



 **AustChina**

Holdings Limited

**ANNUAL REPORT
For the year ended
30 June 2022**

AustChina Holdings Limited ABN 20 075 877 075

Annual Report – 30 June 2022

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CORPORATE DIRECTORY

Directors	Daniel Chan (Chairman) George Lam (Deputy Chairman) Andrew Macintosh David Morris Bernard Ripoll
Executives	Andrew Fogg (Chief Executive Officer)
Company Secretary	Suzanne Yeates
Registered Office	c/- Colin Biggers & Paisley Pty Ltd Level 35, Waterfront Place 1 Eagle Street Brisbane QLD 4000
Share Register	Link Market Services Limited Level 19, 324 Queen Street Brisbane QLD 4000 +61 1300 554 474
Auditor	Nexia Brisbane Audit Pty Ltd Level 28, 10 Eagle Street Brisbane QLD 4000 (07) 3229 2022
Bankers	Westpac Banking Corporation 388 Queen Eagle Street Brisbane QLD 4000
Stock Exchange Listing	AustChina Holdings Limited shares are listed on the Australian Securities Exchange – using the stock code ‘AUH’.
Website Address	www.austchinaholdings.com

COMPETENT PERSON'S STATEMENT

I **Rowan Johnson** confirm that I am the Competent Person for the Competent Person Report from which the information to be publicly released has been obtained and also confirm that:

- I have read and understood the requirements of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 Edition), the 2014 Edition of the Australian Guidelines for the Estimation and Classification of Coal Resources and the relevant sections of Chapter 5 and Guidance Note 31 from the ASX Listing Rules.
- I am a Competent Person as defined by the JORC Code 2012 Edition, having 35 years of experience that is relevant to the coal types, quality and potential mining method(s) of the deposit(s) described in the Report. In addition, I have 25 years of experience in the estimation, assessment and evaluation of Coal Resources, the activity for which I am accepting responsibility.
- I am a Member of The Australasian Institute of Mining and Metallurgy.
- I have reviewed the Report or Excerpt from the Report to which this Consent Statement applies.

I am a consultant working for **McElroy Bryan Geological Services** and have been engaged by AustChina Holdings Limited to prepare the documentation for the **Blackall Coal Project – Inverness Deposit** on which the Report is based.

In addition:

- I have disclosed to AustChina Holdings Limited the full nature of the relationship between myself and the Company, including any issues that could be perceived by investors as a conflict of interest.
- I verify that the Report is based on and fairly and accurately reflects in the form and context in which it appears, the information in my supporting documentation relating to Coal Resources.
- I consent to the release of the Report and this Consent Statement by the Directors of **AustChina Holdings Limited**.

CHAIRMAN'S REPORT

On behalf of the AustChina Board I am pleased to introduce the Company's 2022 Annual Report.

AustChina seeks to build a platform for wider exposure to developing energy markets through targeted technology in conjunction with its minerals and energy focus.

During the year the Company engaged with Fortress Capital Limited to investigate a technology with the capability for the utilization of inorganic and organic solid fuel feedstocks, including coal and waste materials, to produce energy and potentially other products such as hydrogen, ammonia, and methanol.

AustChina conducted initial testing of its coal from the Blackall coal deposit and another solid commercial waste product in a small-scale plant and is satisfied with the initial outcomes. We look forward to further investigating development of a platform to introduce the technologies into AustChina.

Integral with its resources and energy focus, AustChina sees potential from its existing resource base. The Blackall Coal Project remains a medium-term opportunity with development potential leaning towards the adoption of alternative technologies for the use for the coal on-site to produce energy and other by-products.

AustChina is confident that Utilitas Group Pty Ltd (25.12% AustChina) is well positioned in the biogas, bioenergy and biorefining product markets in Australia. Utilitas continues project development in conjunction with its key project counterparts of the flagship project in Bundaberg, and other projects in Dandenong Victoria and the Hunter Valley in NSW. Energy markets and biorefining products have changed significantly in the past 12 months further supporting the Utilitas business model and project development.

With the demand for copper increasing strongly going forward, the news post end of the 2021 financial year¹, that our holding in copper explorer Sector Projects Pty Ltd (Sector) evolved through the listing of Revolver Resources Holdings Limited (Revolver) on 23 September 2021 (ASX: RRR) was welcomed. AustChina is encouraged by the substantial and thorough exploration programmes implemented by Revolver since its listing.

Additional energy-related technologies are also under consideration however these are at an early stage.

On behalf of the Board, I thank existing shareholders for your continued support and welcome new shareholders to the Company.

I also take this opportunity to thank the Board of Directors and Management for their contributions to the Company during the year.

A handwritten signature in blue ink, appearing to read 'Daniel Chan'.

Daniel Chan
Chairman

¹ ASX 23 August 2021: "Copper Investment to list on ASX through Revolver Resources"

CEO'S REPORT AND OPERATIONAL REVIEW

ENERGY PORTFOLIO

AustChina is embracing technologies that have potential for the utilization of inorganic and organic solid fuel inputs including waste materials and coal to produce energy and potentially other products such as hydrogen, ammonia, and methanol.

On 15 October 2021, AustChina announced it had entered into a non-binding Memorandum of Understanding with Fortress Capital Limited to conduct due diligence on a new technology that could enhance AustChina's energy portfolio through the conversion of solid fuels including coal, municipal household and commercial waste, biomass, and other material to generate cleaner environmentally responsible electricity².

The company has processed coal from the Blackall coal deposit and another solid commercial waste product through a scaled version of the combustion technology. This process has the potential to reduce carbon emissions and utilise fuel sources such as coal, municipal household and commercial waste that would otherwise go to landfill, to produce energy for its own purposes or for sale to the electricity grid.

AustChina's Coal Project

A schedule of the Exploration Permits held as of 30 June 2022 by AustChina is provided in **Table 1**.

Tenement	Project Name	Ownership %	Date Granted	Expiry Date
EPC 1719	BARCOO RIVER-BLACKALL RAIL	100	28/07/2010	27/07/2025
EPC 1993	BLACKALL SOUTH CORNER	100	17/03/2010	16/03/2026

Table 1: AustChina Holdings Limited Tenement Portfolio

The two current exploration permits for coal (EPCs) are located near Blackall in Central Queensland. EPCs 1719 and 1993 remain within a single project-based administration area approved by the Department of Natural Resources, Mines and Energy.

AustChina's coal exploration footprint is shown in Figure 1, with its focus on the Blackall Coal Project to the south of the township of Blackall contained within EPCs 1719 and 1993.

No new drilling was completed in the financial year ending 30 June 2022.

² ASX 15 Oct 2021: MOU to Investigate Technology to Convert Solid Fuels to Energy

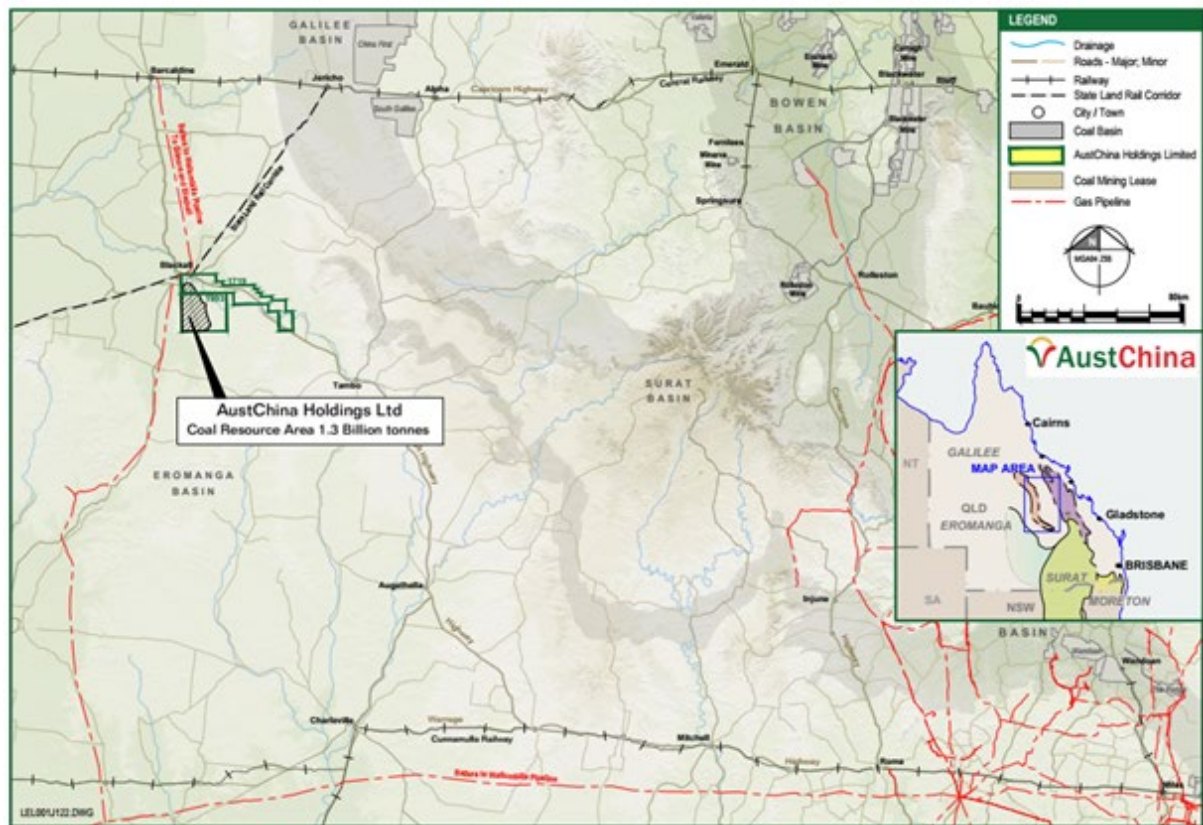


Figure 1: AustChina Coal Exploration Portfolio in Queensland 30th June 2022.

Update of Mineral Resources and Reserves

The Company was pleased to announce on 16 June 2020³ that it had upgraded the Resource Statement for its Blackall Coal Project to 31 May 2020, with the inclusion for the first time of 30 million tonnes of Indicated Resources in EPC1993.

This followed a cored drilling programme targeted to increase the stratigraphic, structural and coal quality knowledge of a section within the overall resource area.

McElroy Bryan Geological Services Pty Limited (MBGS) provided an objective assessment of coal resources for its Blackall Coal Project compliant with the JORC Code. Figure 2 shows the drill hole locations for the Blackall Coal Project.

³ ASX: "Updated Coal Resource Statement for Blackall Project"

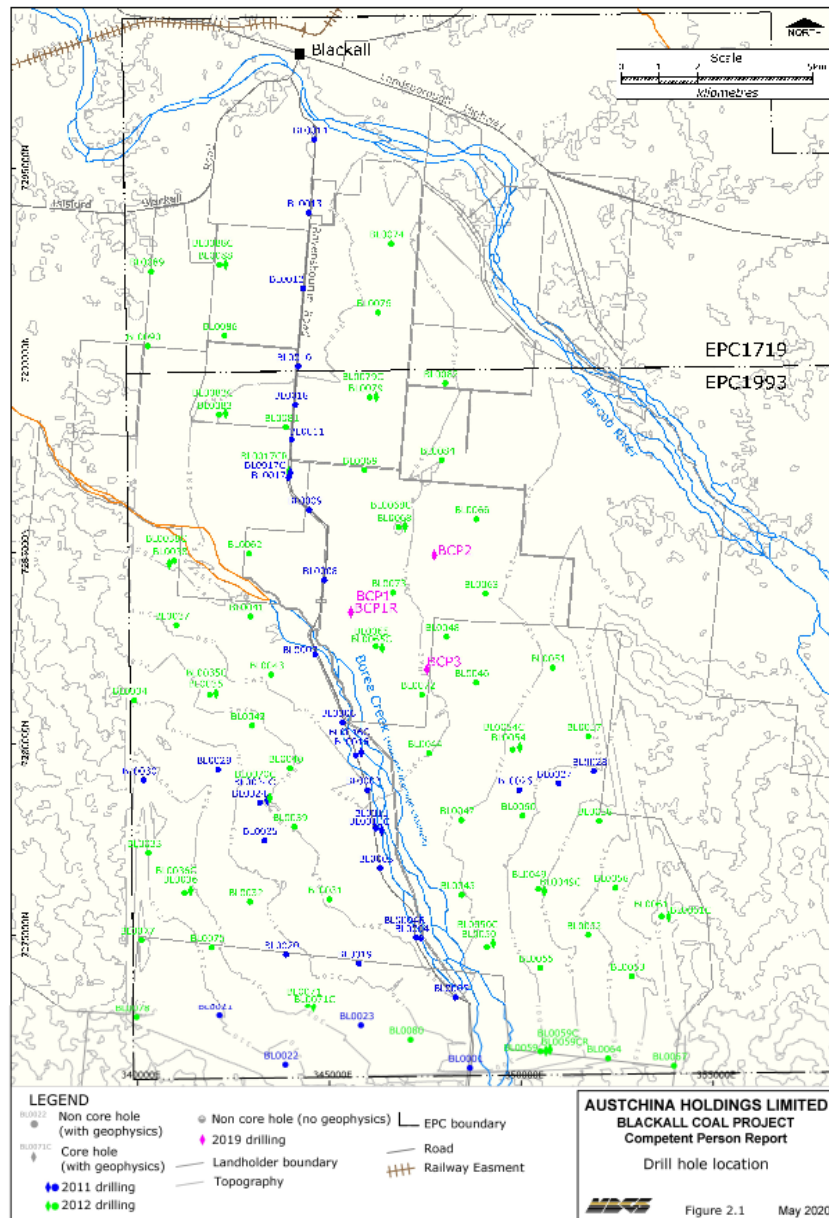


Figure 2: Drill Hole Location Plan – Blackall Coal Project

Tables 2 and 3 provide the updated Summary Coal Resources by Seam, Category and Depth for EPCs 1719 and 1993, respectively.

