TODD RIVER RESOURCES

ABN: 45 600 308 398

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2019

Todd River Resources Corporate Directory

DIRECTORS

Edward Fry	(Chairman)
William Dix	(Managing Director)
Geoffrey Crow	(Non-Executive Director)
Mark Bennett	(Non-Executive Director)

COMPANY SECRETARY

Simon Robertson

REGISTERED OFFICE

4/24 Parkland Road
Osborne Park Western Australia 6017

PO Box 1205
Osborne Park Western Australia 6916

Telephone: (08) 6166 0255
Facsimile: (08) 6270 5410
Website: www.trrltd.com.au
Email: corporate@trrltd.com.au

SHARE REGISTRY

Computershare Investor Services Pty Limited
Level 11
172 St Georges Terrace
Perth Western Australia 6000

Telephone: (08) 9323 2000
Facsimile: (08) 9323 2033

AUDITORS

HLB Mann Judd
Level 4
130 Stirling Street
Perth, WA 6000

SECURITIES EXCHANGE

Australian Securities Exchange (ASX)
Code: TRT

Todd River Resources Limited
Directors' Report

The Directors present their report together with the financial report of Todd River Resources Limited ("TRT") and of the Group, being the Company and its subsidiary for the financial half year ended 31 December 2019 and the auditor's review report thereon.

DIRECTORS

The Directors of the Company at any time during the whole of the half-year end up to the date of this report:

Edward Fry	(Chairman)
William Dix	(Managing Director)
Geoffrey Crow	(Non-Executive Director)
Mark Bennett	(Non-Executive Director)

PRINCIPAL ACTIVITIES

The principal activity of the Group during the course of the financial half year was mineral exploration and evaluation.

REVIEW OF OPERATIONS

Operating Result
The loss from continuing operations for the half year ended 31 December 2019 after providing for income tax amounted to $1,963,391 (2018: $3,504,350).

The loss results from $344,682 of corporate and administration costs, $202,188 of employment expenses, $165,173 of exploration assets impaired, $1,019,863 of exploration expenditure expensed, $206,124 loss on sale of exploration assets, $33,304 depreciation expense and $9,784 of financial income.

Dividends

No dividends were paid or proposed to be paid to members during the half year ended 31 December 2019.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 10 July 2019, TRT announced its maiden mineral resource estimate at Mt Hardy. The resource comprised approximately 175,000 tonnes of contained zinc, 22,500 tonnes of contained copper, 40,000 tonnes of contained lead and 2.9 million ounces of contained sliver.

On 10 September 2019, TRT announced that it completed its placement of $1 million (before costs) and issued 32,259,000 shares at $0.031 per share.

On 14 October 2019, TRT announced it completed its 1-for-3 underwritten non-renounceable pro-rata Entitlement offer for $1.9 million (before costs) and issued 33,643,687 shares at $0.031 per share.

On 4 October 2019, the Group entered into a farm-in arrangement with Cratonix Pty Ltd for a WA nickel project, Nanutarra. The cost of entering into the arrangement was $10,000 and issue of 833,333 TRT shares valued at $25,000. The terms of the farm-in is for the Group to solely fund all costs during the earn in period for a minimum of $2,000,000. Upon completion of the earn in period, election and notice to Cratonix, the Group may earn an 80% interest in Nanutarra.

On 17 December 2019, TRT announced that it had completed its sale of the Walabanba project to Core Lithium (ASX:CXO) in consideration of 1,317,792 CXO shares.

After Balance Date Events

There have been no matter or circumstance that has arisen since 31 December 2019 that has significantly affected, or may significantly affect:

- the Group's operations in future financial years; or
- the result of those operations in future financial years; or
- the Group's state of affairs in future financial years.

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 20 and forms part of the directors' report for the six months ended 31 December 2019.

