ACH MINERALS PTY LTD

(Subsequently registered as Medallion Metals Limited on 11 September 2020)

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

DIRECTORS' REPORT

The Directors present their report on ACH Minerals Pty Ltd (the "Company") and its controlled entity (the Group) for the year ended 30 June 2020.

The names of the directors who held office during the reporting year or since the end of the reporting year and up to the date of this report are:

Edmund Ainscough
Ian Junk (Resigned on 10 August 2020)
Wang Jiuyu
Paul Bennett

All dollar amounts in this report are Australian Dollars unless otherwise stated.

Operating Results

The operating loss of the Group for the financial year after providing for income tax amounted to $2,627,276 (2019: $2,719,204).

Review of Operations

The Group continued to advance the Ravensthorpe Gold Project (RGP and the Project) toward a development decision. This included conducting a Definitive Feasibility Study (DFS) into the technical and commercial viability of the Project as well as securing permits for the Project development.

On 27 May 2020, the EPA published its findings of an Environmental Impact Assessment (EIA) of the Project and recommended the Project proceed subject to certain implementation conditions. The EPA's recommendation cleared an appeals period with no appeals lodged and has now progressed to the Minister's office for final review of implementation conditions and sign off.

During the period the Group undertook drilling programs at the Ariel and Tripod/Theo prospects. Numerous geophysical surveys were undertaken across the tenement package. Biological surveys and baseline monitoring was ongoing throughout the period.

Corporate

During the year, the Group resolved to list its shares on the Australian Securities Exchange (ASX) by way of an Initial Public Offer (IPO). The Group appointed solicitors, an independent technical expert, an investigating accountant and brokers/advisors to assist with the IPO.

Going Concern

The financial statements for the year ended 30 June 2020 have been prepared on the basis that the Group is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business .

During the year, the Group recorded a loss of $2,627,276 (2019: $2,719,204) and had net cash outflows from operating activities of $2,500,798 (2019: $3,522,505). At balance date, the Group has a working capital deficiency of $2,743,277 (2019:$176,631) owing to a loan to a third party amounting to $5 million which is payable only upon generating cashflow from the Project or listing or receiving proceeds from the sale of the Project or change of control of ACH Minerals Pty Ltd (refer to Note 12 to the financial statement where the details of the loan is disclosed).

Based on the Group's future cashflow forecast, the Group will require additional funding in the next 12 months to enable it to continue its normal business activities and to ensure the realisation of assets and extinguishment of liabilities as and when they fall due, including progression of its exploration and project development activities and meeting its annual tenement expenditure commitments.

The ability of the Group to continue as a going concern is dependent upon the Group securing additional funding through raising equity by way of an IPO or other means or undertaking a whole or partial sale of interests in its mineral exploration assets.

On 31 January 2020, the COVID-19 pandemic was announced by the World Health Organisation and is having a negative impact on world stock markets, currencies and general business activity. The Company has developed a policy and is evolving procedures to address the health and wellbeing of employees, consultants and contractors in relation to COVID-19. The timing and extent of the impact and recovery from COVID-19 is unknown but it may have an impact on activities and potentially impact the ability for the Group to raise capital in the current prevailing market conditions.

These conditions indicate a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors are satisfied that at the date of signing of the financial report, there are reasonable grounds to believe that the Group will be able to raise additional funds to meet its debts as and when they fall due and it is appropriate for the financial statements to be prepared on a going concern basis as the Group is currently in the process of preparing for an IPO. Should the IPO not proceed or be delayed, the Group may:

- Scale back certain activities that are non-essential so as to conserve cash;
- Undertake a whole or partial sale of interests in mineral exploration assets, and
- Raise capital by means other than the IPO.

Should the Group not be able to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability or classification of recorded asset amounts, nor the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

State of Affairs

No significant changes in the Group's state of affairs occurred during the financial year.

Principal Activities

The principal activity of the Group during the reporting year was as the owner and operator of pre-production resource assets in Western Australia.

Functional Currency

The functional currency of the Group is Australian Dollars.

Dividends Paid or Recommended

No dividend has been declared, paid or proposed during the year.

Options

No options over issued shares or interests in the Group were granted since the end of the financial year.

Environmental Regulation

The Group's operations have been carried out in accordance with all applicable environmental regulations effective under Commonwealth and State laws.

Indemnifying Officer

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer of the Group.

Proceedings on Behalf of Group

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

The Group was not a party to any such proceedings during the year.

