as held for distribution to owners.

The company proposes to distribute shares held in Norwest Minerals Limited to shareholders by way of in-specie distribution and return of capital. As announced, the effective date will be 25 March 2021 and issue date will be 6 April 2021. The return of capital and in-specie distribution of Norwest shares is conditional upon the group obtaining shareholder approval in the upcoming general meeting on 23 March 2021. Australian Mines Limited has applied to the Commissioner of Taxation for a Class Ruling and is currently awaiting a determination.

On 31 December 2020 the 21,000,000 ordinary shares held in Norwest Minerals Limited were recognised to the fair value less costs to distribute, being $2,100,000. As a result, the company recorded an impairment loss of $861,471 during the period.

13. Property, plant and equipment

	31-Dec-20 $000	30-Jun-20 $000
Plant and equipment		
Plant and Equipment at cost	255	255
Accumulated depreciation	(233)	(214)
	22	41
Motor Vehicles		
Motor Vehicles at cost	104	105
Accumulated depreciation	(26)	(9)
	78	96
Land		
Land at Cost	89	89
	89	89
Right of Use Assets		
Right of Use Assets - Lease	854	853
Accumulated depreciation	(441)	(355)
	413	498
Total property, plant and equipment	602	724

14. Share capital

	31-Dec-20 $	31-Dec-20 No.	30-Jun-20 $	30-Jun-20 No.
Reconciliation of issued capital				
Balance at 1 July	88,106,976	3,625,992,479	81,373,233	3,083,406,567
Shares issued during the period:				
Share placement @ $0.00161			5,817,508	361,335,912
Share placement @ $0.008			1,450,000	181,250,000
Costs of capital raising			(533,765)	-
Share placement @ $0.015 (i)	679,688	45,312,500		
Share placement @ $0.018 (ii)	5,222,680	290,148,871		
Costs of capital raising	(340,840)			
Closing Balance	93,668,504	3,961,453,850	88,106,976	3,625,992,479

(i) Citigroup Pty Limited exercised their option to purchase shares at $0.015 per share, with 45,312,500 shares issued.

(ii) Australian Mines raised $5.2 million via a fully committed Share Placement of 290,148,871 shares at an issue price of $0.018 per share.

The 10m shares being held by Lennox Group Pty Ltd, as trustee for the Australian Mines Limited Loan Share Plan were granted to Oliver Carton during the half year.

15. Events occurring after the reporting period

The 2020 Research and Development refundable offset of $409,583 was received in January 2021.

There have been no other material events subsequent to 31 December 2020.

16. Fair Value of Financial Instruments

Financial assets and financial liabilities measured at fair value in the Statement of Financial Position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

c) Level 3: unobservable inputs for the asset or liability.

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 31 December 2020

	Level 1	Level 2	Level 3	Total
31 December 2020	**$**	**$**	**$**	**$**
Financial assets held for distribution	2,100,000	-	-	2,100,000
	2,100,000	-	-	2,100,000

The fair value of the level 1 financial assets is based on the Norwest Minerals Limited quoted share price as at the close of market on the 31 December 2020. The directors consider this to reflect the investments fair value at reporting date.

Details of assets held for distribution for the period ended 31 December 2020 is presented in Note 12.

DIRECTORS' DECLARATION

In the opinion of the Directors of Australian Mines Limited ("the Company"):

(a) the financial statements and notes disclosed on pages 9 to 21 are in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance, for the six months ended on that date; and
- (ii) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; 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.

Signed in accordance with a resolution of the Directors:

On behalf of the Directors

Benjamin Bell

Benjamin Bell
Managing Director

Perth
Dated: 12 March 2021

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Australian Mines Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Australian Mines Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibility of the directors for the financial report

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

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Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch
Director

Perth, 12 March 2021