ACN 168 295 092

Torrens Mining Limited & Controlled Entities

Annual Report
for the Year Ended 30 June 2020

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 Grauaug

Company Secretary
Mr David Palumbo

Registered and Principal Office

Level 11
216 St Georges Terrace
Perth Western Australia 6000

Telephone : +61 (8) 9481 0389
Facsimile : +61 (8) 9463 6103

Website

www.torrensmining.com

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

Share Registrar

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
Perth WA 6000

Tel: +61 (8) 9323 2000
Fax: +61 (8) 9323 2033

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 2020.

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 Grauaug - Non-Executive Director

Names and Qualifications

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

Mr Bloking has more than 45 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 a Fellow of the Australian Institute of Company Directors.

He was previously Chairman of Nido Petroleum Limited, Sun Resources NL, 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 Mining Limited 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.

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

Richard Grauaug 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 Grauaug 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 Grauaug 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 of 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	11,500,000	-
S. Shedden	7,400,000	-
M. Collings	7,600,000	-
R. Grauaug	4,120,000	-

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 loss of $81,928 (2019:gain of $936,030).

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.

Review of Operations

Torrens Mining Limited, building on its strong track record of acquiring, exploring and advancing mineral projects, dating back to its foundation in 2014, made positive progress during the year to 30 June 2020, towards a major cash raising and its listing on ASX, which is targeted for late 2020.

Torrens' project portfolio now comprises two regionally-significant gold exploration ground positions in the world-renowned Victorian Gold Province, a 49% interest in the advanced Elizabeth Creek Copper Project in South Australia, and an exploration licence application over high grade copper-gold mineralisation at the formerly producing Laloki copper-gold Project in Papua New Guinea.

The Elizabeth Creek Copper Project (previously known as Mt Gunson) in South Australia covers an area of 750 square kilometres in the Olympic Copper Province, Australia's most productive copper province. The Project includes established, JORC12-compliant, copper-cobalt Mineral Resources at Windabout and MG14, and a substantial copper-cobalt resource at Emmie Bluff. As a result of seismic geophysical surveys and drilling carried out in 2019 and 2020, further drilling is planned for late 2020 at Emmie Bluff to test possible extensions of the established mineralisation.

Torrens' Elizabeth Creek farminee, Coda Minerals Ltd (Coda), completed its demerger from Gindalbie Metals Limited in July 2019, with no interruption to its work at Elizabeth Creek.

On 27 September 2019, Coda declared it had earned a 51% interest in Elizabeth Creek. To date, Coda has spent more than $5.3M in exploration and feasibility work and will have earned a 70 percent project interest once it has expended $6.62M. Unless a decision to mine has been made at that point, Coda will free carry the Company for a further expenditure of $2.0M, or a total of $8.62M. At the completion of the free carry, a 70:30 joint venture with Torrens will be formed and Torrens will become responsible to contribute to joint venture expenditure under approved programmes and budgets. Coda will also have the option of purchasing a further 5 percent interest in the project from Torrens for $1.5 million.

Coda issued its IPO prospectus in September 2020, and later a supplementary prospectus, with target fund raising of $8.5M. If Coda achieves its objective of a market capitalisation at listing of $25.65M at its IPO offer price of $0.30 per share, a valuation of its 51% interest in Elizabeth Creek of around $12.07M will be implied, with Torrens 49% interest similarly valued at $11.6M. Torrens 49% interest is expected to fall to 30% sometime in early 2021, as Coda progresses to 70% ownership.

The proposed sale of Torrens' interests in the Company's Victorian and PNG interests, under the terms of a share sale agreement (SSA) with Laloki Mining Limited, dated 6 March 2019, lapsed on 28 February 2020 when Laloki Mining was unable to fulfill the conditions precedent under the SSA.