Events Occurring after the Reporting Date

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the Group up to 30 June 2020 through the receipt of some government assistance, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

On 21 July 2020, Ministerial Statement 1143 was published on the Environmental Protections Authority (EPA) website confirming the Project can proceed subject to certain implementation conditions. Furthermore, during July 2020, the Directors of the Group approved for release a Definitive Feasibility Study into the technical and commercial viability of the Project. The DFS found the Project would produce 320koz of Au for sale over a 5.5 year mine life at All In Sustaining Costs of A$1,203/oz. Pre-production capital expenditure totals A$84 million. The DFS recommended the Project be advanced toward development.

On 10 August 2020, Mr Ian Junk resigned as Director of ACH Minerals Pty Ltd.

Apart from the above, no matters or circumstance have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group in future financial years.

Group Details

The registered office of the Group is:
Suite 5, 11 Ventnor Avenue
West Perth
Western Australia
6005

The principle place of business of the Group is:
As above

Auditor's Independence Declaration

A copy of the auditor's independence declaration is included in this financial report.

Signed in accordance with a resolution of the Board of Directors:

Dated this 21 August 2020

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF ACH MINERALS PTY LTD

As lead auditor of ACH Minerals Pty Ltd for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of ACH Minerals Pty Ltd and the entity it controlled during the period.

Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 21 August 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020	2019
		$	$
Revenue received	2	635,482	1,959,913
Employee costs	3	(788,069)	(835,979)
Travel costs		(15,904)	(58,205)
Professional fees	4	(207,998)	(177,351)
Operating costs	5	(2,166,196)	(4,279,631)
Finance costs		(3,614)	(245)
Rehabilitation expense	13	(71,270)	(53,594)
Share based payments	15	-	(1,186,650)
Depreciation		(38,964)	(16,688)
Gain (loss) on asset disposal		-	1,879,563
Interest received		29,257	49,663
Loss before income tax expense		(2,627,276)	(2,719,204)
Income tax expense		-	-
Net loss after income tax expense		(2,627,276)	(2,719,204)
Total comprehensive loss for the year		(2,627,276)	(2,719,204)
Total comprehensive loss for the year attributable to:			
Owners of ACH Minerals Pty Ltd		(2,627,276)	(2,719,204)
Basic and diluted loss per share (cents per share)	16	(0.23)	(0.25)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020	2019
		$	$
CURRENT ASSETS			
Cash and cash equivalents	6	2,255,138	4,768,165
Trade receivables		-	219,488
Other receivables	7	138,111	203,452
TOTAL CURRENT ASSETS		2,393,249	5,191,105
NON-CURRENT ASSETS			
Property, plant and equipment	8	287,458	312,758
Exploration and evaluation asset	9	4,262,154	4,255,224
Right of use asset	10	31,091	-
TOTAL NON-CURRENT ASSETS		4,580,703	4,567,982
TOTAL ASSETS		6,973,952	9,759,087
CURRENT LIABILITIES			
Trade and other payables	11	129,823	367,736
Borrowings	12	5,000,000	5,000,000
Lease liability	10	6,702	-
TOTAL CURRENT LIABILITIES		5,136,525	5,367,736
NON-CURRENT LIABILITIES			
Provision for rehabilitation	13	2,094,015	2,048,031
Lease liability	10	26,777	-
TOTAL NON-CURRENT LIABILITIES		2,120,792	2,048,031
TOTAL LIABILITIES		7,257,317	7,415,767
NET ASSETS/ (NET ASSET DEFICIENCY)		(283,365)	2,343,320
EQUITY			
Issued Capital	14	8,104,240	8,103,648
Share Based Payments Reserve	15 (a)	1,186,650	1,186,650
Accumulated Losses	15 (b)	(9,574,255)	(6,946,978)
TOTAL EQUITY/ (DEFICIENCY IN EQUITY)		(283,365)	2,343,320

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Note	Contributed Equity	Reserves	Accumulated Losses	Total
		$	$	$	$
Balance at 30 June 2018		3,099,929	-	(4,227,774)	(1,127,845)
Loss for the year		-	-	(2,719,204)	(2,719,204)
Total comprehensive income for the year		-	-	(2,719,204)	(2,719,204)
Transactions with owners in their capacity as owners:					
Issue of shares	14	5,000,000	-	-	5,000,000
Payment received from D class shares		3,620	-	-	3,620
Exercise of options		99	-	-	99
Issue of options		-	1,186,650		1,186,650
Balance at 30 June 2019		8,103,648	1,186,650	(6,946,978)	2,343,320
Loss for the year		-	-	(2,627,277)	(2,627,277)
Total comprehensive income for the period		-	-	(9,574,255)	(283,957)
Transactions with owners in their capacity as owners:					
Exercise of options		592	-	-	592
Balance at 30 June 2020		8,104,240	1,186,650	(9,574,255)	(283,365)

