AustChina Holdings Limited

ANNUAL REPORT
For the year ended 30 June 2023

AustChina

AustChina Holdings Limited
ABN 20 075 877 075

Annual Report – 30 June 2023

CORPORATE DIRECTORY

Directors	Daniel Chan (Chairman) George Lam (Deputy Chairman) James Dick Andrew Macintosh David Morris Bernard Ripoll
Executives	Andrew Fogg (Chief Executive Officer)
Company Secretary	Suzanne Yeates
Registered Office	c/- Piper Alderman Level 26, Riparian Plaza 71 Eagle Street Brisbane QLD 4000
Principal Place of Business	Level 7 344 Queen Street Brisbane QLD 4000
Share Register	Link Market Services Limited Level 19, 324 Queen Street Brisbane QLD 4000 +61 1300 554 474
Auditor	Nexia Brisbane Audit Pty Ltd Level 28, 10 Eagle Street Brisbane QLD 4000 (07) 3229 2022
Bankers	Westpac Banking Corporation 388 Queen Eagle Street Brisbane QLD 4000
Stock Exchange Listing	AustChina Holdings Limited shares are listed on the Australian Securities Exchange – using the stock code 'AUH'.
Website Address	www.austchinaholdings.com

COMPETENT PERSON'S STATEMENT

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

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

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

In addition:

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

CHAIRMAN'S REPORT

On behalf of the AustChina Board I am pleased to introduce the Company's 2023 Annual Report.

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

The company had been working with Fortress Capital Limited (Fortress) on a technology that the Company hoped would enhance AustChina's Energy portfolio through the conversion of solid fuels including coal, municipal household and commercial waste, biomass and other material to generate cleaner environmentally responsible electricity.

However, despite its best efforts, the Company was unable to conclude a transaction on terms that were acceptable to the Company and Fortress.

The company continues to investigate alternative technologies that could lead to production on-site of products including agricultural additives and other high value products. Research into these technologies will be conducted where appropriate.

In parallel with this, further definition of the Blackall resource is being advanced through the Company's exploration programme. Coal samples from the drilling programme that commenced in July 2023 are currently being analysed. An update of the geological model will be carried out followed by further delineation of the resource through an upgrade to the JORC statement. In addition, samples will be available for alternative technology research and development.

The Utilitas Group Pty Ltd (24.71% AustChina) and its key project delivery partners have advanced Bankable Feasibility Studies on its top three priority projects and have defined a future pipeline of projects to follow. The company undertook an assessment identifying a new significantly larger-scale Biorefinery project model, which is approximately a scale magnitude of ten to the previous model.

AustChina has long valued exposure to development of mineral projects with high potential to provide much needed natural resources including copper for the increasing rate of electrification in the world. AustChina holds 2.5million shares in Revolver Resources Holdings Ltd, whose assets include projects around a former copper mine in North Queensland, and tenements in the North-West Minerals province in Queensland.

On 5th December 2022 James Dick was appointed to the board.

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

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

Daniel Chan
Chairman

CEO'S REPORT AND OPERATIONAL REVIEW

ENERGY PORTFOLIO

AustChina's Coal Project

A schedule of the Exploration Permits held as of 30 June 2023 by AustChina is provided in **Table 1**.

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

Table 1: AustChina Holdings Limited Tenement Portfolio

The two current exploration permits for coal (EPCs) are located near Blackall in Central Queensland. EPCs 1719 and 1993 remain within a single project-based administration area approved by the Department of Natural Resources, Mines and Energy. AustChina's coal exploration footprint is shown in Figure 1, with its focus on the Blackall Coal Project contained within EPCs 1719 and 1993 to the south of the township of Blackall.

In the June quarter 2023 preparations for a drilling programme were well in progress.

The primary objectives of the programme are to:

(a) increase the level of confidence in the Resource base by closing the spacing of the drill holes. This is targeted to increase the extent of the resource that is classified in the Indicated category, a necessary step in consideration for an application for a mineral development license and for future development of the project; and

(b) obtain additional samples that can be used for evaluating alternate uses for the coal through new processes or technologies other than traditional methods such as for use in coal fired power stations.

The field component of the exploration component commenced in early May with site visits including completion of cultural heritage inspections of the sites on 24 May 2023.

The drilling component is approximately 10 days. Laboratory analysis is anticipated to take 3-4 months. Once analytical data is to hand, geological modelling and interpretation will follow and it is expected that an update on the JORC resource status of the Blackall Coal Project will be available around the end of calendar 2023.

The updated geological models and analytical data resulting from the 2023 exploration programme will contribute valuable information for future concept studies including mining, coal utilisation and commercial aspects, ahead of prefeasibility/feasibility studies depending on the outcomes of the concept studies.

Following finalisation of the necessary preliminary activities, the drilling programme commenced on 24 July 2023 (post the end of the 2023 financial year).

No new drilling was completed in the financial year ending 30 June 2023.

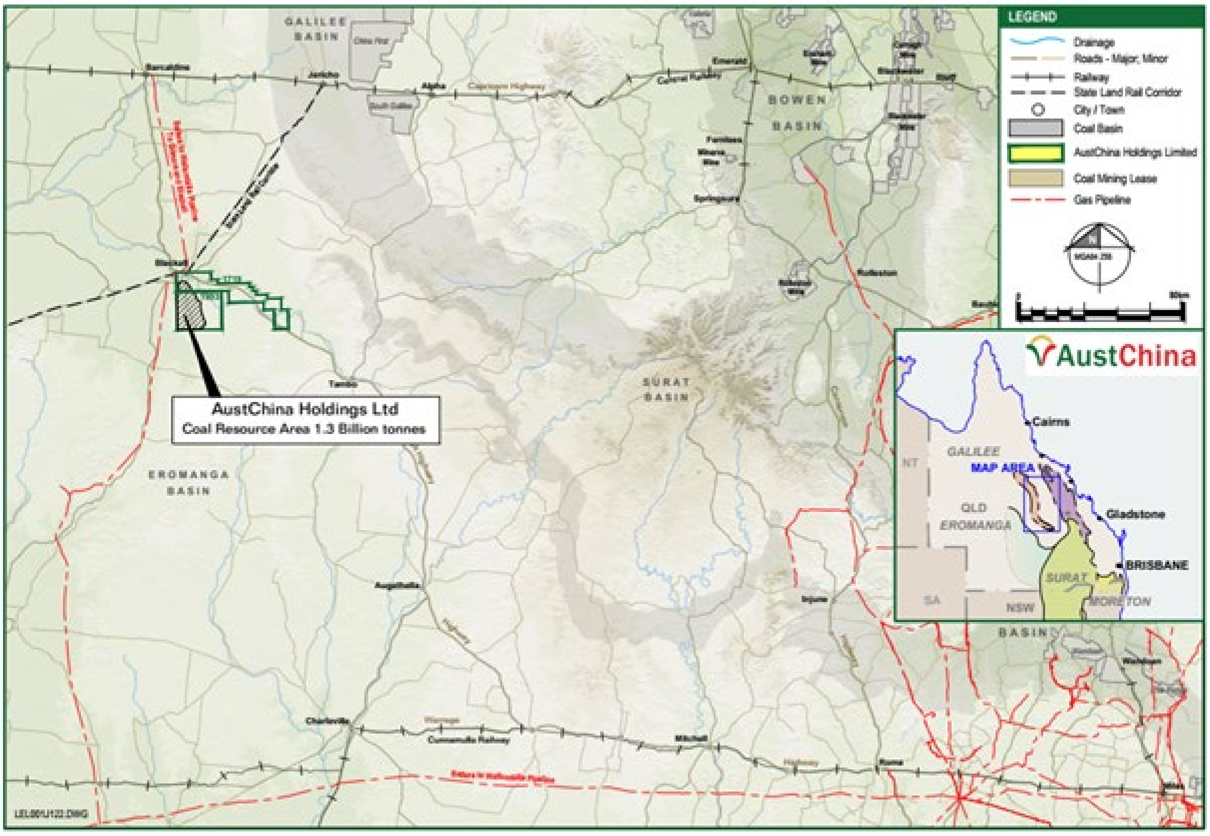

Figure 1: AustChina Coal Exploration Portfolio in Queensland 30th June 2022.

Mineral Resources and Reserves

There have been no material changes to the applicable geological information available. The upgrade to the Resource Statement for AustChina's Blackall Coal Project to 31 May 2020 reported on 16 June 2020[1] remains current, pending the outcomes of the exploration drilling programme that commenced on 24 July 2023.

Figure 2 shows the drill hole locations for the Blackall Coal Project as of 30 June 2023.