At that time, bullish sentiment was emerging in the gold sector, with the gold price exceeding US$1,900 per ounce (A$2,611), and the Board resolved to pursue the Company's Initial Public Offering and listing on ASX. In May 2020, an IPO mandate was signed with stockbrokers Taylor Collison Limited.

With Taylor Collison's financial backing via a Convertible Note issue, Torrens subsequently:

- Completed a capital raising of $600,000.
- Progressed the various technical reports aimed at enabling completion of the Prospectus in October 2020.
- Secured Victorian Exploration Licence 6775, the foundation of Torrens' Mt Piper Gold Project, which lies within the productive Central Victorian Goldfields and which is centred about 50 kilometres southeast of Kirkland Lake Gold's highly productive Fosterville Gold Mine and only a few kilometres from Mandalay Resources' successful Costerfield gold and antimony mine.
- Acquired four additional exploration licence applications to the Mt Piper Project, bringing the area under grant or application to 1180 square kilometres, potentially making Torrens one of Victoria's largest gold explorers.
- Evaluated the Northwood Hill Gold Prospect, which is located within ELA7331 (Mt Piper North), where drilling some 30 years ago reported important gold results.
- Applied for ELA7342 (Club Terrace), the boundaries of which abut Torrens' Buldah Exploration Licence, EL5455, to create the 375 square kilometre Club Terrace Gold Project, thus further consolidating Torrens' project positions in Victoria.

- Continued to pursue the grant of Laloki ELA2557 in Papua New Guinea, where high-grade copper-gold mineralisation was delineated by previous drilling.

Torrens is now preparing to undertake an initial public offering (IPO) and make an application to list on the ASX with arrangements in this regard being materially advanced. The IPO will be for an issue of ordinary shares under a prospectus which will be made available when the offer for the issue of the ordinary shares opens. Applications under the IPO for the issue of ordinary shares will need to be submitted by completing the application form that will accompany the prospectus. Shareholders who wish to participate in the IPO should contact the Company Secretary on info@torrensmining.com to request a copy of the prospectus when it becomes available.

After completion of the IPO, the Company plans to focus on exploration for gold in Victoria, at both the Mt Piper Project including the Northwood Hill Gold Prospect, and the Club Terrace Project.

Torrens will also make provision for elective contributions to a future joint venture with Coda Minerals Limited on the Elizabeth Creek Copper Project, set to commence when Coda completes its farmin expenditure, and also for exploration on Laloki ELA2557, when that tenement is granted.

2020 may prove to be a major turning point in the corporate development of Torrens. The Board acknowledges the patience and support of our shareholders. We also congratulate and thank Coda's team for its determined and professional approach to exploring and developing Elizabeth Creek Copper Project.

Significant Events after Reporting Date

On 4 September 2020, the Company issued 3,000,000 shares at an issue price of $0.10 per share to raise $300,000 before costs. As a result, the Convertible Notes (comprising funds of $300,000) then automatically converted into 3,529,412 shares in Torrens. All shares were issued on or about 4 September 2020, thus completing the commitment and ending the Convertible Notes.

No 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	1	1
M. Collings	1	1
S. Shedden	1	1
R. Grauaug	1	1

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.

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 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, $1,000 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 12th day of October 2020

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 2020, 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

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 12 October 2020

TUTU PHONG
Partner

TORRENS MINING LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 $	2019 $
Revenue	4(a)	6,371	1,786,309
Exploration, evaluation and tenement acquisition expense	4(b)	(31,303)	(590,433)
Directors' fees		-	(170,000)
Corporate compliance expense		(37,861)	(51,480)
Administration expense		(19,135)	(38,366)
Profit/(loss) before income tax		**(81,928)**	**936,030**
Income tax expense	5	-	-
Net profit/(loss) for the year		**(81,928)**	**936,030**
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		**(81,928)**	**936,030**

