



ACN 168 295 092

& Controlled Entities

**Annual Report
for the Year Ended 30 June 2019**

TORRENS MINING LIMITED
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**TORRENS MINING LIMITED
CORPORATE DIRECTORY**

Directors

Non-Executive Chairman

Mr William Bloking

Managing Director

Mr Steve Shedden

Executive Technical Director

Mr Mike Collings

Non-Executive Director

Mr Richard Grauug

Company Secretary

Mr David Palumbo

Registered and Principal Office

Level 11
216 St Georges Terrace
Perth Western Australia 6000

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Website

www.torrensmining.com.au

Auditors

RSM Australia Partners
Level 32, Exchange Tower
2 The Esplanade
Perth Western Australia 6000

Bankers

Westpac Banking Corporation
218 St Georges Terrace
Perth Western Australia 6000

TORRENS MINING LIMITED

DIRECTORS' REPORT

The Directors present their report together with the financial statements of Torrens Mining Limited and its controlled entities (referred to hereafter as “the Group”) for the financial year ended 30 June 2019.

Current Directors

The name and details of the Company’s Directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire period unless stated otherwise.

Mr William Bloking - Non-Executive Chairman
Mr Steve Shedden – Managing Director
Mr Mike Collings – Executive Technical Director
Mr Richard Graaug - Non-Executive Director

Names and Qualifications

William Bloking
FAICD BS Mechanical Engineering (Summa cum Laude)
Non-Executive Chairman, Remuneration Committee

Mr Bloking has more than 40 years’ experience in the energy and minerals sector. Until 2007, he was President of Australia / Asia Gas at BHP Billiton Petroleum. Prior to that, he spent 24 years with ExxonMobil in a variety of senior executive roles in the USA, South America, Europe, and Asia.

Mr Bloking is currently a Non-Executive Director of Sun Resources NL and a Fellow of the Australian Institute of Company Directors.

He was previously Chairman of Nido Petroleum Limited, Transerv Energy Limited, Norwest Energy NL, the National Offshore Petroleum Safety Authority, Cool Energy Limited, and Cullen Wines (Australia) Pty Limited, and he was Managing Director of Eureka Energy Limited and Gunson Resources Limited – the former owner of the Mount Gunson Copper Project. He was also formerly a Vice Chairman of the Australia China Business Council, a Non-Executive Director of the John Holland Group, Miclyn Express Offshore Limited, the Australian Petroleum Exploration and Production Association (APPEA), the Lions Eye Institute and the West Australian Symphony Orchestra, as well as a Governor of the American Chamber of Commerce in Australia and an Adjunct Professor at Murdoch University.

Mr Steve Shedden
ASMB, BSc(Hons)(Geol), MAusIMM, MAIG
Managing Director & CEO

Steve Shedden is a minerals geologist and company director with over 40 years' industry experience. A graduate in Applied Geology from the Ballarat School of Mines and Industries (SMB) and its successor institutions, he has wide corporate and field experience in exploration and mining in Australia, Papua New Guinea and South America. Mr Shedden founded three ASX-listed mineral companies; Gindalbie Metals Limited in 1993, Oroya Mining Limited in 2002, and Argentina Mining Limited in 2010, in all of which he held senior management roles, before establishing Torrens in 2014.

Mr Mike Collings
BSc(Hons)(Geol)(MinGeol), BSc (Hons 1st Class)
Executive Technical Director

Mike Collings is both a minerals geologist and mining engineer with over 40 years' experience. A graduate of the Royal School of Mines, London, Mr Collings has worked in Australia for most of his career, which has included periods as a mine geologist at Broken Hill and in South Africa, and as a mining engineer in Mt Isa and in various locations in Western Australia and Victoria. He is a Registered Mine Manager in both WA and Queensland. Mr Collings also has significant experience in corporate matters, having been on the boards of several listed companies. His chief professional interest is in the development of mining projects from exploration through to production.

TORRENS MINING LIMITED DIRECTORS' REPORT

Mr Richard Graaug

**BJuris LLB (UWA), Grad. Dip. App Fin. Invest. (SIA) Grad Dip App.Corp.Gov (CSA) FGIA
Non-Executive Director, Remuneration Committee**

Richard Graaug is legal practitioner and was admitted as a Barrister & Solicitor in Western Australia in 1987. He is a director of his own law practice, Richard Simon Legal, in Perth, which provides legal services to a number of mining & energy companies including to Torrens and its subsidiaries. He has practiced as a solicitor for over 26 years, including as an in-house lawyer and prior to that in top tier private firms. His areas of practice include commercial agreements, debt and capital raisings, farm-ins, joint ventures, technology transactions, general corporate, commercial, corporate governance, criminal defence and civil dispute resolution. Mr Graaug is also experienced in mergers, acquisitions and project development. His legal and commercial experience extends to both to Australian and overseas jurisdictions, including the legal function and in-house counsel role for a number of Australian companies. From 1997 to 2008 he held various positions, including directorships with Halliburton Energy Services (HES) covering Australasian, South East Asian and African jurisdictions. While with HES, Mr Graaug was based in Africa including Egypt for up to 4 years. From 2008 to 2010 he was Senior Legal Counsel with Apache Energy in Perth.