[1] ASX: "Updated Coal Resource Statement for Blackall Project"

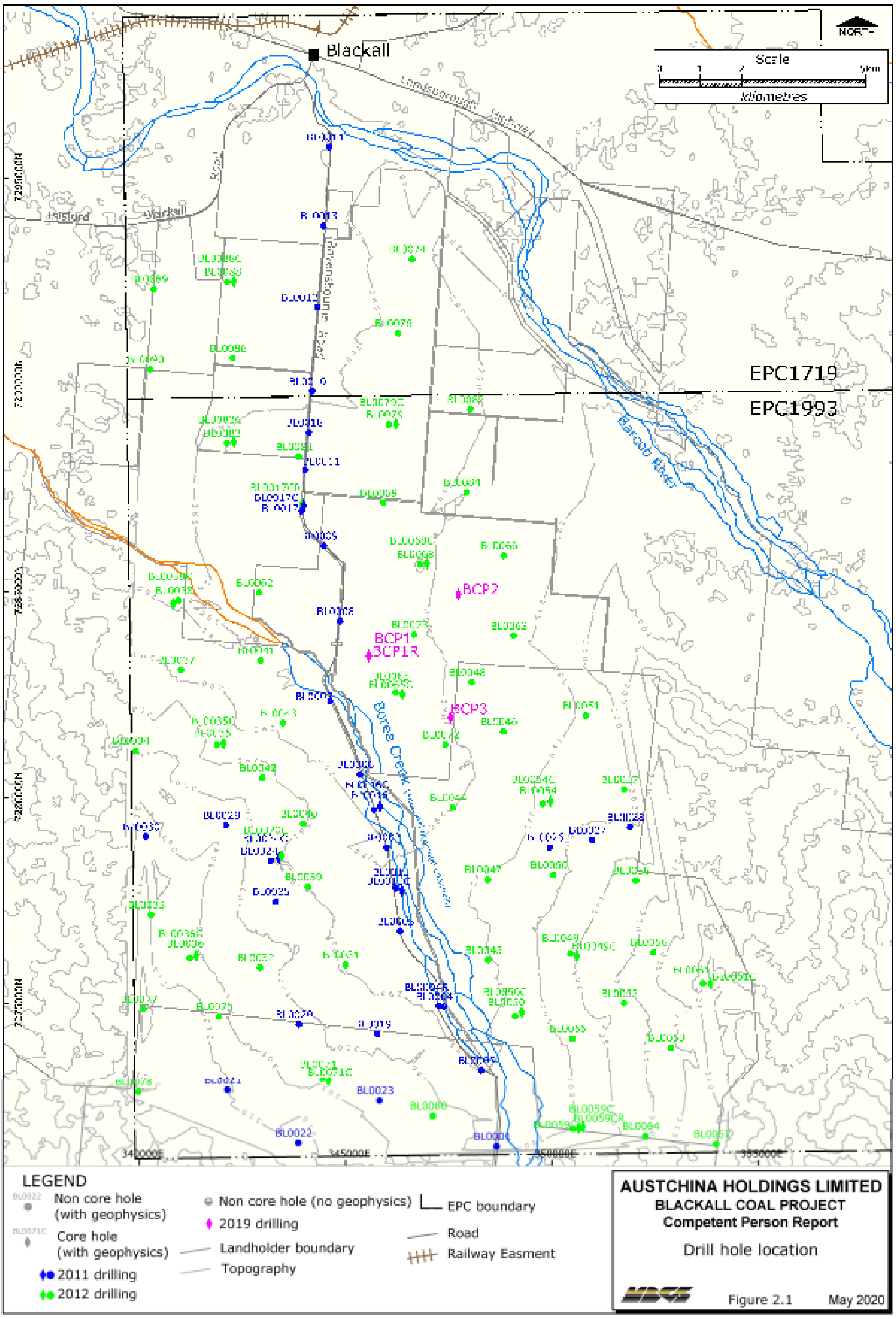

Figure 2: Drill Hole Location Plan – Blackall Coal Project

Table 2 shows the Summary of Coal Resources for the Blackall Coal Project (EPCs 1719 and 1993)

COAL RESOURCE ASSESSMENT 31 May 2020							
Mining Method	**Depth Interval (m)**	**Measured**		**Indicated**		**Inferred**	
		Tonnes (Mt)[1]	Quality(ad)	Tonnes (Mt)[1]	Quality(ad)	Tonnes (Mt)[1]	Quality(ad)
OC	0 – 50	-		26.4		808	
OC	50 – 100	-		5.4		421	
OC	100 – 150	-		-		42	
Total Resources		0.0	CV: kcal/kg Ash: %	31.8	CV: 3651 kcal/kg Ash: 21.9%	1271	CV: 3906 kcal/kg Ash:18.5%
Total Resources (Rounded)		0	CV: kcal/kg Ash: %	30	CV: 3650 kcal/kg Ash: 22%	1300	CV: 3900 kcal/kg Ash: 18%
		30				1300	

Notes: 1. Resource tonnages reported at in-situ moisture basis

Table 2: Summary of Coal Resources for the Blackall Coal Project

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

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

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

The company continues to investigate alternative technologies to utilise its coal on site, including research into these technologies where appropriate.

These technologies have potential for the development of higher value products including agricultural additives and potentially other products such as hydrogen, ammonia, and methanol.

Investment in Biogas Renewable Energy Sector

AustChina holds 24.70% of Queensland based bioenergy developer Utilitas Group Pty Ltd (Utilitas) which operates in the bioenergy and bioproducts field in Australia. Utilitas and key project delivery partners have advanced Bankable Feasibility Studies on its top three priority projects Bundaberg, Hunter & Packenham and have defined a future pipeline of projects to follow.

Utilitas undertook an assessment identifying a new significantly larger-scale project model it calls a Biorefinery, which is approximately a scale magnitude of ten to the previous model. This has now become the default project size with Utilitas' pipeline adapting to the new larger scale.

During the December 2022 half-year period, the Company determined to write-down the value of its investment in Utilitas to nil on the basis that Utilitas is deficient in net assets. Until such time as Utilitas can capitalize upon the project activities, the Company's investment is likely to remain at nil.

Once Utilitas has been able to return to a positive net asset position, the Company will determine whether a reversal of the impairment expense is appropriate.

MINERALS PORTFOLIO

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

AustChina holds 2.5million shares in Revolver Resources Holdings Ltd, whose assets include:

- The Dianne Project which is located in the proven polymetallic Hodgkinson Province in North Queensland around the Dianne Mine which produced high grade copper during its operation between 1979 and 1983, and
- Project Osprey which lies within the North West Minerals Province, one of the world's richest mineral producing regions. The principal targets are Mount Isa style copper deposits.

AustChina sees long term potential in the copper sector.

Revolver has been undertaking a well-managed, systematic exploration programme across its projects, with particular emphasis on the Dianne Project. For further information www.revolverresources.com.au

Operations Outlook

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

The company had been working with Fortress Capital Limited (Fortress) on a technology that the Company hoped would enhance AustChina's Energy portfolio through the conversion of solid fuels including coal, municipal household and commercial waste, biomass and other material to generate cleaner environmentally responsible electricity. However, despite its best efforts, the Company was unable to conclude a transaction with Fortress on terms that were acceptable to the Company and Fortress.

The company continues to investigate alternative technologies that could lead to production of products including agricultural additives and other high value carbon-based products. Research into these technologies will be conducted where appropriate. The Company is continuing to engage with other key proponents to progress next steps in developing a platform to introduce the technologies into the market.

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

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

Andrew Fogg
Chief Executive Officer

DIRECTORS' REPORT

Your Directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of AustChina Holdings Limited ("the Company") and the entities it controlled at the end of, or during, the year ended 30 June 2023.

DIRECTORS

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

D Chan
G Lam
J Dick (appointed 4 December 2022)
A Macintosh
David Morris
Bernard Ripoll

PRINCIPAL ACTIVITIES

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

REVIEW OF OPERATIONS

The operating loss after income tax of the Group for the year was $1,171,949 (2022: loss $415,583).

Information on the operations of AustChina Holdings Limited and its business strategies and prospects is set out in the CEO's Report and Review of Operations on pages 5 to 10 of this annual report.

MATERIAL BUSINESS RISKS

Future capital requirements

The Company has no operating revenue and is unlikely to generate any operating revenue unless and until the Company's projects (**Projects**) are successfully explored, evaluated, developed and production commences. The future capital requirements of the Company will depend on many factors including its business development activities.

In order to successfully evaluate and develop the Projects and for production to commence, the Company will require further financing in the future. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the then market price or may involve restrictive covenants which limit the Company's operations and business strategy. Debt financing, if available, may involve restrictions on financing and operating activities.

Although the Directors believe that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its activities and this could have a material adverse effect on the Company's activities including resulting in the tenements being subject to forfeiture, and could affect the Company's ability to continue as a going concern.

The Company may undertake additional offerings of Shares and of Securities convertible into Shares in the future. The increase in the number of Shares issued and outstanding and the possibility of sales of such Shares may have a depressive effect on the price of Shares. In addition, as a result of such additional Shares, the voting power of the Company's Existing Shareholders will be diluted.

