

# **Todd River Resources Limited**

**ABN 45 600 308 398**

**Half-Year Financial Report - 31 December 2020**

|                        |  |
|------------------------|--|
| Directors              | Edward Fry (Chairman)<br>William Dix (Managing Director)<br>Geoffrey Crow (Non-Executive Director)<br>Mark Bennett (Non-Executive Director)<br>Ian Murray (Non-Executive Director) |
| Company secretary      | Simon Robertson  |
| Registered office      | 4/24 Parkland Road<br>Osborne Park Western Australia 6017  |
|                        | PO Box 1205<br>Osborne Park Western Australia 6916   |
|                        | T: (08) 6166 0255<br>F: (08) 6270 5410<br>W: <a href="http://www.trrltd.com.au">www.trrltd.com.au</a><br>E: <a href="mailto:corporate@trrltd.com.au">corporate@trrltd.com.au</a>   |
| Share register         | Computershare Investor Services Pty Ltd<br>Level 11<br>172 St Georges Terrace<br>Perth Western Australia 6000<br>T: (08) 9323 2000<br>F: (08) 9323 2033                            |
| Auditor                | HLB Mann Judd (WA Partnership)<br>Level 4<br>130 Stirling Street<br>Perth Western Australia 6000   |
| Stock exchange listing | Todd River Resources Limited shares are listed on the Australian Securities Exchange (ASX code: TRT)   |

|  |    |
|--|----|
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The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Todd River Resources Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2020.

#### **Directors**

The following persons were Directors of Todd River Resources Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Edward Fry (Chairman)  
William Dix (Managing Director)  
Geoffrey Crow (Non-Executive Director)  
Mark Bennett (Non-Executive Director)  
Ian Murray (Non-Executive Director) - appointed 2 September 2020

#### **Principal activities**

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

#### **Dividends**

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

#### **Review of operations**

The loss for the Group for the half-year after providing for income tax amounted to \$1,492,730 (31 December 2019: \$1,963,391).

The loss includes \$289,384 of corporate and administration expenses, \$715,971 of employment expenses, \$402,805 of exploration expenditure expensed, \$74,762 impairment and writing off of plant and equipment.

#### **Significant changes in the state of affairs**

On 21 August 2020, the Company issued 60,637,770 shares at an issue price of \$0.03 raising \$1.82 million (before costs) under tranche 1 of the \$4.0 million placement announced on 17 August 2020.

On 2 September 2020 the Company acquired 100% of the shares in private companies Marlee Base Metals Pty Ltd and Moonknight Pty Ltd in order to secure the Berkshire Valley Project. Consideration consisted of \$100,000 and a total of 100,000,001 ordinary shares, following approval by shareholders at a general meeting on 26 August 2020.

Mr Ian Murray joined the board as a Non-Executive Director on 2 September 2020.

On 3 September 2020, 21,000,000 options were issued to directors, key management personnel, employees and consultants as approved at the general meeting and under the employee incentive option plan. They were issued at an exercise price of \$0.061 on or before 3 September 2023.

On 27 October 2020, following shareholder approvals at the Annual General Meeting on 20 October 2020, 75,362,232 shares were issued at an issue price of \$0.03 raising approximately \$2.26 million (before costs) under Tranche 2 of the \$4.0 million placement.

The Company has also issued 67,999,965 free attaching options (1 option for each 2 shares issued) to participants in the placement at an exercise price of \$0.06 on or before 27 October 2022. The issue of the attaching options was approved by shareholders at the Annual General meeting.

Hartleys Limited acted as lead manager to the Placement and has been issued a total of 10,000,000 options, on the same terms and conditions as the attachment options, as partial payment for those services, the issue of which was approved by shareholders at the Annual General Meeting.

The Company exercised its exclusive option over tenement E08/2942, the Nanutarra Nickel Project. To exercise the Option, 805,366 shares were issued to Cratonix Pty Ltd on 27 October 2020 at an issue price of \$0.031 each for consideration of \$25,000. The Group now has the right to earn 80% interest in E08/9242 by expending \$2 million over three years less the expenditure already made during the Option Period.