The accompanying notes form part of these financial statements

TORRENS MINING LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020 $	2019 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	447,930	21,885
Trade and other receivables	7	1,381	9,231
Other assets		11,785	11,746
TOTAL CURRENT ASSETS		461,096	42,862
TOTAL ASSETS		**461,096**	**42,862**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	15,293	37,882
Convertible loans	8	300,000	-
TOTAL CURRENT LIABILITIES		315,293	37,882
TOTAL LIABILITIES		**315,293**	**37,882**
NET ASSETS		**145,803**	**4,980**
EQUITY			
Issued capital	9	2,003,089	1,780,338
Reserves		803,547	803,547
Accumulated losses		(2,660,833)	(2,578,905)
TOTAL EQUITY		**145,803**	**4,980**

The accompanying notes form part of these financial statements

TORRENS MINING LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 $	2019 $
Cash flows from operating activities			
Other income		11,138	12,066
Research and development grant		-	-
Payments to suppliers and employees		(107,843)	(294,306)
Net cash flows from/(used in) operating activities	14	(96,705)	(282,240)
Cash flows from financing activities			
Proceeds from issue of convertible notes		300,000	-
Proceeds from issue of shares in the Company (net of costs)		222,750	31,025
Net cash flows from financing activities		522,750	31,025
Net (decrease)/ increase in cash and cash equivalents		426,045	(251,215)
Cash and cash equivalents at the beginning of the period		21,885	273,100
Cash and cash equivalents at the end of the period	6	447,930	21,885

The accompanying notes form part of these financial statements

TORRENS MINING LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Issued Capital $	Accumulated Losses $	Options Reserve $	Total $
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**
Balance at 1 July 2019	**1,780,338**	**(2,578,905)**	**803,547**	**4,980**
Loss for the year	-	(81,928)	-	(81,928)
Other comprehensive income	-	-	-	-
	-	(81,928)	-	(81,928)
Transactions with equity holders in their capacity as owners				
Issue of shares (net of costs)	222,751	-	-	222,751
Total transactions with equity holders in their capacity as owners	**222,751**	**-**	**-**	**222,751**
Balance at 30 June 2020	**2,003,089**	**(2,660,833)**	**803,547**	**145,803**

The accompanying notes form part of these financial statements

1. CORPORATE INFORMATION

This financial report of Torrens Mining Limited ("Company") was authorised for issue in accordance with a resolution of the directors on 12 October 2020.

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) New and Amended Accounting Policies Adopted by the Group

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 following Accounting Standards and Interpretations are most relevant to the Group:

AASB 16 Leases
The Group has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (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 improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The adoption of AASB 16 did not have any significant impact on the financial performance or position of the Group.

(c) 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.

(d) 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.

(e) 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".

(f) 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.

(g) 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.

(h) 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.

(i) 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.

(j) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a current liability until extinguished on conversion or redemption as the maturity date is within 12 months. The corresponding interest on convertible notes is expensed to profit or loss.

(k) 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.

(l) 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.

(m) 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.

(n) 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.

(o) 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, it's 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.

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.

(p) 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.

(q) 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 statement of financial position.

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.

(r) 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.

(s) 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. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

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.

4. REVENUES AND EXPENSES

		2020	2019
		$	$
(a)	**Revenue**		
	Research and development grant	-	-
	Management fee	-	-
	Other revenue	6,371	13,705
	Other income- forgiveness of director's fees accrued (i)	-	1,772,604
		6,371	1,786,309

(i) Director fees accrued by the Board over the prior 3 financials years were forgiven at 30 June 2019.

		2020	2019
(b)	**Exploration, evaluation and tenement acquisition expense**		
	Executive director's fees	-	500,000
	General exploration and evaluation	31,303	90,433
		31,303	590,433

5. INCOME TAX

Major components of income tax expense are:

	2020	2019
	$	$
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:

	2020	2019
	$	$
Net profit/(loss) before income tax expense	(81,928)	936,030
Prima facie tax calculated at 27.5%	(22,530)	257,408
Non-deductible expenses	(1,605)	22
Tax losses carried forward	24,135	(257,430)
Income tax expense	-	-
Unrecognised tax losses		
Revenue losses	487,574	463,427
Deferred tax (liability)/asset	(118,811)	(117,093)
	368,763	346,334

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 2020 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.

