

AUSTPAC RESOURCES N.L.

ABN 87 002 264 057

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2022

| | Page |
|--|------|
| Directors' report | 2 |
| Auditor's independence declaration | 4 |
| Statement of profit or loss and other comprehensive income | 5 |
| Statement of changes in equity | 6 |
| Statement of financial position | 7 |
| Statement of cash flows | 8 |
| Notes to the half-year financial report | 9 |
| Directors' declaration | 12 |
| Independent auditor's review report | 13 |

This Interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by Austpac Resources N.L. during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Directors' Report

The directors present their report together with the financial statements for the half-year ended 31 December 2022 and the auditor's review report thereon.

Directors

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

| <i>Name</i> | <i>Period of Directorship</i> |
|---------------------------------------|--|
| Non-executive Mr Terry Cuthbertson | Director since March 2001, Chairman since May 2004 |
| Executive Mr Colin Iles | Director since March 2017 |
| Non-executive Mr Geoff Hiller | Director since May 2019 |

Review and Results of Operations

The net result of operations after applicable income tax benefit for the half-year net loss of \$327,595 (2021: loss of \$396,237).

The loss was primarily attributable to:

- Administrative, legal and other expenses of \$262,423.
- Clean up of Newcastle site expenses of \$43,003; and
- Net financing expenses of \$22,169.

WASTE STREAM MINING PROJECT

Zinc & Iron Recovery Process (ZIRP)

The steel industry generates approximately 14 million tonnes of steel waste per year globally. Of this waste stream approximately 4 million tonnes is generated from Electric Arc Furnace (EAF) dust. The Company's Zinc and Iron Recovery Process (ZIRP) recovers both iron and zinc from the EAF dust waste product. The EAF Dust contains up to 40% Zn and through the ZIRP process this can be recovered as Zinc Oxide.

The ZIRP process went through an internal detailed review in the first quarter of 2021. This review was conducted based on a market assessment where the focus should be on the recovery of Zinc without the need for acid regeneration as part of the process. This resulted in renewed discussions with interested parties on the process and how it applied to recovery of Zinc from Electric Arc Furnace (EAF) dust. Austpac is at the second stage of discussions with interested parties for an extended trial of the EAF dust and recovery of the Zinc as Zinc oxide. The initial aim is to produce a 2 to 5 tonnes sample for testing at an accredited laboratory to validate the qualitative purity of the Zinc oxide and pig iron after the induction furnace stage. Discussions with an interested party are continuing and further technical information was provided prior to 31st December 2022.

NHILL EXPLORATION LICENSE

On the 30th September 2022 the Company notified the market that the license EL5291 had expired and Austpac Resources was to finalise its reporting requirements to the Department of Jobs Precincts and regions. The final report was completed and submitted on the 11th October 2022. In December 2022 the board approved the reapplication for the exploration license EL5291.

The reapplication for the exploration license began in January 2023 with the aim to have it approved by end of Q3 2023.

EPA confirms the company fulfills it requirements.

The Company provided the EPA with a Groundwater Investigation report as requested by the EPA. On the 22nd November 2022 the EPA confirmed in writing that report fulfills the requirement under PRP 5 and has removed the program from the licence. There is no remediation work to be completed on the Austpac site in Newcastle by Austpac Resources.

NEW PROJECTS

During the reporting period, the Company actively reviewed a number of new projects within our core activities of mining waste streams and exploration.

Directors' Report

Voluntary Suspension from Official Quotation

On 17th June 2021, the Company requested an immediate voluntary suspension of trading of its securities following ASX enquiries, and upon comprehensive review of share issues made by the Company in the recent past, the Company has become aware that there may have been a number of failures to fully comply with all of the applicable requirements of the *Corporations Act 2001*. These shares were issued at the time the Company was operated by management who no longer work for the Company.

The Company understands that the ASX is concerned that the Company was not in compliance with Listing Rules 12.1 and 12.2.

The Company's securities will not be reinstated to official quotation until:

1. The Company has responded to and/or addressed all of ASX's queries to ASX's satisfaction; and
2. The Company has obtained all of the requisite Federal Court orders relating to various issues of securities; and
3. The ASX is satisfied that:
 - The Company is in compliance with its obligations under the Listing Rules including in particular Listing Rules 12.1 and 12.2, its disclosure obligations in Chapter 3, and its obligations under Listing Rule 10.1;
 - The Company has adequate systems and controls in place to manage its obligations to comply with the Listing Rules; and
 - it is otherwise appropriate to reinstate the Company's securities.

