Yilgarn Minerals Limited

ABN 85 115 050 452

Annual Financial Report
30 June 2020

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Yilgarn Minerals Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2020.

Directors

The following persons were directors of Yilgarn Minerals Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Hugh Dai
Marc Italia
Michael Ivkovic (appointed 27 May 2020)
Clive Trist (resigned 31 December 2020)

Hugh Renhuo Shao Dai, Managing Director

Mr Dai was appointed to the Board of Directors in September 2009.

Mr Dai began his career in resource investment with an investment bank in China in 1986. He has been involved in mining, resources, investment and marketing businesses for over 30 years and has extensive experience in trading and investment in both China and Australia. During his career, Mr Dai has worked in many senior management roles developing a network of high-level contacts in both government and private sectors in China. He has regularly played a key role in negotiating and securing international trade and mining agreements, especially the formation of the investment ventures between Chinese corporations and Australian mining companies.

Mr Dai was Managing Director/CEO of International Coal Ltd (ICX), an ASX listed company, from 2011 to 2015 and was instrumental in raising seed capital to IPO the company on the ASX. Subsequent to its listing the company was successful in confirming mineral reserves of over billion tonnes of coal.

Mr Dai's diverse range of experience across regulatory bodies, financial institutions and relevant government agencies in both Australia and China provides a key link between mining a resource and marketing its products. He is currently a director on several proprietary company boards, and is a member of the Australian Institute of Company Directors. Mr Dai is a graduate of University of Hunan, China, with a Bachelor of Economics Degree and Master of Arts in International Studies at Griffith University, Australia.

Marc Italia, Non-Executive Director

Mr Italia was appointed to the Board of Directors in November, 2011.

Marc's career has spanned some 20 years across a broad industry base; infrastructure (tollways, water and gas distribution), renewable energy and communication sector, agriculture and horticulture, property development, investments (incl. investment banking), hotels and accommodation, casino and entertainment industries - ranging in size from $1M to multi-billion dollar corporations; CityLink, Westar Gas, Crown (Casino), Southern Pacific Hotel Corporation (SPHC), AWB Ltd (Australian Wheat Board), Renzella Property & Hospitality, Olive Plantations of Australia Ltd, AIRSTAYZ™, Integrated Energy Corporation Pty Limited and overseeing a range of off-market investments in the technology sectors.

His years of experience at both operational, Executive and Board level demonstrated to him there is a definite need for clarity in decision making when balancing the risk reward equation. Marc's core skill base is corporate finance and advisory/corporate development and he holds a Bachelor of Business in Hotel Management and Finance, an MBA (Australia) specialising in International Business and has undertaken the CPA program (Australia).

Michael Ivkovic, Non-Executive Director

Michael Ivkovic has extensive experience in the structured finance, funds management and investment banking industry in Australia and Asia. Michael was formerly the Chairman of Brick Securities Limited, and Executive Chairman of NZI Securities Limited, NZI Investments Limited and Managing Director of joint venture property development company, Armco Jennings Pty Limited. Michael established 'The Australian Private Capital Advisory Group' in 1988 and retired from that position in 1998 following a management buyout. Since that time Michael has served as a Director of Paramount Securities Limited and the publicly listed Harrington Limited, AFT Limited, Meridien Resources Limited and Capital Mining Limited.

Michael is currently Managing Director of Hightower Finance Pty Limited and a non-Executive Director of unlisted public companies Golden Globe Resources and Yilgarn Minerals Limited. Michael holds a Bachelor of Commerce degree from the University of New South Wales.

Michael joined the Yilgarn Minerals Board in May 2020.

Clive Trist, Independent, Non-Executive Chairman

Clive Trist's career as a Company Director, Corporate Advisor and investment Banker spans some 30 years' experience across a broad range of sectors including, mining and resources, energy, technology, manufacturing, life sciences, communications, transport and logistics. This is underpinned by an international track record in business transformation, development and leadership through appointments as an Independent Chairman and Non – Executive Chairman and Non-Executive Director in publicly listed and private companies, both in Australia and overseas.

In 2004 he founded Australian mining company Van Dieman Mines plc. As Managing Director he led its successful listing on the LSE, the securing of mining and environmental approvals and the establishment on site of mining and processing infrastructure. Prior to that, as corporate advisor to life sciences company Cryosite Ltd, he oversaw the company's successful listing on the ASX. Internationally, as Non – Executive Chairman of UK headquartered process engineering company Barr and Murphy Group, he led for over 10 years the Group's growth throughout Europe, North America & SE Asia.

Between 1991 and 1995 he was a founding partner in the international investment banking firm MACC Partners Australia and prior to that he was a founding Director of the Corporate Advisory Services division of Australian merchant bank Spedley Limited. Mr Trist is currently Chairman of Hanbury Capital Limited, an unlisted corporate advisory, M&A and capital markets firm founded in 1996 and which operates in association with corporate advisory and investment banking professionals.

Clive holds a Bachelor's Degree in Engineering, a Masters Degree in Business Administration and Post Graduate Studies in Industrial Law and Labour Relations. He is a foundation fellow of the Australian Institute of Company Directors, a member of the Australian Institute of Mining and Metallurgy holding Chartered Professional status and a member of the Australian Institute of Energy.

Clive resigned from his role on the Yilgarn Minerals Board in December 2020.

Company Secretary and Chief Financial Officer

Ross Lorking

Mr Ross Lorking CA, ACIS is a Chartered Accountant and Chartered Secretary and has been with Yilgarn Minerals Limited since incorporation. Mr Lorking has over 35 years financial experience and after qualifying with Deloitte, has worked in commerce and various consulting engagements with large Australian corporations. In addition to his role as Company Secretary, Mr Lorking is also acting in the role of the Chief Financial Officer of the Company.

Operations Manager (Australia)

Adam Mackenzie

Mr Adam Mackenzie is a Geologist with 20 years' experience in exploration, resource development and mining operations within Australia and overseas. Adam's operations expertise comes from his diverse mining background in the surface and underground mining of poly-metals, coal and quarry commodities.

During this time Adam has been responsible for resource identification, feasibility studies, planning and execution of large mining projects with multi-disciplinary teams, in a variety of management and consulting roles with companies such as BHP, Anglo and Holcim.