On 27 November 2020, the Company established a Small Shareholding Sale Facility for shareholders with holdings valued at less than \$500 to sell their shareholding without incurring brokerage or handling costs. On the closing date of 20 January 2021, a total of 660 eligible shareholders representing 0.43% of the total issued capital and holding a total of 2,091,247 shares did not return a Share Retention Form. The proceeds from sale from this facility completed at the end of February 2021.

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

**Matters subsequent to the end of the financial half-year**

On 3 March 2021, the Company completed a placement of \$3.3 million (before costs) where 60,000,000 shares were issued at a price of \$0.055.

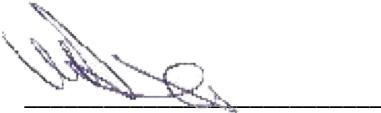
Apart from the above, no other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

**Auditor's independence declaration**

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

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



William Dix  
Managing Director

11 March 2021

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Todd River Resources Limited for the half-year ended 31 December 2020, 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

11 March 2021



L Di Giallonardo

Partner

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|   | Note | 31 December<br>2020 | 31 December<br>2019 |
|---|------|---------------------|---------------------|
|   |      | \$                  | \$                  |
| Other income  |      | 2,174               | -                   |
| Finance income  |      | 2,253               | 9,784               |
| <b>Expenses</b>   |      |                     |                     |
| Corporate and administration expenses   |      | (289,384)           | (344,682)           |
| Employment expenses   | 5    | (715,971)           | (202,188)           |
| Exploration expenditure incurred and expensed   |      | (402,805)           | (1,019,863)         |
| Depreciation and amortisation expense   | 7,8  | (13,861)            | (33,304)            |
| Impairment and write off of plant and equipment   | 8    | (74,762)            | -                   |
| Loss on sale of exploration assets  | 9    | -                   | (206,124)           |
| Impairment of exploration and evaluation  | 9    | -                   | (165,173)           |
| Finance costs   |      | (374)               | (1,841)             |
| <b>Loss before income tax expense</b>   |      | (1,492,730)         | (1,963,391)         |
| Income tax expense  |      | -                   | -                   |
| <b>Loss after income tax expense for the half-year attributable to the owners of Todd River Resources Limited</b> |      | (1,492,730)         | (1,963,391)         |
| <b>Other comprehensive income/(loss)</b>  |      |                     |                     |
| <i>Items that will not be reclassified subsequently to profit or loss</i>   |      |                     |                     |
| Gain/(loss) on the revaluation of equity instrument at fair value through other comprehensive income, net of tax  | 6    | 131,779             | (3,877)             |
| Other comprehensive income/(loss) for the half-year, net of tax   |      | 131,779             | (3,877)             |
| <b>Total comprehensive loss for the half-year attributable to the owners of Todd River Resources Limited</b>      |      | (1,360,951)         | (1,967,268)         |

|   | Cents  | Cents  |
|---|--------|--------|
| <b>Earnings per share for loss attributable to the owners of Todd River Resources Limited</b> |        |        |
| Basic loss per share  | (0.39) | (0.99) |
| Diluted loss per share  | (0.39) | (0.99) |