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 2020

	Note	2020	2019
		$	$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from sales		914,880	1,780,894
Payments to suppliers and employees		(3,450,598)	(5,346,806)
Interest received		34,920	43,407
Net cash used in operating activities	19	(2,500,798)	(3,522,505)
CASH FLOW FROM INVESTING ACTIVITIES			
Receipt from disposal of tenement		-	300,000
Payment for acquisition of tenement		(6,930)	-
Receipts from Sale of Land		-	4,187,207
Payment for property, plant and equipment		(5,891)	(86,962)
Net cash (used in)/provided by investing activities		(12,821)	4,400,245
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from D Class shares		-	3,620
Proceeds from exercise of options		592	99
Net cash provided by financing activities		592	3,719
Net increase/(decrease) in cash held		(2,513,027)	881,459
Cash at beginning of year		4,768,165	3,886,706
Cash at end of reporting year		**2,255,138**	4,768,165

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Corporate Information

ACH Minerals Pty Ltd (the "Company") and its controlled entity (collectively known as the "Group") was incorporated and has its domicile in Australia and is a proprietary company limited by shares.

b) 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, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB'). The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report has been prepared on an accruals basis and is based on historic costs modified by the revaluation of financial assets, financial liabilities and selected non-current assets for which the fair value basis of accounting has been applied.

New standards, interpretation and amendments adopted by the Group

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The Group applies, for the first time, AASB 16 from 1 July 2019. The nature and effect of the changes as a result of adoption are described below.

AASB 16: Leases

AASB 16 Leases supersedes AASB 17 Leases, Interpretation 4 Determining whether an Arrangement contains a Lease, Interpretation 115 Operating Leases Incentives, and Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. AASB16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Group adopted AASB 16 using the modified retrospective method of adoption with the date of initial application of 1 July 2019. Under this method, the lease liability is measured at the present value of future lease payments on the initial date of application, being 1 July 2019. In determining the present value, the discount rate is determined by reference to the group's incremental borrowing rate on the date of initial application of the standard (1 July 2019). The Group elected to use the transition practical expedients allowing a) the standard to be applied only to contracts that were previously identified as leases applying AASB 117 and Interpretation 4 at the date of initial application, and b) the measuring the right-of-use asset on transition as being equal to the amount of the lease liability initially recognised on transition.

The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

(i) Summary of new accounting policy

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(ii) Impact of adoption
AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption as at 1 July 2019 was as follows:

	1 July 2019 $
Operating lease commitments as at 1 July 2019 (AASB 117)	81,004
Operating lease commitments discount based on the weighted average incremental borrowing rate of 10% (AASB 16)	(8,829)
Short-term leases not recognised as a right-of-use asset (AASB 16)	(33,311)
Accumulated depreciation as at 1 July 2019 (AASB 16)	-
Right-of-use assets (AASB 16)	38,864

When adopting AASB 16 from 1 July 2019, the Group has applied the following practical expedients:

- applying a single discount rate to the portfolio of leases with reasonably similar characteristics;
- accounting for leases with a remaining lease term of 12 months as at 1 July 2019 as short-term leases;
- using hindsight in determining the lease term when the contract contains options to extend or terminate the lease; and
- not apply AASB 16 to contracts that were not previously identified as containing a lease.

Going Concern

The financial statements for the year ended 30 June 2020 have been prepared on the basis that the Group is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business .

During the year, the Group recorded a loss of $2,627,276 (2019: $2,719,204) and had net cash outflows from operating activities of $2,500,798 (2019: $3,522,505). At balance date, the Group has a working capital deficiency of $2,743,171 (2019:$176,631) owing to a loan to third party amounting to $5 million which is payable only upon generating cashflow from the Project or listing or receiving proceeds from the sale of the Project or change of control of ACH Minerals Pty Ltd (refer to Note 12 to the financial statement where the details of the loan is disclosed).

Based on the Group's future cashflow forecast, the Group will require additional funding in the next 12 months to enable it to continue its normal business activities and to ensure the realisation of assets and extinguishment of liabilities as and when they fall due, including progression of its exploration and project development activities and meeting its annual tenement expenditure commitments.

The ability of the Group to continue as a going concern is dependent upon the Group securing additional funding through raising equity by way of an IPO or other means or undertaking a whole or partial sale of interests in its mineral exploration assets.