Adam is the Managing Director of Boya Resources, who provides technical advice and operation services to the mining and extractive industries. Mr Mackenzie has an Honours degree in Science (Applied Geology) from Curtin University W.A. and a Diploma in Project Management from Central Queensland University.

Dividends
There were no dividends paid, recommended or declared during the current or previous financial year.

Financial Position
During the year, the consolidated entity had successful capital raising amounting to net inflow of $1,537,500 (30 June 2019: $1,469,460).

The Group is reporting a total comprehensive loss of $3,130,419 for the period ended 30 June 2020 (30 June 2019: $1,019,964). The loss is predominantly arising from impairment charges recognised against the Group's plant and machinery assets located in China. The impairment charges are reflective of the expected recoverable value arising from the Group's sales negotiations underway in the first months of the 2021 calendar year, including the settlement of all obligations and commitments the Group holds in relation to its previous arrangements with its respective Chinese counterparties. The decision to divest the Group's interest in the HPQ plant has been necessitated to by ASX pre-approval requirements as outlined further below.

Review of operations
During the 2020 financial year the Yilgarn Group sought to capitalise on the significant milestone achievements in 2019 and seek a listing on the Australian Stock Exchange (ASX).

From July 2019 through to January 2020 the Group continued to refurbish the plant in China including addressing environmental compliance issues. The plant was then closed for four months during COVID lockdown. The refurbishment activity was subsequently completed, and the plant commenced with producing its first marketable HPQ sand products in July 2020. A sale price of $2000 per ton was achieved.

In supporting this direction, Directors engaged the services of several key experts (such as well-known Worley Parsons) to provide reports, and travelled to China several times to visit with them onsite at the China Plant. In addition, whilst in China, Directors also met with the JV partner, investors, Government Officials, distributors and off-take buyers.

During the financial year no exploration or mining activity took place in Australia, with only minimal tenement upkeep charges being incurred. The main contributing factors of the low-level activity being the impact of COVID lockdowns and focus on finalising the plant refurbishment in China.

In anticipation of the IPO process commencing, a lead broker was appointed to manage the listing. A prospectus was finalised, including legal and financial due diligence activities being undertaken and a pre-approval application was lodged with the ASX in the first quarter of the 2020 calendar year.

Unfortunately, these initiatives were unsuccessful as the ASX listing committee raised several concerns including the Group's capital structure and its involvement in a joint venture ownership arrangement relating to the HPQ plant, located in China. The pre-approval application was therefore declined.

Matters subsequent to the end of the financial year

In October 2020 Atomic Legal were engaged to secure a further attempt to gain ASX's pre-approval for listing. Despite successfully addressing a number of issues, the ASX once more cited the continued HPQ plant and machinery ownership in China as being unacceptable in their views and consequently declined the Group's application again.

The Directors therefore decided in seeking to off-load the HPQ plant and replace the production capability with a dedicated toll processing arrangement. Further details are provided below.

In terms of fund-raising activities subsequent to year-end, Golden Globe Resources (GGR) took up a further placement of shares for $125,000. This transaction resulted in Yilgarn increasing its shareholding in GGR to 3,750,000 shares. Subsequently GGR shareholders were rewarded with a one for two bonus issue taking Yilgarn's shareholding in GGR to just over 5,000,000 shares.

Likely developments and expected results of operations

In view of the ASX position outlined above, the Group's Directors identified a buyer for its refurbished HPQ plant and machinery.

As at March 2021, negotiations are in an advanced stage with a major HPQ producer listed on the Shanghai Stock Exchange, with a final term sheet being expected in due course.

As part of the terms of the sales transaction, Yilgarn is also expecting to settle all of its Chinese lease liabilities and other commitments in relation to the joint venture arrangements that arose over the prolonged involvement with various Chinese counterparties. The Directors expect to generate approximately $600,000 from the transaction.

In order to maintain Yilgarn's mine-to-market business concept a long-term product off-take and toll processing arrangement is furthermore being negotiated by the Group's Directors, the details of which will be communicated upon completion thereof.

Following the successful sale of the HPQ plant the Group intends to relaunch its bid of listing on the ASX in the third quarter of the 2021 calendar year. In the interim the Directors' are preparing a one for ten non renounceable rights issue to raise approximately $750,000.

The majority of these funds are earmarked for further exploration activity (to increase JORC Measured Resource) and commence commercial mining operations on the Group's Maydowns and surrounding tenements. The remaining funds are to be used for securing professional services associated with the ongoing IPO initiative(s).

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law other than those normally associated with the mining and processing of minerals contained within the consolidated entity's tenements.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2020, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Hugh Shao Dai	14	14
Marc Italia	13	14
Clive Trist	14	14

Held: represents the number of meetings held during the time the director held office.

Shares under option
A total of 34,125,000 share options were issued during the financial year, the majority of these options being linked to fund raising transactions, which attracted 1 or alternatively 2 options for every share acquired. Total options issued as at 30 June 2020 amount to 69,445,000. The majority of the options, namely 64,445,000 of these will expiring on 18 June 2022, with the remaining 5,000,000 expiring earlier on 31 May 2022.

Subsequent to year end, the consolidated entity have increased issued share options by a further 2,500,000 to 71,945,000 as at the date of this report.

Shares issued on the exercise of options
There were no ordinary shares of Yilgarn Minerals Limited issued on the exercise of options during the year ended 30 June 2020 and up to the date of this report.

Indemnity and insurance of officers
The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

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

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

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor
William Buck continues in office in accordance with section 327 of the Corporations Act 2001.

Going concern

For the year ended 30 June 2020 the Group generated an operating loss of $3,130,419 (2019: $ 1,012,236) and incurred cash outflows from operations of $637,890 (2019: $374,055). Included in the current year's losses are non-cash impairment charges amounting to $1,725,749. During the year, the Group was able to raise $1,537,500 in capital.

- In order to continue with the Group's operations, the Directors are in the process of raising additional working capital of between $750,000 to $1M through a combination of private placements and a rights issue in the first half of the 2021 calendar year.

- Furthermore, additional cash funds of approximately $600,000 are expected from the finalisation of the assets held-for-sale transaction, upon completion of the negotiations still underway at the date of release of the financial report;

- The Directors note that payables due as at 30 June 2020, amounting to $350,000 are settled by the issue of shares in the subsequent period;

- In addition, the Directors have prepared detailed budgets and cash flow forecasts which consider the Group's current and future working capital requirements allowing the Directors to closely monitor and control cash requirements of the Group.

