

**CWH RESOURCES LTD
AND CONTROLLED ENTITIES**

ACN 009 230 111

Annual Report for the Year Ended
30 June 2018

CWH RESOURCES LTD ACN 009 230 111
AND CONTROLLED ENTITIES

Report for the Year Ended 30 June 2018

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**CWH RESOURCES LTD ACN 009 230 111
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OPERATING AND FINANCIAL REVIEW**

Principal Activities

The principal activities of the consolidated group during the financial year were:

- Manufacturing and selling of building products in China (via a subsidiary, Chongqing Hanxing Building Materials Co Ltd (“CHBM”), (formerly Chongqing Yuao Building Materials Co. Ltd); and
- Undertaking mining exploration.

Significant Changes to Activities

There were no major changes in the nature of the consolidated group's principal activities during the financial year.

CWH shares were removed from the ASX official list on 1 October 2017. The Company is considering possible alternative securities exchanges to list its shares.

The subsidiary CWH Global Exploration Pty Ltd was deregistered on 17 March 2017, and its ABN was subsequently cancelled from 21 August 2017.

CWH has an opportunity to invest in two gas field sites in GUANZAI district and JIANGNAN district of GUIZHOU province of the Peoples Republic of China. The project is in the stage of contract negotiation.

Operating Results

The net profit after tax of the consolidated group for the year ended 30 June 2018 was \$67,425 (2017: \$308,163). In the opinion of the directors, the operating result of the consolidated group for the year ended 30 June 2018 was not affected by any item, transaction or event of a material or unusual nature.

Review of Operations

(i) Australia

CWH has assembled an international group of directors with a blend of corporate, strategic, industry and financial skills and experience to lead the Group in the next few years where it will seek major growth in revenue and diversify investment activities.

CWH currently holds interests in the following tenement:

Tenement ID	District	Ownership	Status
Permit No 001452	Kazakhstan	CWH Resources Ltd (45%)	Granted

The interest in the tenement in Kazakhstan is owned though Discovery Co (45% owned by CWH Group). The permit is located in the Alisher mining area of Jiliangnuofsike Region of the Republic of Kazakhstan, with a size of 11.89 square kilometres. The main resources relating to the permit are copper and nickel ores.

(ii) China

CWH has and continues to operate, via its wholly owned subsidiary, CHBM, a building materials manufacturing business.

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OPERATING AND FINANCIAL REVIEW**

Events after the Reporting Period

Guizhou of China gas mining project is in progress. In April 2018, the ground gas drainage of the mine was 5 parameters and the test well achieved successful ignition. However the expected production has not started in 2019 due to the delay in the preparation process.

Two Australian mining leases held by the CWH Group (EPM 18042 and EPM 18158) expired on 18 September 2018.

Other than the above, there were no matters or circumstances arising since the end of the reporting period that have significantly affected or may significantly affect the operations of the Group and the results of those operations or the state of the affairs of the Group in the financial period subsequent to 30 June 2018.

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DIRECTORS' REPORT**

An electrical engineer by training, Mr Sher was involved in the areas of electrical and mechanical projects in various organisations where he worked, including Sunyen Engineering Pte Ltd, Mass Rapid Transit Corporation and Asia Cement (Singapore) Pte Ltd in Singapore. In addition, he has been conferred as an Honorary Citizen of Xiamen Municipal Government since 1996. Mr Sher holds a Bachelor of Applied Science in Electrical Engineering from the University of Ottawa, Ontario, Canada. He has attended the Asian International Executive Programme by INSEAD Euro-Asia Centre.

Interest in Shares - Nil

Wei Guo Wang - Non-Executive Director

Mr Wang has been a securities market consultant since 2005. In 1992 Mr Wang participated in the establishment of China Securities Co. Ltd and has filled various roles up to Vice President and Chairman of the Supervisory Committee. Mr Wang has also held various management roles within the People's Bank of China and ICBC.

Mr Wang is a graduate of the Xiamen University with a Master degree in Economics.

Interest in Shares - Nil

Raymond Taylor BEcon MComm MIPA – Non-Executive Director and Company Secretary

Mr Taylor has a bachelor of Economics degree and a Masters of Commerce Degree from Macquarie University; he has completed his CPA qualification and Public practice certificate, and the Graduate Diploma of Company Secretarial Practice from the Institute of Company Secretaries. He is a member of the Institute of Public Accountants. He has in excess of 25 years of experience as an accountant at a senior level and has many years of experience and involvement in reporting to boards and owners of businesses. Mr Taylor has experience as a company secretary and a director of listed public companies.

Interest in Shares - Nil

Chongxing Jack Luo - Non-Executive Director

Mr Luo, whilst born in China, is a resident of Australia and has completed a Bachelor degree in Accounting and Finance at Melbourne University. He is based in Sydney and is currently the Manager of Investor relations at Moshav Financial Pty Ltd, a Sydney based private lender and property developer. Mr Luo is the son of the Chairman Mr Bao Cheng Luo. Mr Luo is bilingual and will assist the Australian head office communicate with the Chinese operations. His commercial background and qualifications in accounting and finance will assist him in this role.

Interest in Shares - Nil

Jun William Sui - Non-Executive Director

He is currently the manager of CWH Resources Ltd; he also worked as a manager of China West International Holding Ltd, the predecessor of CWH Resources Ltd from 2004 to 2009. During 2010 to 2015, Mr. Sui worked as a Vice-General manager for New Film (Beijing) Investment Co.Ltd, which is a subsidiary company of China Central Television. Mr. Sui holds a Bachelor of Engineering, graduate certificate of Law and Master of Information Systems. He was appointed as a Justice of the Peace in NSW in 2002.

Interest in Shares - Nil

**CWH RESOURCES LTD ACN 009 230 111
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DIRECTORS' REPORT**

Company Secretary

The following persons held the position of company secretary during the 2018 financial year:

Raymond Taylor BEcon MComm MIPA was appointed on 9 January 2015.