TABLE 2:

Seam Name	Block Area (km ²)	Coal Area (km ²)	Coal Thickness (m)	In Situ Density (g/cc) (1)	Raw Ash (%) (2)	Specific Energy (kcal/kg) (a.d.) (3)	Specific Energy (kcal/kg) (2)	Total Sulphur (%) (2)	Inferred Resources (Mt)			
									Subcrop < 50m	50 - 100m	100 - 150m	Total
F	7.70	6.37	1.2	1.56	35	3090	2640	0.53	10	1	-	11
E	12.23	5.50	2.1	1.42	18	4480	3940	0.37	15	16	-	31
D	15.33	7.70	2.2	1.39	14	4800	4250	0.48	16	27	-	43
C	12.73	5.75	0.6	1.39	15	4880	4180	0.42	1	5	-	6
B	22.48	8.04	0.7	1.43	20	4500	3810	1.21	4	11	2	17
Inferred subtotal for EPC1719									46	60	2	108
Inferred Total for EPC1719												108
Inferred Total for EPC1719 (Rounded)												100

Notes: 1 In Situ Density generated from Ash regression at 25% moisture basis
2 Raw coal quality parameters reported at In Situ Moisture basis (25%)
3. Specific Energy reported at air dried basis
4. Default In Situ Density generated from available laboratory data
5. Default Raw Ash generated from default In Situ Density and ash/density regres

TABLE 3:

Seam Name	Block Area (km ²)	Coal Area (km ²)	Coal Thickness (m)	In Situ Density (g/cc) (1)	Raw Ash (%) (2)	Specific Energy (kcal/kg) (a.d.) (3)	Specific Energy (kcal/kg) (2)	Total Sulphur (%) (2)	Indicated Resources (Mt)			
									Subcrop < 50m	50 - 100m	100- 150m	Total
F	1.91	1.89	1.4	1.52	31	3343	2971	0.67	5.1	-	-	5.1
E	2.83	2.13	0.7	1.44	22	4062	3666	0.34	17.9	2.9	-	20.8
D	2.29	1.27	0.5	1.39	15	4566	4150	0.34	3.4	2.2	-	5.6
C	0.47	0.43	0.3	1.35	10	4994	4551	0.39	0.02	0.4	-	0.4
Indicated Subtotal for EPC1993									26.4	5.5	-	31.9
Indicated Total for EPC1993												32
Indicated Total for EPC1993 (Rounded)												30
F	21.20	18.09	0.6	1.48	26	3837	3352	0.57	47	1	-	48
E	43.20	30.60	0.4	1.41	18	4416	3964	0.36	244	25	-	269
D	149.46	70.95	0.4	1.42	19	4334	3898	0.61	300	105	-	405
C	159.49	58.71	0.4	1.41	18	4415	3964	0.41	125	98	<1	224
B	173.57	75.11	1.1	1.43	20	4280	3810	1.31	36	114	9	159
A	56.07	17.67	1.0	1.38 (4)	14 (5)	4790	4290	-	10	17	30	57
Inferred Subtotal for EPC1993									761.86	361.2	39	1162
Inferred Total for EPC1993												1162
Inferred Total for EPC1993 (Rounded)												1200

Notes: 1. In Situ Density generated from Ash regression at 25% moisture basis
2. Raw coal quality parameters reported at In Situ Moisture basis (25%)
3. Specific Energy reported at air dried basis
4. Default In Situ Density generated from available laboratory data
5. Default Raw Ash generated from default In Situ Density and Ash/Density

There have been no material changes to the applicable geological information available and the resources reported in tables 2 and 3 above remain as reported in the AustChina Holdings Limited Annual Report for the financial year ended June 2020.

There are no Mineral Reserves pertaining to the Company's tenements.

The Inverness Deposit is situated within a broad synclinal structure trending north-northwest throughout the 25-kilometre length of the deposit. The coal seams are relatively flat-lying and the upper seams sub-crop locally, controlled by the gentle structure.

Over 800Mt of the resources were estimated at less than 50 metres depth.

AustChina is reviewing several technologies that have potential for the utilization of the resource that include on-site processing of coal to produce energy and potentially other products.

Investment in Biogas Renewable Energy Sector

AustChina holds 25.12% of Utilitas Group Pty Ltd (Utilitas), a Brisbane based privately owned company focused on the emerging biogas and biorefining industries in Australia.

Biogas, mostly methane, is produced via a natural process called anaerobic digestion (AD) of organic material in the absence of oxygen. The world's most flexible fuel, biogas can directly displace fossil sources of dispatchable electricity, gas and transport fuel and is generated from feedstock that reduces trade waste costs and risks for producers.

The complex nature of biogas projects, vast area of available land for waste disposal, and previously low electricity and gas prices in Australia has meant the local biogas industry has been slow to emerge, but this is changing as industry increasingly needs to demonstrate to governments, customers, investors, and supply chains that it is on a transition away from fossil fuels to net-zero emissions across production and logistics.

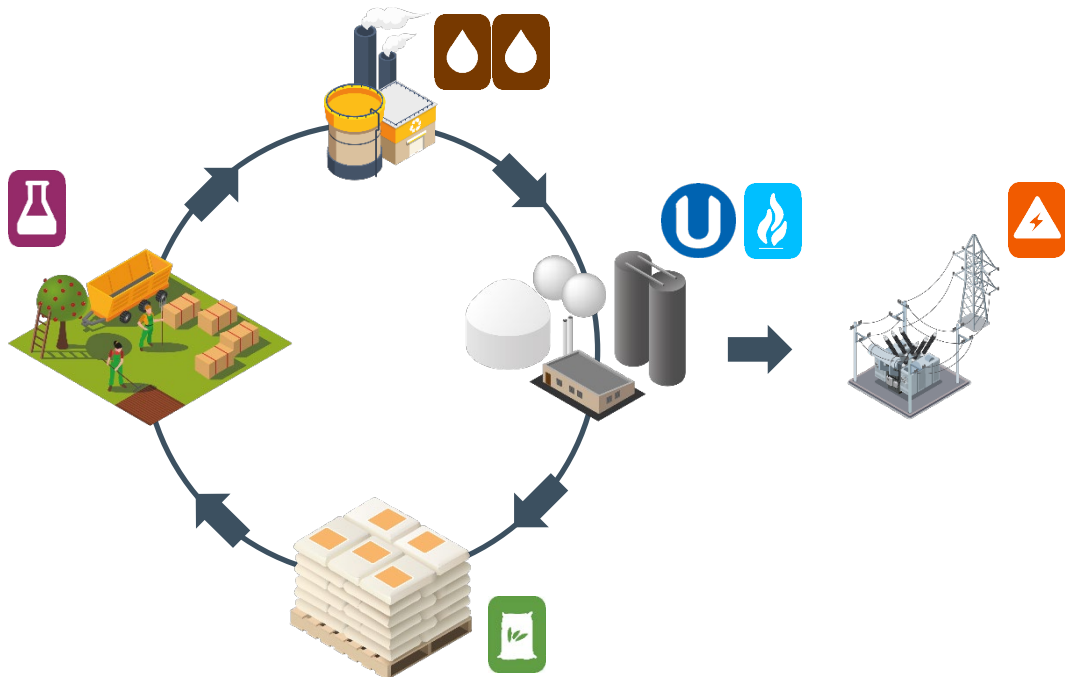


Figure 3 - The bio Refinery

A regional bioHub aggregates organic waste and wastewater to produce energy, water, and other bio-products. A bioHub includes upstream and downstream processing and creates a platform for co-location of other biomanufacturing industries including the production of hydrogen. It provides infrastructure as a service to local industry and Councils.

On 1 October 2020 Utilitas launched its first asset development, the Bundaberg bioHub in Queensland, at the 9.5-acre former Bundaberg East Wastewater Treatment Plant site. Early works commenced to prepare for new tenancies in the master-planned industrial park (Figure 4).

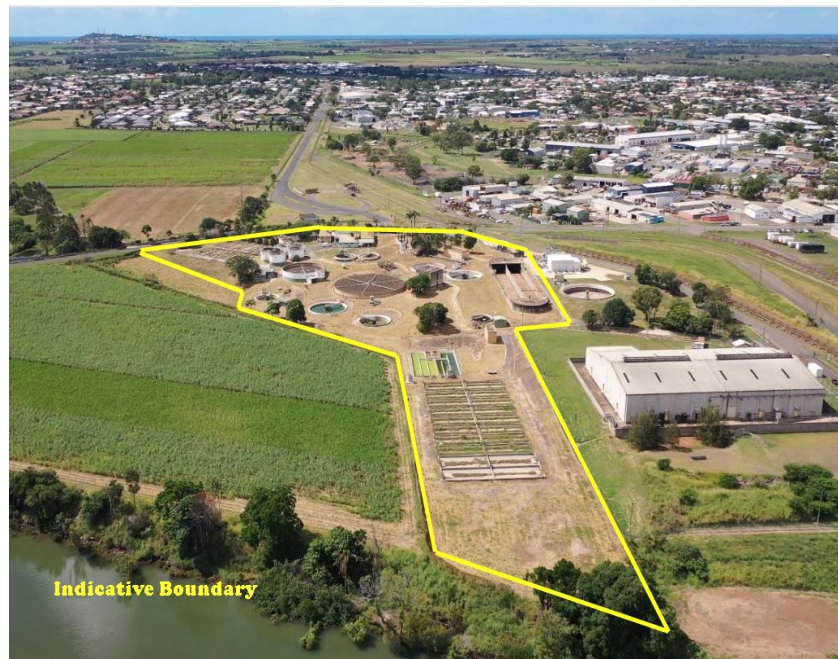


Figure 4: Bundaberg bioHub site

A conceptual layout of the bioHub is presented in Figure 5.

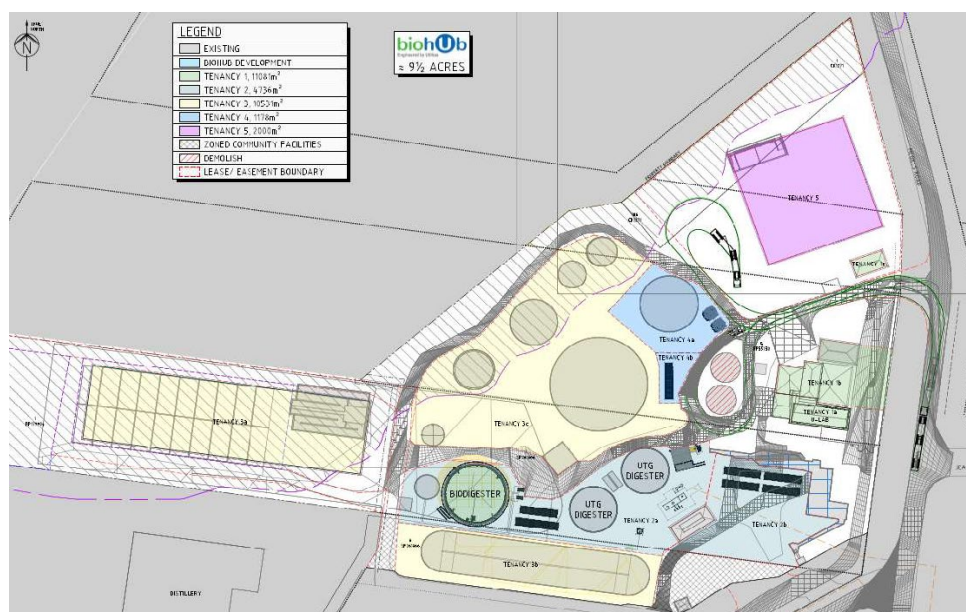


Figure 5: Site Conceptual Layout for the Bundaberg bioHub.