Accordingly, the Directors have prepared the financial statements on a going concern basis.

However, the Directors are acutely aware that the continuing viability of the Group and its ability to continue as a going concern and to meet its debts and commitments as and when they fall due are contingent upon the Group being successful in raising additional sources of capital and to commence in commercially exploiting its Australian tenement holdings.

In the event that the Group is unsuccessful in these endeavours, there is significant uncertainty as to whether the Group will be able to continue as a going concern and, therefore whether it will realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report.

After consideration of the above matters, the directors believe it appropriate for the financial statements to be prepared on a going concern basis.

- At this time, the directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report at 30 June 2020.

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

On behalf of the directors

Hugh Shao Dai
Director

08/03/2021
Sydney, Australia

Michael Ivkovic
Director

Yilgarn Minerals Limited

Auditor's independence declaration under section 307c of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020 there have been:

— no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck
Accountants & Advisors
ABN: 16 021 300 521

Rainer Ahrens

R. Ahrens
Director
Sydney, 8 March 2021

ACCOUNTANTS & ADVISORS

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Yilgarn Minerals Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	Note	Consolidated 2020 $	2019 $
Revenue			
Sales of sample quartz products		9,374	9,171
Cost of sales		(7,778)	(7,610)
Gross profit		1,596	1,561
Interest income		2,839	252
Expenses			
Other Expenses	4	(1,861,459)	(87,642)
Director Fees		(269,150)	(326,400)
Legal and Consulting Fees		(714,785)	(280,008)
Success Fees		-	(320,000)
Depreciation and lease contract expense		(244,750)	-
Finance and lease contract expense		(44,710)	-
Loss before income tax expense		(3,130,419)	(1,012,237)
Income tax expense	5	-	-
Loss after income tax expense for the year		(3,130,419)	(1,012,237)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(5,775)	(6,260)
Other comprehensive income for the year, net of tax		(5,775)	(6,260)
Total comprehensive income for the year		(3,136,194)	(1,018,497)
Loss for the year is attributable to:			
Non-controlling interest		-	1,467
Owners of Yilgarn Minerals Limited	17	(3,130,419)	(1,013,704)
		(3,130,419)	(1,012,237)
Total comprehensive income for the year is attributable to:			
Non-controlling interest		-	1,467
Owners of Yilgarn Minerals Limited		(3,136,194)	(1,019,964)
		(3,136,194)	(1,018,497)

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

Yilgarn Minerals Limited
Statement of financial position
As at 30 June 2020

	Note	Consolidated 2020 $	2019 $
Assets			
Current assets			
Cash and cash equivalents	6	114,784	838,017
Trade and other receivables	7	18,944	843,106
Prepayments	8	27,381	42,509
		161,109	1,723,632
Assets classified as held for sale	9	1,500,917	-
Total current assets		1,662,026	1,723,632
Non-current assets			
Investments	10	250,000	-
Plant under construction	11	-	132,653
Tenement assets	12	1,090,065	1,039,362
Total non-current assets		1,340,065	1,172,015
Total assets		3,002,091	2,895,647
Liabilities			
Current liabilities			
Trade and other payables	13	176,204	88,913
Director benefits	14	350,491	-
		526,695	88,913
Liabilities associated with assets classified as held for sale	9	900,917	-
Total current liabilities		1,427,612	88,913
Total liabilities		1,427,612	88,913
Net assets		1,574,479	2,806,734
Equity			
Issued capital	15	29,323,052	27,638,197
Reserves	16	196,302	99,430
Accumulated losses	17	(28,355,541)	(24,932,360)
Equity attributable to the owners of Yilgarn Minerals Limited		1,163,813	2,805,267
Non-controlling interest	18	410,666	1,467
Total equity		1,574,479	2,806,734

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

Yilgarn Minerals Limited
Statement of changes in equity
For the year ended 30 June 2020

Consolidated	Issued capital $	Share options $	Foreign Currency Translation Reserve $	Retained profits $	Non-controlling interest $	Total equity $
Balance at 1 July 2018	25,237,488	-	-	(23,918,657)	-	1,318,831
Profit/(loss) after income tax expense for the year	-	-	-	(1,013,704)	1,467	(1,012,237)
Other comprehensive income for the year, net of tax	-	-	(6,260)	-	-	(6,260)
Total comprehensive income for the year	-	-	(6,260)	(1,013,704)	1,467	(1,018,497)
Shares / options issued	50,000	3,000	-	-	-	53,000
Proceeds from capital raising	1,469,460	84,750	-	-	-	1,554,210
Capital raising charges	(137,750)	-	-	-	-	(137,750)
Issue of shares to LFQT by parent	400,000	-	-	-	-	400,000
Shares / options issued to service providers	320,000	1,440	-	-	-	321,440
Shares / options issued to directors	299,000	16,500	-	-	-	315,500
Balance at 30 June 2019	27,638,198	105,690	(6,260)	(24,932,361)	1,467	2,806,734

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

Yilgarn Minerals Limited
Statement of changes in equity
For the year ended 30 June 2020

Consolidated	Issued capital $	Share options $	Foreign Currency Translation Reserve $	Retained profits $	Non-controlling interest $	Total equity $
Balance at 1 July 2019	27,638,198	105,690	(6,260)	(24,932,361)	1,467	2,806,734
Effect of first year application of new standard AASB16	-	-	-	(292,761)	-	(292,761)
Balance at 1 July 2019 - restated	27,638,198	105,690	(6,260)	(25,225,122)	1,467	2,513,973
Profit/(loss) after income tax expense for the year	-	-	-	(3,130,419)	-	(3,130,419)
Other comprehensive income for the year, net of tax	-	-	(5,775)	-	-	(5,775)
Total comprehensive income for the year	-	-	(5,775)	(3,130,419)	-	(3,136,194)
Proceeds from Capital raisings	1,950,750	102,646	-	-	-	2,053,396
Capital raising charges	(265,895)	-	-	-	-	(265,895)
Issue of shares to LFQT by subsidiary	-	-	-	-	409,199	409,199
Adjustment of allocate NCI in retained earnings	-	-	-	-	-	-
Balance at 30 June 2020	29,323,053	208,336	(12,035)	(28,355,541)	410,666	1,574,479

