ASAPLUS RESOURCES LIMITED
AND ITS SUBSIDIARIES
(Company Registration Number: 201210180E)
(ARBN 158 717 492)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Asaplus Resources Limited & Its Subsidiaries

General Information

Directors

Lau Eng Foo
Lim Kian Giam, Dominic
Ding Poi Bor
Ong Yih Ching

Secretary

Zhu Yimin

Registered Office

60, Paya Lebar Road,
#08-55, Paya Lebar Square,
Singapore 409051

Statutory Auditor

Pan-China Singapore PAC

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The Directors are pleased to present their statement to the members together with the audited consolidated financial statements of Asaplus Resources Limited (the "Company") and its subsidiaries (collectively, the "Group") for the financial year ended 30 June 2021.

Opinion of the Directors

In the opinion of the Directors,

(i) the consolidated financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2021 and of the financial performance, changes in equity and cash flows of the Group for the year ended on that date;

(ii) at the date of this statement, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due.

Directors

The Directors of the Company in office at the date of this statement are:

Name	Particular
Lau Eng Foo	Non-executive Director/Non-independent Director
Lim Kian Giam, Dominic	Independent Non-executive Director
Ding Poi Bor	Managing Director
Ong Yih Ching	Independent Non-executive Director

Arrangements to enable Directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares of the Company or any other body corporate.

Directors' interest in shares or debentures

No Director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year except as follows:

	Direct interest	
Name of Director	At the beginning of the financial year	At the end of the financial year
	Number of shares	
Ordinary shares of the Company		
Lau Eng Foo	22,925,000	22,925,000
Ding Poi Bor	39,500,000	29,500,000

Share options

During the financial year, no share options were granted during the financial year to subscribe for unissued shares of the Company or corporations in the Group.

During the financial year, no shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or corporations in the Group.

There were no unissued shares of the Company or corporations in the Group under option at the end of the financial year.

Auditor

Pan-China Singapore PAC has expressed their willingness to accept re-appointment as auditor.

Ding Poi Bor
Director

Ong Yih Ching
Director

30 SEP 2021

PAN-CHINA
天健新加坡会计师事务所
PAN-CHINA SINGAPORE PAC

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ASAPLUS RESOURCES LIMITED AND ITS SUBSIDIAIRES

Independent Auditor's Report
To The Members of Asaplus Resources Limited
For The Financial Year Ended 30 June 2021

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the financial statements of Asaplus Resources Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and the Singapore Financial Reporting Standards (International) ("SFRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. 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 2.4 in the financial statements, which indicates the Company incurred a net loss of A$1,352,722 during the year ended 30 June 2021 and, as of the date, the Company's has accumulated a capital deficiency of A$581,744 as a result of losses sustained over the years and its current liabilities exceeded current assets by A$1,599,884. As stated in Noted 2.4, these events or conditions, along with other matters as set forth in Note 2.4, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Directors' Statement and information included in the annual report but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorized and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 SSAs 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 these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Other Matter

The financial statements for the year ended 30 June 2020 were audited by another auditor whose report dated 23 September 2020 expressed an unmodified opinion on those financial statements.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Pan China Singapore PAC

PAN-CHINA SINGAPORE PAC
Public Accountants and
Chartered Accountants
30 September 2021

Statement of Financial Position
As At 30 June 2021

	Note	Group 2021 A$	Group 2020 A$	Company 2021 A$	Company 2020 A$
ASSETS					
NON-CURRENT ASSETS					
Plant and equipment	3	345,833	276,806	-	-
Exploration and evaluation assets	4	672,307	800,723	-	-
Investment in subsidiaries	5	-	-	9,593,999	9,593,999
		1,018,140	1,077,529	9,593,999	9,593,999
CURRENT ASSETS					
Inventories	7	62,437	694,959	-	-
Other receivables and advance payments	8	1,581,127	938,122	12,755	12,755
Cash and bank balances	9	314,102	221,866	102,002	115,394
		1,957,666	1,854,947	114,757	128,149
TOTAL ASSETS		2,975,806	2,932,476	9,708,756	9,722,148
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES					
Share capital	10	18,630,751	18,630,751	18,630,751	18,630,751
Foreign currency translation reserves	11	1,768,333	1,788,179	-	-
Accumulated losses		(19,490,122)	(18,354,963)	(9,567,390)	(9,478,084)
		908,962	2,063,967	9,063,361	9,152,667
Non-controlling interest		(1,490,706)	(1,273,143)	-	-
(CAPITAL DEFICIENCY)/SHAREHOLDERS' EQUITY		(581,744)	790,824	9,063,361	9,152,667
CURRENT LIABILITY					
Other payables	12	3,557,550	2,141,652	645,395	569,481
		3,557,550	2,141,652	645,395	569,481
TOTAL LIABILITIES		3,557,550	2,141,652	645,395	569,481
TOTAL EQUITY AND LIABILITIES		2,975,806	2,932,476	9,708,756	9,722,148

The accompanying notes form an integral part of the financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For The Financial Year Ended 30 June 2021

