



KalNorth Gold Mines Limited and Controlled Entities  
ACN 100 405 954

Financial Report

For the half-year ended 31 December 2021

**KalNorth Gold Mines Limited and Controlled Entities**  
**Half Year ended 31 December 2021**

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by KalNorth Gold Mines Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.



**KalNorth Gold Mines Limited and Controlled Entities  
Half Year ended 31 December 2021**

**CORPORATE DIRECTORY**

<b>Directors</b>	Jiajun Hu Yuanguang Yang Xiaojing Wang
<b>Company Secretary</b>	Jiajun Hu
<b>Registered Office and Principal Place of Business</b>	Level 2, Suite 9 389 Oxford Street Mount Hawthorn, WA 6016
<b>Share Registry</b>	Advanced Share Registry Limited 110 Stirling Highway Perth WA 6009
<b>Auditor</b>	BDO Audit (WA) Pty Ltd Level 9, Mia Yellagonga Tower 2 5 Spring Street Perth WA 6000
<b>Stock Exchange Listing</b>	Australian Securities Exchange ASX code: KGM*

\* KalNorth Gold Mines Limited's securities have been suspended from trading on the ASX with effect from 12 August 2020

## **DIRECTORS' REPORT**

The directors present their report on the consolidated entity consisting of KalNorth Gold Mines Limited and the entities it controlled ("the Consolidated Entity") for the half-year ended 31 December 2021.

### **Directors**

The names of directors who held office during the half year and until the date of this report are provided below. Directors were in office for the entire period unless otherwise stated.

Jiajun Hu  
Yuanguang Yang  
Xiaojing Wang

### **Principal Activities**

During the half year ended 31 December 2021, the principal activities of the Group consisted of evaluation of new mineral exploration opportunities.

The Company divested its remaining exploration assets in the year ended 30 June 2021. In the half year period, the Company negotiated and completed early settlement of deferred sale proceeds from a project sale entered into in the previous financial period.

### **Results and Review of Operations**

The loss attributable to members of KalNorth Gold Mines Limited for the half year ended 31 December 2021 was \$148,729 (2020: loss of \$386,735). The reduction in loss from the previous half year was due to the disposal of its remaining fixed asset for a realised gain of \$94,447 as well as reduced corporate costs, offset by due diligence and associated costs of assessing new exploration opportunities.

During this half year ended 31 December 2021, KalNorth disposed of its Kalgoorlie land and building for gross cash consideration of \$400,000.

In addition, the \$2.5 million receivables from the sale of its Lindsays Project in March 2021 was fully settled at the end of November 2021. KalNorth negotiated with the purchaser, Lindsays Find Pty Ltd and eventually settled for a discount of \$100,000 in return for immediate settlement for \$2.4 million.

No dividends were paid or declared payable during or since the half-year.

### **Corporate**

With the disposal of the freehold property and final settlement of the Lindsays Project sale during the half year ended 31 December 2021, the Company closed the period end with cash and term deposits of \$15.5 million with no debt. The Company intends to use its exploration expertise and long history and experience in exploration in the Eastern Goldfields to target new exploration opportunities.

### **Covid – 19**

The Company is well advanced in its preparation for any significant COVID outbreak and the re-opening of the Western Australia State border on 3 March 2022, with operational plans in place, specifically designed to mitigate the risk of COVID-19 related disruption across the business.

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

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on the next page and forms part of the Directors' Report for the half-year ended 31 December 2021.

Signed in accordance with a resolution of the Directors.



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Jiajun Hu  
Executive Chairman

Dated at Perth this 2 March 2022

## DECLARATION OF INDEPENDENCE BY NAME OF NEIL SMITH TO THE DIRECTORS OF KALNORTH GOLD MINES LIMITED

As lead auditor for the review of KalNorth Gold Mines Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of KalNorth Gold Mines Limited and the entities it controlled during the period.



**Neil Smith**

**Director**

**BDO Audit (WA) Pty Ltd**

Perth, 02 March 2022

**KalNorth Gold Mines Limited and Controlled Entities**  
**Half Year ended 31 December 2021**

**Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half year ended 31 December 2021**

	<b>Note</b>	<b>Consolidated</b>	
		<b>31 December 2021</b>	<b>31 December 2020</b>
		<b>\$</b>	<b>\$</b>
Other income	2	125,490	105,458
Government incentives		-	75,071
Director and corporate employee costs		(79,814)	(123,870)
Professional fees and consultants		(121,918)	(61,038)
Listing and registry fees		(36,054)	(20,894)
Exploration expenses		-	(291,171)
Interest expense		-	(38,733)
Other expenses		(36,435)	(31,558)
<b>Loss before income tax</b>		<u>(148,729)</u>	<u>(386,735)</u>
Income tax expense		-	-
<b>Loss for the period</b>		<u>(148,729)</u>	<u>(386,735)</u>
<b>Other Comprehensive income/(loss)</b>		<u>-</u>	<u>-</u>
<b>Total Comprehensive Income/(loss) for the period</b>		<u>(148,729)</u>	<u>(386,735)</u>
<b>Earnings Per Share</b>			
Basic and diluted (loss) per share (cents)		(0.02)	(0.04)