William Dix
Managing Director

12 March 2020

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2019

	Note	31 December 2019 $	Restated* 31 December 2018 $
Other Income		-	28,259
Total Income		**-**	**28,259**
Corporate and administration expenses		(344,682)	(393,491)
Employment expenses		(202,188)	(885,476)
Depreciation expense		(33,304)	-
Loss on sale of exploration assets	8	(206,124)	-
Exploration expenditure incurred and expensed		(1,019,863)	(2,167,307)
Impairment loss on exploration tenements	8	(165,173)	(104,400)
Loss from operating activities		(1,971,334)	(3,522,415)
Finance income		9,784	18,065
Finance expenses		(1,841)	-
Net finance income		7,943	18,065
Loss before income tax		(1,963,391)	(3,504,350)
Income tax expense		-	-
Loss for the year attributable to the owners of the Company		(1,963,391)	(3,504,350)
Items that will not be reclassified subsequently to profit or loss			
Other comprehensive income			
Changes in the fair value of FVOCI financial assets (net of tax)		(3,877)	-
Other comprehensive loss net of tax		(3,877)	-
Total comprehensive loss for the period attributable to the owners of the company		(1,967,268)	(3,504,350)
Loss per share (cents per share)			
Basic loss per share (cents)		(1.00)	(3.75)
Diluted loss per share (cents)		(1.00)	(3.75)

The condensed consolidated statement of comprehensive income is to be read in conjunction with the notes to the condensed consolidated financial statements.

**Refer to Note 3(b) for details about restatement for voluntary change in accounting policy.*

Condensed Consolidated Statement of Financial Position

As at 31 December 2019

	Note	31 December 2019 $	Restated* 30 June 2019 $
Current assets			
Cash and cash equivalents		2,027,473	1,457,469
Restricted cash		196,135	171,167
Trade and other receivables		4,921	6,716
Prepayments		58,451	38,802
Total current assets		2,286,980	1,674,154
Non-current assets			
Plant and equipment		129,711	150,245
Right-of-use asset	13	24,529	-
Exploration and evaluation expenditure	8	6,647,724	7,067,113
Investments	11	46,123	-
Total non-current assets		6,848,087	7,217,358
Total assets		9,135,067	8,891,512
Current liabilities			
Trade and other payables		112,402	603,637
Lease liability	14	21,240	-
Provisions		40,801	38,723
Total current liabilities		174,443	642,360
Non-current liabilities			
Lease liability	14	3,671	-
Total non-current liabilities		3,671	-
Total liabilities		178,114	642,360
Net assets		8,956,953	8,249,152
Equity			
Issued capital	9	21,501,151	18,846,172
Reserves		2,537,944	2,521,731
Accumulated losses		(15,082,142)	(13,118,751)
Total equity		8,956,953	8,249,152

The condensed consolidated statement of financial position is to be read in conjunction with the notes to the condensed consolidated interim financial statements.

**Refer to Note 3(b) for details about restatement for voluntary change in accounting policy*

Condensed Consolidated Statement of Cash Flows
For the six months ended 31 December 2019

	Note	31 December 2019 $	Restated* 31 December 2018 $
Cash flows from operating activities			
Payments for corporate and administrative activities		(620,053)	(858,177)
Payments for exploration and evaluation activities		(1,431,061)	(2,264,321)
Interest received		10,246	10,358
Interest paid		(1,841)	-
Net cash used in operating activities		(2,042,709)	(3,112,140)
Cash flows from investing activities			
Payments for plant and equipment		(2,257)	(23,215)
Payments for security bonds		(24,968)	(92,146)
Net cash used in investing activities		(27,225)	(115,361)
Cash flows from financing activities			
Proceeds from issue of shares	9	2,923,355	7,194,210
Share issue costs		(273,286)	(518,176)
Lease payments		(10,131)	-
Net cash provided by financing activities		2,639,938	6,676,034
Net increase in cash and cash equivalents		570,004	3,448,533
Cash and cash equivalents at 1 July		1,457,469	1,240,631
Cash and cash equivalents at 31 December		2,027,473	4,689,164

The condensed consolidated statement of cash flows is to be read in conjunction with the notes to the condensed consolidated financial statements.