|                               |      | 31 December<br>2020 | 30 June<br>2020  |
|-------------------------------|------|---------------------|------------------|
|                               | Note | \$                  | \$               |
| <b>Assets</b>                 |      |                     |                  |
| <b>Current assets</b>         |      |                     |                  |
| Cash and cash equivalents     |      | 4,093,511           | 1,364,500        |
| Trade and other receivables   |      | 10,213              | 11,633           |
| Restricted cash               |      | 196,135             | 196,135          |
| Prepayments                   |      | 12,143              | 36,553           |
| Total current assets          |      | 4,312,002           | 1,608,821        |
| <b>Non-current assets</b>     |      |                     |                  |
| Investments                   | 6    | 191,080             | 134,772          |
| Property, plant and equipment | 8    | 30,134              | 106,956          |
| Right-of-use assets           | 7    | 3,504               | 14,017           |
| Exploration and evaluation    | 9    | 9,248,565           | 4,194,573        |
| Total non-current assets      |      | 9,473,283           | 4,450,318        |
| <b>Total assets</b>           |      | <b>13,785,285</b>   | <b>6,059,139</b> |
| <b>Liabilities</b>            |      |                     |                  |
| <b>Current liabilities</b>    |      |                     |                  |
| Trade and other payables      |      | 93,626              | 142,042          |
| Lease liabilities             | 10   | 3,671               | 14,457           |
| Provisions                    |      | 47,024              | 52,928           |
| Total current liabilities     |      | 144,321             | 209,427          |
| <b>Total liabilities</b>      |      | <b>144,321</b>      | <b>209,427</b>   |
| <b>Net assets</b>             |      | <b>13,640,964</b>   | <b>5,849,712</b> |
| <b>Equity</b>                 |      |                     |                  |
| Issued capital                | 11   | 29,980,689          | 21,501,151       |
| Reserves                      |      | 1,677,066           | 872,622          |
| Accumulated losses            |      | (18,016,791)        | (16,524,061)     |
| <b>Total equity</b>           |      | <b>13,640,964</b>   | <b>5,849,712</b> |

|  | <b>Issued capital</b><br><b>\$</b> | <b>Fair value through other comprehensive income ("FVOCI") reserve</b><br><b>\$</b> | <b>Share based payment reserve</b><br><b>\$</b> | <b>Accumulated losses</b><br><b>\$</b> | <b>Total equity</b><br><b>\$</b> |
|--|------------------------------------|---|---|--|----------------------------------|
| Balance at 1 July 2019                                       | 18,846,172                         | -   | 2,521,731                                       | (13,118,751)                           | 8,249,152                        |
| Loss after income tax expense for the half-year              | -                                  | -   | -   | (1,963,391)                            | (1,963,391)                      |
| Other comprehensive loss for the half-year, net of tax       | -                                  | (3,877)   | -   | -                                      | (3,877)                          |
| <b>Total comprehensive loss for the half-year</b>            | <b>-</b>                           | <b>(3,877)</b>  | <b>-</b>  | <b>(1,963,391)</b>                     | <b>(1,967,268)</b>               |
| <i>Transactions with owners in their capacity as owners:</i> |                                    |   |   |  |                                  |
| Share placement  | 2,948,355                          | -   | -   | -                                      | 2,948,355                        |
| Share issue costs  | (293,376)                          | -   | 20,090  | -                                      | (273,286)                        |
| <b>Balance at 31 December 2019</b>                           | <b>21,501,151</b>                  | <b>(3,877)</b>  | <b>2,541,821</b>                                | <b>(15,082,142)</b>                    | <b>8,956,953</b>                 |
|  | <b>Issued capital</b><br><b>\$</b> | <b>Fair value through other comprehensive income ("FVOCI") reserve</b><br><b>\$</b> | <b>Share based payment reserve</b><br><b>\$</b> | <b>Accumulated losses</b><br><b>\$</b> | <b>Total equity</b><br><b>\$</b> |
| Balance at 1 July 2020                                       | 21,501,151                         | 9,301   | 863,321   | (16,524,061)                           | 5,849,712                        |
| Loss after income tax expense for the half-year              | -                                  | -   | -   | (1,492,730)                            | (1,492,730)                      |
| Other comprehensive income for the half-year, net of tax     | -                                  | 131,779   | -   | -                                      | 131,779                          |
| <b>Total comprehensive (loss) for the half-year</b>          | <b>-</b>                           | <b>131,779</b>  | <b>-</b>  | <b>(1,492,730)</b>                     | <b>(1,360,951)</b>               |
| <i>Transactions with owners in their capacity as owners:</i> |                                    |   |   |  |                                  |
| Share placement  | 4,080,000                          | -   | -   | -                                      | 4,080,000                        |
| Share issue costs  | (425,462)                          | -   | 162,195   | -                                      | (263,267)                        |
| Shares issued for the acquisition of projects                | 25,000                             | -   | -   | -                                      | 25,000                           |
| Shares issued for the acquisition of projects                | 4,800,000                          | -   | -   | -                                      | 4,800,000                        |
| Share-based payments expense                                 | -                                  | -   | 510,470   | -                                      | 510,470                          |
| <b>Balance at 31 December 2020</b>                           | <b>29,980,689</b>                  | <b>141,080</b>  | <b>1,535,986</b>                                | <b>(18,016,791)</b>                    | <b>13,640,964</b>                |