Mr Taylor's description is under the directors' details as he was appointed a non-executive director on 4 August 2015, and he resigned on 6 November 2017.

Jun William Sun was appointed on 28 November 2017.

Mr Sui's description is under the directors' details as he was also appointed a non-executive director on 28 November 2017.

Meetings of Directors

During the financial year, two meetings of directors were held. Attendances by each director during the year were as follows:

	Meeting eligible to attend	Meeting attended
Bao Cheng Luo	2	2
Hock Guan Charles Sher	2	0
Wei Guo Wang	2	0
Raymond Taylor	1	1
Chongxing Jack Luo	2	2
Jun William Sun	2	1

Dividends Paid or Recommended

The directors of CWH recommend that no dividend be paid in respect of the year ended 30 June 2018.

Indemnifying Officers or Auditor

The Company has agreed to indemnify all directors and officers of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

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

Insurance of officers

Directors and Officers insurance costing \$1,013 for the 2018 financial year was paid.

Non-audit services

The CWH Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the CWH Group are important. No non-audit services were provided by the auditor during the year.

**CWH RESOURCES LTD ACN 009 230 111
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DIRECTORS' REPORT**

Environmental Regulations

The Group is subject to significant environmental regulations under the legislation of People's Republic of China. The Group aims to ensure that it complies with the identified regulatory requirements in each jurisdiction in which it operates. There have been no known material breaches of the environmental obligations of the Group's contracts or licences.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2018 has been received and a copy is on page 9 of the Annual Report.

Options

No options were granted during the year ended 30 June 2018. There were no outstanding options as at 30 June 2018.

Review of Operations

A review of operations is included on pages 2 and 3 of the Annual Report.

There are no retirement allowances for directors, other than payment of statutory superannuation for the Executive Director.

A. Details of Remuneration

Details of remuneration of the directors and the key management personnel of CWH Resources Ltd and the CWH Group for the financial years ended 30 June 2018 and 30 June 2017 are set out in the following tables:

Remuneration of Directors and Key Management Personnel

Year ended 30 June 2018

Name	Short-term benefits				Post-employment benefits		Total
	Cash Salary and Fees	Cash Bonuses	Non-monetary Benefits	Other	Superannuation	Share options	
<i>Non-Executive Directors</i>	\$	\$	\$	\$	\$	\$	\$
Hock Guan Charles Sher	-	-	-	-	-	-	-
Wei Guo Wang	-	-	-	-	-	-	-
Jun William Sui	52,000	-	-	-	-	-	52,000
Raymond Taylor*	12,000	-	-	-	-	-	12,000
Total Non-Executive Directors	64,000	-	-	-	-	-	64,000
<i>Executive Directors</i>							-
Bao Cheng Luo**	-	-	-	596,121**	-	-	596,121
Total Executive Directors	-	-	-	-	-	-	-
Total	64,000	-	-	-	-	-	660,121

* Mr Taylor's consulting company received fees in the 2018 financial year for undertaking the roles of Director and Company Secretary, and for accounting services. He resigned on 6 November 2017.

** A write off of loan receivable from Mr Luo.

**CWH RESOURCES LTD ACN 009 230 111
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DIRECTORS' REPORT**

Year ended 30 June 2017

Name	Short term benefits			Post-Employment benefits		Total
	Cash Salary and Fees	Cash Bonuses	Non-monetary Benefits	Superannuation	Share options	
<i>Non-Executive Directors</i>	\$	\$	\$	\$	\$	\$
Hock Guan Charles Sher	-	-	-	-	-	-
Wei Guo Wang	-	-	-	-	-	-
Chongxing Jack Luo	-	-	-	-	-	-
Raymond Taylor*	73,000	-	-	-	-	73,000
Total Non-Executive Directors	73,000	-	-	-	-	73,000
<i>Executive Directors</i>						-
Bao Cheng Luo	-	-	-	-	-	-
Total Executive Directors	-	-	-	-	-	-
Total	73,000	-	-	-	-	73,000

This Directors' Report, is signed in accordance with a resolution of the Board of Directors.



Bao Cheng Luo
Director

Dated: 21/ 6 /2019

AUDITOR'S INDEPENDENCE DECLARATION

Independent Auditor's Report to CWH Resources Limited

As lead auditor for the audit of the financial report of CWH Resources Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

This declaration is in respect of CWH Resources Limited and the entities it controlled during the year.



D K Swindells
Partner

Sydney, NSW
21 June 2019

**CWH RESOURCES LTD ACN 009 230 111
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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018**

		Consolidated Group	
		2018	2017*
	Note	\$	\$
Revenue from continuing operations			
Sale of goods	3	8,852,017	6,812,916
Other revenue	3	46,791	25,882
		8,898,808	6,838,798
Expenses			
Net operating costs	4	(8,158,310)	(6,523,943)
Other expense	4	(672,972)	-
		(8,831,282)	(6,523,943)
Result from operating activities		67,526	314,855
Finance costs		(101)	(6,692)
Profit before Income tax		67,425	308,163
Income tax expense	5	-	-
Net profit for the year		67,425	308,163
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit/(loss):</i>			
Foreign currency translation difference for foreign operations (no income tax applicable)		(322,985)	319,074
Total other comprehensive (expense)/income for the year		(322,985)	319,074
Total comprehensive (expense)/income for the year		(255,560)	627,237

*: Restated – refer Note 8.

