



Torrens Mining Limited & Controlled Entities

Interim Financial Report for the Period Ended 31 December 2021

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

Directors

Non-Executive Chairman

William (Bill) Bloking

Managing Director

Steve Shedden

Non-Executive Director

Mike Collings

Non-Executive Director

Richard Graaug

Joint Company Secretaries

David Palumbo

Benjamin Thomas Smith

Registered and Principal Office

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Auditors

RSM Australia Partners

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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

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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 half-year ended 31 December 2021.

Current Directors

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

William (Bill) Bloking - Non-Executive Chairman
Steve Shedden – Managing Director
Mike Collings – Non-Executive Director
Richard Grauaug - Non-Executive Director

Principal Activities

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

Operating Results for the Period

The operating result of the Group for the period was a loss of \$4,157,748 (2020:loss of \$733,794).

Review of Operations

Highlights for the six months to 31 December 2021

- A maiden JORC-compliant Mineral Resource Estimate of 43Mt at 1.83% CuEq was delivered for the Emmie Bluff Cu-Co deposit.
- The Elizabeth Creek Joint Venture mineral resource inventory is now 1.1M tonnes copper equivalent.
- Ongoing drilling of the Emmie Bluff Deeps IOCG deposit continued to expand the scale of the target, revealing major zones of bornite and chalcopyrite-rich mineralisation.
- Diamond drilling at the Northwood Hill gold prospect intersected significant gold mineralisation.
- High grade gold in granite-hosted structures was reported from rock-chip sampling at the Goldie Prospect, following up Torrens' earlier reconnaissance geochemical soil sampling program in the Mt Piper Gold Project.
- Litigation to protect Torrens' rights and interests in Laloki ELA2557 continued in the Papua New Guinea courts. An adjacent tenement, Rigo EL2690, covering prospective extensions of the Laloki geology and known battery-grade manganese mineralisation, was granted subsequently to the reporting period.

Torrens Mining Limited's (ASX:TRN) (Torrens) mineral exploration activities conducted in Victoria and South Australia during the Half Year to 31 December 2021 confirmed the company's position as a **diversified copper and gold explorer**, following its listing on ASX in early January 2021, after raising \$10M before costs from its Initial Public Offering.

The announcement to ASX on 9 June 2021¹ of the intersection of a significant body of Iron Oxide Copper-Gold (IOCG) mineralisation in the Emmie Bluff Deeps prospect at the South Australian Elizabeth Creek Copper Project focussed considerable market attention on that project, in which Torrens holds a 30% joint venture interest. Coda Minerals Limited (ASX:COD) (Coda) is the JV Manager and holds a 70% joint venture interest. A program of accelerated deep diamond drilling achieved ongoing success, resulting in Torrens' Elizabeth Creek project expenditure being considerably higher than that forecast in its IPO Prospectus.

While diamond drilling for IOCG mineralisation continued with multiple drill rigs throughout the Half Year, the Elizabeth Creek Joint Venture continued work on the evaluation of the shallower Emmie Bluff copper-cobalt deposit, with a maiden JORC-Compliant Mineral Resource announced to ASX on 20 December 2021². The work included diamond drilling, mining and metallurgical studies and the mineral resource estimation by independent consultants, Sonny Consulting Services.

TORRENS MINING LIMITED DIRECTORS' REPORT

The combined Indicated and Inferred Mineral Resource was stated as 43Mt @ 1.3% Cu, 470 ppm Co, 11 g/t Ag and 0.15% Zn (1.84% CuEq) at a cut-off grade of 1% CuEq, containing approximately 560kt Cu, 20kt Co, 15.5Moz Ag and 66kt Zn (800kt CuEq), of which 39Mt, comprising 90% of the mass and 92% of the metal (contained CuEq), was classified in the Indicated Resource category, with the remainder in the Inferred category.

The published Mineral Resource confirmed the Emmie Bluff Cu-Co deposit as one of the largest known sediment-hosted copper deposits in Australia, with a total of 1.1 million tonnes of contained copper equivalent in JORC-complaint Mineral Resources defined within the Elizabeth Creek project tenements. This total comprises 18Mt @ 1.14% CuEq in the Windabout deposit, 1.8Mt @ 1.67% CuEq in the MG14 deposit and 43Mt @ 1.84% CuEq in the Emmie Bluff deposits, respectively.