6. CASH AND CASH EQUIVALENTS

	2020 $	2019 $
Cash at bank and in hand	447,930	21,885

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

	2020 $	2019 $
GST receivable	1,381	4,465
Other receivables	-	4,766
	1,381	9,231

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

	2020 $	2019 $
Trade and other payables	15,293	37,882
	15,293	37,882

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.

	2020 $	2019 $
Convertible notes	300,000	-

On 26 May 2020, 300,000 Convertible Notes were issued with a $1 face value and a maturity date of 25 May 2021. The convertible notes accrue no interest and are convertible into ordinary shares at the lower of $0.085 or a 10% discount to the Pre-IPO capital raising price. The convertible notes will automatically convert into ordinary shares of the Company upon completion of a successful Pre-IPO Capital Raising of at least $500,000 (including the amount raised from the convertible notes). This conversion occurred subsequent to year end – refer to note 18.

9. CONTRIBUTED EQUITY

	2020 $	**2019 $**
Ordinary shares		
Issued and fully paid	2,003,089	1,780,338

	No.	*$*
Movement in ordinary shares on issue		
At 30 June 2018	51,245,251	1,749,313
Issue of seed shares	360,333	31,250
At 30 June 2019	51,605,584	1,780,338
Issue of seed shares	5,316,666	222,751
At 30 June 2020	56,922,250	2,003,089

Share Options

At 30 June 2020, Torrens Mining Limited had no Options on issue. During the year ended 30 June 2020, 9,341,938 Options exercisable at $0.075 on or before 1 July 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:

	2020 $	**2019 $**
Short-term employee benefits	-	670,000

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

11. SHARE BASED PAYMENTS

	2020 $	**2019 $**
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

12. RELATED PARTY DISCLOSURE

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

Amounts Payable to Related Parties

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

13. AUDITORS' REMUNERATION

	2020 $	2019 $
Remuneration of the auditor for:		
- Auditing the financial statements	6,050	5,000
- Tax compliance services	1,000	1,700
	7,050	6,700

14. CASHFLOW INFORMATION

	2020 $	2019 $
Reconciliation from the net loss after tax to the net cash flows from operations		
Net profit/(loss) for the year	(81,928)	936,030
Changes in assets and liabilities:		
Trade and other receivables	4,766	(219)
Other assets	(38)	798
Trade and other payables	(19,505)	(1,218,849)
Net cash from operating activities	(96,705)	(282,240)

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:

	2020 $	2019 $
Financial Assets		
Cash and cash equivalents	447,930	21,885
Net exposure	447,930	21,885

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.

16. COMMITMENTS

Amalgamated Expenditure Arrangement

In order to maintain its interests under and related to the underlying current rights of tenure to its Elizabeth Creek Project, comprising mineral tenements, EL6518 (previously EL5636), EL6141 (previously EL5108) and EL6265 (previously EL5333), the Group is required by an Amalgamated Expenditure Arrangement (AEA) with the South Australian Department of Energy and Mining, to expend a minimum of $1.1 million on exploration activities over the 24-month period ending 30 June 2022. A commitment to relinquish 5% of the area covered under the previous AEA, which terminated on 30 June 2020, has been agreed by the Group, with lodgement of the relinquishment pending.

Elizabeth Creek Project Farm-in Agreement

On 27 September 2019, Coda Minerals Limited notified the Company that the stage two earning obligation has been met, with over $3.87 million spent on the Elizabeth Creek Project since the Elizabeth Creek Project Farm-in Agreement was executed on 17 March 2017.