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

Yilgarn Minerals Limited
Statement of cash flows
For the year ended 30 June 2020

	Note	Consolidated 2020 $	2019 $
Cash flows from operating activities			
Receipts from customers		9,374	(22,076)
Payments to suppliers		(650,102)	(356,737)
		(640,728)	(378,813)
Interest received		2,838	4,758
Net cash used in operating activities	26	(637,890)	(374,055)
Cash flows from investing activities			
Payments of non-refundable deposit on plant acquisition		-	(400,000)
Payments for plant upgrades and initial refurbishment activities	11	(1,337,641)	(132,653)
Payments for exploration and evaluation activities		(272,825)	(129,903)
Net cash used in investing activities		(1,610,466)	(662,556)
Cash flows from financing activities			
Net proceeds from capital raisings	15	1,537,500	1,469,460
Net cash from financing activities		1,537,500	1,469,460
Net increase/(decrease) in cash and cash equivalents		(710,856)	432,849
Cash and cash equivalents at the beginning of the financial year		838,017	411,428
Effects of exchange rate changes on cash and cash equivalents		(12,377)	(6,260)
Cash and cash equivalents at the end of the financial year	6	114,784	838,017

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

Note 1. General information

The financial statements cover Yilgarn Minerals Limited as a consolidated entity consisting of Yilgarn Minerals Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Yilgarn Minerals Limited's functional and presentation currency.

Yilgarn Minerals Limited is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office	**Principal place of business**
Unit 7 3 Gibbes Street Chatswood NSW 2067	Unit 7 3 Gibbes Street Chatswood NSW 2067

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 8 March 2021. The directors have the power to amend and reissue the financial statements.

Going concern

For the year ended 30 June 2020 the Group generated an operating loss of $3,130,419 (2019: $ 1,012,236) and incurred cash outflows from operations of $637,890 (2019: $374,055). Included in the current year's losses are non-cash impairment charges amounting to $1,725,749. During the year, the Group was able to raise $1,537,500 in capital.

- In order to continue with the Group's operations, the Directors are in the process of raising additional working capital of between $750,000 to $1M through a combination of private placements and a rights issue in the first half of the 2021 calendar year;

- Furthermore, additional cash funds of approximately $600,000 are expected from the finalisation of the assets held-for-sale transaction, upon completion of the negotiations still underway at the date of release of the financial report;

- The Directors note that payables due as at 30 June 2020, amounting to $350,000 are settled by the issue of shares in the subsequent period;

- In addition, the Directors have prepared detailed budgets and cash flow forecasts which consider the Group's current and future working capital requirements allowing the Directors to closely monitor and control cash requirements of the Group

Accordingly, the Directors have prepared the financial statements on a going concern basis.

However, the Directors are acutely aware that the continuing viability of the Group and its ability to continue as a going concern and to meet its debts and commitments as and when they fall due are contingent upon the Group being successful in raising additional sources of capital and to commence in commercially exploiting its Australian tenement holdings.

In the event that the Group is unsuccessful in these endeavours, there is significant uncertainty as to whether the Group will be able to continue as a going concern and, therefore whether it will realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report.

After consideration of the above matters, the directors believe it appropriate for the financial statements to be prepared on a going concern basis.

At this time, the directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report at 30 June 2020.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

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

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

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 16 Leases
The consolidated entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position.

Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the
lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

- accounting for leases with a remaining lease term of 12 months as at 1 July 2019 as short term leases;
- excluding any initial direct costs from the measurement of right-of-use assets; and
- using hindsight in determining the lease term when the contract contains options to extend or terminate the lease.

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').

Historical cost convention
The financial statements have been prepared under the historical cost convention.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 23.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Yilgarn Minerals Limited ('company' or 'parent entity') as at 30 June 2020 and the results of all subsidiaries for the period then ended. Yilgarn Minerals Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity' and/or 'Group'.

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

Note 2. Significant accounting policies (continued)

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

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Foreign currency translation
The financial statements are presented in Australian dollars, which is Yilgarn Minerals Limited's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition
The consolidated entity recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Note 2. Significant accounting policies (continued)

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

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

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 2. Significant accounting policies (continued)

Non-current assets or disposal groups classified as held for sale
Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

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

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

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

Investments and other financial assets
Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets
The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Plant under construction
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Note 2. Significant accounting policies (continued)

No depreciation was charged during the period as the plant and equipment acquired during the period is capital work in progress, and is not yet 'available for use'. The residual values, useful lives and depreciation methods will be reviewed, and adjusted if appropriate, at each reporting date.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Exploration and evaluation assets
Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Capitalised mining development costs include expenditures incurred to develop new ore bodies to define further mineralisation in existing ore bodies, to expand the capacity of a mine and to maintain production. Mining development also includes costs transferred from exploration and evaluation phase once production commences in the area of interest.

Amortisation of mining development is computed by the units of production basis over the estimated proved and probable reserves. Proved and probable mineral reserves reflect estimated quantities of economically recoverable reserves which can be recovered in the future from known mineral deposits. These reserves are amortised from the date on which production commences.

The amortisation is calculated from recoverable proven and probable reserves and a predetermined percentage of the recoverable measured, indicated and inferred resource. This percentage is reviewed annually. Restoration costs expected to be incurred are provided for as part of development phase that give rise to the need for restoration.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments
Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

Note 2. Significant accounting policies (continued)

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Issued capital
Ordinary shares are classified as equity.

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

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the reporting period ended 31 December 2019. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 3. 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.

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions with key management personnel by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Rehabilitation provision
The consolidated entity is aware of its requirements to provide for the present value of anticipated costs for future rehabilitation of land explored or mined. The consolidated entity's mining and exploration activities are subject to various laws and regulations governing the protection of the environment.

The consolidated entity recognises management's best estimate for assets retirement obligations and site rehabilitations in the period in which they are incurred. Actual costs incurred in the future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision. As at 31 December 2019, the consolidated entity's mining activities have not reached operational status.