|   |    | 31 December<br>Note | 31 December<br>2020 | 31 December<br>2019 |
|---|----|---------------------|---------------------|---------------------|
|   |    |                     | \$                  | \$                  |
| <b>Cash flows from operating activities</b>                           |    |                     |                     |                     |
| Payments for corporate and administrative activities                  |    |                     | (400,355)           | (620,053)           |
| Payments for exploration and evaluation activities                    |    |                     | (426,810)           | (1,431,061)         |
| Interest received   |    |                     | 5,823               | 10,246              |
| Interest and other finance costs paid                                 |    |                     | -                   | (1,841)             |
| <br>Net cash used in operating activities                             |    |                     | <br>(821,342)       | <br>(2,042,709)     |
| <b>Cash flows from investing activities</b>                           |    |                     |                     |                     |
| Payments for property, plant and equipment                            | 8  |                     | (1,288)             | (2,257)             |
| Payments for exploration and evaluation project acquisition           | 9  |                     | (253,992)           | -                   |
| Payments for security deposits  |    |                     | -                   | (24,968)            |
| <br>Net cash used in investing activities                             |    |                     | <br>(255,280)       | <br>(27,225)        |
| <b>Cash flows from financing activities</b>                           |    |                     |                     |                     |
| Proceeds from issue of shares   | 11 |                     | 4,080,000           | 2,923,355           |
| Share issue transaction costs   |    |                     | (263,267)           | (273,286)           |
| Repayment of lease liabilities  |    |                     | (11,100)            | (10,131)            |
| <br>Net cash from financing activities                                |    |                     | <br>3,805,633       | <br>2,639,938       |
| Net increase in cash and cash equivalents                             |    |                     | 2,729,011           | 570,004             |
| Cash and cash equivalents at the beginning of the financial half-year |    |                     | 1,364,500           | 1,457,469           |
| <br>Cash and cash equivalents at the end of the financial half-year   |    |                     | <br>4,093,511       | <br>2,027,473       |

### **Note 1. Reporting Entity**

The financial statements cover Todd River Resources Limited as a Group consisting of Todd River Resources Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Todd River Resources Limited's functional and presentation currency.

Todd River Resources Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Unit 4, 24 Parkland Road  
Osborne Park Western Australia 6017

The Group is a for profit entity and primarily is involved in the exploration of minerals within Australia.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 11 March 2021.

### **Note 2. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated. These accounting policies are consistent with Australian Accounting Standards and International Financial Reporting Standards.

#### **New or amended Accounting Standards and Interpretations adopted**

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The Directors do not consider that any of these have had a material effect on the financial statements.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The Directors do not consider that any of these will have a material effect on the Group.

### **Note 3. Critical accounting judgements, estimates and assumptions**

Set out below are the material areas of judgement, estimates and assumptions that have affected these financial statements.

#### *Share-based payment transactions*

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

#### *Impairment of property, plant and equipment*

The Group assesses impairment of property, plant and equipment at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

**Note 3. Critical accounting judgements, estimates and assumptions (continued)**

*Exploration and evaluation costs*

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 be 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.