Mr David Palumbo

**BCom, CA
Company Secretary**

Mr Palumbo is a Chartered Accountant and a graduate of the Australian Institute of Company Directors with over thirteen years' experience in company secretarial, accounting and financial reporting of ASX listed and unlisted companies, including five years as an external auditor. Mr Palumbo is an employee of Mining Corporate and provides corporate advisory, financial management and corporate compliance services. He has acted as Company Secretary for numerous ASX listed companies, assisted with multiple ASX IPO's and is currently serving on the Board on the Krakatoa Resources Limited and Kaiser Reef Limited. He has previously served on the Board of Roto International Ltd and High Grade Metals Ltd.

Interests in the Shares of the Company

As at the date of this report, the interests of the Directors in the securities of Torrens Mining Limited were:

Directors	Ordinary Shares held	Options held
W. Bloking	10,838,126	-
S. Shedden	7,350,000	-
M. Collings	7,350,000	-
R. Graaug	4,020,000	-

Dividends

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

Principal Activities

The principal activity of the Group during the financial year was the acquisition, exploration and evaluation of mining projects.

Operating Results for the Period

The operating result of the Group for the financial year was a gain of \$936,030 (2018:loss of \$588,456).

Significant Changes in State of Affairs

Other than those disclosed in this annual report, no significant changes in the state of affairs of the Group occurred during the financial year.

TORRENS MINING LIMITED DIRECTORS' REPORT

Review of Operations

Fully funded work on Torrens Mining Limited's flagship Mt Gunson Copper-Cobalt Project progressed steadily throughout 2019FY. Two major drilling programs were completed and various pre-feasibility work, including metallurgical testwork and geotechnical and mining studies, continued.

In March 2019, Torrens' farm-in partner, Gindalbie Metals Ltd, announced a scheme under which its interests and obligations in the Mt Gunson Project were to be demerged into a new company, Coda Minerals Ltd. Gindalbie itself was to be taken over by a Chinese company and its Mt Gunson contracts novated to Coda. The demerger, which was completed in July 2019, was seamless so far as Torrens was concerned, with Mt Gunson Project work continuing uninterrupted. Coda, funded by approximately \$8M cash acquired under the demerger, is presently working toward its Initial Public Offering and listing on ASX, with the Mt Gunson Project as its flagship and indeed, sole, project.

Torrens undertook its own reconstruction activity during the year, the details of which were set out in the "Consent to become a Member of Laloki Mining" letter of 18 December 2018. All Torrens shareholders consented to the arrangement. Subsequently, 17.12M shares in Laloki Mining Limited were allotted on a 1 for 3 pro-rata basis to Torrens shareholders and a further 2.75M shares issued to directors, together with 12M incentive options exercisable at 25cps by 1 March 2022.

The purpose of the restructure was to commercially separate Torrens' Mt Gunson interests from exploration licence applications over the high-grade Laloki Cu-Au Volcanogenic Massive Sulphide (VMS) deposits located near Port Moresby, Papua New Guinea (ELA2557) and prospective gold-antimony exploration ground located adjacent to the historic Mt Piper antimony-gold mine in Central Victoria, which itself is located regionally close to the very successful gold mines presently operated by Canadian companies Kirkland Lake Inc at Fosterville and Mandalay Resources Corp at Costerfield. Also included in the portfolio is the Buldah EL5455 covering prospective gold exploration ground in Eastern Victoria.

Frustratingly, the tenements under application are not granted by time of writing, due to bureaucratic delays outside Torrens' control, and the deadline set in the Share Sale Agreement, under which the restructure is to be completed, was extended to 28 February 2020 by a Deed of Variation.

Active exploration has been ongoing at Mt Gunson for decades, with the Mt Gunson mining district having been the catalyst for the 1975 discovery of the Olympic Dam Cu-Au-U mine 100kms to the north. At Olympic Dam Cu-Au-U "iron oxide copper-gold" (IOCG) mineralisation is mined. This mineralisation is hosted by highly deformed and altered basement rocks which lie below the flat lying Proterozoic sedimentary rocks which host Cu-Co mineralisation, the present main target of the Mt Gunson Project. The drilling undertaken since Torrens' entry into the project in 2014 has been exclusively in support of the ongoing studies into potential mining of these latter deposits.

A drilling program of thirty-four holes, completed in 2018FY, served the dual purpose of providing fresh samples for metallurgical flowsheet development and additional information, allowing the remodelling of the Windabout and MG14 Cu-Co resources to JORC 2012-compliant indicated status.