**Refer to Note 3(b) for details about restatement for voluntary change in accounting policy*

Condensed Consolidated Statement of Changes in Equity
For the six months ended 31 December 2019

	Issued Capital	Accumulated Losses	Reserves	Total Equity
	$	$	$	$
At 1 July 2018 restated*	12,171,388	(6,172,582)	195,731	6,194,537
Net loss for the period	-	(3,504,450)	-	(3,504,450)
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	(3,504,450)	-	(3,504,450)
Transactions with owners recorded directly in equity				
Share placement	7,194,210	-	-	7,194,210
Share issue costs	(518,176)	-	-	(518,176)
Share based payments expense	-	-	562,500	562,500
Additional capital contribution by owners	-	-	45,000	45,000
Balance at 31 December 2018 restated*	18,847,422	(9,676,932)	803,231	9,973,721
At 1 July 2019 restated*	18,846,172	(13,118,751)	2,521,731	8,249,152
Net loss for the period	-	(1,963,391)	-	(1,963,391)
Other comprehensive income	-	-	(3,877)	(3,877)
Total comprehensive loss	-	(1,963,391)	(3,877)	(1,967,268)
Transactions with owners recorded directly in equity				
Share placement	2,948,355	-	-	2,948,355
Share issue costs	(293,376)	-	20,090	(273,286)
Balance at 31 December 2019	21,501,151	(15,082,142)	2,537,944	8,956,953

The amounts recognised directly in equity are disclosed net of tax.

The condensed consolidated statement of changes in equity is to be read in conjunction with the notes to the condensed consolidated financial statements.

**Refer to Note 3(b) for details about restatement for voluntary change in accounting policy*

Notes to the condensed consolidated financial statements

1 REPORTING ENTITY

Todd River Resources Limited (the 'Company') is a company domiciled in Australia. The address of the Company's registered office is Unit 4, 24 Parkland Road, Osborne Park Western Australia 6017. The consolidated financial report as at and for the six months ended 31 December 2019 comprises the Company and its subsidiary (together referred to as the 'Group'). The Group is a for profit entity and primarily is involved in the exploration of minerals within Australia.

2 STATEMENT OF COMPLIANCE

The condensed consolidated half-year financial statements have been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The condensed consolidated half-year financial report does not include all the information required for a full annual financial report, and should be read in conjunction with the consolidated financial report of the Group as at and for the year ended 30 June 2019, and any public announcements made by the Company during the half year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

For the purpose of preparing the interim financial statements, the half year has been treated as a discrete reporting period.

The consolidated half-year financial report was approved by the Board of Directors on 12 March 2020.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation applied by the Group in this condensed consolidated financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2019, except for the impact of the new standards and interpretations effective 1 July 2019 as disclosed in Note 7, the application of AASB 9 *Financial Instruments* and change of exploration and evaluation expenditure policy. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

(a) ***Investments and other financial assets***

Investments and other financial assets are recognised and derecognised on settlement date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time-frame established by the market concerned. They are initially measured at fair value, net of transaction costs, except for those financial assets classified as fair value through profit or loss, which are initially measured at fair value.

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income (OCI), or through profit or loss); or
- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, the classification will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

(i) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Notes to the condensed consolidated financial statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Group subsequently measures all equity investments at fair value. The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and pricing models to reflect the issuer's specific circumstances.

Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(ii) Impairment
The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. For trade and other receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience.

(b) ***Voluntary Change in Accounting Policy - Exploration and evaluation expenditure***

The financial report for the half year ended 31 December 2019 has been prepared on the basis of a voluntary change in accounting policy relating to exploration and evaluation expenditure. In previous financial reporting periods, the costs incurred in connection with exploration of areas with current rights of tenure were capitalised in the Statement of Financial Position. The criteria for carrying forward the costs were:

- Such costs were expected to be recovered through successful development and exploitation of the area or interest or alternatively by its sale; and
- Exploration and/or evaluation activities were continuing in the area or interest and had not yet reached a stage which permitted a reasonable assessment of the existence or otherwise of economically recoverable resources, and active and significant operations in, or in relation to, the area were continuing.