Exploration and evaluation costs capitalised
Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Note 4. Other Expenses

	Consolidated	
	2020 $	2019 $
Administration expenses	135,710	87,642
Tenement impairment cost (Note 12)	222,121	-
Impairment of capitalised refurbishment costs (Note 11)	1,503,628	-
	1,861,459	87,642

Note 5. Income tax expense

	Consolidated 2020 $	Consolidated 2019 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(3,130,419)	(1,012,237)
Tax at the statutory tax rate of 30%	(939,126)	(303,671)
Current year tax losses and temporary differences not recognised	939,126	303,671
Income tax expense	-	-

	Consolidated 2020 $	Consolidated 2019 $
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	15,860,894	15,460,265
Potential tax benefit @ 30%	4,758,268	4,638,080

The assessed and assessable income tax losses shown above will be recognisable to the extend the company can demonstrate sufficient taxable income being available to utilise these in the foreseeable future

Note 6. Current assets - cash and cash equivalents

	Consolidated 2020 $	Consolidated 2019 $
Cash at bank	114,784	838,017

Note 7. Current assets - trade and other receivables

	Consolidated 2020 $	Consolidated 2019 $
Trade receivables - GST receivable	18,944	43,106
Non-refundable deposit paid to LFQT (Note 11)	-	800,000
	18,944	843,106

Note 7. Current assets - trade and other receivables (continued)

Non-refundable deposit paid to LFQT

Background:
On 18 June 2018, the Group entered into an agreement to acquire high purity quartz ('HPQ') business assets and related leasehold interest asset(s) (the 'Agreement'), entered by the Group and Lianyungang Folaide Quartz Technology Co Ltd ('LFQT').

Deposit:
During the 2019 financial year the Group paid a non-refundable deposit of AUD$800,000 in the form of AUD $400,000 cash and AUD $400,000 in Yilgarn Ordinary Shares, as confirmed by LFQT.

Transfer to plant under construction:
During the 2020 financial year the Group commenced with significant refurbishment activity and the deposit payment was consequently transferred to form part of the plant under construction asset. Please refer to Note 11.

Note 8. Current assets - Prepayments

	Consolidated	
	2020 $	2019 $
Prepayments	27,381	42,509

Note 9. Current assets - assets classified as held for sale

	Consolidated	
	2020 $	2019 $
Assets classified as held for sale (***Part A below***)	1,500,917	-
Net Liabilities as held for sale - closing balance (***Part B below***)	(900,917)	-
Net assets held for sale	600,000	-

	2020 $
Part A – Assets	
Assets classified as held for sale	
Right of use asset - opening balance as at 1 July 2019	979,000
Amortisation charge for the year	(244,750)
Right of use asset - closing balance as at 30 June 2020	734,250
Plant under construction classified as held for sale (Note 11)	766,666
Assets classified as held for sale - closing balance	**1,500,917**

	2020 $
Part B – Net Liabilities	
Net liabilities associated with assets classified as held for sale - AASB16	
Lease liability - opening balance as at 1 July 2019	(1,063,758)
Interest charge for the year	(44,710)
Lease payments allocated during the year	207,551
Liabilities liability – closing balance as at 30 June 2020	**(900,917)**

Note 9. Current assets - assets classified as held for sale (continued)

The decision by the Group's Directors to put the refurbished HPQ plant and machinery up for sale and commence with actively seeking a buyer is based on the ASX's IPO pre-approval requirements as confirmed during the subsequent period.

As at March 2021, negotiations are in an advanced stage with a major HPQ producer listed on the Shanghai Stock Exchange, with a final term sheet being expected in due course.

As part of the terms of the sales transaction, Yilgarn is also expecting to settle all of its Chinese lease liabilities and other commitments in relation to the joint venture arrangements that arose over the prolonged involvement with various Chinese counterparties.

The Directors expect to generate approximately $600,000 from the sales transaction.

Note 10. Non-current assets - Investments

	Consolidated	
	2020	**2019**
	$	**$**
Share investments in Golden Globe Resources Limited at cost	250,000	-

Golden Globe Resources Limited ('GGR') has common directorship with the Yilgarn Group as a result of Mr. Michael Ivkovic joining the Yilgarn Group during May 2020.

Note 11. Non-current assets - Plant under construction

	Consolidated	
	2020	**2019**
	$	**$**
Refurbishment costs capitalised	-	132,653

The high-quality quartz ('HPQ') processing plant, located in the Jiangsu Province in China, was subjected to an extensive refurbishment program. The capitalised costs include professional service charges for review and testing of existing machinery and plant, exchange, repair and replacement of components as required.

The refurbishment activity drew to a conclusion around 30 June 2020 when the initial production run was conducted. The build-up of the refurbishment costs is shown below. However, with the subsequent decision being made to sell the refurbished plant and based on the latest expected recoverable value, the plant has been reclassified as a part of "Assets held for sale", contained in Note 9.

	2020	2019
	$	$
Movement in refurbishment costs capitalised		
Plant under construction - opening balance	132,653	-
Non-refundable deposit paid to LFQT during the year ended 30 June 2019 (Note 7)	800,000	-
Refurbishment costs capitalised during the period	1,337,641	132,653
Impairment provision	(1,503,628)	-
Assets classified as held for sale (Note 9)	(766,666)	-
Asset held for sale/ Plant under construction - closing balance	-	132,653

Note 12. Non-current assets - Tenement assets

	Consolidated 2020 $	2019 $
Tenements: exploration and evaluation charges capitalised	1,090,065	1,039,362

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Tenement $	Total $
Balance at 1 July 2018	909,460	909,460
Additions	129,902	129,902
Balance at 30 June 2019	1,039,362	1,039,362
Additions	272,824	272,824
Exploration costs written-off upon licence being allowed to expire.	(222,121)	(222,121)
Balance at 30 June 2020	1,090,065	1,090,065

The Group, together with ROM Resources, completed a resource estimate report relating to the Maydowns tenement on 22 July 2019. The latest report, compiled under the JORC framework, reconfirms the industrial quantities of high-quality quartz identified to 24 September 2019, confirming approximately 70,000 tns of commercial grade product.

As at 10 December 2020, all tenements were confirmed to be in good standing in terms of all statutory obligations as required under the Mineral Resources Act 1989.

The Directors have assessed the value of the consolidated entity's interest in all exploration and expenditure costs capitalised and are of the opinion that in relation to the consolidated entity's mine to market strategy, no impairment indicators are present. The write-off relates to the ML100075 'Iceberg' tenement who's licence was not renewed upon careful assessment by the board.