During the December 2018 quarter, a series of large diameter (C8) drill holes were put in at Windabout and MG14 to supply material for metallurgical testwork. The program comprised eight holes (two at MG14 and six at Windabout) for a total of 564m drilled. This resulted in a total of 565kg of mineralised (i.e. >0.5% Cu) sample from Windabout and 264 kg of mineralised samples from MG14. This material was diluted to better represent the overall grade of the known deposits and split into metallurgically distinct composites. It is expected that this should represent sufficient material to support the metallurgical test work program for these deposits through to the completion of the Mt Gunson pre-feasibility study.

During December 2018 and January 2019, an HQ diamond drilling program was undertaken at the 400m deep Emmie Bluff deposit to provide drill core for geotechnical testing and fresh mineralised material for metallurgical analysis. A total of five drillholes were attempted, with four successfully intersecting meaningful mineralisation. Geotechnical studies of the Emmie Bluff overburden and a mining scoping study were also completed.

It is expected that Emmie Bluff will be further tested by drilling during 2020FY. The potential to dramatically increase the Mineral Resource tonnage at Emmie Bluff, and thus the scale of proposed mining, is very exciting and is considered low risk, based on current information.

TORRENS MINING LIMITED DIRECTORS' REPORT

Exploration work undertaken over the year included the completion of a major geophysical reassessment of the geology of the Mt Gunson region by respected geological consultants International Geoscience. This study will be a foundation for the revitalisation of regional mineral exploration within the Mt Gunson tenements, which cover a strategic position in South Australia's Olympic Copper Province.

The report made use of the results of a major aeromagnetic survey undertaken by the South Australian Government and Geoscience Australia, released in April 2018. A mineral systems model for the Mt Gunson area was outlined and several IOCG target areas within the Mt Gunson leases were identified. The methodology was recently validated by BHP's stunning exploration success at its Oak Dam Cu-Au-U project, approximately 10km north-east of the Emmie Bluff prospect. This discovery, announced in November 2018, occurred in an area identified by International Geoscience as prospective, based on its interpretation of the geophysical data. In the light of these results, a review of IOCG prospectivity on the Mt Gunson leases has commenced.

Another geophysical initiative by the Mt Gunson Project was the use of passive seismic surveying to map the host black shales to the Cu-Co mineralisation, with promising results reported. More recently, magnetotelluric survey data, newly released by government agencies, is also being studied for its potential to aid mineral exploration at Mt Gunson.

Other important competitor activity in the Mt Gunson region was the development of the Carrapateena IOCG Cu-Au-U mine by OZ Minerals Ltd, to the north east of Mt Gunson. Under a May 2017 agreement with Torrens, during the year OZ Minerals constructed a new electrical sub-station and powerline, which runs west to east across almost the full width of the Mt Gunson Project ground. A sealed road and communications line are also scheduled. The powerline is now energised and the Carrapateena mine project is approaching production. Such regional developments are very important for the Mt Gunson Project's stakeholders by creating valuable infrastructure and focussing attention on the remarkable copper potential of the region, which is already Australia's most productive copper province.

Torrens' Board remains alert to opportunities to maximise shareholder value from the Mt Gunson Project. We acknowledge the patience and support of our shareholders. We also congratulate and thank the Coda team for its determined and professional approach to exploring and developing Mt Gunson.

Significant Events after Reporting Date

On 1 July 2019, 9,341,938 options with an exercise price of \$0.075 expired unexercised.

In July 2019, the Company raised \$22,750 through the issue of 303,333 ordinary shares at \$0.075 per share.

On 27 September 2019, Coda Minerals Limited notified the Company that the Stage 2 Earning Obligation has been met. On 21 October 2019, Coda Minerals Limited notified the Company that it had elected to earn the Stage 3 Interest (refer to note 19: Contingent Assets, for further details).

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Directors' Meetings

The number of directors' meetings and the number of meetings attended by each of the directors of the Company for the time the director held office during the financial period are as follows:

Director	No. eligible to attend	No. attended
W. Bloking	2	2
M. Collings	2	2
S. Shedden	2	2
R. Grauaug	2	2

Indemnification of Officers

The Company currently has no insurance cover indemnifying officers against any liability arising out of their conduct whilst acting for the Company.

TORRENS MINING LIMITED DIRECTORS' REPORT

Indemnity and Insurance of Auditor

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

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

Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group or any part of those proceedings.

Share Options

At the date of this report, Torrens Mining Limited has no ordinary shares under option.

Environmental Regulation

The Directors are mindful of the regulatory regime in relation to the impact of the organisation's activities on the environment. There have been no known breaches of any environmental regulation by the Group during the financial period.

Future Developments

Further information, other than as disclosed in this report, about likely developments in the operations of the Group and the expected results of those operations in future periods, has not been included in this report as disclosure of this information would be likely to result in unreasonable prejudice to the Group.

Non-Audit Services

During this financial year, \$1,700 was paid or payable to RSM for non-audit services.