On 21 October 2019, Coda Minerals Limited notified the Company that it had elected to earn the stage three interest under the Elizabeth Creek Project Farm-in Agreement. During this stage, Coda can earn an additional 19% interest (70% interest in total) by spending a further $2.75 million.

Buldah Project Commitment

In order to maintain current rights of tenure to its Buldah Project, comprising EL5455, which is held by Terrace Mining Pty Ltd, a wholly owned subsidiary of Torrens, the Group is required to perform minimum exploration requirements totalling $19,000 for year 2020/21, as specified by the Government of Victoria. The exploration licence is due to expire on 21 October 2023. On 14 July 2020, the Regulator advised a requirement that Torrens relinquish 5 of 8 remaining sub-graticular blocks comprising EL5455. On 8 October 2020, the Regulator waived this requirement for 1 year following an application from Torrens.

On 4 September 2020, Torrens lodged an application for the transfer of EL5455 from Terrace Mining Pty Ltd to Torrens Gold Exploration Pty Ltd, both wholly owned subsidiaries of Torrens, in order to rationalise gold tenement ownership. The renewal application is pending.

Mt Piper Commitment

In order to maintain current rights of granted tenure to its Mt Piper Project, comprising EL6775, which is held by Torrens Gold Exploration Pty Ltd, a wholly owned subsidiary of Torrens, the Group is required to perform minimum exploration requirements totalling $77,100 for year 2020/21, as specified by the Government of Victoria.

Lead Manager Mandate Commitment

On 26 May 2020, Torrens and Taylor Collison Limited (the Lead Manager or Taylor Collison), entered into a letter agreement mandate pursuant to which the Lead Manager agreed to act as the lead manager, corporate adviser and broker in relation to certain Pre-IPO capital raisings and the proposed IPO Offer of Torrens (Lead Manager Mandate).

The key terms of the Lead Manager Mandate include, among other things, that Torrens will pay the Lead Manager a management fee of 2% and a selling fee of 4% of total gross funds raised under the Offer provided that no selling fee will be payable on funds raised from investors agreed by the Lead Manager to be introduced by Torrens directly which will be set out in an agreed Chairman’s List for Pre-IPO and IPO capital raisings.

Additionally:

- after listing of Torrens on ASX pursuant to a successful Offer (Successful Corporate Action), the Lead Manager (or its nominee) will also be issued Lead Manager Options in essence which are incentive options exercisable at 30 cents per share on or before the date which is 3 years after listing and equal to 5% of the fully diluted post-IPO capital of Torrens;

- Torrens will pay the Lead Manager a retainer fee of $5,000 per month (exclusive of GST) for 12 months post-listing on ASX; and

- Subject to the Successful Corporate Action, Torrens agrees to appoint Taylor Collison as sole Lead Manager to any Capital Raisings undertaken by the Company for a period of 12 months from the date of admission on the ASX, unless otherwise mutually agreed by Taylor Collison and the Company. On any such Capital Raising, Torrens will pay Taylor Collison a capital raising fee comprising of a management fee of 2.0% on the total gross funds raised, and a selling fee of 4.0% of gross funds raised via Taylor Collison. The management fee will be payable on any non-underwritten rights issues undertaken by the Company during the first 12 months of listing. The management fee will also be payable on the early exercise of any options issued to Taylor Collison or nominee.

The Lead Manager Mandate otherwise contains terms and conditions that are considered standard for an agreement of this nature, including an indemnity for loss or damage incurred by the Lead Manager in performing the mandate or as a consequence of breach of warranty or undertaking by Torrens.

Convertible Note Commitment

Under a Convertible Note Term Sheet Agreement made between Torrens and Taycol Nominees Pty Ltd dated 26 May 2020, 300,000 Convertible Notes with an issue price of $1 were issued to Taycol Nominees Pty Ltd.