**Note 4. 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.

**Note 5. Employment expenses**

|                                    | <b>31 December<br/>2020</b> | <b>31 December<br/>2019</b> |
|------------------------------------|-----------------------------|-----------------------------|
|                                    | \$                          | \$                          |
| Wages, salaries and directors fees | 205,501                     | 202,188                     |
| Share-based payment transactions   | 510,470                     | -                           |
|                                    | <b>715,971</b>              | <b>202,188</b>              |

**Note 6. Investments**

|  | <b>31 December<br/>2020</b> | <b>30 June<br/>2020</b> |
|--|-----------------------------|-------------------------|
|  | \$                          | \$                      |
| <i>Non-current assets</i>                  |                             |                         |
| Financial assets carried at fair value (a) | 191,080                     | 59,301                  |
| Other investments (b)                      | -                           | 75,471                  |
|  | <b>191,080</b>              | <b>134,772</b>          |

|   | Half-year to 31<br>December<br>2020 | Year to 30<br>June 2020 |
|---|-------------------------------------|-------------------------|
|   | \$                                  | \$                      |
| <i>Reconciliation</i>   |                                     |                         |
| Reconciliation of the fair values at the beginning and end of the current and previous financial half-year are set out below: |                                     |                         |

|  |                |                |
|--|----------------|----------------|
| Opening fair value   | 134,772        | -              |
| Core Lithium Shares (a)  | -              | 50,000         |
| Changes in the fair value during the period  | 131,779        | 9,301          |
| Acquisition costs in relation to Moore River Metals Pty Ltd and Moonknight Pty Ltd (b) | (75,471)       | 75,471         |
| <b>Closing fair value</b>  | <b>191,080</b> | <b>134,772</b> |

(a) 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 2020 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.

**Note 6. Investments (continued)**

(b) On 1 July 2020 the Company announced that it had entered into two binding sale agreements to purchase 100% of private companies Moore River Metals Pty Ltd (previously named Marlee Base Metals Pty Ltd) and Moonknight Pty Ltd. The acquisition costs incurred prior to acquisition had been capitalised to Investments in the previous period. After the acquisition date these costs have been transferred to capitalised to exploration and evaluation asset.

**Note 7. Right-of-use assets**

|                                | <b>31 December<br/>2020</b> | <b>30 June<br/>2020</b> |
|--------------------------------|-----------------------------|-------------------------|
|                                | \$                          | \$                      |
| <i>Non-current assets</i>      |                             |                         |
| Premises - right-of-use        | 35,042                      | 35,042                  |
| Less: Accumulated depreciation | (31,538)                    | (21,025)                |
|                                | 3,504                       | 14,017                  |

**Reconciliations**

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

|                             | Premises | Total    |
|-----------------------------|----------|----------|
|                             | \$       | \$       |
| Balance at 1 July 2020      | 14,017   | 14,017   |
| Depreciation expense        | (10,513) | (10,513) |
| Balance at 31 December 2020 | 3,504    | 3,504    |

**Note 8. Property, plant and equipment**

|                                | <b>31 December<br/>2020</b> | <b>30 June<br/>2020</b> |
|--------------------------------|-----------------------------|-------------------------|
|                                | \$                          | \$                      |
| <i>Non-current assets</i>      |                             |                         |
| Plant and equipment - at cost  | 45,738                      | 168,176                 |
| Less: Accumulated depreciation | (15,604)                    | (61,220)                |
|                                | 30,134                      | 106,956                 |

**Note 8. Property, plant and equipment (continued)**

*Reconciliations*

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

|                                    | Plant and<br>equipment | Total         |
|------------------------------------|------------------------|---------------|
|                                    | \$                     | \$            |
| Balance at 1 July 2019             | 150,245                | 150,245       |
| Additions                          | 2,257                  | 2,257         |
| Depreciation expense               | (45,546)               | (45,546)      |
|                                    |                        |               |
| Balance at 1 July 2020             | 106,956                | 106,956       |
| Additions                          | 1,288                  | 1,288         |
| Impairment and write off of assets | (74,762)               | (74,762)      |
| Depreciation expense               | (3,348)                | (3,348)       |
|                                    |                        |               |
| <b>Balance at 31 December 2020</b> | <b>30,134</b>          | <b>30,134</b> |