	Note	Group 2021 A$	Group 2020 A$
Revenue	13	-	-
Cost of sales		-	-
Gross profit		-	-
Other operating income		2,806	20,962,617
Administration expenses		(378,644)	(326,443)
Other operating expenses		(976,884)	(22,304,169)
Loss before tax	14	(1,352,722)	(1,667,995)
Income tax expense		-	-
Loss for the year		(1,352,722)	(1,667,995)
Other comprehensive income			
Exchange differences arising from translation of foreign currency financial statements		(19,846)	(14,896)
Loss for the year, representing total comprehensive loss for the year		(1,372,568)	(1,682,891)
Loss attributable to:			
- Owners of the Company		(1,135,159)	(1,334,396)
- Non-controlling interest		(217,563)	(333,599)
		(1,352,722)	(1,667,995)
Basic loss per share	16	(0.010)	(0.012)
Diluted loss per share	16	(0.010)	(0.012)

The accompanying notes form an integral part of the financial statements.

Statement of Changes in Equity
For The Financial Year Ended 30 June 2021

	Share capital A$	Accumulated losses attributable to Owners of the Company A$	Foreign currency translation reserve A$	Total equity attributable to owners of the parent A$	Non - controlling interests A$	Total A$
The Group						
At 1 July 2019	18,630,751	(17,020,567)	1,803,075	3,413,259	(939,544)	2,473,715
Loss for the financial year	-	(1,334,396)	-	(1,334,396)	(333,599)	(1,667,995)
Other comprehensive income						
Foreign currency translation reserves	-	-	(14,896)	(14,896)	-	(14,896)
	-	(1,334,396)	(14,896)	(1,349,292)	(333,599)	(1,682,891)
At 30 June 2020 and 1 July 2020	18,630,751	(18,354,963)	1,788,179	2,063,967	(1,273,143)	790,824
Loss for the financial year	-	(1,135,159)	-	(1,135,159)	(217,563)	(1,352,722)
Other comprehensive income						
Foreign currency translation reserves	-	-	(19,846)	(19,846)	-	(19,846)
	-	(1,135,159)	(19,846)	(1,155,005)	(217,563)	(1,372,568)
As at 30 June 2021	18,630,751	(19,490,122)	1,768,333	908,962	(1,490,706)	(581,744)

The Company

	Share capital A$	Accumulated losses A$	Total A$
At 1 July 2019	18,630,751	(1,872,833)	16,757,918
Loss for the financial year	-	(7,605,251)	(7,605,251)
At 30 June 2020 and 1 July 2020	18,630,751	(9,478,084)	9,152,667
Loss for the financial year	-	(89,306)	(89,306)
At 30 June 2021	18,630,751	(9,567,390)	9,063,361

Asaplus Resources Limited & Its Subsidiaries

Consolidated Statement of Cash Flows
For The Financial Year Ended 30 June 2021

	Group	
	2021	**2020**
	A$	**A$**
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(1,352,722)	(1,667,995)
Adjustments for:		
Amortisation expenses	201,173	205,150
Bad debts written off	-	20,930,910
Depreciation of property, plant and equipment	39,474	66,093
Interest income	(1,175)	(650)
Inventories transferred	-	(30,806)
Inventories written down	695,974	-
Mining assets written off	-	1,161,827
Unrealised loss on foreign exchange	-	33,334
Waiver of debts	(1,615)	(20,930,910)
Effects of foreign exchange differences	(19,106)	(1,237,128)
Operating loss before working capital changes	(437,997)	(1,470,175)
(Increase)/Decrease in inventories	(63,452)	130,441
(Increase)/Decrease in other receivables and advance payments	(643,005)	42,566
Increase in other payables	1,417,513	1,101,192
Cash from/(used in) operations	273,059	(195,976)
Interest received	1,175	650
Net cash from/(used in) operating activities	274,234	(195,326)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(106,929)	(29,525)
Purchase of exploration and evaluation assets	(75,069)	-
Net cash used in investing activities	(181,998)	(29,525)
Net increase/(decrease) in cash and cash equivalents	92,236	(224,851)
Cash and cash equivalents at beginning of the year	221,866	446,717
Cash and cash equivalents at end of the year	314,102	221,866
Cash and cash equivalents comprise:		
Cash and bank balances	314,102	221,866

The accompanying notes form an integral part of the financial statements.

1. GENERAL INFORMATION

Asaplus Resources Limited (the "Company") is public company limited by shares incorporated in the Republic of Singapore on 24 April 2012 and was registered as a foreign company in Australia on 22 June 2012.

The Company is the Group's ultimate parent company and was listed on the Australian Securities Exchange on 16 November 2012. The registered office and principal place of business of the Company is located at 60 Paya Lebar Road, #08-55, Paya Lebar Square, Singapore 409051.

The principal activities of the Company are the exploration, mining and marketing of the iron ore. The Company had remained dormant since it was incorporated till the date of this report.

The principal activities of the subsidiaries are disclosed in Note 5 of the financial statements.