On 31 January 2020, the COVID-19 pandemic was announced by the World Health Organisation and is having a negative impact on world stock markets, currencies and general business activity. The Company has developed a policy and is evolving procedures to address the health and wellbeing of employees, consultants and contractors in relation to COVID-19. The timing and extent of the impact and recovery from COVID-19 is unknown but it may have an impact on activities and potentially impact the ability for the Group to raise capital in the current prevailing market conditions.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Going Concern

These conditions indicate a material uncertainty that may cast significant doubt about the Group’s ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors are satisfied that at the date of signing of the financial report, there are reasonable grounds to believe that the Group will be able to raise additional funds to meet its debts as and when they fall due and it is appropriate for the financial statements to be prepared on a going concern basis as the Group is currently in the process of preparing for an IPO. Should the IPO not proceed or be delayed, the Group may:

- Scale back certain activities that are non-essential so as to conserve cash;
- Undertake a whole or partial sale of interests in mineral exploration assets, and
- Raise capital by means other than the IPO.

Should the Group not be able to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability or classification of recorded asset amounts, nor the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

c) Financial Instruments

Classification and measurement

Under AASB 9 financial assets are subsequently measured at fair value through profit or loss (“FVPL”), amortised cost, or fair value through other comprehensive income (“FVOCI”). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the “SPPI criterion”).

Impairment

The Group will assess, on a forward looking basis, any expected credit losses (“ECLs”) associated with any debt instruments carried at amortised cost and FVOCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. For trade and other receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

d) Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit and loss.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

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

e) Employee Benefits

Provision is made for the liability due to employee benefits arising from services rendered by employees to the reporting date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, sick leave and annual leave which will be settled after one year, have been measured at their nominal amount.

Contributions are made to employee superannuation funds and are charged as expenses when incurred. All employees are entitled to varying levels of benefits on retirement, disability or death. The superannuation plans or equivalent provide accumulated benefits. Contributions are made in accordance with the statutory requirements of each jurisdiction.

f) Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

g) Cash and Cash Equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less plus bank overdrafts. Bank overdrafts are shown on the statement of financial position as current liabilities under borrowings.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

h) Revenue

AASB 15 establishes a comprehensive framework for determining how much and when revenue is recognised, to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The core principle of AASB 15 is that it requires identification of discrete performance obligations within a transaction and associated transaction price allocation to these obligations. Revenue is recognised upon satisfaction of these performance obligations, which occur when control of goods or services is transferred, rather than on transfer of risks or rewards. Revenue received for a contract that includes a variable amount is subject to revised conditions for recognition, whereby it must be highly probable that no significant reversal of the variable component may occur when the uncertainties around its measurement are removed.

Interest revenue is recognised on a proportional basis taking into account the interest rates relevant to the financial assets.

Rent revenue from the delivery of accommodation services is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of Goods & Services Tax (GST).

i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and service tax, except:

I. where the amount of GST incurred is not recoverable from the Australian Tax Office. It is recognised as part of the cost of acquisition of an asset or as part of an item of the expense.
II. receivables and payables are shown inclusive of GST.

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

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

j) Income Taxes

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the statement of financial position date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary difference can be utilised. The amount of benefits brought to account or which may be released in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

k) Trade and Other Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Current receivables for GST are due for settlement within 30 days and other current receivables within 12 months. Cash on deposit is not due for settlement until rights of tenure are forfeited or performance obligations are met.

l) Trade and Other Payables

Trade payables and other payables are carried at cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and usually paid within 30 days of recognition.

m) Contributed Equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

n) Land, Property, Plant and Equipment

All property, plant and equipment except for freehold land and buildings are initially measured at cost and are depreciated over their useful lives on a straight-line basis. Depreciation commences from the time the asset is available for its intended use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements

The useful lives used for each class of depreciable assets are as follows:

Class of Asset	Useful Life
Office equipment	4 years
Motor vehicles	8 years
Buildings / camp	40 years
Plant and equipment	3 – 10 years

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount. Freehold land and buildings are carried at their recoverable amounts, based on periodic, but at least triennial, valuations by the directors. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have not been discounted in determining recoverable amounts.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

o) Borrowings

The fair value of financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The directors consider that the carrying amount of financial liabilities recorded in the financial statements approximates their fair values as the impact of any time value of money would be immaterial.

p) Exploration and evaluation assets

Exploration and evaluation assets acquired
Exploration and evaluation assets comprise of acquisition cost of mineral rights (such as joint ventures) and fair value (at acquisition date) of exploration and expenditure assets from other entities. As the assets are not yet ready for use they are not depreciated. Exploration and evaluation assets are assessed for impairment if:

- sufficient data exists to determine technical feasibility and commercial viability; or
- other facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the assets are demonstrable, exploration and evaluation assets are first tested for impairment and then reclassified to mine properties as development assets. The value of the Group’s interest in exploration expenditure is dependent upon:

- the continuance of the Group’s rights to tenure of the areas of interest;
- the result of future exploration; and
- the recoupment of cost through successful development and exploitation of the areas of interest, or alternatively, by their sale.