**Note 9. Exploration and evaluation**

|                            | 31 December<br>2020 | 30 June<br>2020 |
|----------------------------|---------------------|-----------------|
|                            | \$                  | \$              |
| <i>Non-current assets</i>  |                     |                 |
| Exploration and evaluation | 9,248,565           | 4,194,573       |

*Reconciliations*

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

|  | \$               |
|--|------------------|
| Balance at 1 July 2019   | 7,067,113        |
| Disposal of tenements (a)  | (254,216)        |
| Impairment   | (2,618,324)      |
|  |                  |
| Balance at 1 July 2020   | 4,194,573        |
| Acquisition of tenements - Moore River Metals Pty Ltd and Moonknight Pty Ltd (b) | 5,053,992        |
|  |                  |
| <b>Balance at 31 December 2020</b>   | <b>9,248,565</b> |

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.

(a) The Group sold its interest in Walabamba 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.

(b) The Group acquired 100% of the shares in private companies Moore River Metals Pty Ltd (previously named Marlee Base Metals Pty Ltd) and Moonknight Pty Ltd, to secure the Berkshire Valley Project, on 2 September 2020. Consideration consisted of \$100,000 and the issue of a total of 100,000,001 ordinary shares issued at \$0.048 per share. Acquisition costs of \$153,992 have also been capitalised.

**Note 10. Lease liabilities**

|                                     | <b>31 December<br/>2020</b> | <b>30 June<br/>2020</b> |
|-------------------------------------|-----------------------------|-------------------------|
|                                     | \$                          | \$                      |
| <i>Current liabilities</i>          |                             |                         |
| Lease liability                     | 3,671                       | <u>14,457</u>           |
|                                     |                             | Premises                |
|                                     |                             | \$                      |
| Opening balance at 1 July 2020      | 14,457                      | 14,457                  |
| Principal repayments                | (10,786)                    | (10,786)                |
| Closing balance at 31 December 2020 | <u>3,671</u>                | <u>3,671</u>            |

The Group leases office premises. The average lease term is two 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 |                   |                   |                   |                   |                 | Total<br>\$  |
|--------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-----------------|--------------|
|                    | <1 year<br>\$      | 1 - 2 years<br>\$ | 2 - 3 years<br>\$ | 3 - 4 years<br>\$ | 4 - 5 years<br>\$ | > 5 years<br>\$ |              |
| Lease payments     | 3,700              | -                 | -                 | -                 | -                 | -               | 3,700        |
| Interest           | (29)               | -                 | -                 | -                 | -                 | -               | (29)         |
| Net present values | <u>3,671</u>       | <u>-</u>          | <u>-</u>          | <u>-</u>          | <u>-</u>          | <u>-</u>        | <u>3,671</u> |

**Note 11. Issued capital**

|                              | <b>31 December<br/>2020</b><br><b>Shares</b> | <b>30 June<br/>2020</b><br><b>Shares</b> | <b>31 December<br/>2020</b><br><b>\$</b> | <b>30 June<br/>2020</b><br><b>\$</b> |
|------------------------------|--|--|--|--------------------------------------|
| Ordinary shares - fully paid | 483,388,726                                  | 246,583,357                              | 29,980,689                               | 21,501,151                           |

