



**ACN 168 295 092
& Controlled Entities**

**Annual Report
for the Year Ended 30 June 2018**

**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 Graaug

Company Secretary

Mr David Palumbo

Registered and Principal Office

Level 11
216 St Georges Terrace
Perth Western Australia 6000

Telephone : +61 (8) 9481 0389
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Website

www.torrensmining.com.au

Auditors

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

Bankers

Westpac Banking Corporation
218 St Georges Terrace
Perth Western Australia 6000

TORRENS MINING LIMITED DIRECTORS' REPORT

The Directors present their report together with the financial statements of Torrens Mining Limited and its controlled entities (referred to hereafter as "the Group") for the financial year ended 30 June 2018.

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 (Summa cum Laude)
Non-Executive Chairman, Remuneration Committee

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

Mr Bloking is currently Non-Executive Chairman of Nido Petroleum Limited and, a Non-Executive Director of Sun Resources NL. He is also a Fellow of the Australian Institute of Company Directors.

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

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

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

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

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

TORRENS MINING LIMITED DIRECTORS' REPORT

Mr Richard 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 with over ten years of experience in accounting and financial reporting of ASX-listed and unlisted companies, which includes five years as an external auditor. Mr Palumbo provides corporate advisory and financial management advice and specialises in corporate compliance, statutory reporting and financial accounting services. He has also been involved in the listing of several junior exploration companies on the ASX. Mr Palumbo is currently company secretary for a number of listed and unlisted public companies.

Interests in the Shares of the Company

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

Directors	Ordinary Shares held	Options held
W. Bloking	10,838,126	1,741,936
S. Shedden	7,350,000	13,333,334
M. Collings	7,350,000	13,333,334
R. Grauaug	4,020,000	3,733,334

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 \$588,456 (2017:\$764,151).

Significant Changes in State of Affairs

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

TORRENS MINING LIMITED DIRECTORS' REPORT

Review of Operations

Torrens Mining Limited achieved several important milestones in the development of its interests at the South Australian Mt Gunson Copper-Cobalt Project during the FY2018. It also acquired exploration licence applications over the high grade Laloki copper-gold deposits in Papua New Guinea and an advanced gold-antimony exploration project in Central Victoria.

This progress built upon the December 2015 purchase of the Mt Gunson Project and the funding of that operation through the March 2017 farmin and joint venture agreement with Gindalbie Metals Limited. Under that agreement, Gindalbie Metals has the right to earn up to a 70% interest in the Mt Gunson Project by expenditure of up to \$6.62M. Gindalbie Metals also retains the right to purchase a further 5% interest by payment of \$1.5M.

Drilling of 34 holes, recovering 368 metres of HQ metallurgical core at the MG14 and Windabout deposits, was completed in September 2017. The drilling was primarily to obtain samples for metallurgical testwork; it also enabled the Company to update the MG14 and Windabout deposit Mineral Resources in compliance with the guidelines of the 2012 edition of the JORC Code.

Such upgrading of Mineral Resource estimates is often difficult for junior companies to achieve because of the significant cost involved.

At a cut-off grade of 0.5% Cu equivalent, the Indicated Mineral Resource for the MG14 deposit is 1.83Mt averaging 1.24% Cu, 334ppm Co and 14g/t Ag. For the larger and deeper Windabout deposit, it is 17.67Mt averaging 0.77% Cu, 492ppm Co and 8g/t Ag.

Calculated as copper-equivalent grades, the average grade for MG14 is 1.67% Cu Eq and for Windabout it is 1.41% Cu Eq, both very encouraging.

Using new samples from the drilling program, a Scoping Study-level metallurgical testwork program supported the further evaluation of a conventional flotation-based circuit as a base case, producing split copper and cobalt-rich concentrates from both MG14 and Windabout.

A new mining study identified conventional truck and shovel for mining of both MG14 and Windabout as a preferred option, but alternative approaches have not been ruled out, and will be further examined going forward.

A mining concept study on the Emmie Bluff sediment-hosted Cu-Co-Ag mineralisation, on the northern boundary of the Project tenements, resulted in a strong case to progress studies on its potential development. Historical drill core was later inspected at the South Australian Drill Core Reference Library, with samples taken for metallurgical and geotechnical testwork. Drilling of this deep deposit, last drilled in 1995, is planned to commence in November 2018. This is very exciting because of the potential of this deposit to effectively double the scale of the Mt Gunson Project.

A regional exploration assessment of the Mt Gunson project area also commenced. This involves compilation of all available historical drilling records into a GIS-data base and the modelling of newly-released high resolution airborne geophysical data acquired by the State and Federally-funded Gawler Craton Airborne Survey. This assessment is expected to provide an important overview of the exploration potential of the Mt Gunson tenements.

Encouraged by the results of the Mt Gunson work, Gindalbie Metals announced in May 2018 that it would proceed with Stage 2, the Preliminary Feasibility Study (PFS) phase, of the farmin and joint venture agreement, in which an additional \$2.5M is to be expended, following its initial expenditure of \$1.37M.