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

**CWH RESOURCES LTD ACN 009 230 111
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

ASSETS	Note	Consolidated Group	
		2018	2017*
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	9	59,276	65,474
Trade and other receivables	10	739,002	1,623,131
Inventories	11	232,319	342,716
Other financial assets	13	4,017	7,083
Other assets	17	-	7,159
TOTAL CURRENT ASSETS		1,034,614	2,045,563
NON-CURRENT ASSETS			
Trade and other receivables	10	144,023	46,993
Investments accounted for using the equity method	12	-	2,149
Property, plant and equipment	15	1,598,962	1,714,613
Land compensation and use rights	16	1,594,074	1,184,910
TOTAL NON-CURRENT ASSETS		3,337,059	2,948,665
TOTAL ASSETS		4,371,673	4,994,228
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	18	5,492,637	4,978,566
Borrowings	19	-	44,189
Current tax liabilities	20	5,148,061	4,554,021
TOTAL CURRENT LIABILITIES		10,640,698	9,576,776
NON-CURRENT LIABILITIES			
Borrowings	19	-	3,449,820
TOTAL NON-CURRENT LIABILITIES		-	3,449,820
TOTAL LIABILITIES		10,640,698	13,026,596
NET ASSETS		(6,269,025)	(8,032,368)
EQUITY			
Issued capital	21	20,717,717	18,698,814
Reserves	28	(3,473,265)	(3,150,280)
Accumulated losses		(23,513,477)	(23,580,902)
TOTAL EQUITY (DEFICIENCY)		(6,269,025)	(8,032,368)

*: Restated – refer Note 8

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

**CWH RESOURCES LTD ACN 009 230 111
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

	Share Capital	Accumulated Losses	Reserves		Total
	Ordinary \$	\$	Foreign Currency Translation Reserve \$	General Reserve \$	\$
Balance as 1 July 2016	18,698,814	(23,889,065)	(4,115,421)	646,067	(8,659,605)
Profit for the year	-	308,163	-	-	308,163
Other comprehensive income for the year*	-	-	319,074	-	319,074
Total comprehensive income for the year*	-	308,163	319,074	-	627,237
Balance as at 30 June 2017	18,698,814	(23,580,902)	(3,796,347)	646,067	(8,032,368)
Balance as at 1 July 2017	18,698,814	(23,580,902)	(3,796,347)	646,067	(8,032,368)
Profit for the year	-	67,425	-	-	67,425
Other comprehensive income for the year	-	-	(322,985)	-	(322,985)
Total comprehensive income for the year	-	67,425	(322,985)	-	(255,560)
New issue of capital	2,018,903	-	-	-	2,018,903
Balance as at 30 June 2018	20,717,717	(23,513,477)	(4,119,332)	646,067	(6,269,025)

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**: Restated – refer Note 8*

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CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

		Consolidated Group	
	Note	2018	2017
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		7,498,534	6,980,141
Interest received		22,024	-
Payments to suppliers and employees		(5,537,680)	(5,744,244)
Net cash provided by operating activities	24	1,982,878	1,235,897
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of land and mining rights		(314,938)	-
Net cash used in investing activities		(314,938)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(1,475,106)	(1,207,837)
Net cash (used in) provided by financing activities		(1,475,106)	(1,207,837)
Net increase/ (decrease) in cash held		(8,509)	28,060
Cash and cash equivalents at beginning of financial year		65,474	39,104
Effect of exchange rates on cash holdings in foreign currencies		2,311	(1,690)
Cash and cash equivalents at end of financial year	9	59,276	65,474

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

**CWH RESOURCES LTD ACN 009 230 111
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NOTES TO THE FINANCIAL STATEMENTS**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

CWH Resources Ltd (“the parent” or “the Company”) is a company limited by shares, incorporated in Australia.

These consolidated financial statements and notes represent those of CWH Resources Ltd and its controlled entities (“the Group” or “CWH Group”).

The financial statements were authorised for issue on 17 June 2019 in accordance with a resolution of the Directors.

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

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board, and with International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Historical Cost Convention

These financial statements have been prepared under the historical cost convention, except for financial assets that have been classified as at fair value through profit and loss, which are measured at fair value.

Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the CWH Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 1(t).

Going Concern

The financial report has been prepared on the going concern basis and the Group contemplates continuity of normal business activities, the realisation of assets and the settlement of liabilities in the normal course of business.

As at 30 June 2018 the statement of financial position of the Group shows a net asset deficit of \$6,269,025 (2017 a deficiency of \$8,032,368). There is also a shortfall of current assets (\$1,034,614) to current liabilities (\$10,640,698) of \$9,606,084.

The Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2018 shows a profit after income tax from continuing operations of \$67,425 (2017 a profit of \$308,163).

**CWH RESOURCES LTD ACN 009 230 111
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NOTES TO THE FINANCIAL STATEMENTS**

Going Concern (continued)

Despite the shortfall in Current Assets to Current Liabilities, the directors believe that the Company and the Group will be able to fund future operations through the cash generated by CHBM, and the provision of additional funding by Mr Bao Cheng Luo. The Board will also consider additional fundraising activities in the near future if required. Without this fund raising and achievement of positive cash flow from CHBM operations, there is material uncertainty as to whether the Group will be able to continue as a going concern.

If the Group is unable to continue as a going concern, it may be required to make adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities, and may be unable to realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report.

Note 1 Summary of Significant Account Policies

(a) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the Company and all of its subsidiaries. Subsidiaries are entities that the parent controls. The parent controls an entity when it 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 over the entity. A list of the subsidiaries is provided in Note 14.

The assets, liabilities and results of all subsidiaries are consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Inter-company transactions, balances and unrealised gains or losses on transactions between Group entities are eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure conformity with the accounting policies adopted by the Group.

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

(b) Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

**CWH RESOURCES LTD ACN 009 230 111
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NOTES TO THE FINANCIAL STATEMENTS**

(b) Income Tax (continued)

Deferred Tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(c) Inventories

Finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual inventory items on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to make the sale.

(d) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Makers ("CODM") i.e the Board. The Board is responsible for the allocation of resources to operating segments and assessing their performance.

(e) Fair value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

(f) Property, Plant and Equipment, and Intangibles

These assets are stated at cost and are depreciated over their useful lives using the straight line method.