Costs carried forward in respect of an area of interest that was abandoned were written off in the year in which the decision to abandon was made.

The new accounting policy was adopted as of 1 July 2019 and has been applied retrospectively. Under the new policy exploration and evaluation expenditure is expensed to the Statement of Comprehensive Income in the year when it is incurred in respect of each identifiable area of interest until such time where a JORC 2012 compliant resources is announced in relation to the identifiable area of interest. These costs are only carried forward to the extent that they are expected to recouped through the successful development of the area or where activities in the area have not yet reached a state which permits reasonable assessment of the existence of economically recoverable reserves. Acquisition costs of exploration and evaluation assets continue to be capitalised in accordance with the above criteria.

Directors are of the opinion that the change in accounting policy provides users with more relevant and no less reliable financial information as the policy is more transparent and less subjective. Both the previous and new accounting policies are compliant with AASB 6 Exploration for and Evaluation of Mineral Resources. The impact of this change in accounting policy is reflected below.

The capitalised exploration and evaluation asset reported as at 30 June 2019 has decreased by $7,532,596 and accumulated losses brought forward at 1 July 2019 has increased by $7,532,596. The loss before income tax for the half-year ended 31 December 2018 has increased from $1,364,755 to $3,504,350.

Notes to the condensed consolidated financial statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Exploration and evaluation expenditure that is expensed is included as part of cash flows from operating activities, whereas previously capitalised exploration and evaluation expenditure was included as part of cash flows from investing activities. As a result for the half year ended 31 December 2018, net cash used in operating activities has increased from $847,819 to $3,112,140 and net cash used in investing activities has decreased from $2,379,682 to $115,361.

4. ESTIMATES

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainly were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2019, except for the impact of the new standards and interpretations effective 1 July 2019 as disclosed in Note 7.

5. GOING CONCERN

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

The Directors are satisfied they will be able to raise additional funds as required and thus it is appropriate to prepare the financial statements on a going concern basis. If necessary the Group can delay exploration expenditures and directors can also institute cost saving measures to further reduce corporate and administrative costs or explore divestment opportunities. In the event that the Group is unable to obtain sufficient funding for ongoing operating and capital requirements, there is a material uncertainty that may cast significant doubt as to whether the Group will continue as a going concern and therefore proceed with realising its assets and discharging its liabilities in the normal course of business at the amounts stated in the financial report. The financials statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that may be necessary should the Group not be able to continue as a going concern.

6. SEGMENT INFORMATION

The Board determined that the Group has one reportable segment, being mineral exploration in Australia, consequently the Group does not report segmented operations.

7. Adoption of the New and Revised Accounting Standards

Standards and Interpretations applicable to 31 December 2019

In the period ended 31 December 2019, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current reporting period beginning on or after 1 July 2019.

AASB 16 Leases

The Company has adopted AASB 16 from 1 July 2019, using the modified retrospective approach, with no restatement of comparative information.

The impact on the accounting policies, financial performance and financial position of the Company from the adoption of AASB 16 is detailed in Note 15.

Other than the above, there is no material impact of the new and revised Standards and Interpretations on the Group.

Notes to the condensed consolidated financial statements

7. Adoption of the New and Revised Accounting Standards (Continued)

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the half year ended 31 December 2019. As a result of this review, the Directors have determined that there is no material impact of the standards and interpretations in issue not yet adopted on the Group and therefore, no change is necessary to Group accounting policies.