These achievements by the Elizabeth Creek Joint Venture, itself initiated by the purchase by Torrens of the tenements in 2015, and their subsequent farm-out to Gindalbie Metals Limited (later novated to Coda in 2018), highlighted this project's unique attributes, from a world-wide perspective, of having significant deposits both of potentially economic IOCG and sediment-hosted copper-cobalt mineralisation in relative proximity to each other within the same tenements.

The grant during the previous Half Year of several tenements in Torrens' Central Victorian Mt Piper Gold Project enabled the company to accelerate its exploration of these tenements. The key results included the intersection of highly encouraging gold mineralisation³ at the Northwood Hill Gold Prospect near Seymour, and the discovery of very high-grade gold in outcropping quartz deposits on the southern flanks of the Cobaw Batholith at Goldie⁴.

Torrens completed a 13-hole diamond drilling program at Northwood Hill Gold. Significant gold mineralisation was intersected in 9 of the 13 holes completed, in a structural setting typical of gold deposits in Central Victoria. Highlights included:

- o 5.4m @ 3.2g/t Au from 7.3m in NWHDD001, including:
 - 0.8m @ 9.4g/t Au from 10.8m
- o 0.6m @ 8.7g/t Au from 43.7m in NWHDD004

Following up on Torrens' regional geochemical reconnaissance sampling program conducted earlier in the year, rock chip sampling at the Goldie Prospect recorded fire assays results exceeding 30g/t⁴. Further mapping and sampling revealed a zone of historical prospectors' workings extending over 1.2km, which has never been drilled. The gold mineralisation is associated with fault structures hosted by granites, and represents a style of mineralisation less commonly associated with Central Victorian gold mineralisation.

In Eastern Victoria, Torrens continued to build its regionally strategic Club Terrace Gold Project, with preparatory target generation studies undertaken ahead of the expected grant of the two largest exploration licence applications, Lockup ELA7584 and Club Terrace ELA7243, both of which were subject to statutory advertising during the Half Year. The Club Terrace project area covers some 60km strike length of the regional-scale Combiobar Fault system, where historical mining and exploration activities have generated gold and base metal targets that are yet to be drill-tested. The zone of interest extends across the NSW border, where it is covered by Torrens' Craigie EL9238, which was granted in October 2021, but remained under assessment for Native Title.

Project and target generation work was an essential part of the Torrens' activities during the Half Year. Puckapunyal ELA7481 is considered to represent an excellent first-mover opportunity for Torrens, as it covers a large section of the Central Victorian goldfields yet has seen little or no modern mineral exploration due to its long-term use for military training. Torrens drafted an extensive access application for lodgement with Commonwealth authorities in anticipation of the grant of the tenement by the State regulator.

Also in anticipation of the grant of the key exploration licences of the Club Terrace in Eastern Victoria, Torrens also undertook data compilation and preliminary field work to generate a suite of targets. Processing of publicly-available LIDAR data has revealed valuable mapping data of historical workings and geology in several locations.

TORRENS MINING LIMITED DIRECTORS' REPORT

Torrens continued legal proceedings in the Papua New Guinea Supreme Court, through its wholly-owned subsidiary, Torrens Mining (PNG) Limited, to protect its interests in exploration licence application ELA2557, which was refused by the Mining Minister in January 2021.

ELA2557 covers known high-grade copper-gold Volcanogenic Massive Sulphide (VMS) mineralisation at Laloki, located about 15km east of Port Moresby, the capital of PNG.

Torrens' adjacent tenement, Rigo EL2690, covers much of the historical Astrolabe Mineral Field which also encompasses the Laloki mineralisation. This ground is prospective for both VMS copper and battery-grade manganese oxide deposits, of which several have been reported to have been mined in the post-WW2 period. EL2690 was granted on 26 January 2022, subsequent to the end of the reporting period.

The Laloki-Rigo mineralised belt has been subject to only limited exploration in recent decades. Torrens plans to explore the combined tenements for both copper-gold sulphide and manganese mineralisation, initially with state-of-the-art airborne geophysical methods.

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.

Significant Changes in State of Affairs

Other than those disclosed in this half-yearly report, no significant changes in the state of affairs of the Group occurred during the period.

Significant Events after Reporting Date

On 8 February 2022, Torrens entered into a Bid Implementation Agreement ("BIA") with its joint venture partner Coda Minerals Limited (Coda) intending to merge and thereby consolidate 100% ownership of the Elizabeth Creek Project in South Australia. Under the terms of the BIA, if successfully completed, Coda will own 100% of Torrens through an off-market takeover, issuing 0.23 new Coda shares for every 1 Torrens share held. Additionally, Coda has agreed to provide an unsecured loan facility of up to \$2,000,000 to Torrens during the takeover process to ensure it is able to meet its financial obligations as and when they fall due. Interest under the loan, if drawn upon, would accrue at 2.1% per annum.