Exploration and evaluation expenditure
Exploration and evaluation expenditure incurred is expensed in respect of each identifiable area of interest until such a time where a JORC 2012 compliant resource is announced in relation to the identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated and approved by the Directors of the Group, any capitalised exploration and evaluation expenditure is then reclassified as capitalised mine development. Prior to reclassification, capitalised exploration and evaluation expenditure is assessed for impairment annually in accordance with AASB 6. Where impairment indicators exist, recoverable amounts of these assets will be estimated based on discounted cash flows from their associated cash generating units.

The Statement of Profit or Loss and Other Comprehensive Income will recognise expenses arising from excess of the carrying values of exploration and evaluation assets over the recoverable amounts of these assets.

In the event that an area of interest is abandoned or if the Directors consider the expenditure to be of reduced value, accumulated costs carried forward are written off in the period in which that assessment is made. Each area of interest is reviewed at the end of each accounting period and accumulated costs are written off to the extent that they will not be recoverable in the future.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

q) Rehabilitation liability

Costs of site restoration and rehabilitation are recognised when the Consolidated Entity has a present obligation, the future sacrifice of economic benefits is probable and the amount of the provision can be reliably estimated.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

r) Share based payment expenses

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instrument at the date at which they are granted when the fair value of goods and/or services cannot be determined. The fair value of options granted is measured using the Black-Scholes option pricing model. The model uses assumptions and estimates as inputs. The fair value of performance shares is measured valued at the date of issue. The model uses assumption and estimates as input.

Equity-settled share-based payments are measured at fair value of the equity instrument at the grant date. Fair value for options is measured by the use of the Black-Scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Group (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each balance date until vesting date reflects.

(i) the extent to which the vesting period has expired and

(ii) the Group’s best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of non-market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

s) Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Impairment of exploration assets
The carrying amounts of the Group's exploration and evaluation assets are reviewed at each reporting date, to determine whether any of the following indicators of impairment exists:

- Tenure over the licence area has expired during the period or will expire in the near future, and is not expected to be renewed; or
- Substantive expenditure on further exploration for, and evaluation of, mineral resources in the specific area is not budgeted or planned; or
- Exploration for, and evaluation of, resources in the specific area have not led to the discovery of commercially viable quantities of resources, and the Group has decided to discontinue activities in the specific area; or
- Sufficient data exists to indicate that although a development is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or from sale.

Rehabilitation provision
The determination of the provision requires significant judgement in terms of the best estimate of the future costs of performing the work required, the timing of the cash flows, the appropriate discount rate and inflation rate.

In relation to estimating the costs of performing the work required, significant judgement and estimates are required in relation to estimating the extent of rehabilitation activities, including volume to be rehabilitated and unit rates, technological changes, regulatory changes and appropriate discount rates.

When these estimates change or become known in the future, such differences will impact the rehabilitation provision on the period in which they change or become known. A change in any, or a combination of, the key estimates used to determine the provision could have a material impact on the carrying value of the provision.

Estimation of useful lives of plant, property and equipment
The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

s) Critical accounting judgements, estimates and assumptions (continued)

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in Going Concern note and Events Subsequent to Reporting Date note, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

NOTE 2: REVENUE

	2020	2019
	$	$
Revenue from contract with customers - Camp receipts	503,900	109,141
Other Income – Farm sale	-	1,811,570
Other Revenue	131,582	39,202
	635,482	1,959,913

Included in Other Revenue are Cash Flow Boosts received from ATO of $50,000 (2019: Nil) and Fuel Tax Credit of $25,352 (2019: Nil).