The 9.5-acre repurposed sewerage treatment plant site was successfully purchased from Bundaberg Regional Council and subsequently sold to property developer Smart Capital Group unlocking the first bioHub project that showcases multiple businesses synergistically operating on the site. This asset sale is assisting Utilitas to activate the planning and approvals of its first three utility-scale, commercial grade biorefining projects.

Community and market support for biogas and related products such as agricultural chemicals and fertilisers has continued to strengthen and is being reflected at government and business levels. Initiatives such as the Bundaberg Bioeconomy Conference have a positive social and market impact which has extended beyond the Bundaberg region. Utilitas was a key initiator of this event and continues to present and showcase its projects at this conference. The other priority projects for Utilitas are Dandenong in Victoria and Hunter Valley in New South Wales which are progressing towards financial close and securing commercial agreements to ensure project viability.

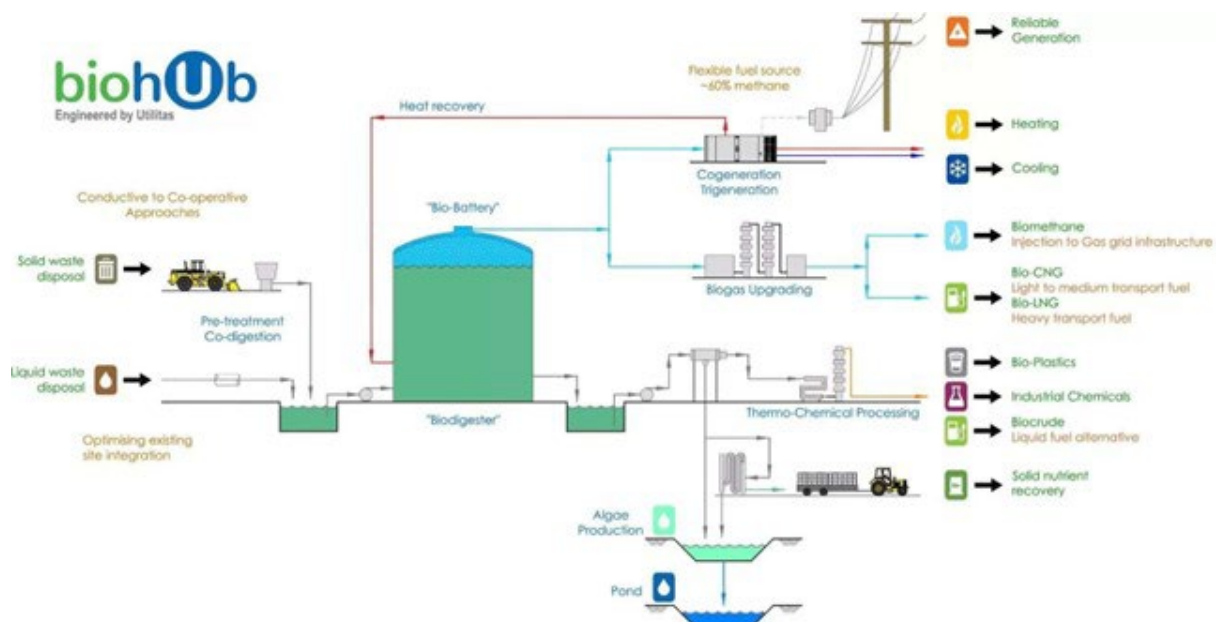


Figure 6 - Biological Energy Process

The Bundaberg bioHub development site is now undergoing land development in preparation for several synergistic businesses including the Utilitas biogas plant and other tenancies. The site has a Development Approval for one tenant and good progress being made on other approvals. The Dandenong and Hunter projects are continuing to progress forward with engagement with waste feedstocks and production outputs.

Support for biogas and related market products continue to strengthen on commercial terms. Utilitas remains in serious discussion with a number of impact and green funds that are seeking exposure to these renewable energy and biorefining products and projects.

Utilitas maintains a vision to develop 100 bioHubs over the next ten years (<https://utilitas.com.au>).

MINERALS PORTFOLIO

AustChina has long valued exposure to development of mineral projects with high potential to provide much needed natural resources for the increasing rate of electrification in the world, including electric vehicles (EV's).

Through the sale of its subsidiary Surat Gas Pty Ltd completed on 28 September 2018, AustChina acquired 5% of the issued capital of Sector Projects Pty Ltd (**Sector**).

Sector was 100% owner and operator of Exploration Permits for Minerals (EPMs) 18628, 18644, 18645, and 18647 together with EPMs 26419 and 26463 situated 220km north of Mt Isa in Queensland. Covering an area of 665 square kilometres, these tenements (comprising Project Osprey) have been the subject of a systematic program of exploration activity over the years in the search for world scale base minerals deposits, primarily copper.

In an ASX announcement on 23 August 2021⁴ AustChina announced that it had agreed, subject to conditions precedent, to transfer its holding in Sector in return for shares in Revolver Resources Holdings Ltd (Revolver) which is the ultimate parent company of Sector. Revolver had lodged a prospectus with the ASX on 2nd August and was working towards a planned listing on the ASX.

Revolver subsequently listed on the ASX on 23 September 2021 (ASX: RRR), and AustChina views positively the increased exposure to copper potential through Revolver's overall tenure position, which includes the historical Dianne Copper Mine with its current Mining Leases and surrounding exploration permit. As a result of the transfer its holding in Sector Projects Pty Ltd in return for shares in Revolver Resources Holdings Ltd, AustChina now holds 2.5million shares in that company. AustChina sees long term potential in the copper sector.

Revolver is focused on the development of natural resources for the world's accelerating electrification. Its near-term focus is copper exploration in proven Australian jurisdictions. The company has 100% of two copper projects:

- 1) Dianne Project, covering six Mining Leases and an Exploration Permit in the proven polymetallic Hodgkinson Province in north Queensland, and
- 2) Project Osprey, covering six exploration permits within the North-West Minerals Province, one of the world's richest mineral producing regions. The principal targets are Mount Isa style copper and IOCG deposits.

Revolver has been undertaking a well-managed, systematic exploration programme across its projects, with particular emphasis on the Dianne Project.

For further information www.revolverresources.com.au

⁴ ASX: "Copper Investment to list on ASX through Revolver Resources"

Operations Outlook

Integral with its resources and energy focus, AustChina sees potential from its existing resource base. The Blackall Coal Project remains a medium-term opportunity with development potential leaning towards the adoption of alternative technologies for the generation of energy and other by-products locally.

The Company is monitoring the current sharply increased price of thermal coal in international markets and any improvement in infrastructure economics that may arise from the progression of Galilee Basin projects.

Under its MOU with Fortress Capital Limited, AustChina has processed coal from the Blackall coal deposit and another solid commercial waste product through a scaled version of the combustion technology and is satisfied with the initial outcomes.

The Company is continuing to engage with Fortress Capital Limited and other key proponents to progress next steps in developing a platform to introduce the technologies into the market.

Additional energy-related technologies are also under consideration however these are at an early stage.

Utilitas continues its project development in the biogas and biorefining fields with its flagship project in Bundaberg and key counterparts at bioHub projects in Dandenong Victoria and the Hunter Valley in NSW. Global events impacting energy supply and production are also impacting domestic energy supply and pricing and improve the long term opportunity for biorefining projects domestically. Utilitas is well placed strategically with a professional team of recognised experts and market experience in the biogas, bioenergy and bioproduct sectors in Australia.

The Company is confident that its exposure to so-called “new economy” metals through its shareholding in Revolver Resources Holdings Limited (ASX: RRR) is being well managed through the execution strategy of that company for the exploration and development of its tenures. AustChina will continue to monitor progress by Revolver as it continues its thorough and continuous exploration programme.

AustChina seeks to build a platform for wider exposure to developing energy markets through targeted technology in conjunction with its minerals and energy focus.



Andrew Fogg
Chief Executive Officer

DIRECTORS' REPORT

Your Directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of AustChina Holdings Limited ("the Company") and the entities it controlled at the end of, or during, the year ended 30 June 2022.

DIRECTORS

The following persons were Directors of AustChina Holdings Limited during the whole of the year and up to the date of this report (unless otherwise stated):

D Chan
G Lam
A Macintosh
David Morris
Bernard Ripoll

PRINCIPAL ACTIVITIES

During the year the principal continuing activities of the Group consisted of exploration and investment in energy and resources.

REVIEW OF OPERATIONS

The operating loss after income tax of the Group for the year was \$415,583 (2021: loss \$1,118,036). The current year loss includes a loss from equity accounted investment of \$49,378 (2021: loss \$240,936).

Information on the operations of AustChina Holdings Limited and its business strategies and prospects is set out in the CEO's Report and Review of Operations on pages 5 to 13 of this annual report.

DIVIDEND

The Directors do not recommend the payment of a dividend. No dividend was paid during the year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In August 2021 a total of 163,400,000 fully paid ordinary shares were issued to sophisticated investors at an issue price of \$0.006 cash per share with an attaching 1 for 2 option exercisable at \$0.012 and expiring 4 August 2023.

In April 2022 a total of 181,739,732 fully paid ordinary shares were issued to sophisticated investors at an issue price of \$0.014 cash per share with an attaching 1 for 2 option exercisable at \$0.028 and expiring 16 March 2024.

On 14 June 2022 there was a partial conversion of the convertible note resulting in 31,071,340 shares being issued for nil cash consideration.

During the year a total of 26,497,299 shares had been issued from the exercise of options raising a total of \$317,968.

There were no significant changes in the state of affairs of the Group during the financial year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No matters or circumstances have arisen since 30 June 2022 which significantly affected the group's operations, results or state of affairs, or may do so in future years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS FROM OPERATIONS

Comments on expected results of certain operations of the Group are included in this annual report under the CEO's Report and Review of Operations on pages 5 to 13.

ENVIRONMENTAL REGULATION

The Group is subject to significant environmental regulation in respect of its exploration activities in Australia and is committed to undertaking all its operations in an environmentally responsible manner.

To the best of the Directors' knowledge, the Group has adequate systems in place to ensure compliance with the requirements of all environmental legislation and is not aware of any breach of those requirements during the financial year and up to the date of the Directors' Report.