*The accompanying notes form an integral part of these financial statements.*

**KalNorth Gold Mines Limited and Controlled Entities**  
**Half Year ended 31 December 2021**

**Consolidated Statement of Financial Position**  
**As at 31 December 2021**

	<b>Note</b>	<b>Consolidated</b>	
		<b>31 December 2021</b>	<b>30 June 2021</b>
		<b>\$</b>	<b>\$</b>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents		<b>2,564,077</b>	15,036,283
Bank term deposits		<b>13,000,000</b>	-
Other receivables	4	-	925,926
Other assets		<b>7,500</b>	7,500
Available for sale assets	3	-	290,865
<b>Total Current Assets</b>		<b>15,571,577</b>	16,260,574
<b>Non-Current Assets</b>			
Other receivables	4	-	1,286,008
<b>Total Non-Current Assets</b>		-	1,286,008
<b>Total Assets</b>		<b>15,571,577</b>	17,546,582
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	5	<b>70,204</b>	1,896,480
<b>Total Current Liabilities</b>		<b>70,204</b>	1,896,480
<b>Total Liabilities</b>		<b>70,204</b>	1,896,480
<b>Net Assets</b>		<b>15,501,373</b>	15,650,102
<b>Equity</b>			
Issued capital	6	<b>92,438,807</b>	92,438,807
Accumulated losses		<b>(76,937,434)</b>	(76,788,705)
<b>Total Equity</b>		<b>15,501,373</b>	15,650,102

*The accompanying notes form an integral part of these financial statements.*

**KalNorth Gold Mines Limited and Controlled Entities**  
**Half Year ended 31 December 2021**

**Consolidated Statement of Changes in Equity**  
**For the half year ended 31 December 2021**

	<b>Issued Capital</b>	<b>Accumulated Losses</b>	<b>Total</b>
<b>At 1 July 2020</b>	92,438,807	(88,997,166)	3,441,641
Loss for the period	-	(386,735)	(386,735)
Total comprehensive loss for the period	-	(386,735)	(386,735)
<b>At 31 December 2020</b>	<u>92,438,807</u>	<u>(89,383,901)</u>	<u>3,054,906</u>
<b>At 1 July 2021</b>	92,438,807	(76,788,705)	15,650,102
Loss for the period	-	(148,729)	(148,729)
Total comprehensive loss for the period	-	(148,729)	(148,729)
<b>At 31 December 2021</b>	<u>92,438,807</u>	<u>(76,937,434)</u>	<u>15,501,373</u>

*The accompanying notes form an integral part of these financial statements.*

**KalNorth Gold Mines Limited and Controlled Entities**  
**Half Year ended 31 December 2021**

**Consolidated Statement of Cash Flows**  
**For the half year ended 31 December 2021**

	<b>Consolidated</b>	
	<b>31 December 2021</b>	31 December 2020
	\$	\$
<b>Cash flows from Operating Activities</b>		
Payments to suppliers and employees	(325,353)	(205,444)
Interest received	578	58
Rental income	-	5,400
Government incentives	-	75,071
Transfer to term deposit	(13,000,000)	-
Net cash used in operating activities	<u>(13,324,775)</u>	<u>(124,915)</u>
<b>Cash flows from Investing Activities</b>		
Payments for mineral exploration activities	-	(217,533)
Deposit received (Lindsay's Project sale)	-	110,000
Associated cost and GST paid re the disposal of Kurnapli Project	(1,863,688)	-
Proceeds from the sale of property	400,000	-
Associated cost in disposal of property	(14,688)	-
Proceeds from sale of Lindsay Project	2,400,000	-
Associated cost re disposal of Lindsay Project	(69,055)	-
Net cash from / (used in) investing activities	<u>852,569</u>	<u>(107,533)</u>
<b>Cash flows from Financing Activities</b>		
Repayment of borrowings	-	(41,000)
Loan from director	-	31,000
Loan from shareholder	-	250,000
Net cash provided by financing activities	<u>-</u>	<u>240,000</u>
Net (decrease) / increase in cash held	(12,472,206)	7,552
Cash and cash equivalent at the beginning of the half-year	<u>15,036,283</u>	<u>4,270</u>
<b>Cash and cash equivalent at the end of the half-year</b>	<u><b>2,564,077</b></u>	<u><b>11,822</b></u>

*The accompanying notes form an integral part of these financial statements.*

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the half year ended 31 December 2021**

**1. Basis of Preparation**

KalNorth Gold Mines Limited is a listed public company, incorporated and domiciled in Australia. During the half year ended 31 December 2021 (the “period”), the consolidated entity conducted operations in Australia.