The consolidated entity's remaining tenements may be subject to claim(s) under the Native Title (or jurisdictional equivalent) or contain sacred sites, or sites of significance to the indigenous people of Australia. As a result, exploration properties or areas within the tenements may be subject to exploration and mining restrictions and/or claims for compensation. At this time, it is not possible to quantify whether such claims exist, or the quantum of any such claims, if any.

In order to secure access to certain tenements, the consolidated entity entered into contingent payment and royalty arrangements as outlined in Notes 21 and 22.

Note 13. Current liabilities - trade and other payables

	Consolidated 2020 $	2019 $
Trade payables	176,204	88,913

Note 14. Current liabilities - Director benefits

	Consolidated 2020 $	2019 $
Director benefits payable	350,491	-

Also see Note 24 contingent liability part 1.

Note 15. Equity - issued capital

	Consolidated 2020 Shares	2019 Shares	2020 $	2019 $
Ordinary shares - fully paid	139,816,241	119,808,741	29,323,052	27,638,197

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2018	957,574,630		25,237,487
Aug 2018 - Pre-IPO Capital raise		3,530,000	$0.10	35,300
Aug 2018 - Pre-IPO Capital raise		2,166,000	$0.10	21,660
Dec 2018 - Share Consolidation at 1 for every 10 held		(866,943,556)	$0.00	-
May to June 2019 - Pre-IPO Capital raise		14,125,000	$0.10	1,412,500
Mar 2019 - Shares issue to LFQT (Refer Note 11)		2,666,667	$0.15	400,000
Jun 2019 - Share issue to Service Providers		3,200,000	$0.10	320,000
Jun 2019 - Share issue to Directors, for past services		2,990,000	$0.10	299,000
Jun 2019 - Share issue to Promoters		500,000	$0.10	50,000
Jun 2019 – Capital raising costs allocated		-	$0.00	(137,750)
Balance	30 June 2019	119,808,741		27,638,197
Jun 2020 - Pre-IPO Capital raise		13,092,500	$0.10	1,650,750
Jun 2020 - Share issue to Service Providers		500,000	$0.10	50,000
Jun 2020 - Share issue to Promoters		1,415,000	$0.00	-
GGR Share Swap		5,000,000	$0.05	250,000
Jun 2020 – Capital raising costs allocated		-	$0.00	(265,895)
Balance	30 June 2020	139,816,241		29,323,052

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

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

Capital risk management
The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position.

Note 16. Equity - reserves

	Consolidated 2020 $	2019 $
Foreign currency reserve	(12,033)	(6,260)
Options reserve	208,335	105,690
	196,302	99,430

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Share option reserve
A total of 34,125,000 share options were issued during the financial year, the majority of these options being linked to fund raising transactions, which attracted 1 or alternatively 2 options for every share acquired. Total options issued as at 30 June 2020 amount to 69,445,000. The majority of the options, namely 64,445,000 of these will expiring on 18 June 2022, with the remaining 5,000,000 expiring earlier on 31 May 2022.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Share Options $	Foreign Currency Translation $	Total $
Balance at 1 July 2018	-	-	-
Foreign currency translation	-	(6,260)	(6,260)
Fair value of share options issued to Investors / Promoters in June 2019	87,750	-	87,750
Fair value of share options issued to Service Providers in June 2019	1,440	-	1,440
Fair value of share options issued to Directors in June 2019	16,500	-	16,500
Balance at 30 June 2019	105,690	(6,260)	99,430
Foreign currency translation	-	(5,775)	(5,775)
Fair value of share options issued to Investors / Promoters in June 2020	99,647	-	99,647
Fair value of share options issued to Service Providers in June 2020	3,000	-	3,000
Balance at 30 June 2020	208,337	(12,035)	196,302

Note 17. Equity - accumulated losses

	Consolidated 2020 $	2019 $
Accumulated losses at the beginning of the financial year	(24,932,360)	(23,918,656)
Recognition of AASB16 lease application	(292,761)	-
Accumulated losses at the beginning of the financial year - restated	(25,225,122)	(23,918,656)
Loss after income tax expense for the year	(3,130,419)	(1,013,704)
Accumulated losses at the end of the financial year	(28,355,541)	(24,932,360)

Note 18. Equity - non-controlling interest

	Consolidated 2020 $	Consolidated 2019 $
Non-controlling interest – subsidiary capital raise (See below)	409,199	-
Non-controlling interest - retained profits	1,467	1,467
	410,666	1,467

The non-controlling interest has a 30% equity holding in Sinoquartz Material (Lianyungang) Co. Ltd.

Note 19. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 20. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by , the auditor of the company:

	Consolidated 2020 $	Consolidated 2019 $
Audit services -		
Audit or review of the financial statements	25,000	25,000
Other services -		
Accounting assistance provided	35,000	18,000
	60,000	43,000

Note 21. Contingent liabilities

The following contingent liabilities exist at period end:

1) Directors fees

A contingent liability remains for unpaid Directors Fees of $135,416. (2018: 135,416). As approved at the consolidated entity's April 2018 EGM the directors have agreed to take half of their unpaid fees in the form of shares at the price of 1c each prevailing at that time. These shares were issued in May 2018. The remainder of $135,416 will be paid only if Yilgarn liquid assets of in excess of $1 million are raised.

2) Payment to Millungera Energy Minerals Pty Ltd

An amount of $350,000 is payable under the Millungera Energy Minerals Pty Ltd (MEM) Acquisition Agreement (the 'MEM Agreement'), subject to a liquidity event as defined in the agreement occurring, namely:

(i) Yilgarn Minerals Limited's ordinary shares are listed on the ASX;
(ii) a third party acquires all the capital of Yilgarn Minerals Limited's on acceptable commercial terms; and
(iii) a third party acquires the related tenement on commercial terms acceptable to Yilgarn Minerals Limited.

This contingency has remained unchanged since being identified previously.

Note 21. Contingent liabilities (continued)

3) Royalties payable to Millungera Energy Minerals Pty Ltd

A contingent liability exists for royalties payable to MEM in accordance with the Royalty Agreement, as outlined in the MEM Agreement. Royalties are payable at A$10 per metric tonne of Quartz product for a five year period from the date Quartz is first produced and sold. Once the cumulative quantum of royalty payments exceeds $600,000, Royalties are payable at the greater of:

(i) 1% of the sale price (ex GST) under US$500 per metric tonne
(ii) A$10 per metric tonne of Quartz produced and sold by the company where the sale price is equal to or greater than US$500 per metric tonne

This contingency has remained unchanged since being identified previously.