2. SUMMARY OF ACCOUNTING POLICIES

2.1. *Basis of preparation*

The consolidated financial statements of the Group and the financial statements of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("SFRSs").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Australian Dollars (AUD or A$) which is the functional currency of the Group and all values are rounded to the nearest dollar as indicated.

2.1.1. *Basis of consolidation and business combinations*

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiary) made up to 30 June each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

2 Summary of significant accounting policies (cont'd)

2.1.1. ***Basis of consolidation and business combinations*** **(cont'd)**

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company

2 Summary of significant accounting policies (cont'd)

2.1.1. ***Basis of consolidation and business combinations*** **(cont'd)**

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 110 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with FRS 12 and FRS 19 respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquire are measured in accordance with FRS 102 at the acquisition date (see below); and

- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

2 Summary of significant accounting policies (cont'd)

2.1.1. *Basis of consolidation and business combinations* (cont'd)

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is re-measured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

2.2. *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual periods beginning on 1 July 2020.

2.3. *Standards issued but not yet effective*

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to FRS 1	Classification of Liability as current or Non-current	1 January 2022
Amendments to FRS 103	Sale or Contribution of Assets between and Investor and its Associate or Joint Venture	Date to be determined

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments and improvements to FRSs in future years will not have a material impact on the financial statements of the Company in the year of their initial adoption.

2.4. *Material Uncertainty Related to Going Concern*

The Group incurred a net loss of A$1,352,722 during the year ended 30 June 2021 and, as of that date, the Company has accumulated a capital deficiency of A$581,744 as a result of losses sustained over the years. Also the Group's current liabilities exceeded its current assets by A$1,599,884. Accordingly, the ability of the Group to meet its obligations is therefore dependent on the continuous financial support from a substantial shareholder and a major creditor, adjustments may have to be made to reflect the situation that assets may need to be realised other than the amounts at which they are currently recorded in the financial position. In addition, the Group may have to provide for further liabilities that might arise. The financial statements do not included such adjustment, as the Directors are optimistic that the Group will operate in a profitable manner in the foreseeable future, and accordingly they believe that it is appropriate for the financial statements of the Group to be prepared on the going concern basis.

2 Summary of significant accounting policies (cont'd)

2.5. *Significant accounting estimates and judgements*

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

2.5.1. *Judgements made in applying accounting policies*

In the process of applying the Group's accounting policies, management has not made any critical judgement which has a significant effect on the amounts recognised in the financial statements.

2.5.2. *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) Impairment of plant and equipment

The Group determines the recoverable amount of plant and equipment based on the higher of its fair values less costs to sell and its value-in-use. When value-in-use calculation is undertaken, management estimates the expected future cash flows from the asset or cash-generating unit by applying a suitable discount rate to calculate the present value of those cash flows. The carrying amount of the Group's plant and equipment as at 30 June 2021 are disclosed in Note 3.

(ii) Impairment of loan and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. In determining whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delays in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated on historical loss experience for assets with similar credit risk characteristics.

(iii) Allowance for stock obsolescence

The Group assesses at the end of each reporting period whether there is any objective evidence that its stocks is impaired. If there is objective evidence of impairment, the amount of the loss is measured as the difference between the asset's carrying amount and the net realisable value of the asset. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The carrying amount of the Group's inventories at respective balance sheet dates are disclosed in Note 7.

2 Summary of significant accounting policies (cont'd)

2.5.2 *Key sources of estimation uncertainty (cont'd)*

(iv) Exploration and evaluation expenditure

The Group policy on capitalisation of all future expenditure relating to exploration and evaluation of the Tenement located in Beikeng Mine.

The Group has assessed that the capitalised expenditure will be recoverable through the project's successful development.

(v) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exists. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectatation is different from the estimation, such difference will impact the carrying value of goodwill.

2.6. *Plant and equipment*

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of an asset comprises its purchase price, the cost of replacing part of the plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying plant and equipment, and any directly attributable costs of bringing the asset to working condition for its intended use. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

When significant parts of plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on the straight line method to write off the cost of the plant and equipment over their estimated useful lives as follows:-

Computer	-	3 years
Equipment and tools	-	8 - 10 years
Furniture, fittings and fixtures	-	5 years
Motor vehicles	-	4 years
Office equipment	-	3 years
Storage room	-	20 years

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

2 Summary of significant accounting policies (cont'd)

2.7. *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at Fair Value through Profit or Loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

The subsequent measurement of financial assets depend on their classification as follows:

<u>Loans and receivables</u>
Non-derivative financial assets with fixed or determinable payments that are not quoted in active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

2.8. *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

2 Summary of significant accounting policies (cont'd)

2.8. *Financial liabilities (cont'd)*

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

(a) ***Financial liabilities at fair value through profit or loss***

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

The Group has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

(b) ***Financial liabilities at amortised cost***

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.9. *Impairment of financial assets*

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. 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, discounted at an approximation of the original effective interest rate.

The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

2 Summary of significant accounting policies (cont'd)

2.9 *Impairment of financial assets (cont'd)*

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors' ability to pay.