The expected useful life for asset classes is as follows:

- Plant and office equipment – between 5 and 10 years.
- Motor vehicles – between 5 and 10 years.
- Buildings – 25 years.
- Mining rights – 17 years.
- Land use rights – 50 years.

An asset's residual values and useful life is reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1(i)).

Gains and losses on disposal are determined by comparing proceeds with the asset's carrying amount, and are included in profit or loss.

**CWH RESOURCES LTD ACN 009 230 111
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NOTES TO THE FINANCIAL STATEMENTS**

(g) Financial Instruments

(i) Financial assets at fair value through profit or loss

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition.

Financial assets at fair value through profit or loss are carried at their fair value. Realised and unrealised gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss are included in profit or loss in the period in which they arise.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the CWH Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in receivables in the Statement of Financial Position. Subsequent to initial recognition at fair value plus any directly attributable transaction costs, loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment losses.

(h) Impairment of Assets

Intangible assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

(i) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the CWH Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(j) Foreign Currency Transactions and Balances

(i) Functional and Presentation Currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is CWH Resources Ltd's functional currency.

**CWH RESOURCES LTD ACN 009 230 111
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NOTES TO THE FINANCIAL STATEMENTS**

(j) Foreign Currency Transactions and Balances (continued)

(ii) Translations and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Assets and liabilities are translated at the year-end exchange rate.

(iii) Foreign Operations

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates at the dates of the transactions); and
- exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

(k) Employee Benefits

(i) Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and annual leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

(ii) Long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Long-term employee benefits are measured at the present value of the expected future payments to be made to employees.

(iii) Retirement benefit obligations

The Group contributes the required statutory superannuation or pension rate on behalf of employees to licensed superannuation or pension funds. The Group's legal or constructive obligation is limited to these contributions.

(l) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks and 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.

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(m) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Revenue from the sale of goods is recognised upon the delivery of goods to customers as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised as it accrues, using the effective interest method. All revenue is stated net of the amount of goods and services tax.

(n) Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Trade receivables are due for settlement between 30 and 90 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (Provision for impairment of trade receivables) is established when there is objective evidence that the CWH Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in profit or loss with other expenses.

(o) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the CWH Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition.

(p) Goods and Services tax

Revenues, expenses and assets are recognised net of the amount of GST or VAT, except where the amount of GST or VAT incurred is not recoverable from the relevant Taxation Office. In these circumstances the GST or VAT is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST or VAT as appropriate.

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

(q) Contributed Equity

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.

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(r) Critical Accounting Estimates and Judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Recoverability of Land Use Rights and Land Compensation Balance

The Group has capitalised the amounts it paid for the land use rights and land compensation on the basis either that it is expected to be recouped through future business operations or the amount is no less than its fair assessment value as at the reporting date. These estimates take into account both the financial performance and position of the Company as they pertain to current business and market conditions, and the directors' understanding thereof. The carrying value of the capitalised land use rights would be written down to its recoverable amount if the impairment assessment confirms the carrying value is less than its recoverable amount.

Provision for Impairment of Receivables

The CWH Group undertakes a detailed analysis of trade receivables on a monthly basis and writes off those debtors which it considers not recoverable and makes an impairment provision for those where recovery is considered doubtful. Income Tax 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.

(s) New and Revised Accounting Standards

i. Amendments to Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied applicable amendments to Standards issued by the AASB that are mandatorily effective for an accounting periods that begin on or after 1 July 2017, and therefore relevant for the current year end.

The application of these amendments has had no impact on the Company's financial statements.

ii. New and revised Accounting Standards in issue not yet adopted

At the date of authorisation of the Financial Statements, the Standards listed below were issued but not yet effective. The potential effect of the revised Standards on the Group's financial statements has not yet been determined.

AASB 9 'Financial Instruments' and the relevant amending standards, effective for annual reporting periods beginning on or after 1 January 2018, expected to be initially applied in the financial year ending 30 June 2019;

AASB 15 'Revenue from contract with customers', effective for annual reporting periods beginning on or after 1 January 2018, expected to be initially applied in the financial year ending 30 June 2019;

AASB 16 'Leases', effective for annual reporting periods beginning on or after 1 January 2019, expected to be initially applied in the financial year ending 30 June 2020;

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(s) New and Revised Accounting Standards (continued)

AASB 2016-5 'Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions', effective for annual reporting periods beginning on or after 1 January 2018, expected to be initially applied in the financial year ending 30 June 2019;

AASB 2008-1 'Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle', effective for annual reporting periods beginning on or after 1 January 2019, expected to be initially applied in the financial year ending 30 June 2020;

Interpretation 23 Uncertainty over Income Tax Treatments, effective for annual reporting periods beginning on or after 1 January 2019, expected to be initially applied in the financial year ending 30 June 2020.

The Group has yet to make an assessment of the impact of these standards.

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Note 2 Parent Information

	2018	2017
	\$	\$
Statement of financial position		
ASSETS		
Current assets	9,729	86,762
Non-current assets	40,345	7,615
TOTAL ASSETS	50,074	94,377
LIABILITIES		
Current liabilities	234,842	423,512
Non-current liabilities	-	1,689,854
TOTAL LIABILITIES	234,842	2,113,366
Statement of profit or loss and other comprehensive income		
Total (loss)/profit	(891,316)	21,046

Contractual commitments

The parent entity does not have any capital commitments or contingences as at 30 June 2018 (2017: \$Nil).

Operating lease commitments are as disclosed in Note 22.