8. EXPLORATION AND EVALUATION EXPENDITURE

Cost	31 December 2019 6 months $	30 June 2019 12 months $
Balance at the beginning of the period	7,067,113	7,171,513
Disposal of tenements (1)	(254,216)	-
Impairment (2)	(165,173)	(104,400)
Balance at the end of the period	6,647,724	7,067,113

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas. At 1 July 2019, the Group changed the accounting policy for exploration and evaluation expenditure, whereby exploration and evaluation expenditure will be expensed as incurred to the Statement of Comprehensive Income.

(1) The Group sold its interest in Walabanba on 17 December 2019 to Core Lithium Ltd (ASX: CXO) for 1,317,792 shares in CXO valued at $50,000 as proceeds of the sale. The Group incurred a loss of $206,124 on the disposal.

(2) As at 31 December 2019, management performed an impairment assessment and recognised an impairment loss of $165,173 for the current six month period, in relation to relinquished tenements.

9. ISSUED CAPITAL

	31 December 2019 $	30 June 2019 $
Issued and paid-up share capital	21,501,151	18,846,172

Movements in shares on issue

	31 December 2019 6 months Number	 $	30 June 2019 12 months Number	 $
Balance at the beginning of year	151,448,247	18,846,172	65,000,100	12,171,388
Share placement	94,301,777	2,923,355	86,448,147	7,192,335
Share issue to Cratonix Pty Ltd for the purchase of the Nanutarra project on 3 December 2019 at $0.03 per share	833,333	25,000	-	-
Options exercised	-	-	-	625
Share issue costs	-	(293,376)	-	(518,176)
Balance at end of the period	246,583,357	21,501,151	151,448,247	18,846,172

Notes to the condensed consolidated financial statements

9. ISSUED CAPITAL (Continued)

Movements in options on issue

	Opening balance 30 June 2019	Granted in period	Exercised in period	Expired/ cancelled in period	Closing balance 31 December 2019
Listed options					
Exercisable at $0.25 on or before 22 Mar 2020	24,485,016	-	-	-	24,485,016
Total listed options	**24,485,016**	**-**	**-**	**-**	**24,485,016**
Unlisted options					
Exercisable at $0.30 on or before 22 Mar 2020	12,500,000	-	-	-	12,500,000
Exercisable at $0.175 on or before 1 May 2021	1,000,000	-	-	-	1,000,000
Exercisable at $0.131 on or before 3 Nov 2021	10,000,000	-	-	-	10,000,000
Exercisable at $0.134 on or before 7 Nov 2021	1,000,000	-	-	-	1,000,000
Exercisable at $0.112 on or before 15 Nov 2022	-	2,870,000	-	-	2,870,000
Total unlisted options	**24,500,000**	**2,870,000**	**-**	**-**	**27,370,000**
Total options	**48,985,016**	**2,870,000**	**-**	**-**	**51,855,016**

10. SHARE BASED PAYMENTS

Options issued to consultants

On 18 November 2019, 2,870,000 unlisted options exercisable at $0.112 were issued to Hartleys Limited as part of fees for acting as lead management and underwriter of the placement completed on 10 September 2019 and the pro-rata Entitlement Offer that completed on 14 October 2019.

The following inputs were used in the measurement of the fair value of options issued during the current period using the Black-Scholes option pricing model:

Dividend yield	-
Share price at date of grant	$0.035
Exercise price	$0.112
Volatility	75%
Risk free rate	0.77%
Expiration date	15 November 2022
Valuation per option	$0.007
Total value	$20,090

The expected volatility reflects the assumption that the historical volatility is indicative of future trends which may also not necessary be the actual outcome. $20,090 was expensed to capital raising costs during the half year ended 31 December 2019.

Notes to the condensed consolidated financial statements

11. INVESTMENTS

	31 December 2019 6 months $	30 June 2019 12 months $
Financial assets carried at fair value through other comprehensive income:		
Listed shares – Level 1		
Fair value at the beginning of the period	-	-
Acquisition – Core Lithium Ltd	50,000	-
Changes in the fair value during the period	(3,877)	-
Fair value at the end of the period	46,123	-

On 17 December 2019, Core Lithium Ltd (ASX: CXO) issued 1,317,792 shares as consideration for the purchase of the Group's Walabanba project. The shares were revalued at 31 December 2019 in line with the Group's accounting policy to their fair value. The directors have made an irrevocable election to account for the shares as at fair value through other comprehensive income as the investment will be held for the medium to long term.