INFORMATION ON DIRECTORS

D Chan CFA, MRICS

Non-executive Director

<i>Experience and expertise</i>	Mr Chan has extensive experience in the financial and investment arena and holds a Masters Degree in Finance from the Imperial College London and Chartered Financial Analyst (CFA) and is a member of the Royal Institute of Chartered Surveyors (MRICS). Mr Chan has over 13 years' experience in China real estate investment.
<i>Other current directorships</i>	Nil
<i>Former directorships in last 3 years</i>	Nil
<i>Special responsibilities</i>	Chairman, Member of the Audit and Risk Management Committee and Member of the Remuneration Committee. Mr Chan is also AustChina's representative Director on Utilitas Group Pty Ltd.
<i>Interests in shares and options</i>	Indirect interest in 855,305,438 Ordinary Shares Direct interest in 20,000,000 options over ordinary shares

G Lam BSc, MSc, MBA, DPA, MPA, LLB (Hons), LLM, PCLL, PhD, FHKIoD, FHKI Arb, FCMA, FCPA(Aust.) Independent Non-executive Director

<i>Experience and expertise</i>	Mr Lam has over 30 years of international experience in general management, strategy consulting, corporate governance, direct investment, investment banking and fund management across the telecommunications/media/technology (TMT), consumer/healthcare, infrastructure/real estates, energy/resources and financial services sectors.
<i>Other current directorships</i>	Nil
<i>Former directorships in last 3 years</i>	Nil
<i>Special responsibilities</i>	Chairman of the Audit and Risk Management Committee and Chairman of the Remuneration Committee
<i>Interests in shares and options</i>	Direct interest in 20,000,000 options over ordinary shares

A Macintosh

Independent Non-executive Director (from 4 July 2019)

<i>Experience and expertise</i>	Mr Macintosh hold an MBA (Finance, Economics) and a Bachelor of Science (Computer Science, Mathematics). Mr Macintosh is non-executive Chairman of Acorus Investment Management, a China-Africa private equity fund and has extensive experience in investment banking and finance, both in Australia and overseas.
<i>Other current directorships</i>	Nil
<i>Former directorships in last 3 years</i>	Nil
<i>Special responsibilities</i>	Nil
<i>Interests in shares and options</i>	Direct interest in 20,000,000 options over ordinary shares

D Morris
Independent Non-executive Director

<i>Experience and expertise</i>	Mr Morris is a distinguished international expert on risks and opportunities in the international business environment, who has had a global career as diplomat, senior political adviser and international consultant.
<i>Other current directorships</i>	Nil
<i>Former directorships in last 3 years</i>	Nil
<i>Special responsibilities</i>	Nil
<i>Interests in shares and options</i>	Nil

B Ripoll
Independent Non-executive Director

<i>Experience and expertise</i>	Mr Ripoll is a Director with public affairs firm SAS Group and his own consulting firm Fresh Advisory which has commercial interests focused on the financial services sector. He is also CEO of financial services and development company Smart Capital Group and the Ethical Development Fund Australia. Mr Ripoll served as the Parliamentary Secretary to the Treasurer with responsibility for Financial Services, the Australian Securities and Investments Commission (ASIC), the Australian Bureau of Statistics (ABS) and other agencies in the Treasury portfolio. Mr Ripoll is an entrepreneur in business development who continues to play a leading role in the financial services sector following a long career as a Federal Member of Parliament from 1998 until retiring in 2016.
<i>Other current directorships</i>	Non-executive Chairman of Utilitas Group Pty Ltd.
<i>Former directorships in last 3 years</i>	Nil
<i>Special responsibilities</i>	Nil
<i>Interests in shares and options</i>	Nil

COMPANY SECRETARY

The company secretary is Suzanne Yeates CA, B.Bus. Suzanne was appointed to the position of Company Secretary in 2021. Suzanne is the Principal in a Chartered Accounting firm and holds the office of Company Secretary with other ASX listed companies.

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors and of each Board committee held during the year ended 30 June 2022, and the number of meetings attended by each Director were:

	Full Meetings of Directors		Meetings of Audit Committee	
	A	B	A	B
Daniel Chan	4	4	1	1
George Lam	2	4	1	1
Andrew Macintosh	4	4	1	1
David Morris	4	4	1	1
Bernard Ripoll	4	4	1	1

A Number of meetings attended

B Number of meetings held during the time the Director held office or was a member of the committee during the year.

There were no meetings of the Remuneration Committee during the year.

REMUNERATION REPORT (AUDITED)

The Directors are pleased to present AustChina Holdings Limited's 2022 remuneration report which sets out remuneration information for AustChina Holdings Limited's Non-executive Directors, Executive Directors, and other key management personnel.

The report contains the following sections:

- (a) Key management personnel disclosed in this report
- (b) Remuneration governance
- (c) Use of remuneration consultants
- (d) Executive remuneration policy and framework
- (e) Relationship between remuneration and AustChina Holdings Limited's performance
- (f) Non-executive Director remuneration policy
- (g) Voting and comments made at the Company's 2021 Annual General Meeting
- (h) Details of remuneration
- (i) Service agreements
- (j) Details of share-based compensation and bonuses
- (k) Equity instruments held by key management personnel
- (l) Loans to key management personnel
- (m) Other transactions with key management personnel

(a) Key management personnel disclosed in this report

Non-executive and Executive Directors (see pages 16-17 for details about each Director)

Name	Position
D Chan	Non-executive Chairman – appointed 22 November 2013
G Lam	Independent Non-executive Director – appointed 22 November 2013
A Macintosh	Independent Non-executive Director – appointed 4 July 2019
D Morris	Independent Non-executive Director – appointed 24 November 2020
B Ripoll	Independent Non-executive Director – appointed 10 March 2021

Other key management personnel

Name	Position
Andrew Fogg	Chief Executive Officer – appointed 2 December 2013
Bruce Patrick	Chief Operating Officer – resigned 31 December 2021

There have been no changes in key management personnel since the end of the financial year.

REMUNERATION REPORT (AUDITED) (CONTINUED)

(b) Remuneration governance

The Board is responsible for:

- the over-arching executive remuneration framework
- operation of the incentive plans which apply to the executive team, including key performance indicators and performance hurdles
- remuneration levels of executive directors and other key management personnel, and
- non-executive directors' fees.

The objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Group.

(c) Use of remuneration consultants

The Group has not engaged the services of any remuneration consultants during the current or prior financial years.

(d) Executive remuneration policy and framework

The combination of base pay and superannuation make up the executives' fixed remuneration. Base pay for the executives is reviewed annually to ensure the executive's pay is competitive with the market. Executive pay is linked to the performance of the Company through the issue of performance rights and share options. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- transparency
- capital management.

Long-term incentives

Refer to section (j) of the Remuneration Report below for details regarding the Group's long-term incentives.

(e) Relationship between remuneration and AustChina Holdings Limited's performance

During the year, the Group has generated losses from its principal activity of exploration for coal. As the Group is still in the exploration and development stage, the link between remuneration, Group performance and shareholder wealth is tenuous. Share prices are subject to the influence of coal prices and market sentiment towards the sector, and as such increases or decreases may occur quite independent of executive performance or remuneration.

REMUNERATION REPORT (AUDITED) (CONTINUED)

During the current and previous financial years the Group has generated losses from its exploration and evaluation activities. Given the nature of the Group's activities and the consequential operating results, no dividends have been paid. There have been no returns of capital in the current or previous financial periods.

Additional information

The earnings of the consolidated entity for the five years to 30 June 2022 are summarised below:

	2022 \$	2021 \$	2020 \$	2019 \$	2018 \$
EBIT	(413,960)	(1,139,709)	(490,776)	2,553,145	(805,891)
EBITDA	(413,960)	(1,139,709)	(490,776)	2,553,145	(805,245)
Profit (loss) after income tax	(415,583)	(1,118,036)	(413,867)	2,587,315	(951,981)

	2022 \$	2021 \$	2020 \$	2019 \$	2018 \$
Share price at financial year end (cents per share)	0.60	1.20	0.30	0.30	0.60
Total dividends declared (cents per share)	0.00	0.00	0.00	0.00	0.00
Basic earnings per share (cents per share)	(0.02)	(0.07)	(0.03)	0.23	(0.09)

(f) Non-executive Director remuneration policy

Fees and payments to Non-executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. Non-executive Directors' fees and payments are reviewed annually by the Board. Non-executive Directors do not receive performance-based pay.

Share options are issued to Non-executive Directors at the discretion of the Board and following shareholder approval.

The current base fees were last reviewed with effect from 1 April 2019 when they were reduced.

Non-executive Directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at \$400,000 in aggregate and was approved by shareholders at the annual general meeting on 9 November 2009.

The following fees have applied:

Base fees	\$
Chair	24,000
Other Non-executive Directors	16,000

REMUNERATION REPORT (AUDITED) (CONTINUED)

(g) *Voting and comments made at the Company's 2021 Annual General Meeting*

At the Company's 2021 Annual General Meeting the shareholders voted 99.91% in favour of the advisory remuneration report resolution on a poll.

(h) *Details of remuneration*

Amounts of remuneration

Details of the remuneration of the directors and the key management personnel (as defined in AASB 124 *Related Party Disclosures*) of AustChina Holdings Limited are set out in the following tables.

REMUNERATION REPORT (AUDITED) (CONTINUED)

Key management personnel of AustChina Holdings Limited

2022	Short-term benefits	Post-employment benefits	Share-based payments			
Name	Cash salary and fees \$	Superannuation \$	Options \$	Total \$	A %	B %
Non-executive Directors						
D Chan, Chairman	24,000	-	-	24,000	100%	-
Independent Non-executive Directors						
G Lam	16,000	-	-	16,000	100%	-
A Macintosh	16,000	1,600	-	17,600	100%	-
D Morris	16,000	1,600	-	17,600	100%	-
B Ripoll	16,000	1,600	-	17,600	100%	-
Sub-total Non-executive Directors	88,000	4,800	-	92,800	100%	-
Other key management personnel						
A Fogg – Chief Executive Officer	126,251	-	-	126,251	100%	-
B Patrick– Chief Operating Officer (ceased 31 December 2021)	76,779	-	-	76,779	100%	-
Total KMP compensation	291,030	4,800	-	295,830	100%	-

A Proportion of remuneration that is fixed remuneration

B Percentage of remuneration that is share-based payment

REMUNERATION REPORT (AUDITED) (CONTINUED)

2021	Short-term benefits	Post-employment benefits	Share-based payments			
Name	Cash salary and fees \$	Superannuation \$	Options \$	Total \$	A %	B %
Non-executive directors						
D Chan, Chairman	24,000	-	68,000	92,000	26%	74%
Independent Non-executive Directors						
G Lam	16,000	-	68,000	84,000	19%	81%
W Ko (to 30 November 2020)	6,667	633	-	7,300	100%	-
A Macintosh	16,000	1,520	68,000	85,520	20%	80%
D Morris (from 24 November 2020)	9,609	913	-	10,522	100%	-
B Ripoll (from 10 March 2021)	4,978	473	-	5,451	100%	-
Sub-total non-executive directors	77,254	3,539	204,000	284,793	28%	72%
Other key management personnel						
A Fogg – Chief Executive Officer	108,500	-	17,000	125,500	86%	14%
B Patrick – Chief Operating Officer	125,000	-	17,000	142,000	88%	12%
Total KMP compensation	310,754	3,539	238,000	552,293	57%	43%

A Proportion of remuneration that is fixed remuneration

B Percentage of remuneration that is share-based payment

REMUNERATION REPORT (AUDITED) (CONTINUED)

(i) *Service agreements*

The Company has a service agreement with NABJA Consulting Services Pty Ltd for the services of Mr Andrew Fogg, Chief Executive Officer. The service agreement was for an initial period of 5 years and commenced on 1 December 2013. The base fees were \$15,833 per month. The contract includes a change of control clause which is triggered if Treasure Wheel Global Limited ceases to hold 25% or more of AustChina Holdings Limited. Under the change of control clause a compensation amount equal to one year remuneration is payable. In addition, under the contract the contractor or his nominee is entitled to receive five million performance rights in the Company, once the share price equals or exceeds two cents for five consecutive trading days. The initial contract term expired on 1 December 2019 and in accordance with the provisions of the contract it was extended. The current term expires 1 December 2022.

(j) *Details of share-based compensation and bonuses*

Options

There have been no options granted to Key Management Personnel in the current financial year.

The table below shows a reconciliation of options held by each Key Management Personnel from the beginning to the end of the financial year. No options were forfeited during the year.

2022 Name & Grant dates	Balance at the start of the year		Granted as compensation	Vested		Balance at the end of the year	
	Unvested	Vested		Number	%	Vested & exercisable	Unvested
D Chan 30 November 2020	-	20,000,000	-	-	-	20,000,000	-
A MacIntosh 30 November 2020	-	20,000,000	-	-	-	20,000,000	-
G Lam 30 November 2020	-	20,000,000	-	-	-	20,000,000	-
A Fogg 30 November 2020	-	5,000,000	-	-	-	5,000,000	-
B Patrick 30 November 2020	-	5,000,000	-	-	-	5,000,000	-

The options carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of AustChina Holdings Limited.

Shares provided on exercise of remuneration options

There were no ordinary shares in the Company issued on the exercise of remuneration options during the financial year (2021: nil).

REMUNERATION REPORT (AUDITED) (CONTINUED)

Performance rights

There were no performance rights over ordinary shares in the Company provided as remuneration during the financial year (2021: nil).

Shares provided on exercise of performance rights

There were no ordinary shares in the Company issued to key management personnel during the financial year from the exercise of performance rights.

(k) Equity instruments held by key management personnel

The tables below show the number of:

- (i) options over ordinary shares in the Company
- (ii) performance rights granted, and
- (iii) shares in the Company

that were held during the financial year by key management personnel of the Group, including their close family members and entities related to them.

There were no shares or options granted during the reporting period as compensation. There are no options or performance rights on issue at balance date.