Note 3 Revenue

	Consolidated Group	
	2018	2017
	\$	\$
Revenue from continuing operations		
Sales revenue		
Sales of goods	8,852,017	6,812,916
Total revenue	8,852,017	6,812,916
Other revenue		
Other revenue including interest income	46,791	25,882
Total other revenue	46,791	25,882

	Consolidated Group	
	2018	2017
	\$	\$
Note 4 Operating Costs		
Profit before income tax from continuing operations includes the following specific expenses:		
Cost of Sales	5,337,199	5,868,595
Selling and operating expenses	66,337	73,824
Administrative Expenses	2,754,774	581,524
	8,158,310	6,523,943
Other Expense		
Write off of amount receivable from Director	596,121	-
Others	76,851	-
	672,972	-

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Note 5 Income Tax Expense

	Consolidated Group	
	2018	2017
	\$	\$
(a) Income tax expense		
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Net Profit for the year	67,425	308,163
Prima facie tax payable on profit from ordinary activities before income tax at 27.5% (2017: 27.5%)	18,542	92,449
adjustments for:		
Offset against Tax losses	(18,542)	(92,449)
Income tax expense	-	-

(b) Unrecognised deferred tax assets related to tax losses

The CWH Group has unrecognised tax losses in Australia of approximately \$17.53 million (2017: \$17.07 million). The benefit at 27.5% of approximately \$4.82 million (2017: \$ 4.69 million) associated with the tax losses will only be obtained if:

- The CWH Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised in Australia;
- The CWH Group continues to comply with the conditions for deductibility imposed by the Australian and Chinese income tax law; and
- No changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the losses.
- According to the Corporate Income Tax Law of the People's Republic of China which was passed in March 2007, CHBM's tax rate is 25% from 1 January 2008 and onwards. The income tax of CHBM for the year ended 30 June 2018 was \$Nil (2017: \$Nil). No deferred tax asset arising from the tax losses has been recognised by CHBM.

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Note 6 Key Management Personnel

(a) Key Management Personnel Compensation

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel ("KMP") for the year ended 30 June 2018.

The totals of remuneration paid to KMP of the Company and the Group during the year are as follows:

	Consolidated Group	
	2018	2017
	\$	\$
Short term employee benefits	660,121	73,000
Total key management personnel compensation	660,121	73,000

(b) Shareholdings

The numbers of shares in the Company held during the financial year by each director of CWH Resources Ltd and other key management personnel of the CWH Group, including their personally related parties, are set out below.

Name	Bao Cheng Luo
Balance as at 1 July 2016	748,607
Additions	-
Disposals	-
Other changes during the year	-
Balance at 30 June 2017	748,607
Additions	14,954,837
Disposals	-
Other changes during the year	-
Balance as at 30 June 2018	15,703,444

(c) Loans to Key Management Personnel

There were no loans made to directors of CWH Resources Ltd or other key management personnel of the CWH Group, including their personally related parties, during the years ended 30 June 2018 and 30 June 2017.

There are amounts owing by related parties at year end (Note 10).

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(d) Loans to/ from Directors

	Note	Consolidated Group	
		2018	2017
		\$	\$
Loans from director (Chongxing Jack Luo)	19		
Opening Balance		44,189	44,189
Repayments		(44,189)	-
Closing balance		-	44,189

	Note	Consolidated Group	
		2018	2017
		\$	\$
Loans to/(from) director (Bao Cheng Luo)	19		
Opening balance		3,449,820	4,297,657
Converted to issued capital		(2,018,903)	-
Loans repayments		(1,298,611)	(847,837)
Closing balance		132,306	3,449,820

The Loan to director is unsecured, and interest will be payable at 12.54% pa effective from 1 July 2018.

Note 7 Auditors' Remuneration

During the year, the following fees were paid or payable for services provided by the auditor of the Company and its related practices, and non-related audit firms:

	Consolidated Group	
	2018	2017
	\$	\$
(a) HLB Mann Judd		
Auditing or reviewing the financial statements	74,382	46,667
(b) Non-HLB Mann Judd Firms		
Auditing or reviewing the financial statements	32,701	19,206
Total auditors' remuneration	107,083	65,873

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Note 8 Correction of Error – Related Party Loan

During the year ended 30 June 2018 a detailed review was conducted of loan account transactions, and it was discovered that 2 repayments by a related company to the parent were incorrectly shown as a receivable from a Director, and credited to foreign currency translation reserve, in the year ended 30 June 2016 (\$300,000) and in the year ended 30 June 2017 (\$360,000).

The error has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

	30 June 2016	Increase (Decrease)	30 June 2016 Restated	30 June 2017	Increase (Decrease)	30 June 2017 Restated
	\$	\$	\$	\$	\$	\$
Consolidated Statement of Profit or Loss and Other Comprehensive Income(extract)						
Other Comprehensive Income:						
Foreign currency translation difference for foreign operations (no income tax applicable)						
	570,173	(300,000)	270,173	679,074	(360,000)	319,074
Total comprehensive income for the year	96,961	(300,000)	(203,039)	987,237	(360,000)	627,237
Statement of Financial Position (extract)						
Non-Current Liabilities:						
Borrowings	3,997,657	300,000	4,297,657	2,789,820	660,000	3,449,820
Total Non-Current Liabilities	3,997,657	300,000	4,297,657	2,789,820	660,000	3,449,820
Total Liabilities	13,634,947	300,000	13,934,947	12,366,596	660,000	13,026,596
Net Assets	(8,359,605)	(300,000)	(8,659,605)	(7,372,368)	(660,000)	(8,032,368)
Reserves	(3,169,354)	(300,000)	(3,469,354)	(2,490,280)	(660,000)	(3,150,280)
Total Equity (Deficiency)	(8,359,605)	(300,000)	(8,659,605)	(7,372,368)	(660,000)	(8,032,368)
Statement of Changes in Equity (Extract)						
Balance at beginning of year – Foreign Currency Translation Reserve						
	(4,385,594)	-	(4,385,594)	(3,815,421)	(300,000)	(4,115,421)
Other comprehensive income for the year - Foreign Currency Translation Reserve						
	570,173	(300,000)	270,173	679,074	(360,000)	319,074
Balance at the end of the year – Foreign Currency Translation Reserve						
	(3,815,421)	(300,000)	(4,115,421)	(3,136,347)	(660,000)	(3,796,347)
Balance as at the end of the year						
	(8,359,605)	(300,000)	(8,659,605)	(7,372,368)	(660,000)	(8,032,368)

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Note 9 Cash and Cash Equivalents

	Consolidated Group	
	2018	2017
	\$	\$
Cash at bank and on hand	59,276	65,474

The CWH Group's exposure to interest rate risk and foreign currency risk is discussed in Note 27.