The Board of Directors is satisfied that the provision of non-audit services during the period is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Auditor Independence

Section 307C of the Corporations Act 2001 requires our auditors, RSM to provide the Directors of the Company with an Independence Declaration in relation to the audit of this financial report. The Directors have received the Independence Declaration which has been included within this financial report.

Signed in accordance with a resolution of the directors:

Mr S H Shedden
Managing Director

Dated this 31st day of October 2019

RSM Australia Partners

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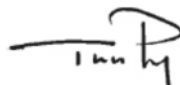
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Torrens Mining Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 31 October 2019

TORRENS MINING LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
Revenue	4(a)	1,786,309	267,466
Exploration, evaluation and tenement acquisition expense	4(b)	(590,433)	(581,713)
Directors' fees		(170,000)	(170,000)
Corporate compliance expense		(51,480)	(82,281)
Administration expense		<u>(38,366)</u>	<u>(21,928)</u>
Profit/(loss) before income tax		936,030	(588,456)
Income tax expense	5	<u>-</u>	<u>-</u>
Net profit/(loss) for the year		936,030	(588,456)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>936,030</u>	<u>(588,456)</u>

The accompanying notes form part of these financial statements

TORRENS MINING LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	21,885	273,100
Trade and other receivables	7	9,231	9,011
Other assets		11,746	12,545
TOTAL CURRENT ASSETS		<u>42,862</u>	<u>294,656</u>
TOTAL ASSETS		<u>42,862</u>	<u>294,656</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	37,882	1,256,731
TOTAL CURRENT LIABILITIES		<u>37,882</u>	<u>1,256,731</u>
TOTAL LIABILITIES		<u>37,882</u>	<u>1,256,731</u>
NET ASSETS/(LIABILITIES)		<u>4,980</u>	<u>(962,075)</u>
EQUITY			
Issued capital	9	1,780,338	1,749,313
Reserves		803,547	803,547
Accumulated losses		(2,578,905)	(3,514,935)
TOTAL EQUITY/(DEFICIENCY IN EQUITY)		<u>4,980</u>	<u>(962,075)</u>

The accompanying notes form part of these financial statements

**TORRENS MINING LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2019 \$	2018 \$
Cash flows from operating activities			
Other income		12,066	121,419
Research and development grant		-	228,814
Payments to suppliers and employees		<u>(294,306)</u>	<u>(314,930)</u>
Net cash flows from/(used in) operating activities	14	<u>(282,240)</u>	<u>35,303</u>
Cash flows from financing activities			
Proceeds from issue of shares in the Company (net of costs)		<u>31,025</u>	<u>215,000</u>
Net cash flows from financing activities		<u>31,025</u>	<u>215,000</u>
Net (decrease)/ increase in cash and cash equivalents		(251,215)	250,303
Cash and cash equivalents at the beginning of the period		273,100	22,797
Cash and cash equivalents at the end of the period	6	<u>21,885</u>	<u>273,100</u>

The accompanying notes form part of these financial statements

TORRENS MINING LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Issued Capital	Accumulated Losses	Options Reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2017	1,529,313	(2,926,479)	803,547	(593,619)
Loss for the year	-	(588,456)	-	(588,456)
Other comprehensive income	-	-	-	-
	-	(588,456)	-	(588,456)
Transactions with equity holders in their capacity as owners				
Issue of shares (net of costs)	220,000	-	-	220,000
Total transactions with equity holders in their capacity as owners	220,000	-	-	220,000
Balance at 30 June 2018	1,749,313	(3,514,935)	803,547	(962,075)
Balance at 1 July 2018	1,749,313	(3,514,935)	803,547	(962,075)
Profit for the year	-	936,030	-	936,030
Other comprehensive income	-	-	-	-
	-	936,030	-	936,030
Transactions with equity holders in their capacity as owners				
Issue of shares (net of costs)	31,025	-	-	31,025
Total transactions with equity holders in their capacity as owners	31,025	-	-	31,025
Balance at 30 June 2019	1,780,338	(2,578,905)	803,547	4,980

The accompanying notes form part of these financial statements

**TORRENS MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

1. CORPORATE INFORMATION

This financial report of Torrens Mining Limited ("Company") was authorised for issue in accordance with a resolution of the directors on 31 October 2019.

Torrens Mining Limited is a public non-listed company, incorporated and domiciled in Australia.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

(b) 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 the settlement of liabilities in the normal course of business.

The Group has net cash outflows from operating activities of \$282,240 for the year ended 30 June 2019. As at 30 June 2019, the Group had net assets of \$4,980.

The ability of the Group to continue as a going concern is principally dependent upon the ability of the Group to secure funds by raising capital from equity markets and managing cash flow in line with available funds. These conditions indicate a material uncertainty, which may cast significant doubt about the ability of Group to continue as a going concern.

The directors have prepared a cash flow forecast, which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report.

Based on the cash flow forecasts, the directors are satisfied that the going concern basis of preparation is appropriate.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Group be unable to continue as a going concern.