The Convertible Notes will automatically convert into ordinary equity of Torrens upon completion of a successful Pre-IPO Capital Raising of at least $500,000 (including the amount raised under the Convertible Notes) at $0.085 (or a 10% discount to the Pre-IPO capital raising price whichever is lower). The funds raised were being used to assist in securing exploration licences in Central Victoria and for agreed Working Capital items.

The Pre-IPO Capital Raising was completed successfully by Taylor Collison and the Company to raise a total of an additional $300,000 (Pre-IPO round) and the shares applicable to the Pre-IPO round were issued and the Convertible Notes (comprising funds of $300,000) then automatically converted into shares in Torrens. All shares were issued on or about 4 September 2020, thus completing the commitment and ending the Convertible Notes.

Other

The Group has no other commitments.

17. CONTROLLED ENTITIES

	Country of Incorporation	**Equity Holding**	
		2020 %	**2019 %**
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

18. EVENTS AFTER REPORTING DATE

On 4 September 2020, the Company issued 3,000,000 shares at an issue price of $0.10 per share to raise $300,000 before costs. As a result, the Convertible Notes (comprising funds of $300,000) then automatically converted into 3,529,412 shares in Torrens. All shares were issued on or about 4 September 2020, thus completing the commitment and ending the Convertible Notes.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has had no impact on the Group up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No 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.

19. CONTINGENT ASSETS

Elizabeth Creek Project Farm-in Agreement

On 17 March 2017, the former parent of Coda Minerals Limited (Coda), Gindalbie Metals Limited (Gindalbie), announced to the ASX that Gindalbie had executed the Farm-in Agreement (Farm-in Agreement) with Terrace Mining Pty Ltd (Terrace Mining), a wholly owned subsidiary of Torrens.

The Farm-in Agreement was subsequently novated to Coda on 21 May 2018 (with the conditions to the novation being satisfied in August 2018).

Executive Summary of the Group free carry and the Coda option under Farm-in Agreement

Under the Farm-in Agreement Coda can earn up to a 75% interest in the, then named, Mt Gunson Copper-Cobalt Project, comprising various mining tenements, located 135 km north of Port Augusta in South Australia (Project). On 12 March 2020, Coda announced that it had renamed the Project from “Mt Gunson” to “Elizabeth Creek”- as to which see further below.

Coda has, by satisfying its expenditure obligations during the specified time period, earnt a 51% interest in the Project (stages one and two).

At present Terrace Mining retains until the completion of stage three, a 49% interest which is free carried up to the limit described below.

The Project mining tenements include mineral exploration licences EL6518 (previously EL5636), EL6141 (previously EL5108) and EL6265 (previously EL5333), and associated rights under the Farm-in Agreement.

At the completion of stage three (viz. 70% interest for Coda, 30% interest for Terrace Mining) under the Farm-in Agreement, Coda Minerals will have the option to purchase from Terrace Mining an additional 5% interest for A$1.5 million to increase Coda’s total interest to 75%.

Torrens/Terrace Mining 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 exits from the farm-in after stage one or upon a decision to mine) a formal unincorporated joint venture will be triggered. It is to be noted in that event that:

- Terrace Mining will then be responsible for its proportionate share of joint venture expenditure subject to and in accordance with the terms of the Elizabeth Creek Project Farm-in Agreement;

- such an event is not expected to occur before early-2021; and

- if either party fails to pay all or any portion of its cash calls properly rendered pursuant to properly approved joint venture programmes and budgets, after commencement of the Joint Venture, then the party who fails to pay, can have its interest diluted in accordance with the dilution formula under the Elizabeth Creek Project Farm-in Agreement. This is further explained below.

Demerger of Coda from Gindalbie focus on and renaming of Project

In July 2019, Coda was demerged from Gindalbie.