Note 10 Trade and Other receivables

	Consolidated Group	
	2018	2017
	\$	\$
Current receivables		
Trade receivables	1,314,405	1,224,222
Provision for impairment	(1,119,321)	(1,018,013)
	195,084	206,209
Other receivables	543,918	1,416,922
Total other receivable	543,918	1,416,922
Total current trade and other receivables	739,002	1,623,131

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Note 10 Trade and Other receivables (Continued)

	Consolidated Group	
	2018	2017
	\$	\$
Non-current		
Rental deposit/ bonds	11,717	7,615
Amounts receivable from related parties		
Mr Bao Cheng Luo*	132,306	-
Yongchuan Xuyang Transportation Co. Ltd	-	39,378
Total non-current trade and other receivables	144,023	46,993

The receivable is unsecured and interest will be payable at 12.54% pa effective from 1 July 2018.

	Consolidated Group	
	2018	2017
	\$	\$
Receivables from Yongchuan Xuyong Transportation Co. Ltd		
Opening balance	39,378	46,178
Additions	2,559	-
Written-off	(41,937)	(6,800)
Closing balance	-	39,378
	2018	2017
	\$	\$
Trade and other receivables		
- Total current	739,002	1,623,131
- Total non-current	144,023	46,993
Financial assets classified as loans and receivables	883,025	1,670,124

Note 11 Inventories

	Consolidated Group	
	2018	2017
	\$	\$
Current		
At cost:		
Raw materials	43,080	31,668
Work in progress	96,049	113,898
Finished goods	93,190	197,150
	232,319	342,716

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Note 12 Associates and Joint Arrangements

Investment Accounted for Using Equity Method

The investment comprises a 45% (2017: 45%) interest in Discovery Company Limited, a company registered in Kazakhstan. The Company was not operating as at 30 June 2018.

	Consolidated Group	
	2018	2017
	\$	\$
Investment in unlisted entity – at cost	206,834	206,834
Provision for impairment	(206,834)	(206,834)
Net assets	-	-

Other investments

	Consolidated Group	
	2018	2017
	\$	\$
At cost	2,149	2,149
Written-off investments	(2,149)	-
Total investments	-	2,149

Note 13 Other Financial Assets

	Consolidated Group	
	2018	2017
	\$	\$
Current		
Financial assets at fair value through profit or loss	4,017	7,083
Total	4,017	7,083

Note 14 Subsidiaries

The proportion of ownership interests held equals the voting rights held by Group. Each subsidiary's principal place of business is also its country of incorporation.

Name of subsidiary	Principal place	Ownership interest held by the Group	
		2018	2017
		%	%
Chongqing Hanxing Building Materials Co. Ltd	China	100	100
CWH Global Exploration Pty Ltd	Australia	-	100

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Note 15 Property, plant and equipment

	Consolidated Group	
	2018	2017
	\$	\$
Buildings at cost	5,559,437	5,220,001
Less accumulated depreciation	(3,128,599)	(2,876,483)
Accumulated impairment losses	(1,771,284)	(1,663,242)
	659,554	680,276
Plant and equipment at cost	9,184,965	8,608,524
Accumulated depreciation	(6,204,886)	(5,681,948)
Accumulated impairment losses	(2,044,364)	(1,919,450)
	935,715	1,007,126
Motor vehicles at cost	718,581	674,708
Accumulated depreciation	(714,888)	(650,111)
	3,693	24,597
Total Property, plant and equipment	1,598,962	1,714,613

Movements in carrying amounts

Movements in carrying amounts for each class of property plant and equipment between the beginning and the end of the current financial year.

	Buildings	Plant and Equipment	Motor Vehicles	Total
	\$	\$	\$	\$
Balance at 1 July 2016	783,084	1,200,428	78,576	2,062,088
Depreciation expense	(62,283)	(126,157)	(53,755)	(242,195)
Foreign currency translation	(40,525)	(64,530)	(225)	(105,280)
Balance at 30 June 2017	680,276	1,009,741	24,596	1,714,613
Balance at 1 July 2017	680,276	1,009,740	24,597	1,714,613
Depreciation expense	(63,383)	(136,255)	(21,803)	(221,441)
Foreign currency translation	42,661	62,230	899	105,790
Balance at 30 June 2018	659,554	935,715	3,693	1,598,962

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Note 16 Land compensation and land use rights

	Consolidated Group	
	2018	2017
	\$	\$
Land compensation	1,039,512	621,626
Land use rights	554,562	563,284
Total	1,594,074	1,184,910

	Land Compensation	Land Use Rights	Total
	\$	\$	\$
Balance at 1 July 2016	844,048	615,783	1,459,831
Amortisation charge	(222,422)	(52,499)	(274,921)
Closing value at 30 June 2017	621,626	563,284	1,184,910
Balance at 1 July 2017	621,626	563,284	1,184,910
Additions	-	516,281	516,281
Amortisation charge	(58,862)	(142,299)	(201,161)
Foreign currency translation	(8,202)	102,246	94,044
Closing value at 30 June 2018	554,562	1,039,512	1,594,074

The directors consider that there are no impairment indicators in relation to land use rights and land compensation.