Exploration and development risk

There can be no assurance that exploration of the Projects or any other tenements that may be acquired in the future, will result in the discovery of an economic deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

Mineral exploration and development is a speculative and high-risk undertaking that may be impeded by circumstances and factors beyond the control of the Company. Success in this process involves, among other things:

(i) discovery and proving-up, or acquiring, an economically recoverable resource or reserve;

(ii) access to adequate capital throughout the acquisition/discovery and project development phases;

(iii) securing and maintaining title to mineral exploration projects;

(iv) obtaining required development consents and approvals necessary for the acquisition, mineral exploration, development and production phases; and

(v) accessing the necessary experienced operational staff, the appropriate financial management and recruiting skilled contractors, consultants and employees.

There can be no assurance that exploration on the Projects, or any other exploration properties that may be acquired in the future, will result in the discovery of an economic mineral resource. Even if an apparently viable mineral resource is identified, there is no guarantee that it can be economically exploited.

Resource estimates

Whilst the Company intends to undertake exploration activities with the aim of defining a resource on Projects, no assurance can be given that the exploration will result in the determination of new or additional resources on any Tenement. Even if a resource is identified, no assurance can be provided that this can be economically extracted.

If the Company successfully delineates a resource or reserve on any of the tenements (or where the Projects have defined resources), resource or reserve estimates are expressions of judgment based on knowledge, experience and industry practice.

Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, resource estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

Results of studies

Subject to the results of exploration and testing programs to be undertaken, the Company may progressively undertake a number of studies in relation to its Projects. These studies may include scoping, pre-feasibility, definitive feasibility and bankable feasibility studies.

These studies will be completed within parameters designed to determine the economic feasibility of the subject Projects within certain limits. There can be no guarantee that any of these studies will confirm the economic viability of the subject Projects or the results of other studies undertaken by the Company (e.g. the results of a feasibility study may materially differ from the results of a scoping study).

Even if a study confirms the economic viability of a Project, there can be no guarantee that the Project will be successfully brought into production as assumed or within the estimated parameters in the feasibility study (e.g. operational costs and commodity prices) once production commences. Further, the ability of the Company to complete a study may be dependent on the Company's ability to raise further funds to complete the study if required.

Tenement conditions

The Company's projects will be subject to various tenement conditions (including, without limitation, minimum work requirements). Failure to comply with such conditions may lead to forfeiture. The tenements will also be subject to renewal. If any of the tenements are not renewed for any reason the Company could suffer damage through loss of opportunity to explore and develop those tenements. The Directors are not aware of any reason why renewal of the tenements will not occur.

Title and tenure

The Company's Projects only currently permit exploration activities. If the Company successfully delineates an economic resource on any of these exploration permits or implements a technology aimed at extraction of resources, it will need to apply for a mining permit to undertake development and mining. There is no guarantee that the Company will be granted a mining permit if one is applied for, as such grants are discretionary.

Exploration permits are subject to annual review and periodic renewal. The renewal of the term of a granted exploration permit is also subject to the discretion of the relevant Minister. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the permits comprising the Company's Projects. While it is the Company's intention to satisfy the conditions that apply to the tenements, there can be no guarantees that, in the future, the tenements that are subject to renewal will be renewed or that minimum expenditure and other conditions that apply to the tenements will be satisfied. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements comprising the Projects that adversely impact the Company.

If a tenement holder fails to comply with the terms and conditions of a tenement, the Minister may impose a fine or order that the tenement be forfeited. In most cases, an order for forfeiture can only be made where the breach is of sufficient gravity to justify forfeiture of the tenement.

Native Title and Aboriginal heritage

Where Native Title does or may exist over any of the Company's tenements, the ability of the Company to convert such tenements or part thereof into a valid mining lease (for example in the event of the Company making a discovery) will be subject to the Company reaching a commercial agreement with the holders of or applicants for Native Title or on the Company obtaining a determination from the National Native Title Tribunal that the mining lease be granted in the absence of such an agreement. The negotiation of such a commercial agreement or proceedings in the courts could materially delay the grant of such a mining lease and substantially add to the Company's costs; failure to reach such an agreement could result in the Company being unable to obtain a mining lease.

Irrespective of whether Native Title exists in the relevant areas, in order to conduct exploration activities on the tenements, the Company will usually need to undertake clearance activities in conjunction with the appropriate Aboriginal parties, anthropologists and archaeologists to ascertain whether any sites of significance to Aboriginal parties exist in the relevant areas. Undertaking and completing such site clearance procedures can cause delays to the implementation of exploration activities. Delays in completing such clearance activities can impede or prevent the Company from satisfying the minimum expenditure conditions on the relevant tenements, with the result that the Company may in some instances need to seek whole or partial exemptions from expenditure under the relevant mining legislation in order to keep the relevant tenements in good standing. There is no certainty that such exemptions will be granted in all instances.

Where such significant sites do exist, the Company's ability to conduct exploration on those areas may be subject to obtaining relevant consents under the Aboriginal heritage laws.

AustChina Holdings Limited has a Cultural Heritage Management Agreement in place with the Bidjara People under which exploration activities are conducted.

Land access and compensation

There is a substantial level of regulation and restriction on the ability of exploration and mining companies to gain access to land in Australia. Negotiations with both Native Title parties and land-owners/occupiers are generally required before the Company can access land for exploration or mining activities. The Company will experience delays and cost overruns if it is unable to access the land required for its operations. This may be as a result of weather, environmental restraints, harvesting, government legislation, landholder or community activities or other factors.

Access to land often depends on the Company being successful in negotiating with landholders or other stakeholders. There is no assurance that the Company will obtain all the permissions required as and when required or that new conditions will not be imposed in connection therewith. To the extent such permissions are not obtained, the Company's current and future exploration and development activities may be curtailed or their continuation prohibited.

Acquisitions and commercialisation risks

The Company is pursuing a strategy to acquire technologies that compliment its mineral projects. Should the Company acquire new technology or assets, its ability to generate revenue will depend on the Company being successful in developing and commercialising these new technologies and assets. The Company has no operating revenue and is unlikely to generate any operating revenue unless and until the one or more of its mineral projects or investments in technologies is successfully developed and commercially exploited.

There can be no guarantee that any new project acquisition or investment will eventuate from these pursuits, or that any acquisitions will result in a return for Shareholders. Such acquisitions may result in use of the Company's cash resources and/or the issuance of equity securities, which will dilute shareholdings.

Environmental risks

The operations and proposed activities of the Company are subject to laws and regulations concerning the environment. The Company's activities are expected to have an impact on the environment. It is the intention of the Company to adhere to its environmental obligations, including compliance with environmental laws. Further, events such as unpredictable rainfall or bushfires may impact on the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges to the environment, or non-compliance with environmental laws or regulations.

Regulatory risks

The Company's activities are subject to extensive laws and regulations relating to numerous matters including licences and approvals, environmental compliance and rehabilitation, taxation, health and worker safety, waste disposal, protection of the environment, native title and heritage matters and other matters. Whilst the Company believes that it is in substantial compliance with all material current laws and regulations, changes in how laws and regulations are enforced or regulatory interpretation could result in changes in legal requirements or in the terms of existing licences, approvals and agreements applicable to the Company or its future projects. This could have a material adverse impact on the Company's future and planned operations in respect to the BSS Project.

DIVIDEND

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No matters or circumstances have arisen since 30 June 2023 which significantly affected the group's operations, results or state of affairs, or may do so in future years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS FROM OPERATIONS

Comments on expected results of certain operations of the Group are included in this annual report under the CEO's Report and Review of Operations on pages 5 to 10.

ENVIRONMENTAL REGULATION

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

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

INFORMATION ON DIRECTORS

D Chan CFA, MRICS *Non-executive Director*	
Experience and expertise	Mr Chan has extensive experience in the financial and investment arena and holds a Masters Degree in Finance from the Imperial College London and Chartered Financial Analyst (CFA) and is a member of the Royal Institute of Chartered Surveyors (MRICS). Mr Chan has over 13 years' experience in China real estate investment.
Other current directorships	Nil
Former directorships in last 3 years	Nil
Special responsibilities	Chairman, Member of the Audit and Risk Management Committee and Member of the Remuneration Committee. Mr Chan is also AustChina's representative Director on Utilitas Group Pty Ltd.
Interests in shares and options	Indirect interest in 927,114,671 Ordinary Shares Direct interest in 20,000,000 options over ordinary shares

G Lam BSc, MSc, MBA, DPA, MPA, LLB (Hons), LLM, PCLL, PhD, FHKIoD, FHKIArb, FCMA, FCPA(Aust.) *Independent Non-executive Director*	
Experience and expertise	Mr Lam has over 30 years of international experience in general management, strategy consulting, corporate governance, direct investment, investment banking and fund management across the telecommunications/media/technology (TMT), consumer/healthcare, infrastructure/real estates, energy/resources and financial services sectors.
Other current directorships	Nil
Former directorships in last 3 years	Nil
Special responsibilities	Chairman of the Audit and Risk Management Committee and Chairman of the Remuneration Committee
Interests in shares and options	Direct interest in 20,000,000 options over ordinary shares