The Group considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognizes an allowance for impairment when such evidence exists.

2.10. *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset (i.e. an intangible asset with an indefinite useful life, an intangible asset not yet available for use, or goodwill acquired in a business combination) is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss as 'impairment losses' in those expense categories consistent with the function of the impaired asset.

2 Summary of significant accounting policies (cont'd)

2.10. *Impairment of non-financial assets (cont'd)*

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increase cannot exceed the amount that would have been determined, net of depreciation, had no impairment carrying loss been recognised previously. Such reversal of an impairment loss is recognised in profit or loss.

2.11. Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether there is control.

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group.

2.12. Goodwill

Goodwill arising on an acquisition of a subsidiary is subject to impairment testing.

Goodwill is testing for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

For the purpose of assessing impairment, where an asset does not generate cash inflows largely independent from those of other assets, the recoverable amount is determined for the smallest group of assets that generated cash inflow indepdently (i.e. a CGU). As a result, some assets are tested individually for impairment and some are tested at CGU level. Goodwill in particular is allocated to those CGUs that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

An impairment loss is recognised for CGUs, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the CGU, except that the carrying value of an asset will not be reduced below the higher of its individual fair value less cost to sell, or value-in-use, if determinable.

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

Impairment losses recognised in an interim period in respect of goodwill is not reversed in a subsequent period.

2 Summary of significant accounting policies (cont'd)

2.13. Exploration and evaluation assets

Exploration and evaluation assets relate to Exploration Licence in relation to the Mine acquired and exploration and evaluation expenditures capitalised in the Mine that is at the exploration stage.

Exploration and evaluation assets are initially recognised at cost. Subsequent to initial recognition, they are stated at cost less any accumulated impairment losses.

Exploration and evaluation assets comprises costs which are directly attributable to acquisition, surveying, geological and geophysical, exploratory drilling, land maintenance, sampling and assessing technical feasibility and commercial viability in relation to the Beikeng Mine.

The carrying amount of the exploration and evaluation assets is reviewed annually and adjusted for impairment in accordance with IAS 36 "Impairment of Assets" whenever one of the following events or changes in facts and circumstances indicate that the carrying amount may not be recoverable (the list is not exclusive):

a) the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future and is not expected to be recovered;

b) the substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;

c) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities in the specific area; or

d) sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full room successfully development or by sale.

An impairment loss is recognised in the income statement whenever the carrying amount of an asset exceeds its recoverable amount.

2.14. *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.15. *Inventories*

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and conditions.

Net realisable value represents the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

2 Summary of significant accounting policies (cont'd)

2.16. *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.

Provisions are reviewed at each end of reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.17. *Recognition of revenue*

Revenue is recognised to the extend that is probable that the economic benefits will flow to the company and the revenue can be reliably measured regard less of when the payment is made. Revenue is measure at fair value of consideration received or receivable and represent amounts receivable taking into account contractually, defined terms of payment and excluding taxes and duty.

Interest income is recognised on a time-apportionment basis using the effective interest rate method.

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Group and the Company are presented in Australian Dollars, which is also the functional currency of the Company.

The Company remained dormant during the financial year and till date of the financial report.

2.18. *Employee benefits*

(a) ***Defined contribution plans***

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) ***Defined benefit plans***

The Group provides employee benefits as required under the labour acts of the countries in which it has operations. The cost of providing such benefits is determined using the projected unit credit actuarial valuation method, based on the report prepared by an independent firm of actuaries.

2 Summary of significant accounting policies (cont'd)

2.18 *Employee benefits (con't)*

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs. Net interest on the defined benefit liability is the change during the period in the defined benefit liability that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the defined benefit liability. Net interest on the defined benefit liability is recognised as expense in profit or loss.

Remeasurements comprising actuarial gains and losses (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods. The net defined benefit liability is the aggregate of the present value of the defined benefit obligation (derived using a discount rate based on high quality corporate bonds) at the end of the reporting period.

2.19. *Taxes*

(a) ***Current income tax***

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those enacted or substantively enacted at the end of reporting period, in the country where the Company operates and generates taxable income.
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Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) ***Deferred tax***

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2 Summary of significant accounting policies (cont'd)

2.19. *Taxes (cont'd)*

(b) ***Deferred tax (cont'd)***

Deferred tax liabilities are recognised for all temporary differences, except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) ***Sales tax***

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

– Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
– Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2 Summary of significant accounting policies (cont'd)

2.20. *Related parties*

FRS 24 defines a related party as a person or entity that is related to the reporting entity and it includes:

(a) A person or a close member of that person's family if that person:

- (i) Has control or joint control over the reporting entity;
- (ii) Has significant influence over the reporting entity; or
- (iii) Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity;

(b) An entity is related to the reporting entity if any of the following conditions apply:

- (i) An entity and the reporting entity are members of the same group;
- (ii) One entity is an associate or joint venture of the other entity;
- (iii) Both entities are joint ventures of the same third party;
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity;
- (vi) The entity is controlled or jointly controlled by a person identified in (a);
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity)

2.21. *Contingencies*

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or

(b) a present obligation that arises from past events but is not recognised because:

- (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Company.