NOTE 3: EMPLOYEE COSTS

	2020	2019
	$	$
Fringe benefits tax	24,105	-
Protective clothing	-	292
Staff amenities	1,593	8,846
Staff Training	2,180	417
Superannuation	69,336	71,277
Wages	690,855	755,147
	788,069	835,979

NOTE 4: PROFESSIONAL FEES

	2020	2019
	$	$
Accounting and audit costs	82,371	63,902
Legal costs	110,327	103,539
Other Professional fees	15,300	9,910
	207,998	177,351

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

NOTE 5: OPERATING COSTS

	2020	2019
	$	$
Advertising & Promotion	33,631	18,614
Bad Debt	100	-
Computer & software expenses	43,340	8,940
Consultants fees	1,019,002	1,686,821
Donations	-	7,605
Drilling	-	550,103
Electricity and gas	60,195	87,018
Entertainment	33,185	14,774
Freight and cartage	-	4,859
Hire of plant	-	202
Insurance	49,239	12,778
Licenses, registrations and permits	4,017	200
Management fees	-	1,764
Motor Vehicle Expenses	5,282	48,455
Postage	760	226
Printing & Stationery	9,467	7,599
Rates	15,297	35,693
Rent	54,270	64,849
Repairs & Maintenance	18,015	34,411
Safety	965	744
Samples and assaying	136,324	171,752
Subcontractors	473,720	1,303,341
Subscriptions	2,546	659
Telephone	19,212	18,132
Tenement Costs	182,803	196,506
Tools	4,826	3,586
	2,166,196	4,279,631

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

NOTE 6: CASH AND CASH EQUIVALENTS

	2020	2019
	$	$
Cash at bank	5,138	68,165
Cash at bank – Investment	2,250,000	4,700,000
	2,255,138	4,768,165

NOTE 7: OTHER RECEIVABLES

	2020	2019
	$	$
Prepayments	89,072	88,840
Accrued Revenue	-	3,834
Accrued interest	593	6,256
GST	48,446	104,522
	138,111	203,452

NOTE 8: LAND, PROPERTY, PLANT & EQUIPMENT

	2020	2019
Office equipment	$	$
Office equipment at cost	8,900	3,010
(Less accumulated depreciation)	(3,025)	(2,371)
	5,875	639
Land		
Lot 65	88,771	88,771
Lot 317 Hatfield Road	1	1
	88,772	88,772
Plant and equipment		
Plant and equipment at cost	191,184	191,184
(Less accumulated depreciation)	(41,234)	(18,642)
	149,950	172,542
Motor vehicles		
Motor vehicles at cost	63,558	63,558
(Less accumulated depreciation)	(20,697)	(12,753)
	42,861	50,805
Total property plant & equipment	287,458	312,758

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

NOTE 9: EXPLORATION AND EVALUATION ASSET

	2020	2019
	$	$
Jerdacuttup	3,465	-
Ravensthorpe Gold Project	4,258,689	4,255,224
	4,262,154	4,255,224

NOTE 10: LEASES

	Right-of-use asset	Lease Liability
	$	$
As at 1 July 2019	-	-
Initial adoption of AASB 16	38,864	38,864
Depreciation expense	(7,773)	-
Interest expense	-	3,541
Payments	-	(8,926)
As at 30 June 2020	31,091	33,479

Set out below, are the amounts recognised in profit or loss for the year ending 30 June 2020:

	2020
	$
Depreciation expense of the right-of-use assets	7,773
Interest expense on lease liabilities	3,541
Rent expense on short term leases	33,311
Total amount recognised in profit or loss	44,625

The Group has leases land from Shire of Ravensthorpe under agreement of five years. The Group also leases its office under agreement of 1 year. This lease are short term, so have been expensed as incurred and not capitalised as right-of-use assets.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

NOTE 11: TRADE AND OTHER PAYABLES

	2020	2019
	$	$
Trade payables	7,721	235,124
Accruals	97,379	35,841
GST	5,496	68,738
Employee taxes	19,227	28,033
	129,823	367,736

NOTE 12: BORROWINGS

	2020	2019
	$	$
Current Loans		
Bolong Australia - A	5,000,000	5,000,000

Bolong Australia - A

The Group has borrowed funds from Bolong (Australia) Investment Management Pty Ltd (Lender). The loan may be secured by the assets of the Group however the Lender has not elected to perfect security at this stage. The loan is repayable through the application of 70% of available cashflow from the Project, on a listing date, upon the receipt of the proceeds of a transaction following the sale of all, or part of the Project or upon the receipt of proceeds of a transaction following a change of control of the Group, whichever comes first. The loan incurs no interest.