Note 17 Other Assets

	Consolidated Group	
	2018	2017
	\$	\$
Current prepayments	-	7,159
	-	7,159

Note 18 Trade and Other Payables

	Consolidated Group	
	2018	2017
	\$	\$
Current		
Unsecured liabilities		
Payable to Sichuan Jiacheng Gas Energy Co Ltd	2,083,075	1,122,208
		705,785
Other trade payables	2,649,007	
Sundry payables and accrued expenses	642,497	3,039,755
<i>Payable to related parties:</i>		
Yongchuan Xuyang Transportation Co Ltd	118,058	110,818
	5,492,637	4,978,566

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Note 18 Trade and Other Payables (continued)

	Consolidated Group	
	2018	2017
	\$	\$
Payable to Sichuan Jiacheng Gas Energy Co Ltd		
Opening balance	1,122,208	1,109,150
Additions	960,867	13,058
Repayment	-	-
Closing balance	2,083,075	1,122,208

	Consolidated Group	
	2018	2017
	\$	\$
Payable to Yongchuan Xuyang Transportation Co Ltd		
Opening balance	110,818	116,934
Additions	7,240	-
Repayment	-	(6,116)
Closing balance	118,058	110,818

Note 19 Borrowings

	Note	Consolidated Group	
		2018	2017
		\$	\$
Current			
Unsecured liabilities			
Loan from director	6	-	44,189
Total current borrowings		-	44,189
Non-current			
Unsecured liabilities			
Loan from director	6	-	3,449,820
Total non-current borrowings		-	3,449,820
Total borrowings	27	-	3,494,009

Note 20 Taxes Payable

	Consolidated Group	
	2018	2017
	\$	\$
Current		
Taxes payable	5,148,061	4,554,021

This balance relates mainly to the Chinese subsidiary Chongqing Hanxing Building Materials Co., Ltd and comprises VAT payable, withholding tax accrued upon declaration of dividends and resource tax.

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Note 21 Issued Capital

	Consolidated Group	
	2018	2017
	\$	\$
109,703,805 (2017: 94,748,968) fully paid ordinary shares	20,717,717	18,698,814
	20,717,717	18,698,814
 (a) Ordinary shares		
At the beginning of the reporting period	18,698,814	18,698,814
Shares Issued during the year to convert a loan due to a director*	2,018,903	-
At the end of the reporting period	20,717,717	18,698,814

*: During the year agreement was reached with Mr Bao Cheng Luo to convert \$2,018,903 of the Group's liability to Mr Luo to shares in the Company. Shares were issued to Mr Luo at 13.5 cents per share.

	2018	2017
	No. of Shares	No. of Shares
At the beginning of the reporting period	94,748,968	94,748,968
Shares Issued during the year to convert a loan due to a director*	14,954,837	-
At the end of the reporting period	109,703,805	94,748,968

(b) Options

There were no options on issue at 30 June 2018. The Company did not issue any options during 2018.

Note 22 Capital and Leasing Commitments

(a) Capital commitments

The Company had no capital commitments as at 30 June 2018.

(b) Operating lease commitment

	Consolidated Group	
	2018	2017
	\$	\$
Payable		
- not later than 12 months	35,640	16,874
- between 12 months and five years	71,213	-
- later than five years	-	-
	106,853	16,874

The operating lease commitments relate to office lease.

Note 23 Operating Segments

The CWH Group has two separate segments described below which are the CWH Group's strategic business units. The China business comprises a cement production plant while the Australia business is primarily a corporate office, also undertaking strategic investments.

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Note 23 Operating Segments (continued)

30 June 2018	China \$	Australia \$	Elimination \$	Consolidated \$
REVENUE				
Sales of goods	8,852,017	-	-	8,852,017
Other revenue	24,769	22,022	-	46,791
Total segment revenue	8,876,786	22,022	-	8,898,808
RESULTS				
Segment result before tax	958,741	(891,316)	-	67,425
Income tax expense	-	-	-	-
Profit for the year	958,741	(891,316)	-	67,425
ASSETS				
Segment assets	4,522,644	50,074	(201,045)	4,371,673
LIABILITIES				
Segment liabilities	11,687,004	247,342	(1,293,648)	10,640,698
OTHER SEGMENT INFORMATION				
Depreciation and amortisation expense	422,341	261	-	422,602
30 June 2017	China \$	Australia \$	Elimination \$	Consolidated \$
REVENUE				
Sales of goods	6,812,916	-	-	6,812,916
Other revenue	25,882	-	-	25,882
Total segment revenue	6,838,798	-	-	6,838,798
RESULTS				
Segment result before tax	647,117	(338,954)	-	308,163
Profit for the year	647,117	(338,954)	-	308,163
ASSETS				
Segment assets	4,899,851	94,377	-	4,994,228
LIABILITIES				
Segment liabilities	10,913,230	2,113,366	-	13,026,596
OTHER SEGMENT INFORMATION				
Depreciation and amortisation expense	517,116	-	-	517,116

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Note 24 Cash Flow Information

	Consolidated Group	
	2018	2017
Reconciliation of Cash Flow from Operating Activities with Profit after Income Tax	\$	\$
Profit after income tax	67,425	308,163
Amortisation of intangible assets	201,161	274,921
Depreciation	221,441	242,195
Written-off of doubtful debt	41,937	-
Writedown of investments	2,149	6,331
(Increase)/decrease in receivables	745,162	(363,942)
Decrease/(increase) in inventories	110,397	101,087
Decrease/(increase) in prepayments	7,159	7,120
Increase/(decrease) in payables	514,071	658,100
Fair value adjustment to investments	3,066	-
Increase/(decrease) in taxes payable	594,040	1,922
Foreign currency differences	(525,130)	-
Cash flow from (used in) operating activities	1,982,878	1,235,897

Significant Non-cash Transaction

During the year, the Company issued 14,954,837 ordinary shares to net off a loan balance of \$2,018,903 due to Mr Bao Cheng Luo.