TORRENS MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

(c) New and Amended Accounting Policies Adopted by the Company

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.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

(d) Accounting Standards issued but not yet effective and not been adopted early

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2019. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below:

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16.

For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Group will adopt this standard from 1 July 2019 and the impact of its adoption is expected to be insignificant.

TORRENS MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

(e) Basis of consolidation

The consolidated financial statements comprise the financial statements of Torrens Mining Limited and its subsidiaries as at 30 June each period.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and loss resulting from intra-group transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is gained and cease to be consolidated from the date on which control is lost. Control exists where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The acquisition of subsidiaries has been accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition. Accordingly, the consolidated financial statements include the results of the subsidiaries for the financial period from their acquisition.

(f) Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 21.

(g) Segment Reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision makers to make decisions about resources to be allocated to the segments and assess their performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues.

Operating segments have been identified based on the information presented to the chief operating decision makers – being the Board of Directors.

Information about other business activities and operating segments that do not meet the quantitative criteria set out in AASB 8 "Operating Segments" are combined and disclosed in a separate category called "other".

(h) Exploration and Evaluation Assets

Exploration and evaluation expenditure in relation to the Group's mineral tenements is expensed as incurred. When the Directors decide to progress the development of an area of interest all further expenditure incurred relating to the area will be capitalised. Projects are advanced to development status and classified as mine development when it is expected that further expenditure can be recouped through sale or successful development and exploitation of the area of interest. Such expenditure is carried forward up to commencement of production at which time it is amortised over the life of the economically recoverable reserves. All projects are subject to detailed review on an annual basis and accumulated costs written off to the extent that they will not be recoverable in the future.

(i) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

TORRENS MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

(j) Trade and Other Payables

Liability for trade creditors and other amounts are carried at amortised cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed.

(k) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(l) Contributed Equity

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

(m) Revenue Recognition

The Group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

(n) Government grants

The Research and Development Tax Incentive Grant received from the Australian Taxation Office is recognised in the financial period in which it becomes receivable.

TORRENS MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

(o) Income Tax

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised, except:

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the financial period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same tax authority.

(p) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the Group intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

TORRENS MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

(q) Impairment of Assets

At the end of each reporting period, the directors assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Accounting Standard.

Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

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

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

TORRENS MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

(s) Employee Benefits

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

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

(t) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. In the opinion of the directors, there are no critical accounting estimates or judgments in this financial report.

3. SEGMENT INFORMATION

The Group has identified its operating segments based on the internal reports that are used by the Board (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by the Board based on the phase of operation within the mining industry. For management purposes, the Group has organised its operations into two reportable segments on the basis of stage of development as follows:

- Development assets; and
- Exploration and evaluation assets, which includes assets that are associated with the determination and assessment of the existence of commercial economic reserves.

The Board as a whole will regularly review the identified segments in order to allocate resources to the segment and to assess its performance.

During this financial year, the Group had no development assets. The Board considers that it has only operated in one segment, being mineral exploration.

The Group is domiciled in Australia. All revenue from external customers are only.

TORRENS MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

4. REVENUES AND EXPENSES	2019	2018
	\$	\$
(a) Revenue		
Research and development grant	-	228,814
Management fee	-	30,000
Other revenue	13,705	8,652
Other income- forgiveness of director fees accrued (i)	1,772,604	-
	<u>1,786,309</u>	<u>267,466</u>
(i) Director fees accrued by the Board over the last 3 financials years were forgiven at 30 June 2019.		
(b) Exploration, evaluation and tenement acquisition expense		
Executive Director Fees	500,000	500,000
General exploration and evaluation	90,433	81,713
	<u>590,433</u>	<u>581,713</u>

TORRENS MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

5. INCOME TAX

Major components of income tax expense are:

	2019	2018
	\$	\$
Income tax expense reported in the statement of profit or loss and other comprehensive income	-	-

A reconciliation of income tax expense applicable to accounting loss before income tax at the statutory income tax rate to income tax expense at the Group's effective income tax rate is as follows:

	2019	2018
	\$	\$
Net profit/(loss) before income tax expense	936,030	(588,476)
Prima facie tax calculated at 27.5%	257,408	(161,826)
Non-deductible expenses	22	68,888
Tax losses carried forward	(257,430)	92,938
Income tax expense	-	-
Unrecognised tax losses		
Revenue losses	463,427	385,864
Deferred tax (liability)/asset	(117,093)	217,900
	346,334	603,764

Availability of Tax Losses

The availability of the tax losses for future periods is uncertain and will be dependent on the Group satisfying strict requirements with respect to continuity of ownership and the same business test imposed by income tax legislation.

The recoupment of available tax losses as at 30 June 2019 is contingent upon the following:

- (a) the Group deriving future assessable income of a nature and of an amount sufficient to enable the benefit from the losses to be realised;
- (b) the conditions for deductibility imposed by income tax legislation continuing to be complied with; and
- (c) there being no changes in income tax legislation which would adversely affect the Group from realising the benefit from the losses.