NOTE 13: PROVISION FOR REHABILITATION

	2020	2019
	$	$
Rehabilitation liability RAV8	2,048,031	1,633,729
Additional rehabilitation responsibilities	-	360,708
Add unwinding of discount	45,984	53,594
	2,094,015	2,048,031

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

NOTE 14: CONTRIBUTED EQUITY

(a) Share Capital

	30 June 2020		30 June 2019	
	No.	**$**	**No.**	**$.**
Fully paid ordinary shares	11,615,132	8,104,240	11,555,921	8,103,648

(b) Movement in issued capital

	No.	$
Balance as at 30 June 2018	9,750,000	3,099,929
Issued to Langyu International Holdings	1,796,053	5,000,000
Issued to Paul Bennett (SCP Investment A/C)	9,868	99
Payment for D Class Shares	-	3,620
Closing 30 June 2019	11,555,921	8,103,648
Issued to Edmund Ainscough (Nub Holding A/C)	59,211	592
Closing 30 June 2020	11,615,132	8,104,240

(c) Fully Paid Ordinary Shares

Ordinary shares participate in dividends and the proceeds on winding up of the Group in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

NOTE 15: RESERVES AND ACCUMULATED LOSSES

		2020	2019
		$	**$**
(a) Reserves			
Option reserve			
Balance as at beginning of the year		1,186,650	-
Options issued	15 (c)	-	1,186,650
Closing as at the end of reporting year		1,186,650	1,186,650

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

NOTE 15: RESERVES AND ACCUMULATED LOSSES (CONTINUED)

	2020	2019
	$	$
(b) Retained Earnings / (Accumulated Losses)		
Retained losses at the beginning of the year	(6,946,978)	(4,227,774)
Net loss attributable to members of the Group	(2,627,277)	(2,719,204)
Retained loss at the end of the reporting year	(9,574,255)	(6,946,978)

(c) Options granted under the ACH Incentive Option Plan

2019	Tranche 1	Tranche 2
Number of options	188,158	239,474
Grant date	4 Dec 2018	4 Dec 2018
Expiry date	4 Dec 2023	4 Dec 2023
Exercise price	$0.01	$0.01
Expected volatility	64.35%	64.35%
Share price at grant date	$2.7839	$2.7839
Fair value of option	$2.7749	$2,7749
Vested	100%	100%

No additional options were granted or issued in financial year ending 30 June 2020.

On 7 December 2018, the Board has approved a variation to Paul Bennett's Employment Service Agreement ("ESA") to replace performance shares with an Incentive Option Plan.

NOTE 16: LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share at 30 June 2020 was based on the loss attributable to shareholders of $2,627,276 (2019: $2,719,204) and a weighted average number of ordinary shares outstanding during the year of 11,573,717 (2019: 10,730,137) shares.

	2020	2019
	$	$
Loss attributable to shareholders	(2,627,276)	(2,719,204)
	Number	**Number**
Weighted average number of shares	11,573,717	10,730,137
	Cents per share	**Cents per share**
Basic and diluted loss per share	(0.23)	(0.25)

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

NOTE 17: FINANCIAL INSTRUMENTS

Financial risk management objectives

The Group's risk management framework is supported by the Board and management. The Board is responsible for approving and reviewing the Group's risk management strategy and policy. Management is responsible for monitoring that appropriate processes and controls are in place to effectively and efficiently manage risk.

The Company has exposure to the following risks from their use of financial assets:

- Market risk
- Liquidity risk
- Credit risk

Financial risk management objectives

The overall financial risk management strategy focuses on the unpredictability of the equity markets and seeks to minimise the potential adverse effects due to movements in financial liabilities or assets. The Company holds the following financial instruments as at 30 June:

	2020	2019
	$	$
Financial assets		
Cash and cash equivalents	2,255,138	4,768,165
Trade receivables	-	219,488
Other receivables	138,111	203,452
	2,393,249	5,191,105
Financial liabilities		
Trade and other payables	129,823	367,736
Borrowings	5,000,000	5,000,000
	5,129,823	5,367,736

Market risk

Market risk is the risk that changes in market prices, such as interest rates and commodity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return. There were no changes in the Group's market risk management policies from previous years.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

Interest rate risk

The Group's exposure to interest rates primarily relates to the Group's cash and cash equivalents. The Group manages market risk by monitoring levels of exposure to interest rate risk and assessing market forecasts for interest rates. No disclosures on the sensitivity check as any reasonable movement of the interest rate would not have any significant impact to the financial statement.

	2020	2019
	$	$
Variable rate instruments		
Cash at bank	5,138	68,165
Fixed rate instruments`		
Bank term deposits	2,250,000	4,700,000
	2,255,138	4,768,165

Other market price risk

The Company operates within Australia and all transactions during the financial year are denominated in Australian dollars. The Company is not exposed to foreign currency risk at the end of the reporting period.