The Company made an application to the Federal Court on 4th May 2022 for relief from nonadherence with disclosure requirements in period between 2016 and 2019 as required under section 708A(5)(b) of the *Corporations Act 2001 (Cth)*.

The Company proceedings were heard by the Federal court in front of the Hon Justice Goodman on 31st January 2023.

On 21st February 2023, the Federal Court granted orders relieving on-selling shareholders of any civil liabilities in relation to these sales except for Notsag Pty Limited and Mr Nicholas John Gaston, former Company Secretary of the Company.

At the date of this report, the Company remains in voluntary suspension.

Loans from a Director

Kore Management Services Pty Limited ("the Lender"), of which the Company Chairman Terry Cuthbertson has an interest, provided the Company with a total loan facility of \$500,000.00.

As at 31 December 2022, the Lender has provided loans totaling \$450,000.00 to the Company with an undrawn amount of \$50,000.00

Subsequent Events

Subsequent to 31st December 2022; except for the Federal Court orders on 21st February 2023, there has not arisen in the interval between 31st December 2022 and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the company, to affect significantly the operations of the Company in future financial years.

Lead Auditors' Independence Declaration under Section 307C of the *Corporations Act 2001 (Cth)*.

The lead auditor's independence declaration is set out on page 4 and forms part of the directors' report for the half-year ended 31st December 2022.

Signed in accordance with a Resolution of the Directors on 15th March 2023.



T. Cuthbertson
Chairman



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

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2022 there have been no contraventions of:

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

MNSA PTY LTD

MNSA Pty Ltd

Mark Schiliro
Director

Sydney
15th March 2023

MNSA

Austpac Resources N.L.
Statement of profit or loss and other
comprehensive income
For the half-year ended 31 December 2022

| | Note | 31 December 2022 \$ | 31 December 2021 \$ |
|---|------|---------------------------|---------------------------|
| Administrative and other expenses | | (262,423) | (301,483) |
| Research and development – Waste Stream processing | | (43,003) | (59,789) |
| Amortisation of right-of-use – office lease | | - | (27,220) |
| Results from operating activities | | <u>(305,426)</u> | <u>(388,492)</u> |
| Interest income | | 166 | 186 |
| Finance expenses | | (22,335) | (7,931) |
| Net financing expense | | <u>(22,169)</u> | <u>(7,745)</u> |
| Loss before tax | | (327,595) | (396,237) |
| Income tax benefit | | - | - |
| Net loss for the period | | <u>(327,595)</u> | <u>(396,237)</u> |
| Other comprehensive income for the period net of income tax | | - | - |
| Total comprehensive loss for the period | | <u>(327,595)</u> | <u>(396,237)</u> |
| Basic and diluted loss per share (Cents) | | <u>(0.010)</u> | <u>(0.012)</u> |

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

Austpac Resources N.L.
Statement of changes in equity
For the half-year ended 31 December 2022

| | Issued Capital | Accumulated Losses | Total Equity |
|---|-----------------------|-------------------------------|---------------------|
| | \$ | \$ | \$ |
| Balance at 1 July 2021 | 89,660,490 | (88,218,824) | 1,441,666 |
| Loss for the period | - | (396,237) | (396,237) |
| Other comprehensive income for the period | - | - | - |
| Balance at 31 December 2021 | 89,660,490 | (88,615,061) | 1,045,429 |
| Balance at 1 July 2022 | 89,660,490 | (89,058,696) | 601,794 |
| Loss for the period | - | (327,595) | (327,595) |
| Other comprehensive income for the period | - | - | - |
| Balance at 31 December 2022 | 89,660,490 | (89,386,291) | 274,199 |