On 12 March 2020, Coda announced that it had renamed the Project from "Mt Gunson" to "Elizabeth Creek" to reflect changing priorities and minimise confusion with other similarly named projects. The Farm-in Agreement, being the contract governing the farm-in retained the legacy "Mt Gunson" name, and this has not been changed to reflect the new name. For the avoidance of doubt, any references to the Mt Gunson project in the "Mt Gunson Farm-in Agreement" refers to the Elizabeth Creek project. Also any references here to the Elizabeth Creek Project Farm-in Agreement mean the Farm-in Agreement and vice versa.

Coda commitment to the Project continues enhanced with the Coda IPO

Coda remains fully committed to the Farm-in Agreement and is raising funds in furtherance under a Prospectus issued to the public on 4 September 2020 and as amended by a Supplementary Prospectus dated 18 September 2020 for Coda's Initial Public Offer (Coda IPO) as lodged with ASIC.

The Coda IPO is for the raising of a minimum of approximately $6.5 million and a maximum of approximately $8.5 million before costs.

The Coda IPO and the intention of Coda to apply for ASX-listing demonstrates the firm commitment of Coda to the Project and beyond.

Key Terms of Farm-in Agreement

Under the Elizabeth Creek Project Farm-in Agreement:

- Coda has, by satisfying its expenditure obligations during the specified time period, earnt a 51% interest in the Elizabeth Creek Project (stages one and two);
- Coda has elected to earn a further 19% interest in Elizabeth Creek by making additional expenditure of $2.75 million to a total of $ 6.62 million before 19 May 2023 (to take its interest in Elizabeth Creek to 70% in total) (stage three) and, if a decision to mine is made prior to Coda satisfying this earning obligation, Coda will pay the unexpended portion to Terrace Mining;
- if Coda earns the stage three interest but no decision to mine has been made, Coda will contribute additional expenditure up to $2 million as reasonably required to complete the bankable feasibility study and any other matters needed for a decision to mine being made (i.e. up to a free carry limit of $8.62 million);
- within 60 days of Coda either earning the stage three interest or a decision to mine being made, whichever is later, Coda can exercise an option for an exercise price of $1.5 million to earn an additional 5% interest in Elizabeth Creek (to take its interest in Elizabeth Creek to 75% in total);

- if, after Coda earns the stage two interest, Coda elects (or is deemed to have elected) not to proceed to stage three, Terrace Mining has been granted an option to acquire an additional 2% interest in Elizabeth Creek, which will dilute Coda's interest in Elizabeth Creek;
- a steering committee has been created to oversee the development and progress of the farm-in, including the management of the farm-in and the making of all strategic decisions in relation to the conduct of farm-in activities, and the Farm-in Agreement contains clauses relating to the steering committee's functions and meetings (and similar provisions apply in relation to a joint venture management committee, which is to be established as soon as practical after the Joint Venture is formed);
- Coda can elect not to proceed with the farm-in by giving Terrace Mining a notice to that effect (and in certain circumstances will be deemed to have made such an election), in which case Coda will have no further obligations to farm-in or contribute funding in relation to any remaining earning obligations and the Joint Venture will be formed);
- the Joint Venture will be formed on the earlier of the date on which:
  (a) Coda elects not to proceed with the farm-in (or is deemed to have made such an election);
  (b) a decision to mine is made by the steering committee (provided no buy-out has been agreed and no buy-out notice has been given - please refer below for further details); or
  (c) Coda contributes expenditure in respect of the Farm-in Agreement to the free carry limit of $8.62 million;
- the objectives of the Joint Venture will be to maintain the Tenements and explore Elizabeth Creek for minerals and, if exploration indicates the probable existence of commercially mineable minerals, carry out a feasibility study on the development of any commercial deposits;
- Coda will be the manager of the Joint Venture unless one or more of certain events occur (such as an insolvency event occurring in relation to Coda) or if the parties agree otherwise;
- all joint venture expenditure incurred in accordance with an approved program and budget, or as otherwise permitted by the Farm-in Agreement, must be borne and paid for by Coda and Terrace Mining severally in their respective percentage share interest in the Joint Venture; and
- after a feasibility study has been completed, a development proposal may be proposed to the steering committee (or the joint venture management committee), and if a decision to mine is made following the receipt of that development proposal the Farm-in Agreement contains a process under which:
  - Coda and Terrace Mining will negotiate the terms of a buy-out of Terrace Mining's interest in the Joint Venture at first instance;
  - if those terms cannot be agreed, each party may elect whether it wishes to proceed with the development; if only one party elects to proceed, that party is given the opportunity to purchase the other party's joint venture interest in the area the subject of the development proposal (at a price to be agreed or, if the parties are unable to agree the price, fair market value) and if both parties elect to proceed they will negotiate in good faith with a view to entering into a separate mining joint venture agreement in respect of the area the subject of the development proposal; and
  - if a party's interest is diluted below 10%, then its interest will be converted to a net smelter return. If the parties cannot reach agreement on the percentage of the net smelter return within 28 days, the return must be determined by an expert.