Liquidity Risk

Liquidity risk arises from the debts (financial liabilities being creditors and other payables) of the Group and the Group's subsequent ability to meet these obligations to repay its debts (financial liabilities) as and when they fall due.

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Board has determined an appropriate liquidity risk management framework for the administration of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate cash reserves and monitoring actual cash flows and matching the maturity profiles of financial assets, expenditure commitments and debts (liabilities). There were no changes in the Group's liquidity risk management policies from previous years.

The following tables detail the Group's contractual maturity for its financial liabilities:

30 June 2020	Carrying amount	Contractual cash flows	Less than 1 year	2-5 years	>5 years
Trade and other payables	129,823	129,823	129,823	-	-
Borrowings	5,000,000	5,000,000	5,000,000	-	-
Total	5,129,823	5,129,823	5,129,823	-	-
30 June 2019					
Trade and other payables	367,736	367,736	129,823	-	-
Borrowings	5,000,000	5,000,000	5,000,000	-	-
Total	5,367,736	5,367,736	5,129,823	-	-

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

The Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Group.

NOTE 18: RELATED PARTY TRANSACTIONS

Parent entity

ACH Minerals Pty Ltd is the parent entity.

Subsidiaries

Interests in subsidiary are set out in Note 21.

Key Management Personnel Compensation

	2020	2019
	$	$
Short-term employee benefits	250,000	252,440
Post-employment benefits	23,750	23,750
	283,750	283,750

Transactions with related parties

The following transactions occurred with related parties:

	2020	2019
	$	$
Rent paid to Junk Super Pty Ltd – A company associated with Ian Junk	31,166	31,166

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

NOTE 19: CASH FLOW INFORMATION

Reconciliation of Cash Flow from Operations with Loss after income tax expense

	2020	2019
	$	$
Loss after income tax	(2,627,276)	(2,719,204)
Add back depreciation	38,964	16,688
Add back rehabilitation expense	45,984	53,594
Add back share based payments expense	-	1,186,650
Remove sale of asset	-	(1,879,563)
Rounding adjustment	-	1
Changes in assets and liabilities		
(Increase) / decrease in debtors and asset purchases	284,828	(274,115)
Increase / (decrease) in creditors and accruals	(243,298)	93,444
Cash flows used in operations	(2,500,798)	(3,522,505)

NOTE 20: AUDITOR'S REMUNERATION

	2020	2019
	$	$
Audit services	15,000	15,000
Other services		
- Taxation	4,120	-
- Review of tenement	2,550	-
	21,670	15,000

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

NOTE 21: INTEREST IN SUBSIDIARY

	Country of Incorporation	Ownership % 30 June 2020	30 June 2019
Parent entity:			
ACH Minerals Pty Ltd	Australia	-	-
Subsidiary:			
Myamba Minerals Pty Ltd	Australia	100	-

NOTE 22: CONTINGENCIES AND COMMITMENTS

There are no contingent liabilities, contingent assets or commitments at balance date.

NOTE 23: EVENTS SUBSEQUENT TO REPORTING DATE

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the Group up to 30 June 2020 through the receipt of some government assistance, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

On 21 July 2020, Ministerial Statement 1143 was published on the Environmental Protections Authority (EPA) website confirming the Project can proceed subject to certain implementation conditions. Furthermore, during July 2020, the Directors of the Group approved for release a Definitive Feasibility Study into the technical and commercial viability of the Project. The DFS found the Project would produce 320koz of Au for sale over a 5.5 year mine life at All In Sustaining Costs of A$1,203/oz. Pre-production capital expenditure totals A$84 million. The DFS recommended the Project be advanced toward development.

On 10 August 2020, Mr Ian Junk resigned as Director of ACH Minerals Pty Ltd.

Apart from the above, no matters or circumstance have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group in future financial years.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

DIRECTORS DECLARATION

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001

On behalf of the Directors

Paul Bennett

Managing Director
21 August 2020

Suite 5, 11 Ventnor Avenue,
West Perth, WA 6005

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of ACH Minerals Pty Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of ACH Minerals Pty Ltd (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of ACH Minerals Pty Ltd, 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 2020 and of its financial performance for the year ended on that date; 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 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.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Directors' report, but does not include the financial report and our auditor's report thereon.

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

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 on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this 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 ability of the group 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 has no realistic alternative but to do so.

Auditor's responsibilities 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our auditor's report.

BDO Audit (WA) Pty Ltd

BDO

J Prue

Jarrad Prue

Director

Perth, 21 August 2020