*Movements in ordinary share capital*

| <b>Details</b>  | <b>Date</b>      | <b>Shares</b> | <b>Issue price</b> | <b>\$</b>  |
|---|------------------|---------------|--------------------|------------|
| Balance   | 1 July 2019      | 151,448,247   |                    | 18,846,172 |
| Share placement   |                  | 94,301,777    | \$0.030            | 2,923,355  |
| Share issue to Cratonix Pty Ltd for the purchase of Nanutarra project (a) | 3 December 2019  | 833,333       | \$0.030            | 25,000     |
| Share issue costs   |                  | -             | \$0.000            | (293,376)  |
|   |                  |               |                    |            |
| Balance   | 1 July 2020      | 246,583,357   |                    | 21,501,151 |
| Share placement   |                  | 136,000,002   | \$0.030            | 4,080,000  |
| Share issue to Cratonix Pty Ltd for the option of the Nanutarra project   | 27 October 2020  | 805,366       | \$0.030            | 25,000     |
| Share issue for the acquisition of Marlee (b)                             | 2 September 2020 | 66,666,667    | \$0.048            | 3,200,000  |
| Share issue for the acquisition of Moonknight (b)                         | 2 September 2020 | 33,333,334    | \$0.048            | 1,600,000  |
| Share issue costs   |                  | -             | \$0.000            | (425,462)  |
|   |                  |               |                    |            |
| Balance   | 31 December 2020 | 483,388,726   |                    | 29,980,689 |

**(a) Nanutarra option payment**

The Group exercised its exclusive option over tenement E08/2942, the Nanutarra Nickel Project. To exercise the Option, 805,366 shares were issued to Cratonix Pty Ltd on 27 October 2020 at an issue price of \$0.031 each for consideration of \$25,000, which has been expensed to exploration and evaluation expenditure during the period.

**(b) Moore River Metals and Moonknight Acquisition**

On 2 September 2020 the Company acquired 100% of the shares in private companies Moore River Metals Pty Ltd (previously named Marlee Base Metals Pty Ltd) and Moonknight Pty Ltd. Consideration consisted of \$100,000 and a total of 100,000,001 ordinary shares, following approval by shareholders at a general meeting on 26 August 2020. The shares were valued at \$0.048 being the share price on acquisition. A total of \$4,800,000 for the shares issued together with the cash payment of \$100,000 and the transaction costs of \$153,992 were capitalised to exploration and evaluation assets.

*Ordinary shares*

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

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

**Note 13. Financial instruments (continued)**

*Movements in issued options*

|  | Opening balance<br>1 July<br>2020 | Granted in period | Exercised in period | Expired/<br>cancelled in period | Closing balance<br>31 December<br>2020 |
|--|-----------------------------------|-------------------|---------------------|---------------------------------|--|
| 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                              |
| Exercisable at \$0.061 on or before 3 September 2023 | -                                 | 15,000,000        | -                   | -                               | 15,000,000                             |
| Exercisable at \$0.061 on or before 3 September 2023 | -                                 | 6,000,000         | -                   | -                               | 6,000,000                              |
| Exercisable at \$0.06 on or before 27 October 2022   | -                                 | 77,999,965        | -                   | -                               | 77,999,965                             |
| Total unlisted options                               | 14,870,000                        | 98,999,965        | -                   | -                               | 113,869,965                            |

**Note 12. Dividends**

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

**Note 13. Financial instruments**

**Offsetting financial assets and financial liabilities**

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 |              |           | Valuation technique(s) and key input(s) | Significant unobservable input(s) | Relationship of unobservable input(s) to fair value |  |  |  |
|------------------------------|------------------|--------------|-----------|---|-----------------------------------|---|--|--|--|
|                              | 31 December 2020 | Fair Value   |           |   |                                   |   |  |  |  |
|                              |                  | 30 June 2020 | hierarchy |   |                                   |   |  |  |  |
|                              | \$               | \$           |           |   |                                   |   |  |  |  |
| Investments                  | 191,080          | 134,772      | 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 2020.

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.

#### **Note 14. Contingent liabilities**

There has been no change in the contingent liabilities since 30 June 2020.