The Elizabeth Creek Project Farm-in Agreement contains other terms and conditions considered standard for an agreement of its nature.

20. CONTINGENT LIABILITIES

Strandline Deferred Consideration Instruments

Terrace Mining and Strandline Resources Limited (Strandline) entered into a Letter Agreement dated 14 December 2015 (Strandline Elizabeth Creek Agreement) under the terms of which Terrace Mining acquired sole ownership of the Elizabeth Creek Project tenements. Completion of the purchase took place on or about 21 March 2016.

Under the terms of the Strandline Elizabeth Creek Agreement, the Project tenements, associated mining information and assets were acquired by Terrace Mining for $200,000 cash and 4,000,000 ordinary fully paid shares in Torrens, with a further $1,000,000 cash (Deferred Consideration) payable on a Decision to Mine.

A further Deed of Acknowledgment and Consent dated 4 May 2017 (Acknowledgement Deed) was entered into between Terrace Mining, Gindalbie Metals Limited and Strandline concerning the Deferred Consideration in the context of and relating to the Elizabeth Creek Project Farm-in Agreement.

Executive Summary

Under certain circumstances, including the proposed Torrens' IPO and listing of Torrens on ASX, $250,000 of the Deferred Consideration, or an equivalent value in Torrens shares calculated at the Torrens IPO share price will become payable within 60 days of listing on ASX.

In those circumstances, the remaining amount of the Deferred Consideration will be converted to a 2% Net Smelter Royalty (NSR) capped at $1,250,000, payable from production from the Elizabeth Creek Project tenements.

The NSR right may be bought back by Terrace for $750,000 cash.

Detailed Terms and Conditions of Deferred Consideration

Pursuant to the Strandline Elizabeth Creek Agreement as amended by the Acknowledgement Deed, the 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:

(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.

Other

The Group has no other contingent liabilities as at 30 June 2020.

21. PARENT ENTITY DISCLOSURES

Financial position	2020 $	2019 $
ASSETS		
Current assets	437,057	10,788
TOTAL ASSETS	**437,057**	**10,788**
NON CURRENT ASSETS		
Non-current assets	-	-
TOTAL NON CURRENT ASSETS	**-**	**-**
TOTAL ASSETS	**437,057**	**10,788**
LIABILITIES		
Current liabilities	307,479	25,057
TOTAL CURRENT LIABILITIES	**307,479**	**25,057**
TOTAL LIABILITIES	**307,479**	**25,057**
EQUITY		
Contributed Equity	2,003,088	1,780,338
Reserves	803,547	803,547
Accumulated Losses	(2,677,057)	(2,598,154)
TOTAL EQUITY	**129,578**	**(14,269)**
Financial performance		
Profit/(Loss) for the financial year	(78,903)	925,766
Total comprehensive gain/(loss)	(78,903)	925,766

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 2020 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 12th day of October 2020

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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 2020, 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 2020 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.

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 2020, 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: https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

RSM

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 12 October 2020

TUTU PHONG
Partner