Given the Group is currently in a loss making position, a deferred tax asset has not been recognised with regard to unused tax losses, as it has not been determined that the Group will generate sufficient taxable profit against which the unused tax losses can be utilised.

TORRENS MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

6. CASH AND CASH EQUIVALENTS

	2019	2018
	\$	\$
Cash at bank and in hand	21,885	273,100

Cash at bank and in hand earns interest at floating rates based on daily at call bank deposit and savings rates.

7. TRADE AND OTHER RECEIVABLES

	2019	2018
	\$	\$
GST receivable	4,465	5,885
Other receivables	4,766	3,126
	9,231	9,011

Other receivables are non-interest bearing and are generally on 30 – 90 day terms.

Other receivables are neither impaired nor past due. It is expected that these balances will be received when due.

8. TRADE AND OTHER PAYABLES

	2019	2018
	\$	\$
Trade and other payables	37,882	39,195
Accrued director fees	-	1,217,536
	37,882	1,256,731

Trade payables and other payables are non-interest bearing and are normally settled on 30 to 60 day terms.

Related party payables are non-interest bearing and are non-recourse insofar as the funds of the Group permits repayment.

TORRENS MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

9. CONTRIBUTED EQUITY

	2019	2018
	\$	\$
Ordinary shares		
Issued and fully paid	<u>1,780,338</u>	<u>1,749,313</u>
	<i>No.</i>	<i>\$</i>
Movement in ordinary shares on issue		
At 30 June 2017	49,045,251	1,529,313
Issue of seed shares	2,150,000	215,000
Conversion of loan into shares	50,000	5,000
At 30 June 2018	<u>51,245,251</u>	<u>1,749,313</u>
Issue of seed shares	360,333	31,250
At 30 June 2019	<u>51,605,584</u>	<u>1,780,338</u>

Share Options

At 30 June 2019, Torrens Mining Limited had 9,341,938 Options exercisable at \$0.075 on or before 1 July 2019, on issue. During the year ended 30 June 2019, 22,800,000 Options exercisable at \$0.075 on or before 1 May 2019 expired unexercised.

10. DIRECTORS AND EXECUTIVE DISCLOSURES

(a) Remuneration of Key Management Personnel

The totals of remuneration paid or payable to the KMP of the Group during the financial year were:

	2019	2018
	\$	\$
Short-term employee benefits	<u>670,000</u>	<u>670,000</u>
	<u>670,000</u>	<u>670,000</u>

As disclosed in note 4a, Director fees accrued by the Board over the last 3 financials years were forgiven at 30 June 2019 resulting in recognition of other income totalling of \$1,772,604.

11. SHARE BASED PAYMENTS

	2019	2018
	\$	\$

The following share based payments were made:

Shares

On 30 November 2018, the Company issued 120,000 shares in lieu of cash payment for geological services. The equity settled transaction has been measured at the fair value of the services received.

	12,000	-
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TORRENS MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

12. RELATED PARTY DISCLOSURE

All transactions were made on normal commercial terms and condition and at market rates.

Amounts Payable to Related Parties

As at 30 June 2018, the Group has amounts payable to directors for directors fees accrued from 1 July 2016 to 30 June 2018 of \$1,217,536, which includes William Bloking for an amount of \$200,000, Steve Shedden for an amount of \$438,768, Mike Collings for amount of \$438,768 and Richard Graaug for an amount of \$140,000.

As disclosed in note 4(a), directors' fees accrued by the Board over the last 3 financial years were forgiven at 30 June 2019 resulting in recognition of other income totalling of \$1,772,604.

13. AUDITORS' REMUNERATION

	2019	2018
	\$	\$
Remuneration of the auditor for:		
- Auditing the financial statements	5,000	5,000
- Tax compliance services	1,700	2,100
	6,700	7,100

14. CASHFLOW INFORMATION

	2019	2018
	\$	\$
Reconciliation from the net loss after tax to the net cash flows from operations		
Net profit/(loss) for the year	936,030	(588,456)
<i>Changes in assets and liabilities:</i>		
Trade and other receivables	(219)	76,819
Other assets	798	(11,503)
Trade and other payables	(1,218,849)	558,443
Net cash from operating activities	(282,240)	35,303

TORRENS MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise receivables, payables and cash which arise directly from its operations.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Risk Exposures and Responses

Interest rate risk

The Group generates income from interest on surplus funds. At reporting date, the Group had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk that are not designated in cash flow hedges:

	2019	2018
	\$	\$
Financial Assets		
Cash and cash equivalents	21,885	273,100
Net exposure	21,885	273,100

Interest rate sensitivity analysis

The Group has no material interest rate risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's potential concentration of credit risk consists mainly of cash deposits with banks. The Group's short term cash surpluses are placed with banks that have investment grade ratings. The maximum credit risk exposure relating to the financial assets is represented by the carrying value as at the reporting date. The Group considers the credit standing of counterparties when making deposits to manage the credit risk.