4) Environmental and other remediation requirements

A contingent liability may exist relating to remediation action being required on the relevant tenement sites following exploration and/or mining activity, but due to the low scale level of disturbance at the tenements as at 31 December 2019, no provision is yet recognised. Management is closely monitoring its obligations arising from the mining licences issued during the current financial year.

Note 22. Commitments

1) Joint Venture with Nova Strategic Minerals Pty Ltd

In April 2018, the consolidated entity entered into a Quartz tenement agreement with Nova Strategic Minerals Pty Ltd (“Nova”) for a Joint Venture to mine quartz across the tenements- ML 10075, and Nova subsequently assigned EPM19373 and EPM26286 to the consolidated entity.

The consolidated entity continues to fund all associated transaction costs and will pay Nova 45% of the profits from any and all mineral resources extracted and sold from the mining operations. The primary focus being quartz.

Thus, it is a 55% (the consolidated entity) and 45% (Nova) Joint Venture arrangement. This agreement does provide the consolidated entity with the opportunity to commence mining sooner and undertake quartz testing, whilst enhancing the consolidated entity's Quartz JORC (Joint Ore Reserves Committee) status.

This commitment has remained unchanged since being identified previously.

2) Joint Venture Farm-In agreement with Multimines Pty Ltd

The consolidated entity has also entered into a JV Farm-In agreement with MultiMines Pty Ltd (“MM”) in relation to EPM 25894 where MM will fund all exploration, including drilling and geologists reports and manage the process with identifiable outcomes in looking for minerals other than quartz such as copper, cobalt and other minerals under this mining licence.

For an expenditure commitment of up to $100,000 MM will earn a 20% interest, leaving the consolidated entity with an 80% interest in any discovery.

This commitment has remained unchanged since being identified previously.

Note 22. Commitments (continued)

3) Management an Refurbishment Services Arrangement

During February 2020, the Company negotiated an agreement between itself and its non-controlling interest partner, LFQT, whereby the Company secured future management and refurbishment services for a 9 month period, subject to the Company's decision to commercially mine and commence development at the Company's Australian based Maydowns quartz project. The commercialisation activity is to proceed at the sole discretion of the Company's Board. The monthly charge attributable to the services is $100,000 per month. The commencement of the commercialisation activity is contingent on the Company's successful fund-raising activities.

As at March 2021, the Directors are in the process of negotiations with LFQT to cancel these arrangements as part of the sale of the plant.

Note 23. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2020	**2019**
	$	**$**
Loss after income tax	(2,844,961)	(1,012,439)
Total comprehensive income	(2,844,961)	(1,012,439)

Statement of financial position

	Parent	
	2020	**2019**
	$	**$**
Total current assets	136,132	842,016
Total assets	2,215,579	2,889,388
Total current liabilities	460,246	76,596
Total liabilities	460,246	76,596
Equity		
Issued capital	29,323,052	27,638,197
Options reserve	208,335	105,690
Accumulated losses	(27,776,054)	(24,931,095)
Total equity	1,755,333	2,812,792

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2020 and 30 June 2019.

Contingent liabilities
The parent entity has contingent liabilities as outlined in Note 24.

Capital commitments - plant under construction
The parent entity had no external capital commitments relating to the refurbishment program referred to in Note 25.

Note 23. Parent entity information (continued)

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 24. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest - 30 June 2020 %	Ownership interest - 30 June 2019 %
Millungera Energy Minerals Pty Ltd	Australia	100.00%	100.00%
Sinoquartz Tech (Lianyungang) Co. Ltd	Jiangsu Province / China	100.00%	100.00%
Sinoquartz Material (Lianyungang) Co. Ltd	Jiangsu Province / China	70.00%	70.00%

The Australian subsidiary was purchased in January 2017 as part of a focused approach to secure a local source of quartz product, through the strategic acquisition of appropriate tenement holdings.

The two Chinese entities have been incorporated as part of the consolidated entity's strategic plan to establish a mine to market supply chain operation relating to high purity quartz products.

Upon the successful completion of the agreement to acquire business assets and leasehold interest asset (the 'Agreement'), entered into by the consolidated entity and LFQT, the processing plant and leasehold interest is expected to be recognised within Sinoquartz Tech (Lianyungang) Co. Ltd, subject to local Chinese tax advice, yet to be finalised.

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries with non-controlling interests in accordance with the accounting policy described in note 2:

			Parent		Non-controlling interest	
Name	Principal place of business / Country of incorporation	Principal activities	Ownership interest - 30 June 2020 %	Ownership interest - 30 June 2019 %	Ownership interest - 30 June 2020 %	Ownership interest - 30 June 2019 %
Millungera Energy Minerals Pty Ltd	Australia	Quartz tenement holdings	100.00%	100.00%	-	-
Sinoquartz Tech (Lianyungang) Co. Ltd	Jiangsu Province / China	High Purity Quartz processing and associated marketing activities	100.00%	100.00%	-	-
Sinoquartz Material (Lianyungang) Co. Ltd	Jiangsu Province / China	High Purity Quartz operations	70.00%	70.00%	30.00%	30.00%

Note 24. Interests in subsidiaries (continued)

Summarised financial information
Summarised financial information of subsidiaries with non-controlling interests that are material to the consolidated entity are set out below:

	2020 $	2019 $
Summarised statement of financial position		
Current assets	1,442,598	1,341,677
Total assets	1,442,598	1,341,677
Current liabilities	66,619	12,214
Total liabilities	66,619	12,214
Net assets	1,375,979	1,329,463
Summarised statement of profit or loss and other comprehensive income		
Revenue	9,374	9,194
Expenses	(8,094)	(7,903)
Profit before income tax expense	1,280	1,291
Income tax expense	-	-
Profit after income tax expense	1,280	1,291
Other comprehensive income	-	-
Total comprehensive income	1,280	1,291
Statement of cash flows		
Net cash from operating activities	88,673	9,184
Net cash used in investing activities	(490,378)	(775,315)
Net cash from financing activities	409,210	763,146
Net increase/(decrease) in cash and cash equivalents	7,505	(2,985)

Transactions with non-controlling interests
During the year ended 30 June 2020 the Group confirmed the transfer of title from Sinoquartz Material (Lianyungang) Co. Ltd to Sinoquartz Tech (Lianyungang) Co. Ltd, relating to the plant assets, it had contractually agreed to acquire from LFQT previously. The plant acquisition transaction itself as well as the transfer of contractual rights and obligations was confirmed in an addendum signed by all parties in February 2020.