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

Austpac Resources N.L.
Statement of financial position
As at 31 December 2022

| | Note | 31 December 2022 \$ | 30 June 2022 \$ |
|---------------------------------------|------|---------------------------|-----------------------|
| Current Assets | | | |
| Cash and cash equivalents | | 31,130 | 56,348 |
| Trade and other receivables | | 79,349 | 65,314 |
| Prepayment | | 12,500 | - |
| Total Current Assets | | <u>122,979</u> | <u>121,662</u> |
| Non-Current Assets | | | |
| Property, plant and equipment | | - | 6,778 |
| Intangible assets | 7 | 2,000,000 | 2,000,000 |
| Total Non-Current Assets | | <u>2,000,000</u> | <u>2,006,778</u> |
| Total Assets | | <u>2,122,979</u> | <u>2,128,440</u> |
| Current Liabilities | | | |
| Trade and other payables | | 1,373,780 | 1,221,646 |
| Interest-bearing loans and borrowings | | 475,000 | 305,000 |
| Total Current Liabilities | | <u>1,848,780</u> | <u>1,526,646</u> |
| Total Liabilities | | <u>1,848,780</u> | <u>1,526,646</u> |
| Net Assets | | <u>274,199</u> | <u>601,794</u> |
| Equity | | | |
| Issued capital | | 89,660,490 | 89,660,490 |
| Accumulated losses | | (89,386,291) | (89,058,696) |
| Total Equity | | <u>274,199</u> | <u>601,794</u> |

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

Austpac Resources N.L.
Statement of cash flows
For the half-year ended 31 December 2022

| | 31 December 2022 | 31 December 2021 |
|--|-----------------------------|-----------------------------|
| | \$ | \$ |
| Cash flows from Operating Activities | | |
| Cash paid to suppliers and employees | (161,870) | (170,108) |
| Clean up of Newcastle site | (12,767) | (33,218) |
| Interest received | 166 | 186 |
| Interest paid | (747) | (694) |
| Net cash (used in) operating activities | <u>(175,218)</u> | <u>(203,834)</u> |
| Cash flows from financing activities | | |
| Proceeds from short term loan | 150,000 | 100,000 |
| Net cash provided by financing activities | <u>150,000</u> | <u>100,000</u> |
| Net (decrease) in cash held | (25,218) | (103,834) |
| Cash and cash equivalents at 1 July | 56,348 | 144,306 |
| Cash and cash equivalents at 31 December | <u>31,130</u> | <u>40,472</u> |

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

Austpac Resources N.L.

Notes to the half-year financial report

1. Reporting Entity

Austpac Resources N.L. (the "Company") is a company domiciled in Australia. The half-year financial report of the Company as at and for the six months ended 31 December 2022.

The annual financial report of the Company as at and for the year ended 30 June 2022 is available upon request from the Company's registered office.

2. Statement of Compliance

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

The half-year financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the annual financial report of the Company as at and for the year ended 30 June 2022.

This half-year financial report was approved by the Board of Directors on 15th March 2023.

3. Significant Accounting Policies

The accounting policies applied by the Company in this half-year financial report are the same as those applied by the Company in its annual financial report as at and for the year ended 30 June 2022.

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

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

4. Estimates

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

In preparing this half-year financial report, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report as at and for the year ended 30 June 2022.

5. Going Concern

The Company has a net current asset deficiency at 31 December 2022 of \$1,725,801 (30 June 2022 net current asset deficiency: \$1,404,984) and negative cash flows from operating activities of \$175,218 (31 December 2021 negative cash flows: \$203,834).

The 31 December 2022 Financial Report has been prepared on the basis of a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the normal course of business.

The Directors believe that the Company will be able to fund future operations through the funding offered by potential new investors, further share issues to existing shareholders, the successful commercialisation of mineral waste processing and the sale of surplus assets.

Austpac Resources N.L.

Notes to the half-year financial report (continued)

5. Going Concern (continued)

Notwithstanding the cost containment measures, without:

- funding offered by potential new investors;
- further share issues to existing shareholders;
- successful commercialisation of mineral waste processes;
- sale of surplus assets; and

or a combination of these events, the Company may not be able to continue as a going concern. These circumstances indicate there is a material uncertainty as to whether the Company will be able to continue as a going concern.

If the Company is unable to continue as a going concern, it may be required to make adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities in order to realise assets and extinguish liabilities other than in the normal course of business and at amounts different from those stated in the 31 December 2022 Financial Report.

6. Segment Reporting

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

7. Intangible Assets

The carrying value of Intangible assets at 31 December 2022 is \$2,000,000 (30 June 2022: \$2,000,000).

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

8. Capital and Reserves

As at 31 December 2022 there are 3,165,662,956 shares issued (30 June 2022: 3,165,662,956).

Dividends

No dividends were declared or paid by the Company during the period (2021: nil).

Terms and Conditions

Ordinary Shares

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

9. Loss Per Share

Basic/diluted loss per share is 0.010 cents (31 December 2021 loss per share: 0.012 cents). The weight average number of ordinary shares used in the calculation of basic/diluted loss per share is 3,165,662,956 (31 December 2021: 3,165,662,956).