J Dick BEcon (Qld), GradDip Econ(Qld), FFin, CertIFR, GAICD *Independent Non-executive Director (from 4 December 2022)*	
Experience and expertise	James has a background in institutional funds management including various executive roles for the Queensland Investment Corporation/QIC Limited. He currently runs capital markets group Convergence Capital Australia.
Other current directorships	Nil
Former directorships in last 3 years	Nil
Special responsibilities	Nil
Interests in shares and options	Nil

A Macintosh *Independent Non-executive Director (from 4 July 2019)*	
Experience and expertise	Mr Macintosh hold an MBA (Finance, Economics) and a Bachelor of Science (Computer Science, Mathematics). Mr Macintosh is non-executive Chairman of Acorus Investment Management, a China-Africa private equity fund and has extensive experience in investment banking and finance, both in Australia and overseas.
Other current directorships	Nil
Former directorships in last 3 years	Nil
Special responsibilities	Nil
Interests in shares and options	Direct interest in 20,000,000 options over ordinary shares

D Morris *Independent Non-executive Director*	
Experience and expertise	Mr Morris is a distinguished international expert on risks and opportunities in the international business environment, who has had a global career as diplomat, senior political adviser and international consultant.
Other current directorships	Nil
Former directorships in last 3 years	Nil
Special responsibilities	Nil
Interests in shares and options	Nil

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

COMPANY SECRETARY

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

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors and of each Board committee held during the year ended 30 June 2023, and the number of meetings attended by each Director were:

	Full Meetings of Directors	
	A	**B**
Daniel Chan	6	6
James Dick	3	3
George Lam	5	6
Andrew Macintosh	6	6
David Morris	5	6
Bernard Ripoll	6	6

A Number of meetings attended

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

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

AustChina

REMUNERATION REPORT (AUDITED)

The Directors are pleased to present AustChina Holdings Limited's 2023 remuneration report which sets out remuneration information for AustChina Holdings Limited's Non-executive Directors, Executive Directors, and other key management personnel.

The report contains the following sections:

(a) Key management personnel disclosed in this report

(b) Remuneration governance

(c) Use of remuneration consultants

(d) Executive remuneration policy and framework

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

(f) Non-executive Director remuneration policy

(g) Voting and comments made at the Company's 2022 Annual General Meeting

(h) Details of remuneration

(i) Service agreements

(j) Details of share-based compensation and bonuses

(k) Equity instruments held by key management personnel

(l) Loans to key management personnel

(m) Other transactions with key management personnel

(a) Key management personnel disclosed in this report

Non-executive and Executive Directors (see pages 16-18 for details about each Director)

Name	Position
D Chan	Non-executive Chairman – appointed 22 November 2013
G Lam	Independent Non-executive Director – appointed 22 November 2013
J Dick	Independent Non-executive Director – appointed 4 December 2022
A Macintosh	Independent Non-executive Director – appointed 4 July 2019
D Morris	Independent Non-executive Director – appointed 24 November 2020
B Ripoll	Independent Non-executive Director – appointed 10 March 2021

Other key management personnel

Name	Position
Andrew Fogg	Chief Executive Officer – appointed 2 December 2013

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

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(b) Remuneration governance

The Board is responsible for:

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

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

(c) Use of remuneration consultants

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

(d) Executive remuneration policy and framework

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

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

Long-term incentives

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

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

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

REMUNERATION REPORT (AUDITED) (CONTINUED)

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

Additional information

The earnings of the consolidated entity for the five years to 30 June 2023 are summarised below:

	2023 $	2022 $	2021 $	2020 $	2019 $
EBIT	(1,198,246)	(413,960)	(1,139,709)	(490,776)	2,553,145
EBITDA	(1,198,246)	(413,960)	(1,139,709)	(490,776)	2,553,145
Profit (loss) after income tax	(1,171,949)	(415,583)	(1,118,036)	(413,867)	2,587,315

	2023 cents	2022 Cents	2021 Cents	2020 Cents	2019 cents
Share price at financial year end (cents per share)	0.40	0.60	1.20	0.30	0.30
Total dividends declared (cents per share)	0.00	0.00	0.00	0.00	0.00
Basic earnings per share (cents per share)	(0.06)	(0.02)	(0.07)	(0.03)	0.23

(f) Non-executive Director remuneration policy

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

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

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

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

The following fees have applied:

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

REMUNERATION REPORT (AUDITED) (CONTINUED)

(g) Voting and comments made at the Company's 2022 Annual General Meeting

At the Company's 2022 Annual General Meeting the shareholders voted 98.26% in favour of the advisory remuneration report resolution on a poll.

(h) Details of remuneration

Amounts of remuneration

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

AustChina

REMUNERATION REPORT (AUDITED) (CONTINUED)

Key management personnel of AustChina Holdings Limited

2023	**Short-term benefits**	**Post-employment benefits**	**Share-based payments**			
Name	**Cash salary and fees $**	**Superannuation $**	**Options $**	**Total $**	**A %**	**B %**
Non-executive Directors						
D Chan, Chairman	24,000	-	-	24,000	100%	-
Independent Non-executive Directors						
G Lam	16,000	-	-	16,000	100%	-
J Dick	9,174	983	-	10,157	100%	-
A Macintosh	16,000	1,720	-	17,720	100%	-
D Morris	16,000	1,720	-	17,720	100%	-
B Ripoll	16,000	1,720	-	17,720	100%	-
Sub-total Non-executive Directors	**97,174**	**6,143**	**-**	**103,317**	**100%**	**-**
Other key management personnel						
A Fogg – Chief Executive Officer	125,000	-	-	125,000	100%	-
Total KMP compensation	**222,174**	**6,143**	**-**	**228,317**	**100%**	**-**

A Proportion of remuneration that is fixed remuneration

B Percentage of remuneration that is share-based payment

REMUNERATION REPORT (AUDITED) (CONTINUED)

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

A Proportion of remuneration that is fixed remuneration

B Percentage of remuneration that is share-based payment

(i) Service agreements

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

(j) Details of share-based compensation and bonuses

Options

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

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

2023 Name & Grant dates	Balance at the start of the year		Granted as compensation	Vested		Balance at the end of the year	
	Unvested	Vested		Number	%	Vested & exercisable	Unvested
D Chan 30 November 2020	-	20,000,000	-	-	-	20,000,000	-
A MacIntosh 30 November 2020	-	20,000,000	-	-	-	20,000,000	-
G Lam 30 November 2020	-	20,000,000	-	-	-	20,000,000	-
A Fogg 30 November 2020	-	5,000,000	-	-	-	5,000,000	-

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

Shares provided on exercise of remuneration options

There were no ordinary shares in the Company issued on the exercise of remuneration options during the financial year (2022: nil).

REMUNERATION REPORT (AUDITED) (CONTINUED)

Performance rights

There were no performance rights over ordinary shares in the Company provided as remuneration during the financial year (2022: nil).

Shares provided on exercise of performance rights

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

(k) Equity instruments held by key management personnel

The tables below show the number of:

(i) options over ordinary shares in the Company

(ii) performance rights granted, and

(iii) shares in the Company

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

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

(i) Shareholdings

2023 Name	**Balance at the start of the year**	**On market trades**	**Other changes during the year**	**Balance at the end of the year**
Ordinary shares				
Directors				
D Chan #	886,063,768	-	41,050,903	927,114,671
G Lam	-			-
J Dick	-			-
A Macintosh	-			-
D Morris	-			-
B Ripoll	-			-
Other key management personnel				
A Fogg	17,500,000	-	-	17,500,000

A Chan, father of D Chan, is a director and shareholder of Loyal Strategic Investment Ltd, the holding company of Treasure Wheel Global Limited, which is the registered holder of the 927,114,671 shares.

(l) Loans to key management personnel

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

(m) Other transactions with key management personnel

During the year the note holder, Treasure Wheel Global Limited (A Chan, father of D Chan, is a director and shareholder of Loyal Strategic Investment Ltd, the holding company of Treasure Wheel Global Limited), elected to convert $250,000 of the convertible note to shares and were repaid the remaining $250,000. No interest was payable on the convertible note.

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

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

AustChina

Shares under Option

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

Date options granted	Expiry date	Exercise price	Number under option
30 November 2020	15 December 2023	$0.005	70,000,000
1 April 2022	16 March 2024	$0.028	90,869,852

Shares Issued on the Exercise of Options

There were no fully paid ordinary shares issued on the exercise of options during the financial year. No ordinary shares of AustChina Holdings Limited issued since the end of the year ended 30 June 2023 on the exercise of options.