Contingent assets and liabilities are not recognised on the balance sheets of the Group except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2 Summary of significant accounting policies (cont'd)

2.22. *Foreign currency*

The results and financial position of all the entities within the Group that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i) Assets and liabilities are translated at the closing exchange rates at the end of the reporting period;

ii) Income and expenses are translated at average exchange rates; and

iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rate at the end of the reporting period.

3 PLANT AND EQUIPMENT

Group

	As at 1 July 2020	Additions	Exchange differences	As at 30 June 2021
	A$	A$	A$	A$
Cost				
Computer	7,532	920	27	8,479
Equipment and tools	168,226	106,009	(1,153)	273,082
Furniture, fittings and fixtures	13,378	-	2,782	16,160
Motor vehicles	167,363	-	(2,843)	164,520
Office equipment	5,220	-	479	5,699
Storage room	122,573	-	179	122,752
	484,292	106,929	(529)	590,692

3 PLANT AND EQUIPMENT (cont'd)

	As at 1 July 2020 A$	Charges for the year A$	Exchange differences A$	As at 30 June 2021 A$
Accumulated Depreciation				
Computer	6,623	418	16	7,057
Equipment and tools	36,166	16,518	(1,504)	51,180
Furniture, fittings and fixtures	10,825	1,067	1,429	13,321
Motor vehicles	137,208	15,090	(2,625)	149,673
Office equipment	3,917	589	463	4,969
Storage room	12,747	5,792	120	18,659
	207,486	39,474	(2,101)	244,859

	2021 A$	2020 A$
Carrying Amounts		
Computer	1,422	909
Equipment and tools	221,902	132,060
Furniture, fittings and fixtures	2,839	2,553
Motor vehicles	14,847	30,155
Office equipment	730	1,303
Storage room	104,093	109,826
	345,833	276,806

4 EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets comprises the cost of obtained Exploration Licence in relation to the Beikeng Mine and related cost of search for mineral resources, the determination of technical feasibility and the assessment of the commercial viability of an identified resource in the Beikeng Mine.

Group

	2021 A$	2020 A$
Total exploration and evaluation assets		
i) Beikeng Mine		
Balance at beginning of the period	800,723	945,544
Foreign exchange differences	(2,312)	(7,224)
Transfers	75,069	67,553
Amortisation in the period	(201,173)	(205,150)
Balance at end of the period	672,307	800,723
ii) Silverstone Mine		
Balance at beginning of the period	1,281,397	1,281,397
Provision for impairment in value	(1,281,397)	(1,281,397)
Balance at end of the period	-	-
Movements in provision for impairment in value is as follows:		
Balance at beginning and end of the financial period	1,281,397	1,281,397

As disclosed in Note 2, the carrying amount of the exploration and evaluation assets is reviewed annually and adjusted for impairment in accordance with IAS 36 “Impairment of Assets”. In particular, the Company considered whether one of the following events or changes in the facts and circumstances (each an “Adverse Event”) has occurred which indicate that the carrying amount may not be recoverable:

a) the period for which the Group has the right to explore in the Silverstone and Beikeng Mine has expired during the period or will expire in the near future and is not expected to be recovered;

b) substantive expenditure on further exploration for an evaluation of mineral resources in the Silverstone and Beikeng Mine is neither budgeted or planned;

c) exploration for and evaluation of mineral resources in the Silverstone and Beikeng has not led to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities in Silverstone and Beikeng Mine; or

d) sufficient data exists to indicate that, although a development in the Silverstone and Beikeng Mine is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

5 INVESTMENT IN SUBSIDIARIES

	Company 2021 A$	Company 2020 A$
Unquoted shares at cost	10,001,719	10,001,719
Less: Impairment in value	(407,720)	(407,720)
	9,593,999	9,593,999

Details of the Company's subsidiaries are as follows:

Name of Subsidiaries	Country of incorporation	Equity interest (%)	Principal activities
Asaplus Ventures Limited ("Ventures") #	Hong Kong	100%	Consulting services
Yinzhou Consulting Co., Ltd ("Yinzhou") #	China	100%	Consulting services
<u>Subsidiary of Yinzhou.</u>			
Hua Sheng Mining Co., Ltd ("DHIC") #	China	100%	Consulting services
<u>Subsidiaries of DHIC</u>			
Datian Silverstone Mining Co., Ltd ("DSM") #	China	100%	Exploration, mining and marketing of iron ore
Datian Hua Yu Mining Co., Ltd *("*HY") #	China	100%	Exploration, mining and marketing of iron ore
Hong Ji Mining Co., Ltd *("*HJ*")* #	China	100%	Exploration, mining and marketing of iron ore

On 11 March 2021, Datian Hua Sheng Mining Co. Limited has entered into Equity Transfer Agreement with Zhangzhou Wen Herui Trading Co., Limited ("Wen Herui") to dispose of its 100% in the equity capital in Datian Huayu Mining Co. Limited for a total consideration of RMB5,900,000 as per below:

a) transfer its holding of 100% in the registered and paid up equity capital of Datian Huayu Mining Co. Limited amounting to RMB3,000,000; and

b) assign all of its account receivable from Datian Huayu Mining Co. Limited to Wen Herui amounting to RMB2,900,000.