#### **Note 15. 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.

|   | <b>31 December<br/>2020</b> | <b>30 June<br/>2020</b> |
|---|-----------------------------|-------------------------|
|   | \$                          | \$                      |
| Exploration commitments payable not provided for in the financial report: |                             |                         |
| Within one year   | 584,500                     | 632,500                 |

#### **Note 16. Share-based payments**

##### **Options issued to consultants**

On 27 October 2020, 10,000,000 unlisted options exercisable at \$0.06 on or before 27 October 2022, were issued to Hartleys Limited as part of their fees for acting as lead manager and underwriter of the placement completed on 27 October 2020. As a result, \$162,195 was offset against issued capital as capital raising costs during the half-year ended 31 December 2020.

##### **Options issued to Directors, Consultants and Employees**

On 3 September 2020, 21,000,000 options were issued to Directors (10,000,000), employees (5,000,000) and consultants (6,000,000) as approved at the general meeting on 26 August 2020. They were issued with an exercise price of \$0.061 on or before 3 September 2023. As a result, \$510,470 was expensed as share based payment transactions during the half-year ended 31 December 2020. The Directors and employees options were issued under the Incentive Option Plan and the consultant options were issued under similar terms.

A share option plan has been established by the Group and approved by shareholders at a general meeting, whereby the Group may, at the discretion of the Board, grant options over ordinary shares in the company to certain key management personnel, employees and contractors of the Group. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Board.

For the options granted during the current financial half-year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

|  | Consultants - Hartleys | Director & consultant options | Employee options |
|--|------------------------|-------------------------------|------------------|
| <b>Number of options</b>                   | 10,000,000             | 16,000,000                    | 5,000,000        |
| <b>Grant/Valuation date</b>                | 27 October 2020        | 26 August 2020                | 1 September 2020 |
| <b>Expiry date</b>                         | 27 October 2022        | 3 September 2023              | 3 September 2023 |
| <b>Share price at valuation/grant date</b> | \$0.033                | \$0.037                       | \$0.041          |
| <b>Exercise price</b>                      | \$0.061                | \$0.061                       | \$0.061          |
| <b>Expected volatility</b>                 | 121.99%                | 121.65%                       | 121.65%          |
| <b>Dividend yield</b>                      | -                      | -                             | -                |
| <b>Risk-free interest rate</b>             | 0.11%                  | 0.26%                         | 0.25%            |
| <b>Fair value at grant date</b>            | \$0.016                | \$0.024                       | \$0.027          |

**Note 16. Share-based payments (continued)**

**Marlee and Moonknight Acquisition**

On 2 September 2020 the Company acquired 100% of the shares in private companies Marlee Base Metals Pty Ltd and Moonknight Pty Ltd. Consideration consisted of \$100,000 and a total of 100,000,001 ordinary shares, following approval by shareholders at a general meeting on 26 August 2020. The shares were valued at \$0.048 being the share price on acquisition, a total of \$4,800,000 was capitalised to exploration and evaluation assets on the statement of financial position.

**Nanutarra option payment**

The Group exercised its exclusive option over tenement E08/2942, the Nanutarra Nickel Project. To exercise the Option, 805,366 shares were issued to Cratonix Pty Ltd on 27 October 2020 at an issue price of \$0.031 each for consideration of \$25,000, which has been expensed to exploration and evaluation expenditure during the period.

**Note 17. Events after the reporting period**

On 3 March 2021, the Company completed a placement of \$3.3 million (before costs) where 60,000,000 shares were issued at a price of \$0.055.

Apart from above, no other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

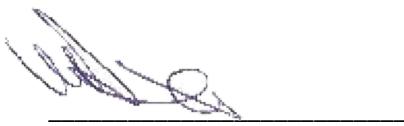
**31 December 2020**

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



William Dix  
Managing Director

11 March 2021

**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 statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, 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 does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2020 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*.

*Basis for conclusion*

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

*Responsibility of the directors for the financial report*

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

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and

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its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

*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**  
**11 March 2021**

*Di Giallonardo*

**L Di Giallonardo**  
Partner