Insurance of Officers

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

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

Agreement to Indemnify Officers

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

The indemnity relates to any liability:

(a) incurred in connection with or as a consequence of the directors and officers acting in the capacity including, without limiting the foregoing, representing the Company on any body corporate, and

(b) for legal costs incurred in defending an action in connection with or as a consequence of the director or officer acting in the capacity.

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

Indemnity of auditors

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

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

Proceedings on Behalf of Company

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

Non-audit services

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

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

The directors are of the opinion that the services as disclosed in Note 20 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* as there were no services engaged for other than directly associated with the year end audit or half-year review of the Group.

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

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

Auditor’s independence declaration

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

Auditor

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

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

D Chan
Chairman
Brisbane, 28 September 2023

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

To the Directors of AustChina Holdings Limited

As the lead auditor for the audit of the financial report of AustChina Holdings Limited, I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023 there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

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

Nexia Brisbane Audit P/L

Nexia Brisbane Audit Pty Ltd

Gavin Ruddell
Director

Date: 28 September 2023

DIRECTORS' DECLARATION

In the Directors' opinion:

(a) the attached financial statements and notes are in accordance with the *Corporations Act 2001, including:*

(i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

(ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial year ended on that date;

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, for the reasons provided in Note 2(iv);

(c) Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board; and

(d) the remuneration disclosures contained in the Remuneration Report comply with s300A of the *Corporations Act 2001*.

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

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

D Chan

Chairman

Brisbane, 28 September 2023

AustChina

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

		Consolidated	
		2023	2022
	Notes	**$**	$
Interest income		26,297	498
Gain/(loss) on fair value of investments		(337,500)	362,500
Gain on derecognition of convertible note liability		151,733	-
Loss on fair value of financial instrument		-	(31,187)
Tenement expenditure written off/expensed		-	(93,409)
Professional services expenses		(264,400)	(286,032)
Corporate overhead expenses		(241,874)	(223,654)
Directors' remuneration		(103,317)	(92,800)
Finance and interest costs		-	(2,121)
Share of loss from equity accounted investment	26	(81,534)	(49,378)
Impairment of equity accounted investment	26	(321,354)	-
Loss before income tax	5	(1,171,949)	(415,583)
Income tax expense	6	-	-
Net loss for the year		(1,171,949)	(415,583)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Share of revaluation of land and buildings of associates, net of tax	26	-	(272,740)
Total comprehensive loss for the year		(1,171,949)	(688,323)
		Cents	Cents
Loss per share attributable to the ordinary equity holders of AustChina Holdings Limited:			
Basic loss per share	25	(0.06)	(0.02)
Diluted loss per share	25	(0.06)	(0.02)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Notes	Consolidated 2023 $	2022 $
ASSETS			
Current assets			
Cash and cash equivalents	7	2,262,628	3,204,674
Trade and other receivables	8	30,211	40,087
Total current assets		2,292,839	3,244,761
Non-current assets			
Investments at fair value through profit or loss	9	275,000	612,500
Investments accounted for using equity method	10	-	402,888
Exploration and evaluation assets	11	15,799,132	15,636,624
Other assets	12	8,200	8,200
Total non-current assets		16,082,332	16,660,212
Total assets		18,375,171	19,904,973
LIABILITIES			
Current liabilities			
Trade and other payables	13	149,582	103,588
Borrowings	14	-	503,905
Total current liabilities		149,582	607,493
Non-current liabilities			
Other financial liabilities	15	1,500,000	1,500,000
Total non-current liabilities		1,500,000	1,500,000
Total liabilities		1,649,582	2,107,493
Net assets		16,725,589	17,797,480
EQUITY			
Issued capital	16	70,618,567	70,518,509
Reserves	17(a)	3,766,043	3,766,043
Accumulated losses	17(b)	(57,659,021)	(56,487,072)
Total equity		16,725,589	17,797,480

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	Notes	Issued Capital $	Share-based payment reserve $	Revaluation Reserve $	Accumulated Losses $	Total $
Balance at 30 June 2021		66,749,129	3,766,043	272,740	(56,071,489)	14,716,423
Loss for the year		-	-	-	(415,583)	(415,583)
Other comprehensive income		-	-	(272,740)	-	(272,740)
Total comprehensive loss		-	-	(272,740)	(415,583)	(688,323)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs	16	3,593,294	-	-	-	3,593,294
Conversion of convertible note net of transaction costs	16	176,086	-	-	-	176,086
Balance at 30 June 2022		70,518,509	3,766,043	-	(56,487,072)	17,797,480
Loss for the year		-	-	-	(1,171,949)	(1,171,949)
Other comprehensive income		-	-	-	-	-
Total comprehensive loss		-	-	-	(1,171,949)	(1,171,949)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs		-	-	-	-	-
Conversion of convertible note net of transaction costs	16	100,058	-	-	-	100,058
Balance at 30 June 2023		70,618,567	3,766,043	-	(57,659,021)	16,725,589

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

AustChina

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Notes	Consolidated 2023 $	2022 $
Cash flows from operating activities			
Receipts in the course of operations (inclusive of goods and services tax)		63,482	60,244
Payments to suppliers (inclusive of goods and services tax)		(617,203)	(671,668)
Interest paid		-	(570)
Interest received		26,297	498
Net cash outflows from operating activities	22	(527,424)	(611,496)
Cash flows from investing activities			
Payments for exploration and evaluation assets		(162,508)	(167,865)
Net cash inflows from investing activities		(162,508)	(167,865)
Cash flows from financing activities			
Proceeds from share issue		-	3,842,724
Repayment of convertible note		(250,000)	-
Payment of share issue expenses		(2,114)	(249,430)
Net cash inflows (outflows) from financing activities		(252,114)	3,593,294
Net increase (decrease) in cash and cash equivalents		(942,046)	2,813,933
Cash and cash equivalents at the beginning of the financial year		3,204,674	390,741
Cash and cash equivalents at the end of the financial year	7	2,262,628	3,204,674

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

Note 1 Summary of significant accounting policies

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

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

(a) Basis of preparation

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

Currency

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

Authorisation of financial report

The financial report was authorised for issue on 28 September 2023.

Historical cost convention

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

(b) Principles of consolidation

Subsidiaries

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

Note 1 Summary of significant accounting policies (continued)

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

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

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

(c) Income taxes

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

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

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

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

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

Note 1 Summary of significant accounting policies (continued)

(d) Exploration and evaluation assets

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

(e) Impairment of non-financial assets

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

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

(f) Trade and other payables

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

(g) Cash and cash equivalents

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

(h) Issued capital and share-based payments

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

Note 1 Summary of significant accounting policies (continued)

(i) Revenue

Interest Income

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

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

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

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

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

(k) Earnings per share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

(l) Financial instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

Amortised cost is calculated as:

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

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

(i) Loans and receivables

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

Note 1 Summary of significant accounting policies (continued)

(l) Financial instruments (continued)

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

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

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

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

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

(ii) Financial liabilities

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

Derivative financial instruments

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

Note 1 Summary of significant accounting policies (continued)

(m) Parent entity financial information

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

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

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

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

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

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

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

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

Note 1 Summary of significant accounting policies (continued)

(n) Fair value measurement

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

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

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

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

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

(o) Investments in associates

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

Note 1 Summary of significant accounting policies (continued)

(o) Investments in associates (continued)

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

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

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

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

(p) Comparative Figures

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

(q) New and Amended Accounting Policies Adopted by the Group

The Group has considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting period but determined that their application to the financial statements is either not relevant or not material.

(r) New and Amended Accounting Policies Not Yet Adopted by the Group

AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates

This Standard amends:

- AASB 7, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;

Note 1 Summary of significant accounting policies (continued)

- AASB 101, to require entities to disclose their material accounting policy information rather than their significant accounting policies;

- AASB 108, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates;

- AASB 134, to identify material accounting policy information as a component of a complete set of financial statements; and

- AASB Practice Statement 2, to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Additional conforming amendments to AASB 1049, AASB 1054, and AASB 1060 were made by AASB 2021-6.

The application date of the standard is 1 January 2023 and it applies to financial year ended 30 June 2024.

AASB 2021-5 Amendments to Australian Accounting Standards - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendment narrowed the scope of the recognition exemption in paragraphs 15 and 24 of AASB 112 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The amendment applies to transactions that occur on or after the beginning of the earliest comparative period presented.

The application date of the standard is 1 January 2023 and it applies to financial year ended 30 June 2024.

AASB 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards

This Standard repeals various Australian Accounting Standards superseded by another Standard or otherwise made redundant. This Standard has no effect on in-force Accounting Standards

The application date of the standard is 1 January 2023 and it applies to financial year ended 30 June 2024.

AASB 2021-1 and AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants

The amendments to AASB 101 specify that conditions (covenants) to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, an entity discloses information about these conditions in the notes to the financial statements.

Note 1 Summary of significant accounting policies (continued)

Where AASB 2022-6 is adopted before its mandatory application date, AASB 2020-1 must also be applied at the same date.

The application date of the standard is 1 January 2024 and it applies to financial year ended 30 June 2025.