(i) Shareholdings

2022 Name	Balance at the start of the year	On market trades	Other changes during the year	Balance at the end of the year
Ordinary shares				
Directors				
D Chan #	902,373,358	(47,067,920)	-	855,305,438
G Lam	-	-	-	-
W Ko	-	-	-	-
A Macintosh	-	-	-	-
D Morris	-	-	-	-
B Ripoll	-	-	-	-
Other key management personnel				
A Fogg	17,500,000	-	-	17,500,000
B Patrick	2,323,388	-	(2,323,388)^	-

A Chan, father of D Chan, is a director and shareholder of Loyal Strategic Investment Ltd, the holding company of Treasure Wheel Global Limited, which is the registered holder of the 855,305,438 shares.

^ Shareholding at date of resignation.

(l) Loans to key management personnel

There were no loans to key management personnel during the financial period.

(m) Other transactions with key management personnel

There were no other transactions with key management personnel during the financial period.

This is the end of the remuneration report (audited).

Shares under Option

Unissued ordinary shares of AustChina Holdings Limited under option at the date of this report are as follows:

Date options granted	Expiry date	Exercise price	Number under option
30 November 2020	15 December 2023	\$0.005	70,000,000
5 August 2021	4 August 2023	\$0.012	55,202,705
1 April 2022	16 March 2024	\$0.028	90,869,852

Shares Issued on the Exercise of Options

During the financial year 26,497,299 fully paid ordinary shares were issued on the exercise of 26,497,299 options over ordinary shares at \$0.012 per share. No ordinary shares of AustChina Holdings Limited issued since the end of the year ended 30 June 2022 on the exercise of options.

Insurance of Officers

During the financial year AustChina Holdings Limited paid a premium to insure the directors and officers of the Company. The policy prohibits disclosure of details of the cover and the amount of premium paid.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the entity, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a willful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

Agreement to Indemnify Officers

AustChina Holdings Limited is party to an agreement to indemnify the directors and officers of the Company.

The indemnity relates to any liability:

- (a) incurred in connection with or as a consequence of the directors and officers acting in the capacity including, without limiting the foregoing, representing the Company on any body corporate, and
- (b) for legal costs incurred in defending an action in connection with or as a consequence of the director or officer acting in the capacity.

No liability has arisen under these indemnities as at the date of this report.

Indemnity of auditors

AustChina Holdings Limited has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, AustChina Holdings Limited has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on Behalf of Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 20 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The directors are of the opinion that the services as disclosed in Note 20 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk Management Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants* issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former partners of Nexia Brisbane Audit Pty Ltd

There are no officers of the Company who are former partners of Nexia Brisbane Audit Pty Ltd.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 31.

Auditor

Nexia Brisbane Audit Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of the Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.



D Chan

Chairman

Brisbane, 30 September 2022

Auditor's Independence Declaration under section 307C of the *Corporations Act 2001*

To the Directors of AustChina Holdings Limited

As the lead auditor for the audit of the financial report of AustChina Holdings Limited, I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022 there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

This declaration is in respect of AustChina Holdings Limited and the entities it controlled during the year.

Nexia Brisbane Audit Pty Ltd

Nexia Brisbane Audit Pty Ltd



Gavin Ruddell
Director

Date: 30 September 2022

DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) the attached financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the financial year ended on that date;
- (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, for the reasons provided in Note 2(iv);
- (c) Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board; and
- (d) the remuneration disclosures contained in the Remuneration Report comply with s300A of the *Corporations Act 2001*.

The directors have been given the declarations by the chief executive officer and the chief financial officer required by s295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.



D Chan

Chairman

Brisbane, 30 September 2022

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022**

		Consolidated	
		2022	2021
	Notes	\$	\$
Interest income		498	23,662
Gain on fair value of investments		362,500	-
(Loss)/gain on fair value of convertible note borrowings		(31,187)	(53)
Tenement expenditure written off/expensed		(93,409)	(89,314)
Professional services expenses		(286,032)	(302,432)
Corporate overhead expenses		(223,654)	(188,182)
Directors' remuneration		(92,800)	(80,792)
Finance and interest costs		(2,121)	(1,989)
Share based payments expense		-	(238,000)
Share of loss from equity accounted investment		(49,378)	(240,936)
Loss before income tax	5	(415,583)	(1,118,036)
Income tax expense	6	-	-
Net loss for the year		(415,583)	(1,118,036)
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Share of revaluation of land and buildings of associates, net of tax	26	(272,740)	(46,536)
Total comprehensive loss for the year		(688,323)	(1,164,572)
		Cents	Cents
Loss per share attributable to the ordinary equity holders of AustChina Holdings Limited:			
Basic loss per share	25	(0.02)	(0.07)
Diluted loss per share	25	(0.02)	(0.07)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

**CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2022**

		Consolidated	
		2022	2021
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	7	3,204,674	390,741
Trade and other receivables	8	40,087	25,473
Total current assets		3,244,761	416,214
Non-current assets			
Investments at fair value through profit or loss	9	612,500	250,000
Investments accounted for using equity method	10	402,888	725,006
Exploration and evaluation assets	11	15,636,624	15,562,167
Other assets	12	8,200	8,200
Total non-current assets		16,660,212	16,545,373
Total assets		19,904,973	16,961,587
LIABILITIES			
Current liabilities			
Trade and other payables	13	103,588	96,360
Borrowings	14	503,905	648,804
Total current liabilities		607,493	745,164
Non-current liabilities			
Other financial liabilities	15	1,500,000	1,500,000
Total non-current liabilities		1,500,000	1,500,000
Total liabilities		2,107,493	2,245,164
Net assets		17,797,480	14,716,423
EQUITY			
Issued capital	16	70,518,509	66,749,129
Reserves	17(a)	3,766,043	4,038,783
Accumulated losses	17(b)	(56,487,072)	(56,071,489)
Total equity		17,797,480	14,716,423

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022**

	Notes	Issued Capital \$	Share- based payment reserve \$	Revaluation Reserve \$	Accumulated Losses \$	Total \$
Balance at 30 June 2020		66,749,129	3,528,043	319,276	(54,953,453)	15,642,995
Loss for the year		-	-	-	(1,118,036)	(1,118,036)
Other comprehensive income		-	-	(46,536)	-	(46,536)
Total comprehensive loss		-	-	(46,536)	(1,118,036)	(1,164,572)
Transactions with owners in their capacity as owners:						
Share-based payments	28	-	238,000	-	-	238,000
Balance at 30 June 2021		66,749,129	3,766,043	272,740	(56,071,489)	14,716,423
Loss for the year		-	-	-	(415,583)	(415,583)
Other comprehensive income	26	-	-	(272,740)	-	(272,740)
Total comprehensive loss		-	-	(272,740)	(415,583)	(688,323)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs	16	3,593,294	-	-	-	3,593,294
Conversion of convertible note net of transaction costs	16	176,086	-	-	-	176,086
Balance at 30 June 2022		70,518,509	3,766,043	-	(56,487,072)	17,797,480

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

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022**

	Notes	Consolidated	
		2022	2021
		\$	\$
Cash flows from operating activities			
Receipts in the course of operations (inclusive of goods and services tax)		60,244	57,438
Payments to suppliers (inclusive of goods and services tax)		(671,668)	(617,534)
Interest paid		(570)	(1,989)
Interest received		498	12,029
Net cash outflows from operating activities	22	(611,496)	(550,056)
Cash flows from investing activities			
Payments for exploration and evaluation assets		(167,865)	(194,238)
Proceeds from part repayment of convertible note		-	500,000
Net cash inflows from investing activities		(167,865)	305,762
Cash flows from financing activities			
Proceeds from share issue		3,842,724	-
Payment of share issue expenses		(249,430)	-
Net cash inflows (outflows) from financing activities		3,593,295	-
Net increase (decrease) in cash and cash equivalents		2,813,933	(244,294)
Cash and cash equivalents at the beginning of the financial year		390,741	635,035
Cash and cash equivalents at the end of the financial year	7	3,204,674	390,741

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Note 1 Summary of significant accounting policies

This financial report covers the Consolidated Entity of AustChina Holdings Limited (the “Company”) and its controlled entities (together referred to as the “Consolidated Entity” or “Group”). AustChina Holdings Limited is a listed public company, incorporated and domiciled in Australia. The Consolidated Entity is a for-profit entity for the purpose of preparing the financial statements.

The following is a summary of the material accounting policies adopted by the Consolidated Entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, the Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Currency

The financial report is presented in Australian dollars which is the functional and presentational currency of the Consolidated Entity.

Authorisation of financial report

The financial report was authorised for issue on 30 September 2022.

Historical cost convention

Except for the cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) Principles of consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Note 1 Summary of significant accounting policies (continued)

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(c) Income taxes

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the assets and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Note 1 Summary of significant accounting policies (continued)**(d) Exploration and evaluation assets**

Exploration and evaluation assets incurred by or on behalf of the Group is accumulated separately for each area of interest until such time as the area of interest moves into development phase or is abandoned or sold. The realisation of the value of expenditure carried forward depends upon any commercial results that may be obtained through successful development and exploitation of the area of interest or alternatively by its sale. If an area of interest is abandoned or is considered to be of no further commercial interest the accumulated exploration costs relating to the area are written off against income in the year of abandonment. A regular review is undertaken by the Directors of each area of interest to determine the appropriateness of continuing to capitalize costs in relation to that area.

(e) Impairment of non-financial assets

At the end of each reporting period the Group assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amounts are determined and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where it is not possible to estimate recoverable amount for an individual asset, recoverable amount is determined for the cash-generating unit to which the asset belongs.

(f) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. These amounts are unsecured and usually have 30 day payment terms.

(g) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(h) Issued capital and share-based payments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 1 Summary of significant accounting policies (continued)**(i) Revenue***Interest Income*

Interest income is recognised on a time proportion basis using the effective interest method.

(j) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included in other receivables or payables in the Consolidated Balance Sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(k) Earnings per share*(i) Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 1 Summary of significant accounting policies (continued)**(I) Financial instruments***Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either of fair value or amortised cost using the effective interest rate method. Fair value represents the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances valuation techniques are adopted.

Amortised cost is calculated as:

- a. the amount at which the financial asset or financial liability is measured at initial recognition;
- b. less principal repayments;
- c. plus or minus the cumulative amortization of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method; and
- d. less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Note 1 Summary of significant accounting policies (continued)**(I) Financial instruments (continued)**

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. All other loans and receivables are classified as non-current assets.

The group considers the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the group compares the risk of a default occurring on the asset as at the reporting date with the risk of default at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- internal credit rating;
- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- actual or expected significant changes in the operating results of the borrower;
- significant increases in credit risk on other financial instruments of the same borrower;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements;
- significant changes in the expected performance and behavior of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due.

(ii) Financial liabilities

Financial liabilities, after initial recognition, are measured at either amortised cost using the effective interest rate method, or at fair value. Where an instrument contains an embedded derivative that component is, where appropriate, separately identified and measured at fair value. If the embedded derivative is not capable of being measured separately at acquisition or at the end of a reporting period, the entire instrument is measured at fair value.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date.

Note 1 Summary of significant accounting policies (continued)**(m) Parent entity financial information**

The financial information for the parent entity, AustChina Holdings Limited, disclosed in note 18 has been prepared on the same basis as the consolidated financial statements except in respect of tax consolidation legislation.

AustChina Holdings Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, AustChina Holdings Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right.

In addition to its own current and deferred tax amounts, AustChina Holdings Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate AustChina Holdings Limited for any current tax payable assumed and are compensated by AustChina Holdings Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to AustChina Holdings Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

Note 1 Summary of significant accounting policies (continued)**(n) Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Derivative financial instruments have been valued using the fair value at the time of the receipt of the funds. The Group's exploration and evaluation activities have not progressed to a stage to allow more reliable measurement of any future royalty payment obligations.

(o) Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control of those policies. Investments in associates are accounted for in the consolidated financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost (including transaction costs) and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate. In addition, the Group's share of the profit or loss and other comprehensive income is included in the consolidated financial statements.

Note 1 Summary of significant accounting policies (continued)**(o) Investments in associates (continued)**

The carrying amount of the investment includes, when applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Group's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Group will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

The requirements of AASB 128 : Investments in Associates and Joint Ventures and AASB 9 : Financial Instruments are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136 : Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

(p) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(q) New accounting standards and interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2022. These new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are not expected to have any impact on the consolidated entity.

Note 2 Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies.

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

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 effects only that period or in the period and future periods if the revision affects both current and future periods. There were no key adjustments during the year which required estimates and/or judgements.