The impact of the Coronavirus (COVID-19) pandemic is ongoing. 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 other matters or circumstances have arisen since the end of the reporting date 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.

Auditor Independence

Section 307C of the Corporations Act 2001 requires our auditors, RSM Australia Partners to provide the Directors of the Company with an Independence Declaration in relation to the review 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 pursuant to section 306(3)(a) of the Corporation Act 2001.

On behalf of directors



Mr S H Shedden
Managing Director

Dated this 24th day of February 2022

References:

- ¹ Thick Zone of IOCG Mineralisation Intersected at Emmie Bluff Deeps. Coda Minerals Ltd release to ASX. 9 June 2021.
- ² Standout 43Mt Maiden Cu-Co Resource at Emmie Bluff. Coda Minerals Ltd release to ASX. 20 December 2021.
- ³ Maiden Drilling Program Confirms Highly Encouraging Gold System at Northwood Hill. Torrens Mining Limited report to ASX. 13 September 2021
- ⁴ Up to 31g/t Gold in Rock Chip Results from the Goldie Prospect – Mt Piper Project. Torrens Mining Limited report to ASX. 13 December 2021/



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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Torrens Mining Limited for the half-year ended 31 December 2021, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

RSM AUSTRALIA PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 24 February 2022

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RSM Australia Partners ABN 36 965 185 036

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TORRENS MINING LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2021

	Consolidated		
	Note	31 December	31 December
		2021	2020
		\$	\$
Revenue		-	-
Exploration, evaluation and tenement acquisition expense		(3,696,057)	(86,528)
Directors' fees		(195,525)	(170,636)
Share based payment expense		-	(334,640)
Depreciation		(5,331)	-
Corporate compliance expense		(173,987)	(92,208)
Administration expense		(86,848)	(49,782)
		<u>(4,157,748)</u>	<u>(733,794)</u>
loss before income tax			
Income tax expense		-	-
		<u>(4,157,748)</u>	<u>(733,794)</u>
Net loss for the period		-	-
Other comprehensive income		-	-
Total comprehensive loss for the period		<u>(4,157,748)</u>	<u>(733,794)</u>
		Cents	Cents
Basic and diluted loss per share		(3.62)	(1.15)

The accompanying notes form part of these financial statements

TORRENS MINING LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	Consolidated 31 December 2021 \$	30 June 2021 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	3,389,568	7,877,350
Trade and other receivables		274,747	94,282
Other assets		117,920	78,868
TOTAL CURRENT ASSETS		<u>3,782,235</u>	<u>8,050,500</u>
NON CURRENT ASSETS			
Plant and equipment		64,755	19,800
TOTAL NON CURRENT ASSETS		<u>64,755</u>	<u>19,800</u>
TOTAL ASSETS		<u>3,846,990</u>	<u>8,070,300</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	5	660,192	741,015
Provisions		39,860	19,188
TOTAL CURRENT LIABILITIES		<u>700,052</u>	<u>760,203</u>
TOTAL LIABILITIES		<u>700,052</u>	<u>760,203</u>
NET ASSETS		<u>3,146,938</u>	<u>7,310,097</u>
EQUITY			
Issued capital	6	11,267,154	11,272,565
Reserves		1,783,681	1,783,681
Accumulated losses		(9,903,897)	(5,746,149)
TOTAL EQUITY		<u>3,146,938</u>	<u>7,310,097</u>

The accompanying notes form part of these financial statements

TORRENS MINING LIMITED
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2021

	Note	Consolidated 31 December 2021 \$	31 December 2020 \$
Cash flows from operating activities			
Other income		-	-
Payments to suppliers and employees		(409,189)	(300,660)
Payments for exploration expenditure		(4,022,896)	(86,528)
Net cash flows used in operating activities		<u>(4,432,085)</u>	<u>(387,188)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(50,286)	(5,284)
Net cash flows used in investing activities		<u>(50,286)</u>	<u>(5,284)</u>
Cash flows from financing activities			
Proceeds from issue of shares		-	10,300,000
Payment of share issue costs		(5,411)	(237,576)
Net cash flows (used in) / from financing activities		<u>(5,411)</u>	<u>10,062,424</u>
Net (decrease)/ increase in cash and cash equivalents		(4,487,782)	9,669,952
Cash and cash equivalents at the beginning of the period		7,877,350	447,930
Cash and cash equivalents at the end of the period	4	<u>3,389,568</u>	<u>10,117,882</u>