The Group plans on adopting the above amendments for the reporting period ending 30 June 2024. The amendments are not expected to have a material impact on the financial statements once adopted.

Note 2 Critical accounting estimates and judgements

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

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period or in the period and future periods if the revision affects both current and future periods. There were no key adjustments during the year which required estimates and/or judgements.

Key judgements and estimates

(i) Carrying value of exploration and evaluation assets, refer Note 11.

The Group has capitalised exploration expenditure of $15,799,132 (2022: $15,636,624). This amount includes costs directly associated with exploration. These costs are capitalised until assessment and/or drilling of the permit is complete and the results have been evaluated. These costs include employee remuneration, materials, rig costs, delay rentals and payments to contractors. The expenditure is carried forward until such a time as the area of interest moves into the development phase, is abandoned, sold or sub-blocks relinquished.

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

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

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

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

Note 2 Critical accounting estimates and judgements (continued)

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

(iii) Share based payments

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

(iv) Going concern

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

The Group has recorded a loss for the year of $1,171,949, has net cash outflows from operations of $527,424 and retains accumulated losses of $57,659,021 on its balance sheet.

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

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

Specifically, as at 30 June 2023 the Group held cash reserves of $2,262,628 which the Directors considered sufficient to meet its working capital requirements for at least 12 months from the date of approval of these financial statements and consequently the Group will be able to pay its debts as and when they fall due.

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

Note 2 Critical accounting estimates and judgements (continued)

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

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

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

Note 3 Financial risk management

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

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

	Note	Consolidated 2023 $	2022 $
Financial assets			
Financial assets and amortised cost			
Cash and cash equivalents	7	2,262,628	3,204,674
Trade and other receivables	8	10,245	20,204
Security deposits	12	8,200	8,200
		2,281,073	3,233,078
Financial assets at fair value through profit and loss			
Held for trading investments	9	275,000	612,500
Total financial assets		2,556,073	3,845,578
Financial liabilities			
Financial liabilities at amortised cost			
Trade and other payables	13	149,582	103,588
Borrowings: convertible note	14	-	433,896
Other financial liabilities	15	1,500,000	1,500,000
		1,649,582	2,037,484
Financial liabilities at fair value through profit or loss			
Borrowings: embedded derivative	14	-	70,009
Total financial liabilities		1,649,582	2,107,493

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

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

Credit risk

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

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

AustChina

Note 3 Financial instruments (continued)

	Consolidated 2023 $	Consolidated 2022 $
Cash at bank and short-term bank deposits		
AA-	2,262,525	3,204,571
A	103	103
	2,262,628	3,204,674

Liquidity risk

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

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

Financial liability and financial asset maturity analysis

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

30 June 2023	**Within 1 year**	**Between 1 and 5 years**	**Over 5 years**	**Total**
Financial liabilities due for payment	**$**	**$**	**$**	**$**
Trade and other payables	(149,582)	-	-	(149,582)
Convertible notes	-	-	-	-
Other financial liabilities	-	-	(1,500,000)	(1,500,000)
Total expected outflows	(149,582)	-	(1,500,000)	(1,649,582)
Financial assets – cash flows realizable				
Cash and cash equivalents	2,262,628	-	-	2,262,628
Trade and other receivables	10,245	-	-	10,245
Security deposits	-	8,200	-	8,200
Held-for-trading investments	275,000	-	-	275,000
Total expected inflows	2,547,873	8,200	-	2,556,073
Net (outflow)/inflow on financial instruments	2,398,291	8,200	(1,500,000)	906,491

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Note 3 Financial instruments (continued)

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

Other financial liabilities of $1,500,000 (2022: $1,500,000) relate to a royalty agreement as outlined in Note 15. At this stage there is no known cash outflow arising from this liability.

Market risk

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

If the share price of Revolver Resources Limited had increased / decreased by 25% from balance date fair value, with all other variables held constant, the Group's post-tax profit for the year would have been $68,750 lower/higher (2022: $153,125).

Cash flow and fair value interest rate risk

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

At 30 June 2023 if interest rates had changed by -/+ 100 basis points from the year-end rates with all other variables held constant, post-tax loss for the year would have been $22,626 lower/higher (2022 – change of 100 bps: $32,046 higher/lower), as a result of higher/lower interest income from cash and cash equivalents.

Fair Value

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

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Note 4 Segment information

Identification of reportable segments

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

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

The Group operates solely within Australia.

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

Note 5 Expenses

	Consolidated	
	2023	**2022**
	$	**$**
Loss before income tax from continuing operations includes the following specific expenses:		
Employee benefits expense	62,309	42,720
Superannuation expense	10,344	9,169
Finance costs		
Interest paid	-	2,121

Note 6 Income tax expense

	Consolidated	
	2023	2022
	$	$
(a) Income tax expense		
Current tax expense	-	-
Deferred tax expense	-	-
Aggregate income tax expense	-	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
(Loss) Profit from operations before income tax expense	(1,171,949)	(415,583)
Tax at the Australian tax rate of 30% (2022: 30%)	(351,585)	(124,675)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Prior year adjustments	-	910
Convertible note revaluation	-	9,356
Other	167	204
	(351,418)	(114,205)
Amounts recognised in other comprehensive income		
Increase (decrease) in unrecognised deferred tax assets	351,418	114,205
Income tax expense	-	-
(c) Deferred Tax Liabilities		
The balance comprises temporary differences attributable to:		
Exploration expenditure	4,739,740	4,690,987
Total deferred tax liabilities	4,739,740	4,690,987
Set-off of deferred tax assets pursuant to set-off provisions	(4,739,740)	(4,690,987)
Net deferred tax liabilities	-	-

Note 6 Income tax expense (continued)

	Consolidated	
	2023	2022
	$	$
(d) Deferred Tax Assets		
The balance comprises temporary differences attributable to:		
Tax losses	20,231,863	20,054,018
Accruals	19,624	8,611
Fixed assets	-	-
Investments	526,165	304,048
Other financial liabilities	-	-
Total deferred tax assets	20,777,652	20,366,677
Set-off of deferred tax liabilities pursuant to set-off provisions	(4,739,740)	(4,690,987)
Net adjustment to deferred tax assets not recognised	(16,037,912)	(15,675,690)
Net deferred tax assets	-	-
(e) Unrecognised net deferred tax assets		
Unused tax losses for which no deferred tax asset has been recognised	53,459,705	52,252,300
Potential tax effect at 30% (2022: 30%)	16,037,912	15,675,690

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

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

(i) the group derives future assessable income of a nature and of an amount sufficient to enable the losses to be realised;

(ii) the group continues to comply with the conditions for deductibility imposed by the law; and

(iii) no changes in tax legislation adversely affect the group in realising the losses.

(f) Tax consolidation legislation

AustChina Holdings Limited and its wholly owned Australian subsidiaries have implemented the income tax consolidation legislation from 1 August 2010. AustChina Holdings Limited is the head entity of the tax consolidated group for the year ended 30 June 2023.

AustChina

Note 7 Current assets – Cash and cash equivalents

	Consolidated	
	2023	2022
	$	$
Cash at bank and on hand	40,587	18,828
Deposits at call	2,222,041	3,185,846
Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows	2,262,628	3,204,674

(a) Risk exposure

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

(b) Deposits at call

All deposits are at call bearing an interest rate of between 0% and 1.55% (2022 – 0% to 0.1%).

Note 8 Current assets – Trade and other receivables

	Consolidated	
	2023	2022
	$	$
Prepayments	19,966	19,883
Other debtors	10,245	20,204
	30,211	40,087

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

	Consolidated	
	2023	2022
	$	$
Australian listed equity securities – at fair value	275,000	612,500
	275,000	612,500

Australian listed equity securities

Balance at the beginning of the year	612,500	-
Transfer from Unlisted securities at amortised cost	-	250,000
Increment/(decrement) on revaluation	(337,500)	362,500
Balance at the end of the year	275,000	612,500

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

	Consolidated	
	2023	2022
	$	$
Unlisted equity securities		
Balance at the beginning of the year	-	250,000
Transfer to Australian listed equity securities	-	(250,000)
Increment on revaluation	-	-
Balance at the end of the year	-	-

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

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

	Consolidated	
	2023	2022
	$	$
Investment in Associate	-	402,888

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

Note 11 Non-current assets – Exploration and evaluation assets

	Consolidated	
	2023	2022
	$	$
Exploration phase costs – at cost	15,799,132	15,636,624

The capitalised exploration assets carried forward above have been determined as follows:

Balance at the beginning of the year	15,636,624	15,562,167
Expenditure incurred during the year - additions	162,508	74,457
Balance at the end of the year	15,799,132	15,636,624

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

Note 12 Non-current assets – Other assets

	Consolidated	
	2023	2022
	$	$
Security deposit	8,200	8,200

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

Note 13 Current liabilities – Trade and other payables

	Consolidated	
	2023	2022
	$	**$**
Unsecured		
Trade and other payables at amortised cost	149,582	103,588

Note 14 Current liabilities – Borrowings

	Consolidated	
	2023	2022
	$	**$**
Financial liabilities at amortised cost		
Convertible note	-	433,896
Financial liabilities at fair value through profit or loss		
Embedded derivative	-	70,009
Total borrowings	-	503,905

Derivative financial instruments – Convertible note

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

During the year the note holder, Treasure Wheel Global Limited, elected to convert $250,000 of the convertible note to shares and were repaid the remaining $250,000. No interest was payable on the convertible note.