Key judgements and estimates*(i) Carrying value of exploration and evaluation assets, refer Note 11.*

The Group has capitalised exploration expenditure of \$15,636,624 (2021: \$15,562,167). This amount includes costs directly associated with exploration. These costs are capitalised until assessment and/or drilling of the permit is complete and the results have been evaluated. These costs include employee remuneration, materials, rig costs, delay rentals and payments to contractors. The expenditure is carried forward until such a time as the area of interest moves into the development phase, is abandoned, sold or sub-blocks relinquished.

Given exploration activities have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of recoverable resources and the difficulty in forecasting cash flows to assess the fair value of exploration expenditure there is uncertainty as to the carrying value of exploration expenditure. The ultimate recovery of the carrying value of exploration expenditure is dependent upon the successful development and commercial exploitation or, alternatively, sale of the interests in the tenements. There are no factors or circumstances which suggest that the carrying amount of remaining exploration and evaluation assets may exceed recoverable amount.

(ii) Fair value of the financial liabilities, refer Note 15.

The Group has agreements with Oliver Lennox-King (Lennox-King), whereby Lennox-King has paid a net \$1.5 million to the Group and in return the Group has agreed to pay Lennox-King a royalty equal to 1% of the gross value of coal sold from the tenements currently held by the Group, in the areas of the Moreton Energy Coal Project in the Clarence-Moreton Basin. The liability was initially recognised at fair value. Post initial recognition, the financial liability is accounted for in accordance with the Group policy for financial instruments set out in Note 1(I).

The royalty is only payable in the event of future production of coal.

Note 2 Critical accounting estimates and judgements (continued)

The Group's exploration and evaluation activities have not progressed to a stage to allow more reliable measurement of any future royalty payment obligations. As such, the Board is of the view that the fair value at the time of the receipt of the funds remains the appropriate measure of fair value at reporting date.

(iii) Share based payments

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Monte Carlo option pricing model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions, including share price volatility, interest rates and vesting periods would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact the profit or loss and equity.

(iv) Going concern

This financial report has been prepared on a going concern basis which assumes that the Group will be able to realise its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The Group has recorded a loss for the year of \$415,583, has net cash outflows from operations of \$611,496 and retains accumulated losses of \$56,487,702 on its balance sheet.

The Directors believe the going concern basis of preparation of the financial statements remains appropriate due to the nature of the Groups operations, being an exploration and evaluation entity within the extractive resources industry. Consequently, to continue the Group's future operations the Directors will find it necessary to periodically obtain additional funds from a variety of sources which may include, but not necessarily be limited to the following:

- Raising of equity capital;
- Sale of exploration assets where increased value has been created through previous exploration activity;
- Disposal of non-core assets;
- Farm-in arrangements with joint venture partners.

Specifically, as at 30 June 2022 the Group held cash reserves of \$3,204,674 which the Directors considered sufficient to meet its working capital requirements for at least 12 months from the date of approval of these financial statements and consequently the Group will be able to pay its debts as and when they fall due.

As a result, the Directors are satisfied there is no material uncertainty in respect of the Group's ability to continue as a going concern for the period assessed above due primarily to the level of its current cash holdings. Nevertheless, in the event the Group fails to achieve its planned outcomes it is therefore possible the Group may not be able to pay its debts as and when they fall due and therefore be unable to continue as a going concern.

Note 2 Critical accounting estimates and judgements (continued)

These financial statements do not include any adjustments relating to the classification and recoverability of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the Group be unable to continue as a going concern.

(v) Recovery of deferred tax assets, refer Note 6.

Deferred tax assets are recognised for deductible temporary difference only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

(vi) Convertible note derivative liability, refer Note 14.

The Group uses a monte carlo option pricing model for the valuation of its convertible note derivative liability. Option pricing models require the input of subjective assumptions including expected share price volatility, risk free rate, foreign currency and forfeiture rate. Changes in the input assumptions may significantly affect the fair value estimate.

(vii) Carrying value of Equity accounted investment, refer Notes 10 and 26

The Directors have given specific consideration to the carrying value of \$402,888 in its equity accounted investment of Utilitas Group Pty Ltd ("UTG") despite the Group recording its share of UTG's loss for the year being \$49,378 and derecognition of the asset revaluation reserve as a result of UTG disposing of a major asset, land and buildings, during the year.

The Directors are satisfied the carrying value should not be impaired when taking into consideration UTG's current projects and valuation methodologies for similar technology start-up ventures. Due to the fact UTG has yet to maintain significant revenue from recurring sources value-in-use or *income* approaches to assessing recoverable amount are not practicable, neither is there sufficient or readily available *Market* based evidence of sales of similar assets. Therefore, the Directors have satisfied themselves that the recoverable amount of UTG is best assessed by using a cost approach when considering the significant resources UTG has expended since its inception in developing niche expertise as a result of extensive research and, specifically, development of its intellectual property.

As a result there has been no impairment of the investment in UTG during the year ended 30 June 2022.

Note 3 Financial risk management

The Group's activities expose it to a variety of financial risks; credit risk, liquidity risk and cash flow interest rate risk.

The totals for each category of financial instruments, measured in accordance with AASB9: Financial Instruments as detailed in the accounting policies to these financial statements are as follows:

	Note	Consolidated	
		2022	2021
		\$	\$
Financial assets			
Financial assets and amortised cost			
Cash and cash equivalents	7	3,204,674	390,741
Trade and other receivables	8	20,204	10,885
Security deposits	12	8,200	8,200
		3,233,078	409,826
Financial assets at fair value through profit and loss			
Held for trading investments	9	612,500	250,000
Total financial assets		3,845,578	659,826
Financial liabilities			
Financial liabilities at amortised cost			
Trade and other payables	13	103,588	96,360
Borrowings: convertible note	14	433,896	547,608
Other financial liabilities	15	1,500,000	1,500,000
		2,037,484	2,143,968
Financial liabilities at fair value through profit or loss			
Borrowings: embedded derivative	14	70,009	101,196
Total financial liabilities		2,107,493	2,245,164

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

There have been no substantive changes to the Group's exposure to financial instruments, its objectives, policies and processes for managing risks from previous periods.

Credit risk

Credit risk is managed on a Group basis. Credit risk arises primarily from cash and cash equivalents and deposits with banks and financial institutions. For bank and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available).

Note 3 Financial instruments (continued)

	Consolidated	
	2022	2021
	\$	\$
Cash at bank and short-term bank deposits		
AA-	3,204,571	390,638
A	103	103
	3,204,674	390,741

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to meet obligations when due.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows. No finance facilities were available to the Group at the end of the reporting period.

Financial liability and financial asset maturity analysis

The table below analyses the Group's financial liabilities and financial assets into relevant maturity groupings.

30 June 2022	Within 1 year	Between 1 and 5 years	Over 5 years	Total
	\$	\$	\$	\$
<i>Financial liabilities due for payment</i>				
Trade and other payables	(103,588)	-	-	(103,588)
Convertible notes	(503,905)	-	-	(503,905)
Other financial liabilities	-		(1,500,000)	(1,500,000)
Total expected outflows	(607,493)	-	(1,500,000)	(2,107,493)
<i>Financial assets – cash flows realizable</i>				
Cash and cash equivalents	3,204,674	-	-	3,204,674
Trade and other receivables	20,204	-	-	20,204
Security deposits	-	8,200	-	8,200
Held-for-trading investments	612,500	-	-	612,500
Total expected inflows	3,837,378	8,200	-	3,845,578
Net (outflow)/inflow on financial instruments	3,229,885	8,200	(1,500,000)	1,738,085

Note 3 Financial instruments (continued)

30 June 2021	Within 1 year	Between 1 and 5 years	Over 5 years	Total
<i>Financial liabilities due for payment</i>	\$	\$	\$	\$
Trade and other payables	(96,360)	-	-	(96,360)
Convertible notes	(648,804)	-	-	(648,804)
Other financial liabilities	-	-	(1,500,000)	(1,500,000)
Total expected outflows	(745,164)	-	(1,500,000)	(2,245,164)
<i>Financial assets – cash flows realizable</i>				
Cash and cash equivalents	390,741	-	-	390,741
Trade and other receivables	10,885	-	-	10,885
Security deposits	-	8,200	-	8,200
Held-for-trading investments	250,000	-	-	250,000
Total expected inflows	651,626	8,200	-	659,826
Net (outflow)/inflow on financial instruments	(93,538)	8,200	(1,500,000)	(1,585,338)

Other financial liabilities of \$1,500,000 (2021: \$1,500,000) relate to a royalty agreement as outlined in Note 15. At this stage there is no known cash outflow arising from this liability.

Market risk

The Group is exposed to equity securities price risk. This arises from investments held by the Group in Revolver Resources Limited (ASX: RRR) and classified on the statement of financial position as financial assets at fair value through profit or loss. The Group is not exposed to commodity price risk.

If the share price of Revolver Resources Limited had increased / decreased by 25% from balance date fair value, with all other variables held constant, the Group's post-tax profit for the year would have been \$153,125 lower/higher (2021: N/A).

Cash flow and fair value interest rate risk

As the Group has interest-bearing cash assets, the company's income and operating cash flows are exposed to changes in market interest rates. The company manages its exposure to changes in interest rates by using fixed term deposits.

At 30 June 2022 if interest rates had changed by +/- 100 basis points from the year-end rates with all other variables held constant, post-tax loss for the year would have been \$32,046 lower/higher (2021 – change of 100 bps: \$3,907 higher/lower), as a result of higher/lower interest income from cash and cash equivalents.

Fair Value

The carrying value of all other assets and liabilities approximate their fair value.

Note 4 Segment information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources. The Board of Directors carries out the role and is therefore the Chief Operating Decision Maker. Financial information provided to the board is currently at the consolidated level.

Management currently identifies the consolidated entity as having only one reportable segment, being exploration of coal, oil and gas. All significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the consolidated entity as a whole.

The Group operates solely within Australia.

The Group does not have any products or services that it derives revenue from.

Note 5 Expenses

	Consolidated	
	2022	2021
	\$	\$
Loss before income tax from continuing operations includes the following specific expenses:		
<i>Employee benefits expense</i>	42,720	40,360
<i>Superannuation expense</i>	9,169	7,373
<i>Exploration expenditure written off/expensed</i>	93,409	89,314
<i>Share of loss from equity accounted investment</i>	49,378	240,936
<i>Finance costs</i>		
Interest paid	2,121	1,989

Note 6 Income tax expense

	Consolidated	
	2022	2021
	\$	\$
(a) Income tax expense		
Current tax expense	-	-
Deferred tax expense	-	-
Aggregate income tax expense	-	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
(Loss) Profit from operations before income tax expense	(415,583)	(1,118,036)
Tax at the Australian tax rate of 30% (2021: 26%)	(124,675)	(290,689)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Prior year adjustments	910	(16,038)
Share based payments	-	61,880
Convertible note revaluation	9,356	14
Other	204	489
	(114,205)	(244,344)
Amounts recognised in other comprehensive income		-
Increase (decrease) in unrecognised deferred tax assets	114,205	244,344
Income tax expense	-	-
(c) Deferred Tax Liabilities		
The balance comprises temporary differences attributable to:		
Exploration expenditure	4,690,987	4,046,164
Total deferred tax liabilities	4,690,987	4,046,164
Set-off of deferred tax assets pursuant to set-off provisions	(4,690,987)	(4,046,164)
Net deferred tax liabilities	-	-

Note 6 Income tax expense (continued)

	Consolidated	
	2022	2021
	\$	\$
(d) Deferred Tax Assets		
The balance comprises temporary differences attributable to:		
Tax losses	20,054,018	17,181,847
Accruals	8,611	6,330
Fixed assets	-	90
Investments	304,048	273,605
Other financial liabilities	-	390,000
Total deferred tax assets	20,366,677	17,851,872
Set-off of deferred tax liabilities pursuant to set-off provisions	(4,690,987)	(4,046,164)
Net adjustment to deferred tax assets not recognised	(15,675,690)	(13,805,708)
Net deferred tax assets	-	-
(e) Unrecognised net deferred tax assets		
Unused tax losses for which no deferred tax asset has been recognised	52,252,300	53,098,877
Potential tax effect at 30% (2021: 26%)	15,675,690	13,805,708

Following the proportional takeover by Treasure Wheel Global Limited, the Group failed the Continuity of Ownership Test (COT). Unused tax losses are therefore carried forward under the Same Business Test (SBT). Management and the Directors are satisfied that the Group passes SBT on the basis that coal exploration has always been, and continues to be, the core focus of the business.