Wen Herui had requested and the Company had agreed to defer the completion of this transaction. As of the end of the year and the date of the report, the said disposal has not been completed. Therefore, HY is still treated as subsidiary in the Group.

The Company is wholly owned subsidiary Datian Hua Sheng holds:

An 80% interest in Hongji Mining Co. Ltd, although it is the registered holder of 90% of its share capital. The Group holds the balance 10% interest in Hong Ji Mining as bare custodian for a local partner and will transfer the aforesaid 10% interest to the local partner at nil consideration at any time it is requested to do so by the local partner.

The subsidiaries of the Company are audited by Pan China.

6 GOODWILL

	Group	
	2021	**2020**
	A$	**A$**
Goodwill	9,988,661	9,988,661
Impairment in value	(9,988,661)	(9,988,661)
	-	-

The Goodwill comprises the value of Exploration Licence to the Silverstone Project held by Datian Silverstone Mining Co., Ltd, which is a wholly owned subsidiary of Yinzhou Group.

As disclosed in Note 2, Goodwill is tested for impairment at least annually, irrespective of whether there is any indication that they are impaired.

7 INVENTORIES

	Group		Company	
	2021	**2020**	**2021**	**2020**
	A$	**A$**	**A$**	**A$**
Mining consumables – Beikeng Mine				
Balance at the beginning of the period	694,959	825,400	-	-
Additions during the year	62,437	99,635	-	-
Inventories written down	(695,974)	-		
Transferred during the year	-	210,076	-	-
Expenses during the year	-	(433,862)	-	-
Exchange difference	1,015	(6,290)	-	-
Balance at end of the period	62,437	694,959	-	-

8 OTHER RECEIVABLES AND ADVANCE PAYMENTS

	Group		Company	
	2021	**2020**	**2021**	**2020**
	A$	**A$**	**A$**	**A$**
Other receivables	145,457	898,048	12,755	12,755
Advance payments	1,435,670	75,207	-	-
Tax recoverable	-	573	-	-
	1,581,127	938,122	12,755	12,755

Included in advance payments is an amount of A$1,134,854 (2020: A$Nil) which is the advance payment for the acquisition of the plant and machinery of Datian Hua Yu Mining Co. Limited.

9 CASH AND BANK BALANCES

The currency exposure profile of cash and bank balances is as follows:

	Group		Company	
	2021	2020	2021	2020
	A$	A$	A$	A$
Australian Dollar	5,996	5,956	5,996	5,956
Singapore Dollar	13,539	26,755	13,539	26,755
Malaysian Ringgit	76,317	76,533	76,317	76,533
Chinese Renmibi	218,250	112,622	6,150	6,150
	314,102	221,866	102,002	115,394

The Chinese Renmibi is not freely convertible into other foreign currencies. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

10 SHARE CAPITAL

Group and Company	Number of shares 2021	2020 A$	Number of shares 2021	2020 A$
Issued and fully paid:				
Ordinary shares				
At beginning/end of the period/year	136,000,000	18,630,751	136,000,000	18,630,751

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

As the shareholders' meetings, each ordinary shares is entitled to one vote when a poil is called, otherwise each shareholder or its proxy, attorney or representative has one vote on a show of hands.

11 FOREIGN CURRENCY TRANSLATION RESERVES

Foreign currency translation reserve comprises all foreign exchange differences arising from translation of the financial statements of the Company and foreign operations with different functional currencies from that of the Group's presentation currency.

12 OTHER PAYABLES

Other payables are denominated in the following currencies:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	A$	**A$**	**A$**	**A$**
Singapore Dollar	123,942	92,727	123,942	92,727
Chinese Renmibi	3,433,608	2,948,925	521,453	476,754
	3,557,550	2,141,652	645,395	569,481

Included in other payables:

a) is an amount of A$926,100 (2020: A$Nil) owing to a company for the acquisition of the plant and machinery of Datian Hua Yu Mining Co. Limited which is non-interest bearing, unsecured and repayable on demand.

b) is an amount of A$61,740 (2020: A$Nil) which represent 10% deposit for sale proceeds on disposal of shares for Datian HuaYu Mining Co. Limited.

13 REVENUE

The Company does not have any revenue, as it is not fully operational.