Liquidity risk

The responsibility with liquidity risk management rests with the Board of Directors. The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate working capital is maintained. The Group's policy is to ensure that it has sufficient cash reserves to carry out its planned exploration activities over the next 12 months.

Fair values

Fair values of financial assets and liabilities are equivalent to carrying values due to their short terms to maturity.

**TORRENS MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

16. COMMITMENTS

In order to maintain current rights of tenure to its Mt Gunson Project, comprising EL5636, EL6141 and EL6265, the Group is required by an Amalgamated Expenditure Arrangement with the South Australian Department of Energy and Mining to expend a minimum of \$1.32 million on exploration activities over the period 1 July 2018 to 30 June 2020.

On 27 September 2019, Coda Minerals Limited notified the Company that the Stage 2 Earning Obligation has been met, with over \$3.87 million spent on the Mt Gunson Project since the farm-in and joint venture agreement (Farm-in Agreement) commenced on 17 March 2017.

On 21 October 2019, Coda Minerals Limited notified the Company that it had elected to earn the Stage 3 Interest. During this stage, Coda can earn an additional 19% Joint Venture Interest (70% Joint Venture Interest in total) by spending a further \$2.75 million.

In order to maintain current rights of tenure to its Buldah Project, comprising EL5455, the Group is required to perform minimum exploration requirements totalling \$19,000 for financial year 2020, as specified by the Government of Victoria.

The Group has no other commitments.

17. CONTROLLED ENTITIES

	Country of Incorporation	Equity Holding	
		2019 %	2018 %
Subsidiaries of Torrens Mining Limited:			
Terrace Mining Pty Limited	Australia	100	100
Torrens Gold Exploration Pty Limited	Australia	100*	100
Torrens Mining (Holdings) Pty Limited	Australia	100*	100
Torrens Mining (PNG) Limited	Papua New Guinea	100*	100

* Subject to sale agreement with Laloki Mining Limited dated 19 March 2019 for consideration of \$35,000. Completion remains conditional on several items, including Laloki raising seed capital or completing other funding arrangements to fund the consideration and the transfer of the Buldah Project from Terrace Mining Pty Ltd to Torrens Gold Exploration Pty Ltd.

18. EVENTS AFTER REPORTING DATE

On 1 July 2019, 9,341,938 options with an exercise price of \$0.075 expired unexercised.

In July 2019, the Company raised \$22,750 through the issue of 303,333 ordinary shares at \$0.075 per share.

On 27 September 2019, Coda Minerals Limited notified the Company that the Stage 2 Earning Obligation has been met. On 21 October 2019, Coda Minerals Limited notified the Company that it had elected to earn the Stage 3 Interest.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

TORRENS MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

19. CONTINGENT ASSETS

On 17 March 2017, the Group executed a farm-in and joint venture agreement (Farm-in Agreement) with Gindalbie Metals Limited (Gindalbie Metals), whereby Gindalbie Metals can earn up to 75% interest in the Mt Gunson Copper-Cobalt Project, located 135 km north of Port Augusta in South Australia (Project).

In May 2018, Gindalbie Metals Limited novated its rights and obligations under the Farm-in Agreement to its wholly owned subsidiary Coda Minerals Limited (Coda Minerals). In July 2019, Coda Minerals was demerged from Gindalbie Metals. Coda Minerals interest will be earned in the following stages:

Stage 1: Test work and flow sheet design:

- Coda Minerals will spend A\$1.37 million during the first 12 months to earn a 25% beneficial interest in mineral exploration licenses EL5636, EL6141 (previously EL5108) and EL6265 (previously EL5333), and associated rights under the Farm-in Agreement (Joint Venture Interest).
 - On 23 May 2018, Coda Minerals officially notified the Group of its intention to proceed into Stage 2. On 22 August 2018, Coda Minerals announced that the stage 1 exploration commitment of A\$1.37 had been reached and a 25% interest in the Mt Gunson Copper-Cobalt Project was obtained.

Stage 2: Study phase:

- Coda Minerals will spend an additional A\$2.5 million to earn an additional 26% Joint Venture Interest (51% Joint Venture Interest in total). Coda Minerals must undertake this work within a maximum of 4 years from the farm-in commencement date in order to earn the interest.
 - On 27 September 2019, Coda Minerals notified the Company that the Stage 2 Earning Obligation has been met. On 21 October 2019, Coda Minerals notified the Company that it had elected to earn the Stage 3 Interest.

Stage 3: Study phase to decision to mine:

- Should Coda Minerals elect to continue with the farm-in after Stage 2, Coda Minerals can earn an additional 19% Joint Venture Interest (70% Joint Venture Interest in total) by spending a further A\$2.75 million. Coda Minerals must undertake this work within a maximum of 6 years from the farm-in commencement date in order to earn the interest.