The accompanying notes form part of these financial statements

TORRENS MINING LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2021

	Issued Capital \$	Accumulate d Losses \$	Options Reserve \$	Total \$
Balance at 1 July 2020	2,003,089	(2,660,833)	803,547	145,803
Loss for the period	-	(733,794)	-	(733,794)
Other comprehensive income	-	-	-	-
	-	(733,794)	-	(733,794)
<i>Transactions with equity holders in their capacity as owners</i>				
Issue of shares (net of costs)	9,037,314	-	-	9,037,314
Issue of options	-	-	980,134	980,134
Total transactions with equity holders in their capacity as owners	9,037,314	-	980,134	10,017,448
Balance at 31 December 2020	11,040,403	(3,394,627)	1,783,681	9,429,457
Balance at 1 July 2021	11,272,565	(5,746,149)	1,783,681	7,310,097
Loss for the period	-	(4,157,748)	-	(4,157,748)
Other comprehensive income	-	-	-	-
	-	(4,157,748)	-	(4,157,748)
<i>Transactions with equity holders in their capacity as owners</i>				
Costs related to equity issues	(5,411)	-	-	(5,411)
Issue of options	-	-	-	-
Total transactions with equity holders in their capacity as owners	(5,411)	-	-	(5,411)
Balance at 31 December 2021	11,267,154	(9,903,897)	1,783,681	3,146,938

The accompanying notes form part of these financial statements

TORRENS MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

1. CORPORATE INFORMATION

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

This financial report of Torrens Mining Limited and its controlled entities (“Group”) was authorised for issue in accordance with a resolution of the directors on 24 February 2022.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) BASIS OF PREPARATION

This interim financial report is intended to provide users with an update on the latest annual financial statements of Torrens Mining Limited. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in combination with the annual financial statements of the Group for the year ended 30 June 2021, together with any public announcements made by the Company during the half-year.

The financial statements were authorised for issue by the Board of Directors on 24 February 2022.

b) Statement of Compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Accounting Standard 34 Interim Financial Reporting. The half-year report does not include notes of the type normally included in an annual report and shall be read in conjunction with the most recent annual financial report.

c) Basis of Measurement

The financial statements have been prepared on a going concern basis in accordance with the historical cost convention, unless otherwise stated.

d) Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group’s last annual financial statements for the year ended 30 June 2021.

e) Accounting policies

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

f) New and Amended Standards Adopted by the Group

Accounting Standards and interpretations issued by the AASB, new and revised, that are mandatorily effective for the current reporting period have been reviewed by the Directors. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and therefore no material change is necessary to the Group’s accounting policies.

TORRENS MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

3. SEGMENT REPORTING

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
- 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 the half-year ended 31 December 2021, the Group had no development assets. The Board considers that it has only operated in one segment, being mineral exploration.

4. CASH AND CASH EQUIVALENTS

	31 December 2021	30 June 2021
	\$	\$
Cash at bank and in hand	2,844,844	7,107,984
Cash held by joint operations (refer to Note 7)	544,724	769,366
	3,389,568	7,877,350

Cash held in joint operations is considered restricted cash by the Group as it is held in trust with the joint operations partner Coda Minerals.

5. TRADE AND OTHER PAYABLES

	31 December 2021	30 June 2021
	\$	\$
Trade and other payables	391,686	502,407
Payables held by joint operations (refer to Note 7)	268,506	238,608
	660,192	741,015

TORRENS MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

6. CONTRIBUTED EQUITY

	31 December 2021	30 June 2021
	\$	\$
Ordinary shares		
Issued and fully paid	11,267,154	11,272,565
	No.	\$
Movement in ordinary shares on issue		
At 30 June 2021	114,701,662	11,272,565
Transaction costs	-	(5,411)
At 31 December 2021	114,701,662	11,267,154

7. INTERESTS IN JOINT OPERATIONS

The Group has recognised its share of jointly held assets, liabilities, revenues and expenses of the joint venture. These have been incorporated in the financial statements under the appropriate classifications. Information relating to joint operations that are material to the Group are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest	
		31 December 2021 %	30 June 2021 %
Elizabeth Creek Joint Venture	Australia	30.00%	30.00%

The Elizabeth Creek Joint Venture (treated as a joint operation in accordance with Australian Accounting Standards) was formally established on 12 April 2021, after Coda Minerals Limited (the Joint Venture partner) satisfied its expenditure obligations, meeting the free carry limit of \$8.62 million. Refer to Note 8 for details of the Farm-in Joint Venture Agreement.