10. Financial Risk Management

Aspects of the Company's financial risk management objectives and policies are consistent with that disclosed in the financial report as at and for the year ended 30 June 2022. The carrying amount of the Company's financial assets and liabilities equals their respective fair values as at 31 December 2022.

Austpac Resources N.L.

Notes to the half-year financial report (continued)

11. Loan to Company

Kore Management Services Pty Limited ("the Lender"), of which the Company Chairman Terry Cuthbertson has an interest, provided the Company with total loan facility of \$500,000.

The First Loan Facility of \$200,000 is an unsecured loan with 10% interest per annum. \$100,000 was drawn on 28th June 2021 and \$100,000 was drawn during the period ended 30 June 2022. This loan with interest, is to be repaid within three business days:

- After 12 months from the date of drawdown, that is, 28th June 2022 on the \$100,000 drawn on 28th June 2021.
- If there is a change in management and directors and the Lender does not agree with those changes.

On 2nd December 2022, the Lender agreed to renew the above loan, with accrued interest, of a \$200,000 loan facility which was drawn down as at 31st December 2021 (Renewed First Loan). The Renewed First Loan (with accrued interest) is an unsecured loan with 12% interest per annum from 2nd December 2022. The Renewed First Loan with interest is to be repaid, at the earlier of:

- Twelve months from 2nd December 2022; and
- If there is a change in management and directors and the Lender does not agree with those changes.

Penalty interest of 15% per annum will apply on the outstanding loan amount in the event of default

The Second Loan Facility of \$200,000 is an unsecured loan with 12% interest per annum. Penalty interest of 15% per annum will apply on the outstanding loan amount in the event of default. The Second Loan with interest is to be repaid, at the earlier of:

- After 12 months from the date of each drawdown; and
- If there is a change in management and directors and the Lender does not agree with those changes.

On 2nd December 2022, the Lender also agreed to provide a third loan facility of \$100,000, unsecured loan with 12% interest per annum (Third Loan Facility). Penalty interest of 15% per annum will apply on the outstanding loan amount in the event of default. The Third Loan with interest is to be repaid, at the earlier of:

- After 12 months from the date of each drawdown; and
- If there is a change in management and directors and the Lender does not agree with those changes.

At the date of this report, \$450,000 has been drawn from the loans. The unused loan facility available to the Company is \$50,000.

Loans and accrued interest are included in Current Liabilities.

12. Contingent liabilities

There is no other material contingent liabilities for the half-year ended 31 December 2022.

13. Changes in accounting policy and new accounting policies

The accounting policies applied by the Company in this half-year financial report are the same as those applied by the Company in its annual financial report as at and for the year ended 30 June 2022.

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standard Board ("AASB") that are mandatory for the current reporting period.

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

14. Events subsequent to balance date

Subsequent to 31 December 2022; except for the Federal Court orders on 21st February 2023, there has not arisen in the interval between 31 December 2022 and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the company, to affect significantly the operations of the Company in future financial years.

Austpac Resources N.L. Directors' Declaration

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

- (a) the financial statements and notes, set out on pages 5 to 11, are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of the Company as at 31 December 2022 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Sydney this 15th day of March 2023.

Signed in accordance with a resolution of the directors:



T. Cuthbertson
Chairman



**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
AUSTPAC RESOURCES N.L.
ABN 87 002 264 057**

Conclusion

We have reviewed the half-year financial report of Austpac Resources N.L., which comprises the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year then ended, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (a) giving a true and fair view of the Austpac Resources N.L. financial position as at 31 December 2022 and of its performance for the half year ended on that date; and
- (b) complying with Accounting Standard AASB 134: *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of Austpac Resources N.L. 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of Directors for the Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: *Interim Financial Reporting and the Corporations Regulations 2001*.

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

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our conclusion, we draw your attention to Note 5 in the financial report which indicates that the entity has experienced negative operating cash flows during the period ended 31 December 2022, and as of that date, the continuing viability of the entity and its ability to continue as a going concern and meet its debts and commitments as and when they fall due are dependent upon the entity's ability to successfully achieve positive cash flows from the successful commercialisation of mineral technologies or sale of surplus assets. These conditions, along with other matters as set forth in Note 5, indicate the existence of a material uncertainty that may cast doubt about the entity's ability to continue as a going concern and, therefore, the entity may be unable to realise assets and settle its liabilities in the normal course of business and at the amounts stated in the financial report.

MNSA PTY LTD

MNSA Pty Ltd



Mark Schiliro
Director

Sydney
15th March 2023



MNSA