These consolidated interim financial statements of the consolidated entity for the period ended 31 December 2021 are general purpose financial statements prepared in accordance with the requirements of the Australian Corporations Act 2001 (Cth), applicable accounting standards including AASB 134 ‘Interim Financial Reporting’, other authoritative pronouncements of the Australian Accounting Standards Board (‘AASB’) and Urgent Issues Group Interpretations.

These interim financial statements do not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the group as in the full financial report. It is recommended that these interim financial statements be read in conjunction with the annual financial report for the year ended 30 June 2021, and any public announcements made by the group during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except in relation to the matters discussed below.

**Statement of Compliance**

The interim financial statements were authorised for issue on 2 March 2022.

The interim financial statements comply with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the interim financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

**2. Other income**

	<b>31 December 2021</b>	<b>31 December 2020</b>
	<b>\$</b>	<b>\$</b>
Interest income	<b>578</b>	58
Net proceeds from disposal of property <sup>1</sup>	<b>94,447</b>	-
Lindsays Project settlement <sup>2</sup>	<b>188,065</b>	100,000
Lindsays Project associated cost	<b>(57,600)</b>	-
Kurnalpi Project associated cost <sup>3</sup>	<b>(100,000)</b>	-
Rental income	-	5,400
	<b>125,490</b>	105,458

<sup>1</sup> A contract for the sale of the property in Kalgoorlie was entered into on 19 July 2021 and completed on the 9 September 2021. Sale consideration of \$400,000 less carrying value of \$290,865 and associated sale costs of \$14,688.

<sup>2</sup> Early settlement of Lindsays Project sale with a discount of \$100,000 agreed between both parties for the redemption of \$2.5 million outstanding. As at 30 June 2021, the net present value of receivable

**KalNorth Gold Mines Limited and Controlled Entities**  
**Half Year ended 31 December 2021**

was discounted by \$288,065 (refer to note 4) and this was reversed back at full redemption, resulting in a net gain of \$188,065.

<sup>3</sup> Payment on a mandate for the sale of Kurnalpi Project.

**3. Available for sale assets**

	31 December 2021	30 June 2021
	\$	\$
Property at 224 & 226 Dungan Street, Kalgoorlie	-	290,865

A contract for the sale of the property in Kalgoorlie was entered into on 19 July 2021 and completed on 9 September 2021.

**4. Other receivables**

	31 December 2021	30 June 2020
	\$	\$
<b>Current</b>		
Sale proceeds receivable within 12 months	-	1,000,000
Less: discount	-	(74,074)
Net present value	-	925,926
<b>Non-current</b>		
Sale proceeds receivable after 12 months	-	1,500,000
Less: discount	-	(213,992)
Net present value	-	1,286,008

During the half year period, the \$2.5 million receivable (gross before discount) was fully settled for a discount of \$100,000 in return for immediate settlement for \$2.4 million in relation to the Lindsay Project sale.

**5. Trade and Other Payables**

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
<i>Current</i>		
Trade payables	38,336	19,784
GST and other taxes (receivable) / payable	(23,046)	1,754,838
Sundry payables and accrued expenses	25,485	95,512
Provision for annual leave	29,429	26,347
	<b>70,204</b>	<b>1,896,481</b>

**6. Issued Capital**

	31 December 2021	30 June 2021
	\$	\$
<b>Ordinary Shares</b>		
894,240,060 fully paid ordinary shares (June 2021: 894,240,060)	<b>92,438,807</b>	<b>92,438,807</b>

**7. Dividends**

No dividends were paid or declared payable during or since the half-year.

**8. Segment Information**

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. During the period the consolidated entity operated in one geographical segment being Australia, and one business segment being mineral exploration and development.

**9. Contingent liabilities and contingent assets**

There are no contingent liabilities or assets at the reporting date or arising since.

**10. Commitments**

The Group has no commitments as a result of the disposal of all its mineral exploration assets during the year ended 30 June 2021.

**11. Related party transactions**

**Related Parties**

The Group's main related parties are as follows:

**a. Key management personnel**

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel.

**b. Entities subject to significant influence**

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement

**12. Events Subsequent to Reporting Date**

Since the end of the reporting period and to the date of this report, no matter or circumstance has arisen which significantly affected, or may significantly effect, the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

**DIRECTORS' DECLARATION**

The Directors of KalNorth Gold Mines Limited declare that:

1. The financial statements and notes, are in accordance with the Corporations Act 2001, including :
  - (a) complying with Accounting Standard AASB 134 Interim Financial Reporting; and
  - (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



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Jiajun Hu  
Executive Chairman

Dated at Perth this 2 March 2021

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of KalNorth Gold Mines Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of KalNorth Gold Mines Limited and its subsidiaries, which comprises the consolidated statement of financial position as at 31 December 2021, 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 half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company 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 the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

#### Responsibility of the directors for the financial report

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



### **Auditor's responsibility for the review of the financial report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Company's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

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

**BDO Audit (WA) Pty Ltd**

A handwritten signature in black ink, appearing to read 'Neil Smith', with a horizontal line extending to the right.

**Neil Smith**

**Director**

Perth, 02 March 2022