12. FINANCIAL INSTRUMENTS

This note provides information about how the Group determines fair values of various financial assets and liabilities.

Fair value of the Group's financial assets and liabilities that are measured on a recurring basis

Some of the Group's financial assets and liabilities are measured at fair value at the end of the reporting period. The following table gives information about how their fair values of these financial assets and liabilities are determined (in particular, the valuation technique(s) and key input(s) used.

Financial assets/liabilities	Fair value as at 31 December 2019 $	 30 June 2019 $	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
Investments	46,123	-	Level 1	Share price	None	None

There have been no transfers between the levels of the fair value hierarchy during the six months to 31 December 2019.

The methods and valuation used for the purpose of measuring the fair value are unchanged compared to the previous reporting period.

Fair value of financial assets and liabilities that are not measured at fair value on a recurring basis

The Directors consider that the carrying values of the financial assets and financial liabilities in the condensed consolidated statement of financial position approximate their fair values.

Notes to the condensed consolidated financial statements

13. RIGHT-OF-USE ASSETS

	31 December 2019 6 months $	30 June 2019 12 months $
Carrying value		
Cost	35,042	-
Accumulated depreciation	(10,513)	-
Carrying value	24,529	-

	Premises $	Total $
Reconciliation		
Recognised on 1 July 2019 on adoption of AASB16	35,042	35,042
Depreciation expense	(10,513)	(10,513)
Closing balance	24,529	24,529

14. LEASE LIABILITIES

	31 December 2019 6 months $	30 June 2019 12 months $
Current liabilities	21,240	-
Non-current liabilities	3,671	-
	24,911	-

	Premises $	Total $
Reconciliation		
Recognised on 1 July 2019 on adoption of AASB16	35,042	35,042
Principal repayments	(10,131)	(10,131)
Closing balance	24,911	24,911

The Group leases office premises. The average lease term is 2 years.

Underlying assets serve as security for the related lease liabilities. A maturity analysis of future minimum lease payments is presented below:

	Lease payments due						
	<1 year $	1-2 years $	2-3 years $	3-4 years $	4-5 years $	>5 years $	Total $
Lease payments	22,200	3,700	-	-	-	-	25,900
Interest	(960)	(29)	-	-	-	-	(989)
Net present values	21,240	3,671	-	-	-	-	24,911

Notes to the condensed consolidated financial statements

15. NEW STANDARDS ADOPTED

AASB 16 Leases

Change in accounting policy

AASB 16 Leases supersedes AASB 117 Leases. The Company has adopted AASB 16 from 1 July 2019 which has resulted in changes in the classification, measurement and recognition of leases. The changes result in almost all leases where the Company is the lessee being recognised on the Statement of Financial Position and removes the former distinction between 'operating' and 'finance' leases. The new standard requires recognition of a right-of-use asset (the leased item) and a financial liability (to pay rentals). The exceptions are short-term leases and leases of low value assets.

The Company has adopted AASB 16 using the modified retrospective approach under which the reclassifications and the adjustments arising from the new leasing rules are recognised in the opening Condensed Statement of Financial Position on 1 July 2019. Under this approach, there is no initial Impact on retained earnings under this approach, and comparatives have not been restated.

The Company leases premises. Prior to 1 July 2019, leases were classified as operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 July 2019, where the Company is a lessee, the Company recognises a right-of-use asset and a corresponding liability at the date which the lease asset is available for use by the Company (i.e. commencement date). Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a consistent period rate of interest on the remaining balance of the liability for each period.

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using the rate implied in the lease. If this rate is not readily determinable, the Company uses its incremental borrowing rate.