Unused losses which have not been recognised as an asset, will only be obtained if:

- (i) the group derives future assessable income of a nature and of an amount sufficient to enable the losses to be realised;
- (ii) the group continues to comply with the conditions for deductibility imposed by the law; and
- (iii) no changes in tax legislation adversely affect the group in realising the losses.

(f) Tax consolidation legislation

AustChina Holdings Limited and its wholly owned Australian subsidiaries have implemented the income tax consolidation legislation from 1 August 2010. AustChina Holdings Limited is the head entity of the tax consolidated group for the year ended 30 June 2022.

Note 7 Current assets – Cash and cash equivalents

	Consolidated	
	2022	2021
	\$	\$
Cash at bank and on hand	18,828	119,791
Deposits at call	3,185,846	270,950
Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows	3,204,674	390,741

(a) Risk exposure

The Group's exposure to interest rate risk is discussed in Note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

(b) Deposits at call

All deposits are at call bearing an interest rate of between 0% and 0.1% (2021 – 0% to 0.01%).

Note 8 Current assets – Trade and other receivables

	Consolidated	
	2022	2021
	\$	\$
Prepayments	19,883	14,588
Other debtors	20,204	10,885
	40,087	25,473

Note 9 Non-current assets – Investments at fair value through profit or loss

	Consolidated	
	2022	2021
	\$	\$
Unlisted equity securities – at amortised cost	-	250,000
Australian listed equity securities – at fair value	612,500	-
	612,500	250,000
<i>Australian listed equity securities</i>		
Balance at the beginning of the year	-	-
Transfer from Unlisted securities at amortised cost	250,000	-
Increment on revaluation	362,500	-
Balance at the end of the year	612,500	-

Note 9 Non-current assets – Investments at fair value through profit or loss (continued)

	Consolidated	
	2022	2021
	\$	\$
<i>Unlisted equity securities</i>		
Balance at the beginning of the year	250,000	76,300
Transfer to Australian listed equity securities	(250,000)	-
Increment on revaluation	-	173,700
Balance at the end of the year	-	250,000

Through the sale of its subsidiary Surat Gas Pty Ltd which completed on 28 September 2018, AustChina acquired 5% of the issued capital of Sector Projects Pty Ltd (Sector), an unlisted corporation. On 23 September 2021, Sector merged with Dianne Mining Corporation Pty Ltd and listed on the ASX as Revolver Resources Holdings Limited.

Note 10 Non-current Asset – Investments accounted for using equity method

	Consolidated	
	2022	2021
	\$	\$
Investment in Associate	402,888	725,006

Refer to Note 26 for further information on investment in associate.

Note 11 Non-current assets – Exploration and evaluation assets

	Consolidated	
	2022	2021
	\$	\$
Exploration phase costs – at cost	15,636,624	15,562,167
The capitalised exploration assets carried forward above have been determined as follows:		
Balance at the beginning of the year	15,562,167	15,542,886
Expenditure incurred during the year - additions	74,457	19,281
Balance at the end of the year	15,636,624	15,562,167

The ultimate recoupment of costs carried forward for exploration assets is dependent upon the successful development and commercial exploitation or alternatively sale of the interests in the tenements.

Note 12 Non-current assets – Other assets

	Consolidated	
	2022	2021
	\$	\$
Security deposit	8,200	8,200

Security deposits represent amounts lodged with the Queensland Department of Natural Resources and Mines as security for tenements.

Note 13 Current liabilities – Trade and other payables

	Consolidated	
	2022	2021
	\$	\$
<i>Unsecured</i>		
Trade and other payables at amortised cost	103,588	96,360

Note 14 Current liabilities – Borrowings

	Consolidated	
	2022	2021
	\$	\$
<i>Financial liabilities at amortised cost</i>		
Convertible note	433,896	547,608
<i>Financial liabilities at fair value through profit or loss</i>		
Embedded derivative	70,009	101,196
Total borrowings	503,905	648,804

Derivative financial instruments – Convertible note

On 30 November 2016, the Company issued a Convertible Note to Treasure Wheel Global Limited.

During the year the note holder elected to convert \$250,000 of the convertible note to shares and granted an extension of the maturity date to 11 November 2022 and accordingly the convertible loan note is classified as a current liability. There is no interest payable on the convertible note.

The initial fair value of the liability portion of the note was determined using a market interest rate for an equivalent non-convertible note at the issue date. The liability is subsequently recognised on an amortised cost basis until extinguished on conversion or maturity of the notes. Where the original terms of the note permit the holder to convert at any time before maturity, and the note is subsequently converted early at the holder's option, the conversion date is deemed to be the instrument's maturity date. Consequently, the carrying amount of the host liability (at amortised cost, updated to the date of conversion) together with the carrying amount of the derivative liability, which is remeasured to fair value immediately before conversion, is transferred to equity such that no gain or loss is recognised on settlement.

Note 15 Non-current liabilities – Other financial liabilities

	Consolidated	
	2022	2021
	\$	\$
Other financial liabilities at amortised cost	1,500,000	1,500,000

The Group has agreements with Oliver Lennox-King (Lennox-King), whereby Lennox-King has paid a net \$1.5 million to the Group and in return the Group has agreed to pay Lennox-King a royalty equal to 1% of the gross value of coal sold from certain tenements currently held by the Group in the areas of the Moreton Energy Coal Project in the Clarence-Moreton Basin. The liability was initially recognised at fair value. Post initial recognition, the financial liability is accounted for in accordance with the Group policy for financial instruments set out in Note 1(l).

The royalty is only payable in the event of future production of coal.

There has been no movement in the balance of the liability.

The Group's exploration and evaluation activities have not progressed to a stage to allow more reliable measurement of any future royalty payment obligations.

Note 16 Issued capital

			Consolidated	
	2022	2021	2022	2021
	Shares	Shares	\$	\$
(a) Share capital				
(i) Ordinary shares				
Fully paid	2,036,832,732	1,634,124,361	70,666,337	66,970,870
(ii) Other equity securities				
Value of conversion rights	-	-	(147,828)	(221,741)
– convertible notes				
	2,036,832,732	1,634,124,361	70,518,509	66,749,129

(b) Movements in ordinary share capital:

Date	Details		Number of Shares	Issue Price (cents)	\$
1 July 2020	Balance		<u>1,634,124,361</u>		<u>66,749,129</u>
30 Jun 2021	Balance		<u>1,634,124,361</u>		<u>66,749,129</u>
5 Aug 2021	Placement	(c)	163,400,000	0.6	980,400
25 Feb 2022	Exercise of options	(c)	1,142,125	1.2	13,706
4 Mar 2022	Exercise of options	(c)	18,730,849	1.2	224,770
18 Mar 2022	Exercise of options	(c)	2,969,525	1.2	35,634
24 Mar 2022	Placement	(d)	181,739,732	1.4	2,544,356
14 Apr 2022	Exercise of options	(c)	3,654,800	1.2	43,858
14 Jun 2022	Part conversion of convertible note	(e)	31,071,340	0.8	250,000
	Value of conversion rights of convertible notes converted during the year			-	(73,914)
	Share issue expenses			-	(249,430)
30 Jun 2022	Balance		<u>2,036,832,732</u>		<u>70,518,509</u>

(c) Placement shares

The issue of a total of 163,400,000 fully paid ordinary shares to sophisticated investors at an issue price of \$0.006 cash with an attaching 1 for 2 option exercisable at \$0.012 and expiring 4 August 2023.

(d) Placement shares

The issue of a total of 181,739,732 fully paid ordinary shares to sophisticated investors at an issue price of \$0.014 cash with an attaching 1 for 2 option exercisable at \$0.028 and expiring 16 March 2024.

Note 16 Issued capital (continued)**(e) Conversion of convertible note**

During the year the note holder elected to convert \$250,000 of the convertible note to shares (refer note 14).

(f) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

(g) Options

At balance date there are 216,072,557 options over ordinary shares of AustChina Holdings Limited on issue.

(h) Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group includes equity attributable to equity holders, comprising of issued capital, reserves and accumulated losses. In order to maintain or adjust the capital structure, the company may issue new shares, sell assets to reduce debt or adjust the level of activities undertaken by the company.

The Group monitors capital on the basis of cash flow requirements for operational, and exploration and evaluation expenditure. The Group will continue to use capital market issues and joint venture participant funding contributions to satisfy anticipated funding requirements.

The Group has no externally imposed capital requirements. The Group's strategy for capital risk management is unchanged from prior years.

Note 17 Reserves and accumulated losses

	Consolidated	
	2022	2021
	\$	\$
(a) Reserves		
Share-based payments reserve	3,766,043	3,766,043
<i>Movements:</i>		
Balance 1 July	3,766,043	3,528,043
Share-based payments	-	238,000
Balance 30 June	3,766,043	3,766,043
Asset revaluation reserve	272,740	272,740
<i>Movements:</i>		
Balance 1 July	272,740	319,276
Share of revaluation of land and buildings of associates	(272,740)	(46,536)
Balance 30 June	-	272,740
(b) Accumulated losses		
Balance 1 July	(56,071,489)	(54,953,453)
(Loss) profit for the year	(415,583)	(1,118,036)
Balance 30 June	(56,487,072)	(56,071,489)

Nature and purpose of reserves
Share-based payments reserve

The share-based payments reserve is used to recognise:

- (i) the grant date fair value of options issued to directors / contractors and vendors of assets
- (ii) the grant date fair value of performance rights issued to directors / contractors

Asset revaluation reserve

The asset revaluation reserve is used by the Group to record its share of the revaluation of land and buildings owned by its equity accounted investment in Utilitas Group Pty Ltd. The reserve was de-recognised during the year as Utilitas Group Pty Ltd disposed of its land and buildings.

Note 18 Parent entity information

The following information relates to the parent entity, AustChina Holdings Limited. The information presented has been prepared using accounting policies that are consistent with those presented in Note 1 where applicable.

	2022 \$	2021 \$
Current assets	3,244,659	414,560
Non-current assets	9,530,002	9,416,715
Total assets	12,774,661	9,831,275
Current liabilities	607,493	745,164
Non-current liabilities	1,500,000	1,500,000
Total liabilities	2,107,493	2,245,164
Issued capital	70,518,509	66,749,129
Accumulated losses	(63,617,384)	(63,201,801)
Share based payment reserve	3,766,043	3,766,043
Asset revaluation reserve	-	272,740
Total equity	10,667,168	7,586,111
Profit (loss) for the year	(415,583)	(1,118,036)
Total comprehensive income	(272,740)	(46,536)

Guarantees

AustChina Holdings Limited has not guaranteed any debts of its subsidiaries.

Contingent liabilities

The parent entity has no contingent liabilities as at 30 June 2022 and 30 June 2021.

Capital commitments – Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2022 and 30 June 2021.

Note 19 Director and key management personnel disclosures

Key management personnel compensation

	Consolidated	
	2022	2021
	\$	\$
Short-term employee benefits	291,030	310,754
Post-employment benefits	4,800	3,539
Share-based payments	-	238,000
	295,830	552,293

Note 20 Remuneration of auditors

	Consolidated	
	2022	2021
	\$	\$
During the year the following fees were paid, payable or accrued for services provided by the auditor or, its related practices and non-related audit firms:		
<i>Audit services</i>		
Audit and review of financial reports – Nexia Brisbane Audit Pty Ltd	39,500	-
Audit and review of financial reports – RSM Australia Partners	-	43,900
Total remuneration for audit and other assurance services	39,500	43,900
<i>Other services</i>		
Taxation services	-	7,100
Total remuneration for other services	-	7,100
Total auditor remuneration	39,500	51,000

Note 21 Related parties

(a) Parent entities

The parent entity and ultimate Australian parent entity within the group is AustChina Holdings Limited. The ultimate parent entity is Treasure Wheel Global Limited which at 30 June 2022 owned 42.0% (2021: 55.2%).

(b) Subsidiaries

Interests in subsidiaries are set out in Note 24.

(c) Key management personnel

Disclosures relating to key management personnel are set out in Note 19.

(d) Amounts payable to related parties

During the year the note holder elected to convert \$250,000 of the convertible note to shares and granted an extension of the maturity date to 11 November 2022. There is no interest payable on the convertible note.

The note is convertible into ordinary shares of the parent entity, at any time at the option of the holder, at a price equal to 10 day VWAP x 0.915 for the 10 days immediately before the conversion date.