Note 25 Events After the Reporting Period

Two Australian mining leases held by the CWH Group (EPM 18042 and EPM 18158) expired on 18 September 2018.

Other than the above, there were no matters or circumstances arising since the end of the reporting period that have significantly affected or may significantly affect the operations of the Group and the results of those operations or the state of the affairs of the Group in the financial period subsequent to 30 June 2018.

Note 26 Related Party Transactions

Related Parties

The group's main related parties are as follows:

Parent Entities

CWH Resources Ltd is the parent entity of the CWH Group and is an Australian registered public company, listed on the Australian Securities Exchange until 1 October 2017.

The ultimate parent Company is believed to be Beltrading International Corp, registered in the British Virgin Islands.

Key Management Personnel

For details of key management personnel, refer to Note 6.

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NOTES TO THE FINANCIAL STATEMENTS**

Note 27 Financial Risk Management

	Note	Consolidated Group	
		2018 \$	2017 \$
Financial Assets			
Cash and cash equivalents	9	59,276	65,474
Financial assets at fair value through profit or loss			
- held for trading	13	4,017	7,083
Loans and other receivables	10	883,025	1,670,124
Total Financial Assets		946,318	1,742,681
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	18	5,492,637	4,978,566
- Borrowings	19	-	3,494,009
		5,492,637	8,472,575

Financial Risk Management Policies

The CWH Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and foreign currency risk), credit risk and liquidity risk. The CWH Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the CWH Group. The CWH Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks and ageing analysis for credit risk.

(a) Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions.

The CWH Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. The CWH Group has policies that limit the amount of credit exposure to any one entity. The compliance with credit limits by customers is regularly monitored by line management.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short term nature.

The average credit period on sale of goods and rendering services is 60 days. No interest is charged on overdue debtors. An allowance has been made for estimated irrecoverable trade receivable amounts arising from the past sale of goods determined by reference to past default experience.

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(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Note 27 Financial Risk Management (continued)

The CWH Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial asset and liabilities. Surplus funds are generally only invested in instruments that are tradable in highly liquid markets.

Financing arrangements

The CWH Group does not have access to any undrawn borrowing facilities at the reporting date.

(c) Market Risk

1. Interest rate risk

The Group is exposed to interest rate risk in relation to its cash holdings.

2. Foreign exchange risk

The Group is exposed to foreign currency risks in relation to the assets, liabilities and net assets of its subsidiary in China and its investment in Kazakhstan.

A sensitivity of 10% per cent (2017: 10%) has been selected to account for the current level of exchange rate volatility observed in the market. As at reporting date, the Australian dollar to RMB (AUD/RMB) exchange rate was 4.8888 (2017: 5.2067), and had the Australian dollar (strengthened)/weaken by 10% against the RMB with all other variables held constant, the net assets attributable to shareholders would have been (\$716,436) lower/\$716,436 higher [2017: (\$476,886) lower/\$582,861 higher].

For the financial year ending 30 June 2018, the average Australian dollar to RMB (AUD/RMB) exchange rate was 5.0457 (2017: 5.1383), and had the Australian dollar (strengthened)/weaken by 10% against the RMB with all other variables held constant, the net profit would have been (\$10,936) lower/\$95,874 higher [2017: (\$68,614) lower/\$95,874 higher].

3. Other price risk

The Group is exposed to price risk in relation to its investments in shares in listed entities.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the CWH Group is the current bid price.

(d) Fair value estimation

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes.

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Note 28 Reserves

	Consolidated Group	
	2018	2017
	\$	\$
Foreign currency translation reserve	(4,119,332)	(3,796,347)
General reserve	646,067	646,067
	(3,473,265)	(3,150,280)

(a) Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of the financial statements of a foreign subsidiary. The reserve is recognised in profit or loss when the net investment is disposed of.

(b) General Reserve

The general reserve records statutory funds set aside from an overseas controlled entity of the parent entity under the company law requirements and relevant financial regulations in the country of domicile, for future expansion of the controlled entity and for providing employee facilities and other collective benefits. The reserve amount cannot be distributed as a dividend by the controlled entity.

Note 29 Company Addresses

The registered office of the company is: CWH Resources Ltd
Unit 803 31 Market Street
Sydney NSW 2000 Australia

The principal place of business is:

Unit 803 31 Market Street
Sydney NSW 2000 Australia

**CWH RESOURCES LTD ACN 009 230 111
AND CONTROLLED ENTITIES**

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of CWH Resources Ltd, the directors of the Company declare that, in the Directors' opinion:

1. The financial statements and notes, as set out on pages 16 to 39, are in accordance with the *Corporations Act 2001* including:

- (a) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- (b) giving a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of the consolidated group;

2. The notes to the financial statements include a statement of compliance with International Financial Reporting Standards.

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

The declaration is made in accordance with a resolution of directors.



Bao Cheng Luo
Director

Dated: 21/ 6 / 2019

INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report to the Members of CWH Resources Limited

Opinion

We have audited the consolidated financial report of CWH Resources Limited ("the Company") and its controlled entities (collectively "the Group") which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (a) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the half-year then ended; and
- (b) 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* ("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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that as at 30 June 2018 the statement of financial position of the Group shows a net asset deficit of \$6,269,025, and a shortfall of current assets in relation to current liabilities by \$9,473,778.

As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, 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.

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

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report but for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

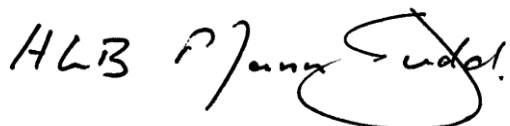
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

A handwritten signature in black ink that reads 'HLB Mann Judd'.

HLB Mann Judd
Chartered Accountants

Sydney, NSW
21 June 2019

A handwritten signature in black ink that reads 'D K Swindells'.

D K Swindells
Partner