Lease payments included in the initial measurement if the lease liability consist of:

- Fixed lease payments less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at commencement date;
- Any amounts expected to be payable by the Company under residual value guarantees;
- The exercise price pf purchase options, if the Company is reasonably certain to exercise the options; and
- Termination penalties of the lease term reflects the exercise of an option to terminate the lease.

Subsequent to initial recognition, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The lease liability is remeasured (with a corresponding adjustment to the right-of-use asset) whenever there us a change in the lease term (including assessments relating to extension and termination options), lease payments due to changes in an index or rate, or expected payments under guaranteed residual values

Right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before commencement date, less any lease incentives received and any initial direct costs. These right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Where the terms of a lease require the Company to restore the underlying asset, or the Company has an obligation to dismantle and remove a leased asset, a provision is recognised and measured in accordance with AASB 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Right-of-use assets are depreciated on a straight-line basis over the term of the lease (or the useful life of the leased asset if this is shorter). Depreciation starts on commencement date of the lease.

Where leases have a term of less than 12 months or relate to low value assets, the Company has applied the optional exemptions to not capitalise these leases and instead account for the lease expense on a straight-line basis over the lease term.

Notes to the condensed consolidated financial statements

15. NEW STANDARDS ADOPTED (Continued)

Impact on adoption of AASB 16

On adoption of AASB 16, the Company recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of AASB 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to lease liabilities on 1 July 2019 was 6.47%.

On initial application right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised In the Statement of Financial Position as at 30 June 2019.

In the Condensed Statement of Cash Flows, the Company has recognised cash payments for the principal portion of the lease liability within financing activities, cash payments for the interest portion of the lease liability as interest paid within operating activities and short-term lease payments and payments for lease of low-value assets within operating activities.

The adoption of AASB 16 resulted in the recognition of right-of-use assets of $35,042 and lease liabilities of $35,042 in respect of all operating leases, other than short-term leases and leases of low-value assets.

The net impact on accumulated losses on 1 July 2019 was $nil.

Practical expedients applied

In applying AASB 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

16. CONTINGENCIES

There has been no change in the contingent liabilities since 30 June 2019.

17. COMMITMENTS

Exploration expenditure commitments
In order to maintain current rights of tenure to exploration tenements, the Company is required to perform minimum exploration work to meet the minimum expenditure requirements specified by various State governments. These requirements are subject to renegotiation when application for a mining lease is made and at other times. These obligations are not provided for in the financial report.

	31 December 2019	30 June 2019
	$	$
Exploration commitments payable not provided for in the financial report:		
Within one year	743,500	1,127,500

Notes to the condensed consolidated financial statements

18. SUBSEQUENT EVENTS

At the date of this report there are no matters or circumstances which have arisen since 31 December 2019 that have significantly affected or may signicantly affect:

a) the Group's operations in future years, or
b) the results of those operations in future financial years, or
c) the Group's state of affairs in future financial years.

1. In the opinion of the directors of Todd River Resources Limited (the "Company"):

   (a) the condensed consolidated financial statements and notes set out on pages 5 to 18, are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance, for the six months ended on that date; and

      (ii) complying with Australian Accounting Standards and Corporation Regulations 2001, and

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

   (c) the financial statements and notes thereto are in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 303 (5) of the Corporations Act 2001 for the half year ended 31 December 2019.

Signed in accordance with the resolution of the Directors:

William Dix
Managing Director

Dated 12 March 2020

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Todd River Resources Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

(b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia	**L Di Giallonardo**
12 March 2020	**Partner**

hlb.com.au

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849
T: +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

INDEPENDENT AUDITOR'S REVIEW REPORT
To the members of Todd River Resources Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Todd River Resources Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2019, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Todd River Resources Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter - material uncertainty related to going concern

We draw attention to Note 5 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

The directors of the group 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, 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 Group's financial position as at 31 December 2019 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*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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T: +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
12 March 2020

L Di Giallonardo
Partner