At 30 June 2022 Included in trade payables was an amount of \$23,200 (2021: \$28,573) which represented amounts payable to directors for unpaid directors' fees for the quarter ended 30 June 2022.

Note 22 Cash flow information

(a) Reconciliation of (loss) profit after income tax to net cash outflow from operating activities

	Consolidated	
	2022	2021
	\$	\$
Loss after income tax	(415,583)	(1,118,036)
Capitalised exploration expenses written off	93,409	89,314
Share-based payments	-	238,000
Share of loss from equity accounted investment	49,378	240,936
Loss on fair value of convertible note borrowings	31,187	53
Gain on fair value of non-current investment	(362,500)	-
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(17,702)	(6,361)
Increase/(decrease) in trade and other payables	10,315	6,038
Net cash outflow from operating activities	<u>(611,496)</u>	<u>(550,056)</u>

Note 22 Cash flow information (continued)

(b) Non-Cash investing and financing activities

During the year the note holder elected to convert \$250,000 of the convertible note (refer note 14) to shares (refer note 16).

Note 23 Commitments for expenditure

	Consolidated	
	2022	2021
	\$	\$
Exploration commitments		
Commitments for payments under exploration permits for coal and petroleum in existence at the reporting date but not recognised as liabilities payable is as follows:		
- payable within one year	67,500	32,500
- payable between one year and five years	170,417	237,917
	<u>237,917</u>	<u>270,417</u>

So as to maintain current rights to tenure of various exploration tenements, the Group will be required to outlay amounts in respect of tenement exploration expenditure commitments. These outlays, which arise in relation to granted tenements are noted above. The outlays may be varied from time to time, subject to approval of the relevant government departments, and may be relieved if a tenement is relinquished.

Exploration commitments are calculated on the assumption that each of these tenements will be held for its full term. Expenditure commitments on prospective ground will be met out of existing funds, joint ventures, farm-outs, and new capital raisings.

Note 24 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1(b):

Name of entity	Principal Activities	Country of incorporation	Class of shares	Equity holding	
				2022	2021
				%	%
Tambo Coal & Gas Pty Limited	Coal exploration	Australia	Ordinary	100	100
Moreton Energy Pty Ltd	Coal exploration	Australia	Ordinary	100	100
Coalbank Qld Pty Ltd	Coal exploration	Australia	Ordinary	100	100

Note 25 Earnings per share

	2022	2021
	Cents	Cents
(a) Basic earnings per share		
Total basic earnings per share attributable to the ordinary equity holders of the company	(0.02)	(0.07)
(b) Diluted earnings per share		
Total diluted earnings per share attributable to the ordinary equity holders of the company	(0.02)	(0.07)
(c) Reconciliation of earnings used in calculating earnings per share	2022	2021
	\$	\$
<i>Basic earnings per share</i>		
(Loss) profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	(415,583)	(1,118,036)
<i>Diluted earnings per share</i>		
(Loss) profit attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	(415,583)	(1,118,036)
(d) Weighted average number of shares used as the denominator		
	2022	2021
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	1,839,629,816	1,634,124,361
(e) Information concerning the classification of securities		
<i>Options and rights</i>		
Options and rights on issue during the year are not included in the calculation of diluted earnings per share because they are antidilutive for the year ended 30 June 2022. These options and rights could potentially dilute basic earnings per share in the future. Details relating to options and rights are set out in Note 16.		

Note 26 Investment in Associate accounted for using equity method

Set out below is the associate of the group as at 30 June 2022 which, in the opinion of the directors, is material to the group. The associate has share capital consisting solely of ordinary shares, which are held directly by the group.

The company holds 25.12% (2021: 25.12%) of the issued capital of Utilitas Group Pty Ltd, a company that is engaged in the Biogas Renewable Energy Sector. Utilitas Group Pty Ltd is incorporated in Australia and this is also its principal place of business. The proportion of ownership interest is the same as the proportion of voting rights held.

AustChina Holdings Limited does not have any commitments or contingent liabilities in respect of its investment in Utilitas Group Pty Ltd.

	Consolidated	
	2022	2021
	\$	\$
Opening carrying amount	725,006	1,012,478
Share of loss from continuing operations after income tax	(49,378)	(240,936)
Share of revaluation of land and buildings	-	(46,536)
Disposal of land and buildings by associate	(272,740)	-
Closing carrying amount	402,888	725,006

The table below provides summarised financial information for the associate and reflects the amounts presented in the financial statements of the associate and not AustChina Holdings Limited's share of those amounts.

Summarised balance sheet	2022	2021
	\$	\$
Total Current assets	401,713	593,339
Non-current assets	25,693	1,649,137
Total assets	427,406	2,242,476
Current liabilities	885,268	1,828,253
Non-current liabilities	2,081	375,151
Total liabilities	887,349	2,203,404
Net assets	(459,943)	39,072
Loss from continuing operations	(196,548)	(966,127)
Other comprehensive income	-	170,000
Total comprehensive income (loss)	(196,548)	(796,127)

Note 26 Investment in Associate accounted for using equity method (continued)

More details on the operations of Utilitas Group are set out under the CEO's report and review of operations on pages 5 to 13, refer also to Critical accounting estimates and judgements Note 2(vii).

Note 27 Events after the reporting date

No matters or circumstance has arisen since 30 June 2022 that has significantly affected the group's operations, results or state of affairs, or may do so in future years.

Note 28 Share-based payments

A summary of movements of all options issued is as follows:

	Number	Weighted Average Exercise Price
Options outstanding as at 30 June 2021	70,000,000	\$0.005
Granted	-	-
Expired	-	-
Exercised	-	-
Options outstanding as at 30 June 2022	70,000,000	\$0.005

The weighted average remaining contractual life of options outstanding at year end was 1.5 years.

On 30 November 2020, 70,000,000 options were granted to Directors and Key Management Personnel to take up ordinary shares. The options are exercisable at \$0.005 each and expire on 15 December 2023. The options have no voting or dividend rights and are not transferable.

The fair value of these options at grant date was \$238,000. This value was calculated using a Monte Carlo option pricing model applying the following inputs:

Number of options	70,000,000
Exercise price	\$0.005
Grant date	30/11/2020
Expiry date	15/12/2023
Volatility	132%
Dividend yield	0%
Risk-free interest rate	0.11%
Weighted average fair value at grant date	\$0.0034

Note 29 Fair Value Measurements

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- financial assets held for trading;
- derivative financial instruments.

a) Fair Value Hierarchy

AASB 13 : *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

Market approach uses prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach converts estimated future cash flows or income and expenses into a single discounted present value.

Cost approach reflects the current replacement cost of an asset at its current service capacity.

Note 29 Fair Value Measurements (continued)

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following tables provide the fair values of the Group's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

		30 June 2022			
		Level 1	Level 2	Level 3	Total
	Note	\$000	\$000	\$000	\$000
Recurring fair value measurements					
<i>Financial assets</i>					
Financial assets at fair value through profit or loss:					
- held-for-trading Australian listed shares	9	612,500	-	-	612,500
Total financial assets recognised at fair value		612,500	-	-	612,500
Total non-financial assets recognised at fair value					
<i>Liabilities</i>					
- Embedded derivative	14	-	70,009	-	70,009
Total liabilities recognised at fair value		-	70,009	-	70,009

		30 June 2021			
		Level 1	Level 2	Level 3	Total
	Note	\$000	\$000	\$000	\$000
Recurring fair value measurements					
<i>Financial assets</i>					
Financial assets at fair value through profit or loss:					
- held-for-trading Australian unlisted shares	9	-	-	250,000	250,000
Total financial assets recognised at fair value		-	-	250,000	250,000
Total non-financial assets recognised at fair value					
<i>Liabilities</i>					
- Embedded derivative	14	-	101,196	-	101,196
Total liabilities recognised at fair value		-	101,196	-	101,196

Note 29 Fair Value Measurements (continued)

b) Valuation Techniques and Inputs Used to Measure Level 2 Fair Values

Description	Fair Value at 30 June 2022	Valuation Technique(s)	Inputs Used
<i>Non-financial assets</i>			
Embedded derivative	\$70,009	Market approach	Risk free rate, share price volatility, average VWAP at vesting

Independent Auditor's Report to the Members of AustChina Holdings Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of AustChina Holdings Limited ("the Company") and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2022, 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group 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 our audit of the 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 in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Independent Auditor's Report to the Members of AustChina Holdings Limited (continued)

Key audit matter	How our audit addressed the key audit matter
Carrying Value of Exploration and Evaluation Assets <i>Refer to note 11 Exploration and Evaluation Assets</i> As at 30 June 2022 the carrying value of exploration and evaluation assets is \$15,636,624. The Group's accounting policy in respect of this is outlined in Note 1. As the carrying value of these Exploration and Evaluation Assets represents a significant asset of the Group, we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount. Judgement is applied in determining the treatment of exploration expenditure in accordance with Australian Accounting Standard AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>. In particular: • Whether the conditions for capitalisation are satisfied; • Which elements of exploration and evaluation expenditures qualify for recognition; and • Whether facts and circumstances indicate that the exploration and expenditure assets should be tested for impairment.	Our procedures included, but were not limited to the following: • Obtaining evidence as to whether the rights to tenure of the areas of interest remained current at balance date as well as confirming that rights to tenure are expected to be renewed for tenements that will expire in the near future; • Obtain evidence of the future intentions for the areas of interest, including making enquiries of management, assessing future budgeted expenditure and related work programs; • Obtained an understanding of the status of ongoing exploration programs, for the areas of interest; • Reviewed ASX announcements and directors' minutes to ensure that the Group had not decided to discontinue activities in applicable areas of interest and to assess whether there are any other facts or circumstances that existed to indicate impairment testing was required.

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report, for the year ended 30 June 2022, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

Independent Auditor's Report to the Members of AustChina Holdings Limited (continued)

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Independent Auditor's Report to the Members of AustChina Holdings Limited (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the remuneration report included in pages 19 to 27 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of AustChina Holdings Limited for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

Independent Auditor's Report to the Members of AustChina Holdings Limited (continued)

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Nexia Brisbane Audit Pty Ltd

Nexia Brisbane Audit Pty Ltd



Gavin Ruddell
Director

Level 28, 10 Eagle Street
Brisbane, QLD, 4000

Date: 30 September 2022

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 21 September 2022.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

	Class of equity security
	Ordinary Shares
1 – 1,000	11,664
1,001 – 5,000	117,039
5,001 – 10,000	1,122,648
10,001 – 100,000	19,885,275
100,001 and over	2,015,696,106
	2,036,832,732

There were 489 holders of less than a marketable parcel of ordinary shares.

B. Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Ordinary shares	
	Number Held	Percentage (%) of issued shares
HSBC Custody Nominees (Australia) Limited	886,313,768	43.51
Mr Peter Andrew Proksa	262,137,138	12.87
KAMS Brother Holdings Limited	128,093,700	6.29
Ms Sihol Marito Gultom	75,000,000	3.68
Mr Hayden Bruce Dickson	50,000,000	2.45
Julian Australia Pty Ltd	23,999,999	1.18
Group 4 Solutions Pty Ltd	17,500,000	0.86
Mr John Yacoub	17,000,000	0.83
Superhero Securities Limited	16,622,929	0.82
Mr Frank Music & Mrs Anna Music	15,400,000	0.76
Osmosis Holdings Pty Ltd	13,000,000	0.64
Mr Michael Yacoub	10,000,000	0.49
Mr Dominic Furfaro & Mrs Josephine Furfaro	10,000,000	0.49
Citicorp Nominees Pty Ltd	8,889,620	0.44
BNP Paribas Nominees Pty Ltd	8,340,141	0.41
Mr Dane Shannon O'Callaghan	7,202,220	0.35
Mr Aaron Jermaine Proksa	7,200,000	0.35
Mr Ianaki Semerdziev	6,025,675	0.30
Mr Bruno Hrstic	6,000,000	0.29
Asmac Investments Pty Ltd	6,000,000	0.29
	1,574,725,190	77.30

Unquoted equity securities

	Number on issue	Number of holders
Share options	216,072,557	91

There are no Holders of more than 20% of unquoted share options on issue.

C. Substantial shareholders

Substantial shareholders as shown in substantial shareholder notices received by the company at 26 August 2021 are:

	Number held	Percentage
Ordinary shares		
Treasure Wheel Global Limited	855,305,438	41.99%
Kam's Brother Holdings Limited	128,093,700	6.29%

D. Voting rights

The voting rights attaching to each class of equity securities are set out below:

a) Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) Options

No voting rights.