Summarised on the following page is the Group's 30% interest in the Elizabeth Creek Joint Venture.

TORRENS MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

	Elizabeth Creek	
	31	
	December	30 June
	2021	2021
	\$	\$
<i>Summarised statement of financial position</i>		
Cash and cash equivalents	544,724	769,366
Other current assets	187,278	24,169
Total assets	<u>732,002</u>	<u>793,535</u>
Trade and other payables	268,506	238,608
Total liabilities	<u>268,506</u>	<u>238,608</u>
Net assets	<u><u>463,496</u></u>	<u><u>554,927</u></u>
<i>Summarised statement of profit or loss and other comprehensive income</i>		
Revenue	-	-
Other revenue	-	-
Exploration expenditure	(2,785,193)	(506,941)
Other expenses	-	-
(Loss) before income tax	(2,785,193)	(506,941)
Income tax expense / benefit	-	-
(Loss) after income tax / benefit	<u>(2,785,193)</u>	<u>(506,941)</u>
Other comprehensive income	-	-
Total comprehensive (Loss)	<u><u>(2,785,193)</u></u>	<u><u>(506,941)</u></u>
Reconciliation of the Group's carrying amount		
Investment in Elizabeth Creek	3,248,689	1,061,868
Share of (loss) after income tax / benefit	(2,785,193)	(506,941)
Closing carrying amount in the joint operation	463,496	554,927

TORRENS MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

8. CONTINGENT ASSETS

Elizabeth Creek Joint Venture Project

Terrace Mining Pty Ltd (**Terrace Mining**), a wholly owned subsidiary of Torrens, and Coda Minerals Limited (**Coda**) are parties to the Farm-in and Joint Venture Agreement dated 17 March 2017 (**Joint Venture Agreement**).

Under the terms of the Joint Venture Agreement, Coda has the right to earn and acquire up to a 75% interest the Elizabeth Creek Project (**Project**). The Project includes various mining tenements (**Tenements**), located around 135 km north of Port Augusta in South Australia.

Pursuant to the terms of the Joint Venture Agreement governing the Project:

- Coda has earned a 70% interest in the joint venture by expending in total \$8.62m (including the \$2 million free carry expenditure limit) in line for the joint venture to commence;
- On 12 April 2021, Torrens announced the commencement of the joint venture between Coda (70% interest) and Terrace Mining (30% interest);
- At any time up to the expiration of 60 days of a decision to mine being made, Coda can exercise an option for an exercise price of \$1.5 million to purchase an additional 5% interest (to take its interest to 75% in total);
- A joint venture management committee was formed to oversee the development and progress of the joint venture, including the management of the joint venture and the making of all strategic decisions in relation to the conduct of exploration activities;
- The objectives of the joint venture include to maintain the Tenements and explore the Tenements 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 is 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 Joint Venture Agreement, must be borne and paid for by Coda and Terrace Mining severally in their respective percentage share interest in the joint venture;
- The failure to pay by either party in due time will result in its interest being diluted in accordance with the dilution formula under the Joint Venture Agreement;
- After a feasibility study has been completed, a development proposal may be proposed to the joint venture management committee and if a decision to mine is made following the receipt of that development proposal the Joint Venture 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 Joint Venture Agreement contains other terms and conditions considered standard for an agreement of its nature

TORRENS MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

9. 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, acknowledging that Terrace Mining remains responsible for the payment of the Deferred Consideration.

Under the Acknowledgement Deed, consequent upon Torrens' successful IPO and admission to the ASX, 1,250,000 shares were issued at \$0.20 per share (equivalent to \$250,000) to Strandline as a partial discharge of the Deferred Consideration related to the Elizabeth Creek Project.

The remaining amount of Deferred Consideration has been 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 Mining for \$750,000 cash.

There were no material changes to the Deferred Consideration Instruments since 30 June 2021.

Corporate

Torrens Mining Limited entered into an agreement with Longreach Capital for professional advice regarding the potential merger with Coda Minerals.