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

AustChina

Note 15 Non-current liabilities – Other financial liabilities

	Consolidated	
	2023	2022
	$	$
Other financial liabilities at amortised cost	1,500,000	1,500,000

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

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

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

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

AustChina

Note 16 Issued capital

	2023 Shares	2022 Shares	Consolidated 2023 $	Consolidated 2022 $
(a) Share capital				
(i) Ordinary shares				
Fully paid	2,077,883,635	2,036,832,732	70,618,567	70,666,337
(ii) Other equity securities				
Value of conversion rights – convertible notes	-	-	-	(147,828)
	2,077,883,635	2,036,832,732	70,618,567	70,518,509

(b) Movements in ordinary share capital:

Date	Details		Number of Shares	Issue Price (cents)	$
1 July 2021	Balance		1,634,124,361		66,749,129
5 Aug 2021	Placement	(c)	163,400,000	0.6	980,400
25 Feb 2022	Exercise of options	(c)	1,142,125	1.2	13,706
4 Mar 2022	Exercise of options	(c)	18,730,849	1.2	224,770
18 Mar 2022	Exercise of options	(c)	2,969,525	1.2	35,634
24 Mar 2022	Placement	(d)	181,739,732	1.4	2,544,356
14 Apr 2022	Exercise of options	(c)	3,654,800	1.2	43,858
14 Jun 2022	Part conversion of convertible note	(e)	31,071,340	0.8	250,000
	Value of conversion rights of convertible notes converted during the year		-		(73,914)
	Share issue expenses		-		(249,430)
30 Jun 2022	Balance		2,036,832,732		70,518,509
14 Dec 2022	Part conversion of convertible note	(f)	41,050,903	0.6	250,000
	Value of conversion rights of convertible notes converted / paid out during the year		-		(147,828)
	Share issue costs		-		(2,114)
			2,077,883,635		70,618,567

(c) Placement shares

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

Note 16 Issued capital (continued)

(d) Placement shares

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

(e) Conversion of convertible note – Prior year

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

(f) Conversion of convertible note – Current year

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

(g) Ordinary shares

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

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

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

(h) Options

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

(i) Capital risk management

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

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

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

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

Note 17 Reserves and accumulated losses

	Consolidated 2023 $	2022 $
(a) Reserves		
Share-based payments reserve	3,766,043	3,766,043
Movements:		
Balance 1 July	3,766,043	3,766,043
Share-based payments	-	-
Balance 30 June	3,766,043	3,766,043
Asset revaluation reserve	-	-
Movements:		
Balance 1 July	-	272,740
Share of revaluation of land and buildings of associates	-	(272,740)
Balance 30 June	-	-
(b) Accumulated losses		
Balance 1 July	(56,487,072)	(56,071,489)
(Loss) profit for the year	(1,171,949)	(415,583)
Balance 30 June	(57,659,021)	(56,487,072)

Nature and purpose of reserves

Share-based payments reserve

The share-based payments reserve is used to recognise:

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

(ii) the grant date fair value of performance rights issued to directors / contractors

Asset revaluation reserve

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

Note 18 Parent entity information

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

	2023 **$**	2022 $
Current assets	2,292,737	3,244,659
Non-current assets	8,952,121	9,530,002
Total assets	11,244,858	12,774,661
Current liabilities	149,581	607,493
Non-current liabilities	1,500,000	1,500,000
Total liabilities	1,649,581	2,107,493
Issued capital	70,618,567	70,518,509
Accumulated losses	(64,789,333)	(63,617,384)
Share based payment reserve	3,766,043	3,766,043
Asset revaluation reserve	-	-
Total equity	9,595,277	10,667,168
Profit (loss) for the year	(1,171,949)	(415,583)
Total comprehensive income	(1,171,949)	(272,740)

Guarantees

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

Contingent liabilities

The parent entity has no contingent liabilities as at 30 June 2023 and 30 June 2022.

Capital commitments – Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 and 30 June 2022.

Note 19 Director and key management personnel disclosures

Key management personnel compensation

	Consolidated	
	2023	2022
	$	$
Short-term employee benefits	222,174	291,030
Post-employment benefits	6,143	4,800
Share-based payments	-	-
	228,317	295,830

Note 20 Remuneration of auditors

	Consolidated	
	2023	2022
	$	$
During the year the following fees were paid, payable or accrued for services provided by the auditor or, its related practices and non-related audit firms:		
Audit services		
Audit and review of financial reports – Nexia Brisbane Audit Pty Ltd	42,200	39,500
Total auditor remuneration	42,200	39,500

Note 21 Related parties

(a) Parent entities

The parent entity and ultimate Australian parent entity within the group is AustChina Holdings Limited. The ultimate parent entity is Treasure Wheel Global Limited which at 30 June 2023 owned 44.6% (2022: 42.0%).

(b) Subsidiaries

Interests in subsidiaries are set out in Note 24.

(c) Key management personnel

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

(d) Amounts payable to related parties

During the year the note holder, Treasure Wheel Global Limited, elected to convert $250,000 of the convertible note to shares and were repaid the remaining $250,000. No interest was payable on the convertible note.

At 30 June 2023 Included in trade payables was an amount of $27,760 (2022: $23,200) which represented amounts payable to directors for unpaid directors' fees for the quarter ended 30 June 2023.

Note 22 Cash flow information

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

	Consolidated	
	2023 **$**	**2022** **$**
Loss after income tax	(1,171,949)	(415,583)
Capitalised exploration expenses written off	-	93,409
Impairment of equity accounted investment	321,354	-
Share of loss from equity accounted investment	81,534	49,378
Loss on fair value of convertible note borrowings	-	31,187
Gain on fair value of non-current investment	337,500	(362,500)
Gain on derecognition of convertible note liability	(151,733)	-
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	8,755	(17,702)
Increase/(decrease) in trade and other payables	47,115	10,315
Net cash outflow from operating activities	(527,424)	(611,496)

Note 22 Cash flow information (continued)

(b) Non-Cash investing and financing activities

During the year the note holder, Treasure Wheel Global Limited, elected to convert $250,000 of the convertible note to shares (refer note 16) and were repaid the remaining $250,000 (refer note 14). No interest was payable on the convertible note.

Note 23 Commitments for expenditure

	Consolidated	
	2023	2022
	$	$
Exploration commitments		
Commitments for payments under exploration permits for coal and petroleum in existence at the reporting date but not recognised as liabilities payable is as follows:		
- payable within one year	53,750	67,500
- payable between one year and five years	116,667	170,417
	170,417	237,917

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

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

Note 24 Subsidiaries

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

Name of entity	**Principal Activities**	**Country of incorporation**	**Class of shares**	**Equity holding**	
				2023	2022
				%	%
Tambo Coal & Gas Pty Limited	Coal exploration	Australia	Ordinary	100	100
Moreton Energy Pty Ltd	Coal exploration	Australia	Ordinary	100	100
Coalbank Qld Pty Ltd	Coal exploration	Australia	Ordinary	100	100

Note 25 Earnings per share

	2023 Cents	2022 Cents
(a) Basic earnings per share		
Total basic earnings per share attributable to the ordinary equity holders of the company	(0.06)	(0.02)
(b) Diluted earnings per share		
Total diluted earnings per share attributable to the ordinary equity holders of the company	(0.06)	(0.02)

	2023 $	2022 $
(c) Reconciliation of earnings used in calculating earnings per share		
Basic earnings per share		
(Loss) profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	(1,171,949)	(415,583)
Diluted earnings per share		
(Loss) profit attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	(1,171,949)	(415,583)

(d) Weighted average number of shares used as the denominator

	2023 Number	2022 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	2,059,101,441	1,839,629,816

(e) Information concerning the classification of securities

Options and rights

Options and rights on issue during the year are not included in the calculation of diluted earnings per share because they are antidilutive for the year ended 30 June 2023. These options and rights could potentially dilute basic earnings per share in the future. Details relating to options and rights are set out in Note 16.

Note 26 Investment in Associate accounted for using equity method

The company holds 24.7% (2022: 25.12%) of the issued capital of Utilitas Group Pty Ltd ("Utilitas"), a company that is engaged in the Biogas Renewable Energy Sector. Utilitas is incorporated in Australia and this is also its principal place of business. The proportion of ownership interest is the same as the proportion of voting rights held.