14 LOSS BEFORE TAX

14.1 DISCLOSURE ITEMS

	Group		Company	
	2021	**2020**	**2021**	**2020**
	A$	**A$**	**A$**	**A$**
This is arrived at after charging:				
Auditors' remuneration	24,000	24,000	-	-
Inventories written down	695,974	-		
Provision for non-trade intergroup doubtful debts	-	7,665,945	-	7,665,945
Bad non-trade intergroup debts written off	-	13,264,965	-	-
And crediting:				
Waiver of non-trade intergroup debts	(1,615)	(20,930,910)	-	(130,357)
Gain on foreign exchange	(16)	-	(16)	-
Interest income	(1,175)	(650)	-	-

14 LOSS BEFORE TAX (cont'd)

14.2 EMPLOYEES BENEFITS EXPENSES

	Group		Company	
	2021	2020	2021	2020
	A$	A$	A$	A$
Salaries, wages and bonus	41,577	135,176	-	-
Social insurance contribution	1,243	33,554	-	-
	42,820	168,720	-	-

15 INCOME TAX EXPENSES

There is no income tax expenses as the company has no revenue.

Provision for enterprise income tax of the subsidiaries operating in the PRC is made in accordance with the Income Tax Law of the PRC concerning Foreign Investment Enterprises and Foreign Enterprises and various local income tax laws.

Taxation has been provided at the appropriate tax rates prevailing in Singapore and the PRC in which the Group operates on the estimated assessable profits, if any for the financial period. These rates generally range from approximately 16.5% to 25% for the reporting period.

The reconciliation of income tax expenses applicable to the loss before income tax at applicable income tax rates to the income tax expenses for the reporting period is as follows:

	Group		Company	
	2021	2020	2021	2020
	A$	A$	A$	A$
Loss before tax	(1,352,722)	(1,667,995)	(4,680)	(12,187)
Tax at applicable tax rates (approximately at 20%)	(270,544)	(333,599)	(1,170)	(3,047)
Expenses not deductible for tax purpose	51,096	91,359	-	-
Tax benefits not recognised	219,448	242,240	-	-
	-	-	-	-

At date of the Statement of financial position, the Group has untilised tax benefits and unabsorbed capital allowance of approximately $750,000 (2020: $531,000) to be carried forward to set off against production costs of future years. This is subject to agreement by the tax authorities and compliance with the relevant tax regulations. No deferred tax asset is recognised due to the uncertainty of its recovery.

16 LOSSES PER ORDINARY SHARE

16.2 BASIC LOSSES PER ORDINARY SHARE

The basic losses per ordinary share is calculated by diving the Group's loss attributable to owners of the Company of A$1,352,722 (2020: A$1,667,995) by weight average number of ordinary shares outstanding of 136,000,000 (2020: 136,000,000).

16.3 DILUTED EARNINGS PER ORDINARY SHARE

The diluted earnings per ordinary share is the same as the basic losses per ordinary share of the Group.

17 NET TANGIBLE ASSET BACKING PER SECURITY

	Group	
	2021	**2020**
	A$	**A$**
Net tangible assets	(581,744)	790,824
Number of issued ordinary shares	136,000,000	136,000,000
Net tangible assets backing per ordinary security (cents)	(0.004)	0.006

18 RELATED PARTY TRANSACTIONS

The Group has no other related party transaction with its Directors, key management or with entities which its Directors and/or key management have significant financial interest.

19 SEGMENT REPORTING

The Group identities its operating segments based on the regular internal financial information reported to the executive Directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive Directors are determined following the Group's major products and services. The Group has identified the following reportable segments:

- Mining – exploration and mining of iron ore
- Trading and consulting service – trading of copper strips and providing consulting service

19 Segment reporting (cont'd)

(a) Segment results, assets and liabilities

	Mining A$	Others* A$	Total A$
30 June 2021			
Revenue			
From external customers	-	-	-
From other segments	-	-	-
Segment revenues	-	-	-
Effect on Segment operations – foreign currency translation loss	-	-	-

	Mining A$	Others* A$	Total A$
Segment operating loss before tax	(1,265,030)	(87,692)	(1,352,722)
Segment assets	6,887,176	9,708,756	16,595,932
Segment liabilities	3,499,365	645,395	4,144,760

19 Segment reporting (cont'd)

(a) Segment results, assets and liabilities (cont'd)

	Mining A$	Others* A$	Total A$
30 June 2020			
Revenue			
From external customers	-	-	-
From other segments	-	-	-
Segment revenues	-	-	-
Effect on Segment operations – foreign currency translation loss	(33,334)	-	-
Segment operating profit/(loss) before tax	3,394,871	(5,062,866)	(1,667,995)
Segment assets	6,094,603	12,083,301	18,177,904
Segment liabilities	1,570,317	571,335	2,141,652

*Others relate to the corporate activities of the Company as well as the other operating segments that are not reportable.

(b) Reconciliations of reportable segment profit or loss, assets and liabilities to its consolidated financial statement:

Loss before taxation

	1.7.2020 to 30.6.2021 A$	1.7.2019 to 30.6.2020 A$
Reportable segments loss before taxation	(1,352,722)	(1,667,995)
Unallocated income	-	-
	(1,352,722)	(1,667,995)

Assets

	30.6.2021 A$	30.6.2020 A$
Segments assets	16,595,932	18,177,904
Elimination of inter-segment assets	(13,620,126)	(15,245,428)
Consolidated assets	2,975,806	2,932,476

19 Segment reporting (cont'd)

Liabilities

	30.6.2021 A$	30.6.2020 A$
Segments liabilities	4,144,760	2,141,652
Elimination of inter-segment liabilities	(587,210)	-
Consolidated liabilities	3,557,550	2,141,652

20 OPERATING LEASE COMMITMENTS

The Company leases office premises for sales, marketing and administrative support purpose.