The plant recognition resulted in a deferred consideration amounting to AUD $1,200,000 being recorded, to be settled by the issue of YML shares. The Group entered into an arrangement with LFQT, to provide future services in relation to management and refurbishment requirements. No payments have yet been made under this agreement as it is deemed contingent upon the Group securing the financial ability to commence commercial mining operations (Note 24 Point 3)
As at March 2021, the Directors are in the process of negotiations with LFQT to cancel these arrangements as part of the sale of the plant.

Separate to the above, Group agreed to allot LFQT RMB 2,000,000 worth of ordinary shares in SQM. The share allotment is in recognition of 2 years" worth of rental contribution, settled by LFQT, in relation to the leasehold contract held by SQT, housing the acquired plant assets. The shares issue is not subject to renegotiation.

Note 25. Key management personnel disclosures

Directors

The names of the persons who were directors of Yilgarn Minerals Limited at any time during the financial year are listed in the directors' report on page 2. All the directors listed as still active as at 30 June 2020 are considered to Key Management Personnel, in addition to the company secretary and acting chief financial officer.

Share Holdings

The number of Yilgarn shares held during the financial year by each director of Yilgarn Minerals Limited and other key management personnel of the Group, including their personally related parties, are set out below.

2020 - Shares held	**Balance at the start of the year**	**Consolidation during the year**	**Issued during the year**	**Balance at the end of the year**
Directors of Yilgarn Minerals Limited Ordinary Shares				
Hugo Dai	15,136,596	-	-	15,136,596
Michael Ivkovic	-	-	5,000,000	5,000,000
Marc Italia	5,739,155	-	-	5,739,155
Clive Trist *	1,000,000	-	-	1,000,000
Other Key Management Personnel Ordinary Shares				
Ross Lorking	1,675,000	-	-	1,675,000

* resigned during December 2020

2019 - Shares held	**Balance at the start of the year**	**Consolidation during the year**	**Issued during the year**	**Balance at the end of the year**
Directors of Yilgarn Minerals Ordinary Shares				
Hugh Dai	58,875,000	(44,988,404)	1,250,000	15,136,596
Marc Italia	42,891,541	(37,652,386)	500,000	5,739,155
Clive Trist	-	-	1,000,000	1,000,000
Other Key Management Personnel Ordinary Shares				
Ross Lorking	15,550,000	(14,115,000)	240,000	1,675,000

Option Holdings

The number of Yilgarn options held during the financial year by each director of Yilgarn Minerals Limited and other key management personnel of the Group, including their personally related parties, are set out below.

2020 - Options held	**Balance at the start of the year**	**Issued during the year**	**Transferred during the year**	**Balance at the end of the year**
Directors of Yilgarn Minerals Limited Options				
Hugh Dai	2,500,000	-	-	2,500,000
Marc Italia	1,000,000	-	-	1,000,000
Clive Trist	2,000,000	-	-	2,000,000
Michael Ivkovic	-	5,000,000	-	5,000,000
Other Key Management Personnel Options				
Ross Lorking	240,000	-	-	240,000

Note 25. Key management personnel disclosures (continued)

Other related party transactions:

- Mr Hugh Dai, is a director and shareholder of Vtech Holdings Pty Ltd, a provider of consulting services to the Group's parent.
- Mr Michael Ivkovic, holds a common directorship with the Group and Golden Globe Resources ('GGR') which also is a shareholder of the Group.
- Mr Marc Italia and Mr Clive Trist both entered into a consultative arrangement with the Group's parent.
- Mr Ross Lorking, is remunerated for accounting and secretarial duties.

All these contracts are considered to be based on normal commercial terms and conditions.

	Consolidated	
	2020	**2019**
Amounts recognised as expense:		
Accounting and secretarial fees ~ classified as part of Legal and Consulting fees	40,000	25,440
Consulting fees ~ classified as part of Legal and Consulting fees	185,000	106,000
Director fees	269,150	326,400
Total fees paid to KMPs during the year	494,150	457,840

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2020	**2019**
Benefit types		
Short-term employee benefits	144,150	140,900
Share-based payments settled during the year	-	316,940
Share-based payments accrued & settled subsequent to year-end	350,000	-
Total benefits & compensation paid to KMPs	494,150	457,840

The fees recognised in 2019 & 2020, represent the annual fee base for the respective KMP.

Note 26. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2020	**2019**
	$	**$**
Loss after income tax expense for the year	(3,130,419)	(1,012,237)
Adjustments for:		
Share-based payments, net of equity raising charges recognised in equity	-	636,940
Impairment of tenements	222,121	-
Impairment of refurbishment plant asset holding	1,502,628	-
Interest on lease liability	44,954	-
Depreciation on right of use asset	244,750	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	39,291	(52,814)
Increase in trade and other payables	437,785	54,056
Net cash used in operating activities	(637,890)	(374,055)

Yilgarn Minerals Limited
Directors' declaration
30 June 2020

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 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the consolidated entity'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.

Hugh Shao Dai
Director

Michael Ivkovic
Director

08 / 03 / 2021
Sydney, Australia

Yilgarn Minerals Limited

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Yilgarn Minerals Limited (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2020and 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 auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which outlines the Group's going concern assessment, indicating that the Group incurred a net loss after tax of $3,130,416 (2019: loss of $1,012,236) and incurred cash outflows from operations of $637,891 (2019: outflows of $356,737) during the year ended 30 June 2020.

As stated in Note 1, the events or conditions, along with other matters as set forth therein, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

ACCOUNTANTS & ADVISORS

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Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2020 but does not include the financial report and the auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of 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 these financial statements is located at the Auditing and Assurance Standards Board website at:

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

This description forms part of our independent auditor's report.

William Buck

William Buck
Accountants & Advisors
ABN: 16 021 300 521

Rainer Ahrens

R. Ahrens
Director
Sydney, 8 March 2021