Under terms of the mandate with Longreach capital, Torrens is obligated for a Transaction fee contingent upon either a successful or unsuccessful change of control in the Group. Under terms of the mandate either one of the following fees may be payable:

- Where an Offer is recommended and completes, a flat fee of \$250,000; plus an incremental fee of the difference between the Initial Offer Value and the final Transaction Value, in the event Coda increase their offer or a third party announces a competing proposal.
- Where a Takeover Offer is recommended and does not complete, a service fee of \$150,000 is payable when the offer is withdrawn or lapses.

10. EVENTS AFTER REPORTING DATE

On 8 February 2022, Torrens entered into a Bid Implementation Agreement ("BIA") with its joint venture partner Coda Minerals Limited (Coda) intending to merge, thereby consolidating 100% ownership of the Elizabeth Creek Project in South Australia. Under the terms of the BIA, if successfully completed, Coda will own 100% of Torrens through an off-market takeover, issuing 0.23 new Coda shares for every 1 Torrens share held. Additionally, Coda has agreed to provide an unsecured loan facility of up to \$2,000,000 to Torrens during the takeover process to ensure it is able to meet its financial obligations as and when they fall due. Interest under the loan, if drawn upon, would accrue at 2.1% per annum.

The impact of the Coronavirus (COVID-19) pandemic is ongoing. 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.

TORRENS MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

No other matters or circumstances have arisen since the end of the reporting date 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.

11. COMMITMENTS

Elizabeth Creek Joint Venture Project

Under the Amalgamated Expenditure Arrangement (AEA), the Elizabeth Creek Joint Venture met the minimum expenditure of A\$1.1 million required before expiry of the current AEA on 30 June 2022 by the South Australian Department of Energy and Minerals for EL6141, EL6265, EL6518. Under the terms of the AEA the Elizabeth Creek Joint Venture will be exempt from statutory reduction in tenement area, however it may be required to surrender ground under proposed new requirements under the South Australian Mining Act which are yet to be clarified.

The Group is required to meet its share of proportionate joint venture expenditure (currently 30%) under the terms of the Farmin and Joint Venture Agreement dated 17 March 2017 with Coda or face possible dilution. The Group intends to continue to pay cash calls in line with the approved Elizabeth Creek Joint Venture budget to ensure it maintains its 30% interest in the project, subject to the outcome of the proposed takeover and merger jointly announced by Torrens and Coda on 9 February 2022.

Club Terrace Commitment

The Club Terrace Project currently consists of two granted exploration licenses (EL5455 "Buldah" & EL9238 "Craigie") both of which are held by Torrens Gold Exploration Pty Ltd. EL5455 is situated in Victoria and requires minimum annual expenditure of \$19,000 in the next 12 months (years 1-5 equates to \$76,000). EL9238 is situated in New South Wales and requires minimum annual expenditure of \$135,500 in the next 12 months (years 1-5 equates to \$542,000). Although EL9238 was granted on 3/08/2021, statutory expenditure commitments did not start accruing during the half year to 31 December 2021.

Mt Piper Commitment

The Group met its minimum exploration requirements of \$270,000 for the year 2021/22 to maintain its current rights of granted tenure to its Mt Piper Project (comprising EL6775, EL7331, EL7337, EL7366, EL7380) which is held by Torrens Gold Exploration Pty Ltd, a wholly owned subsidiary of Torrens. The project is situated in Victoria and the Group is required to expend a minimum of \$1.248 million on these exploration licenses over the next 5 years.

Corporate

Per the joint announcement by Torrens and Coda Minerals Ltd to ASX on 9 February 2022, the Group entered into a BIA to merge with joint operations partner Coda Minerals Limited (refer to Note 10). Consequently, the Board engaged Longreach Capital and Allens Legal to act on behalf of the Group in transacting the merger. Per the mandate with Longreach Capital, the Group has agreed to pay transaction fee as disclosed in Note 9 and estimates estimates \$175,000 in legal fees will be payable to Allens Legal by the completion of the transaction.

Other

The Group notes that there were no other material changes noted from the information disclosed in the annual report for the year ended 30 June 2021.

**TORRENS MINING LIMITED
DIRECTORS' DECLARATION**

In the opinion of the directors:

- (a) the financial statements and notes are in accordance with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- (b) The attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the financial period ended on that date; and
- (c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 305(5)(a) of the Corporations Act 2001.



Mr S H Shedden
Managing Director

Dated this 24th day of February 2022



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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Torrens Mining Limited which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Torrens Mining Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Torrens Mining Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

RSM

RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 24 February 2022