Shor term leases has not been capitalised in right of use assets and lease liabilities are as follows:

	Group	
	30.6.2021 A$	30.6.2020 A$
Balance at beginning of the year	38,000	51,657
Lease expenses paid during the period	(12,164)	(15,687)
Lease expenses not capitalised during the period (short term)	(12,918)	(17,985)
Balance at end of the year	12,918	17,985

Operating lease payments represents rents payable by the Company for office premises and other operating facilities. Lease is negotiated for a term of 3 years and rentals are fixed for an average of 1 to 3 years. Certain office premise has the options to renew for another one year at market rate subject to agreement by both parties for which the related lease payments had not been included in lease liabilities as the Company is not reasonably certain to exercise these options as it is also subject to final agreement with the lessor.

21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management is integral to the development of the Group's and the Company's business. The Group and the Company has in place the financial risk management policies to manage its exposure to a variety of risks to an acceptable level. The Group's and the Company's principal financial risk management policies are as follows:

21.1 CREDIT RISK

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's exposure to credit risk arises primarily from cash and cash equivalents and other receivables. For other receivables, the Company and the Group adopt the policy of dealing only with high credit quality counterparties.

21 Financial risk management objectives and policies (cont'd)

21.1 CREDIT RISK (CONT'D)

The Company's and the Group's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure.

Cash, cash equivalents and term deposits are held with reputable financial institutions.

Credit exposure to an individual counterparty is restricted by credit limit that are approved by the management based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management.

21.2 LIQUIDITY RISK

Liquidity risk is the risk that the Company or the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company's and the Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company and the Group manage liquidity risk by monitoring forecast cash flows.

21.3 MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the company's financial position or cash flows.

(i) ***Currency Risk***

Currency risk is the risk that value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Group is not exposed to any significant foreign currency risk because the Group has not commenced trade activity since the date of incorporation. The main operation for the Group is exploration activity relating to the Silverstone Projects in China which is not expose any significant currency risk.

(ii) ***Interest Rate Risk***

Interest rate risk is the risk that the fair value of future cash flows of the Group's and the Company's and the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group and the Company manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market.

The Company's and the Group's exposure to interest rate risk arises primarily from fixed deposits with average maturity within 3 months.

22 CAPITAL RISK MANAGEMENT

The Group's and the Company's objectives of managing capital are to safeguard the Group's and the Company's ability to continue in operations as a going concern and to provide fair returns for shareholders and to maintain an optimal capital structure to reduce cost of capital.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders' return, taking into considerations the future capital requirements of the Group and capital efficiency. The Group does not have any borrowings as at the financial year end.

The Group currently does not adopt any formal dividend policy.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Group, is reasonable.

23 FAIR VALUE ESTIMATION

All financial assets and liabilities are carried at amounts not materially different from their fair values as at the reporting date.

24 SIGNIFICANT EVENT DURING THE YEAR

No matter or circumstance has arisen since 30 June 2021, except that at the date of the report, the COVID-19 outspread and related global responses have caused material disruptions to business around the world.

The COVID-19 pandemic has affected the business and economy activities. The Company and the Group foresees impact due to any movement control orders (full or partial lockdown) effected in the countries of and any business associates. At the date of these financial statements were authorised for issue, the Company and the Group will operate on a business as usual basis within applicable regulations and its continuing focus will be on growing its business. The Company and the Group is not aware of any circumstances that will cause significant disruption to the operations.

The duration and and impact of the COVID-19 pandemics as well as the effectiveness of government and central bank responses, remain unclear at the date of these financial statements were authorised for issue. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and financial performance of the Company and the consolidated entity's state of affairs of the Group for future periods. The Company and the Group are monitoring the situation closely and to mitigate the financial impact.

25 SIGNIFICANT EVENT AFTER THE BALANCE SHEET DATE

On 6 September 2021, the Company has entered into a Loan Repayment Deferment Agreement with Tee Chee Seng ("Investor"). Subject to shareholders' approval, the Company will grant the Investor the option to subscribe for up to 31,800,000 new shares at an issue price of RMB0.189 (or A$0.04 based on the agreed foreign exchange conversion rate). This approval is a condition precedent for the disbursement of a RMB6,010,200 (or A$1,272,000 based on the agreed foreign exchange conversion rate). As of the date of this report, this convertible has not been disbursed to the Company.

26 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

There are no contingent liabilities and capital commitments as at the date of this financial statements.

27 AUTHORISATION FOR ISSUE OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company were authorised for issue by the Board of Directors on 30 September 2021.

28 COMPARATIVE FIGURES

The financial statements of the previous year which is presented for comparative purpose were examined and reported on by another firm of auditors.