Option and Free Carry:

- If at any point during the feasibility study process, Coda Minerals spends a total of A\$6.62 million, it will automatically earn a 70% Joint Venture Interest.
- At the completion of Stage 3, Coda Minerals will have the option to purchase an additional 5% Joint Venture Interest for A\$1.5 million to increase its total Joint Venture Interest to 75%.
- Torrens/Terrace will be free carried to a maximum of A\$8.62 million, exclusive of the above option value. Once the free carry limit has been reached (or Coda Minerals exits from the farm-in after Stage 1 or upon a decision to mine) a formal unincorporated joint venture will be triggered and Terrace will be responsible for its share of ongoing project expenditure.

20. CONTINGENT LIABILITIES

Pursuant to the Mt Gunson Copper Project acquisition agreement with Strandline Resources Limited, deferred consideration totaling \$1,000,000 is payable in cash subject to and within three (3) business days of a formal "decision to mine" being made based on, amongst other things, financial close of debt or equity finance in respect of a mining project located on the Tenements.

In the event that, prior to a decision to mine:

TORRENS MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

- (a) substantially all of the Assets become held by an entity (Listed Entity) which is included on the official list of the market operated by ASX Limited (ASX) (whether by way of initial public offering or reverse takeover) (IPO/RTO); or
- (b) substantially all of the Assets are sold by Terrace to a third party (other than as part of any IPO/RTO) (Asset Sale);
- (c) all of the share capital of Terrace (while it holds substantially all of the Assets) is sold to a third party other than Torrens (or any related entity) (other than as part of any IPO/RTO) (Trade Sale),

an amount of \$250,000 of the Deferred Consideration will become payable within 60 days of the completion of such IPO/RTO, Asset Sale or Trade Sale (as applicable) to Strandline in the following manner:

- (a) in the case of an Asset Sale or Trade Sale, in immediately available funds; or
- (b) in the case of an IPO/RTO, either, at the election of the Listed Entity, in immediately available funds or shares in the Listed Entity (valued at the same price as equity issued in conjunction with the IPO/RTO),

and the remaining amount of the Deferred Consideration will be deemed to be converted into an unsecured 2% net smelter royalty of all minerals produced from the area of the Tenements capped at a maximum amount payable of \$1,250,000 with the addition of an option for the "payer" to buy-back the royalty at any time for an amount of \$750,000.

The Group has no other contingent liabilities as at 30 June 2019.

21. PARENT ENTITY DISCLOSURES

Financial position	2019	2018
	\$	\$
ASSETS		
Current assets	10,788	277,539
TOTAL ASSETS	10,788	277,539
NON CURRENT ASSETS		
Non-current assets	-	-
TOTAL NON CURRENT ASSETS	-	-
TOTAL ASSETS	10,788	277,539
LIABILITIES		
Current liabilities	25,057	1,248,599
TOTAL CURRENT LIABILITIES	25,057	1,248,599
TOTAL LIABILITIES	25,057	1,248,599
EQUITY		
Contributed Equity	1,780,338	1,749,313
Reserves	803,547	803,547
Accumulated Losses	(2,598,154)	(3,523,920)
TOTAL EQUITY	(14,269)	(971,059)
Financial performance		
Profit/(Loss) for the financial year	925,766	(597,459)
Total comprehensive gain/(loss)	925,766	(597,459)

Guarantees:

Torrens Mining Limited has not entered into any guarantees in relation to the debts of its subsidiaries.

Other Commitments and Contingencies:

Torrens Mining Limited has no commitment to acquire property, plant and equipment and has no contingent liabilities other than disclosed in Notes 16 and 20 respectively.

**TORRENS MINING LIMITED
DIRECTORS' DECLARATION**

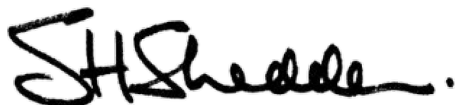
In accordance with a resolution of the directors of Torrens Mining Limited, I state that:

1. In the opinion of the directors:

- (a) the financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the year ended on that date.
 - (ii) complying with Australian Accounting Standards, International Financial Reporting Standards as issued by the International Accounting Standards Board and *Corporations Regulations 2001*.
- (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.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Board of Directors:



Mr S H Shedden
Managing Director

Dated this 31st day of October 2019



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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF TORRENS MINING LIMITED**

Opinion

We have audited the financial report of Torrens Mining Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

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

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

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2(b) in the financial report, which indicates that the Group had net cash outflows from operating activities of \$282,240 for the year ended 30 June 2019 and, as of that date, the Group had net assets of \$4,980. These events or conditions, along with other matters as set forth in Note 2(b), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

THE POWER OF BEING UNDERSTOOD

AUDIT | TAX | CONSULTING

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Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

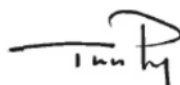
Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 31 October 2019