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

	Consolidated	
	30 June 2023 $	30 June 2022 $
Opening carrying amount	402,888	725,006
Share of loss from continuing operations after income tax	(81,534)	(49,378)
Impairment expense	(321,354)	-
Disposal of land and buildings by associate	-	(272,740)
Closing carrying amount	-	402,888

During the half-year, the Directors of AustChina Holdings Limited decided to impair the carrying value of its investment in Utilitas to nil, consequently, an impairment expense of $321,354 has been recorded in profit or loss.

As indicated in the Directors Report, Utilitas is well positioned in the bioenergy and bioproducts field in Australia and continues to pursue a pipeline of future projects. The Company has determined to write-down the value of its investment on the basis that Utilitas is deficient in net assets. Until such time as Utilitas is in a position to capitalize upon the project activities, the Company's investment is likely to remain at nil. Once Utilitas has been able to return to a positive net asset position, the Company will then determine whether a reversal of the impairment expense is appropriate.

More details on the operations of Utilitas Group are set out under the CEO's report and review of operations on pages 5 to 10, refer also to Critical accounting estimates and judgements Note 2(vii).

AustChina

Note 27 Events after the reporting date

No matters or circumstance has arisen since 30 June 2023 that has significantly affected the group's operations, results or state of affairs, or may do so in future years.

Note 28 Share-based payments

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

	Number	**Weighted Average Exercise Price**
Options outstanding as at 1 July 2022	70,000,000	$0.005
Granted	-	-
Expired	-	-
Exercised	-	-
Options outstanding as at 30 June 2023	70,000,000	$0.005

The weighted average remaining contractual life of options outstanding at year end was 0.5 years.

Note 29 Fair Value Measurements

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

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

a) Fair Value Hierarchy

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

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

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

Note 29 Fair Value Measurements (continued)

Valuation techniques

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

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

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

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

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

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

AustChina

Note 29 Fair Value Measurements (continued)

	Note	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
		30 June 2023			
Recurring fair value measurements					
Financial assets					
Financial assets at fair value through profit or loss:					
- held-for-trading Australian listed shares	9	275,000	-	-	275,000
Total financial assets recognised at fair value		275,000	-	-	275,000
Total non-financial assets recognised at fair value					
Liabilities					
- Embedded derivative	14	-	-	-	-
Total liabilities recognised at fair value		-	-	-	-

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

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

Description	Fair Value at 30 June 2023	Valuation Technique(s)	Inputs Used
Non-financial assets			
Embedded derivative	-	Market approach	Risk free rate, share price volatility, average VWAP at vesting

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of AustChina Holdings Limited ("the Company") and its subsidiaries ("the Group")), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (*including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Material Uncertainty Related to Going Concern

The financial statements have been prepared on a going concern basis which contemplates that the Group will continue to meet its commitments and can therefore continue normal business activities and realise its assets and discharge its liabilities in the ordinary course of business.

The ability of the Group to execute its currently planned exploration, evaluation and business activities necessitates the need to periodically raise additional funds. Accordingly, when necessary, the Directors of the Company investigate various options for raising additional funds which may include, amongst other initiatives, issuing new capital or disposing of non-core assets.

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

Material Uncertainty Related to Going Concern (continued)

As stated in Note 2(iv), these events or conditions, along with other matters set forth in Note 2(iv), 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.

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
Carrying Value of Exploration and Evaluation Assets ***Refer to note 11 Exploration and Evaluation Assets*** As at 30 June 2023 the carrying value of exploration and evaluation assets is $15,799,132. The Group's accounting policy in respect of this is outlined in Note 1. As the carrying value of these Exploration and Evaluation Assets represents a significant asset of the Group, we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount. Judgement is applied in determining the treatment of exploration expenditure in accordance with Australian Accounting Standard AASB 6 *Exploration for and Evaluation of Mineral Resources*. In particular: • Whether the conditions for capitalisation are satisfied; • Which elements of exploration and evaluation expenditures qualify for recognition; and • Whether facts and circumstances indicate that the exploration and expenditure assets should be tested for impairment.	Our procedures included, but were not limited to the following: • Obtaining evidence as to whether the rights to tenure of the areas of interest remained current at balance date as well as confirming that rights to tenure are expected to be renewed for tenements that will expire in the near future; • Obtain evidence of the future intentions for the areas of interest, including making enquiries of management, assessing future budgeted expenditure and related work programs; • Obtained an understanding of the status of ongoing exploration programs, for the areas of interest; • Reviewed ASX announcements and directors' minutes to ensure that the Group had not decided to discontinue activities in applicable areas of interest and to assess whether there are any other facts or circumstances that existed to indicate impairment testing was required.

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

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 2023, 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 the other information we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibility for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the remuneration report included in pages 20 to 28 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of AustChina Holdings Limited for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Nexia Brisbane Audit P/L

Nexia Brisbane Audit Pty Ltd

Gavin Ruddell
Director

Level 28, 10 Eagle Street
Brisbane, QLD, 4000

Date: 28 September 2023

AustChina

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 12 September 2023.

A. Distribution of equity securities

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

	Class of equity security
	Ordinary Shares
1 – 1,000	11,663
1,001 – 5,000	114,239
5,001 – 10,000	1,126,978
10,001 – 100,000	18,492,143
100,001 and over	2,058,138,612
	2,077,883,635

There were 626 holders of less than a marketable parcel of ordinary shares.

B. Equity security holders

Twenty largest quoted equity security holders

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

	Ordinary shares	
Name	Number Held	Percentage (%) of issued shares
HSBC Custody Nominees (Australia) Limited	927,214,671	44.62
Blackcro Investments Pty Ltd	152,137,138	7.32
KAMS Brother Holdings Limited	128,093,700	6.16
Mr Peter Andrew Proksa	128,000,000	6.16
Ms Sihol Marito Gultom	75,000,000	3.61
Julia Australia Pty Ltd	23,999,999	1.16
Superhero Securities Limited	18,639,700	0.90
Group 4 Solutions Pty Ltd	17,500,000	0.84
Mr John Yacoub	17,000,000	0.82
Mr Frank Music & Mrs Anna Music	15,400,000	0.74
Mr Tomislav Pandzic	11,660,000	0.56
Ties Group Pty Ltd	11,061,334	0.53
Mrs Sissy McGrath & Mr Bradley McGrath	10,559,166	0.51
Joplin's Run Pty Ltd	10,000,000	0.48
Mr Dominic Furfaro & Mrs Josephine Furfaro	10,000,000	0.48
Mr Michael Yacoub	10,000,000	0.48
Mr Dane Shannon O'Callaghan	7,202,220	0.35
Mr Aaron Jermaine Proska	7,200,000	0.35
Citicorp Nominees Pty Ltd	7,197,580	0.35
Mr Ianaki Semerdziev	6,025,675	0.29
	1,593,891,183	76.71

Name	Options	
	Number Held	Percentage (%) of Listed options
Dragan Group Pty Ltd	17,000,000	18.71
Mr Peter Andrew Proksa	11,068,569	12.18
Dragan Inv Pty Ltd	6,000,000	6.60
Ms Sihol Marito Gultom	6,000,000	6.60
Md David Fagan	4,900,000	5.39
Mr Joey Jevtic	3,477,339	3.83
Mr Charlie Yeoh	3,000,000	3.30
Mr Yang Ye	3,000,000	3.30
Mr Ramin Vahdani	2,000,000	2.20
Mr Dragoslav Jevtic & Mrs Nicole Jevtic	2,000,000	2.20
Ms Elizabeth Katrina Wares	1,910,274	2.10
Jamber Investments Pty Ltd	1,785,714	1.97
Sahyog Investments Pty Ltd	1,557,783	1.71
Mr Juan Pretorius	1,500,000	1.65
HSBC Custody Nominees (Australia) Limited – A/C 2	1,428,571	1.57
Foxtail Pty Ltd	1,383,571	1.52
Mr Vinod Kumar Dayal	1,326,000	1.46
Riya Investments Pty Ltd	1,245,214	1.37
Breakout Star Holdings Pty Ltd	1,060,000	1.17
Matthew Burford Super Fund Pty Ltd	1,037,000	1.14
	72,680,035	79.97

Unquoted equity securities

	Number on issue	Number of holders
Share options	70,000,000	5

Holders of more than 20% of unquoted share options on issue:

	Number held	% of total on issue
Daniel Chan	20,000,000	28.6%
George Kam	20,000,000	28.6%
Andrew Macintosh	20,000,000	28.6%

C. Substantial shareholders

Substantial shareholders in the company are set out below:

	Number held	Percentage
Ordinary shares		
Treasure Wheel Global Limited	927,114,671	44.62%
Blackcro Investments Pty Ltd	152,137,138	7.32%
Peter Proksa	128,000,000	6.16%
Kam's Brother Holdings Limited	128,093,700	6.16%

D. Voting rights

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

a) Ordinary shares

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

(b) Options

No voting rights.