The steady progress at Mt Gunson led Torrens' Board to search for additional projects to support further development of Torrens' business. This resulted in the acquisition by pegging of ELA2557 over the historic Laloki copper-gold deposits located just east of Port Moresby, Papua New Guinea. This VMS (Volcanogenic Massive Sulphide) mineral field includes potentially economic resources of high-grade mineralisation and numerous reported, but poorly explored, surface indications of mineralisation.

TORRENS MINING LIMITED DIRECTORS' REPORT

Encouraged by market interest in Kirkland Lake Gold's successful Fosterville gold-antimony mine in Central Victoria, Torrens also acquired ELA6775 over a substantial acreage of exploration ground 50km south-east of Fosterville, near the historic Mt Piper gold-antimony mine (which is exempt from mining). Previous exploration at Mt Piper delineated significant geochemical gold anomalies ready for follow-up exploration. Mt Piper adds to Torrens' presence in Victoria, where geochemical anomalies along the Buldah Fault are being explored at Buldah (EL5455) in Eastern Victoria.

The Torrens' Board plans to continue to progress the Mt Gunson Project during FY2019 and will also continue to pursue new business development. We thank our shareholders for their patient and ongoing support. We also acknowledge the professionalism and determination of Gindalbie Metals in progressing the Mt Gunson Project.

Significant Events after Reporting Date

On 22 August 2018, Gindalbie Metals announced that the Stage 1 exploration commitment of A\$1.37M had been reached and a 25% interest in the Mount Gunson Copper-Cobalt Project was obtained. Gindalbie Metals announced its decision to enter Stage 2 of the Mt Gunson Farm-in and the progression of a pre-feasibility study on 23 May 2018.

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

Remuneration Report (Audited)

This Remuneration Report outlines the director and executive remuneration arrangements of the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations.

For the purposes of this report, Key Management Personnel ("KMP") of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of Torrens.

For the purposes of this report, the term 'executive' encompasses executive director(s), the chief executive officer, senior executives and general managers of the Company.

Details of key management:

(i) Directors

W. Bloking	Non-Executive Chairman
M. Collings	Executive Technical Director
S. Shedden	Managing Director
R. Grauaug	Non-Executive Director

(ii) Executives

There were no Executives employed by the Group other than the Directors during the financial year.

Remuneration Philosophy

The performance of the Company depends upon the quality of its directors and executives. To prosper, the Company must attract, motivate and retain highly skilled directors and executives. To this end, the Company provides competitive rewards to attract high calibre executives.

Remuneration Committee

The Remuneration Committee is comprised of non-executive directors, William Bloking and Richard Grauaug. The Remuneration Committee is responsible for determining and reviewing compensation arrangements for the directors and executives. The Board assesses the appropriateness of the nature and amount of remuneration of executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality director and executive team. Any Director with a personal interest in a remuneration matter is excused from participating in those discussions and resulting decisions.

TORRENS MINING LIMITED DIRECTORS' REPORT

Remuneration Structure

In accordance with best practice, the structure of non-executive director and executive remuneration is separate and distinct.

Senior Management and Executive Director Remuneration

Throughout the current financial period, the Board of Directors was comprised of two non-executive directors and two executive directors.

Non-Executive Director Remuneration

Objective

The Board aims to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

Structure

The Company's Constitution specifies that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The maximum currently stands at \$250,000 per annum. The remuneration of non-executive director(s) for the financial year ended 30 June 2018 is detailed in Table 1.

As non-executive director(s) are not expected to be involved in the performance of the Company to the same degree as executive director(s) it is not considered appropriate for their remuneration to be dependent on the satisfaction of performance criteria.

Remuneration Details for the financial year ended 30 June 2018

The following table details the components of remuneration of each KMP of the Company:

	Short Term Benefit		Non-Monetary Benefits	Post-employment		Equity		Performance Related %
	Salary & Fees	Cash Bonus		Super-annuation	Termination payments	Options	Total	
	\$	\$	\$	\$	\$	\$	\$	
Non-executive directors								
W. Bloking ¹	\$100,000	-	-	-	-	-	\$100,000	-
R. Grauaug ¹	\$70,000	-	-	-	-	-	\$70,000	-
Sub-total non-executive directors	\$170,000	-	-	-	-	-	\$170,000	-
Executive directors								
M. Collings ²	\$226,250	-	-	23,750	-	-	\$250,000	-
S. Shedden ²	\$226,250	-	-	23,750	-	-	\$250,000	-
Sub-total executive directors	\$452,500	-	-	47,500	-	-	\$500,000	-
Total	\$622,500	-	-	47,500	-	-	\$670,000	-

¹ No cash has been paid to Non-executive since inception of the Company. Non-executive Directors' fees accrued for the financial years ended 30 June 2017 and 30 June 2018 totalling \$340,000 remain unpaid as at 30 June 2018.

² Executive Directors Mike Collings and Steve Shedden were each paid cash totalling \$61,232 inclusive of superannuation during the financial year ended 30 June 2018. Executive Directors' fees accrued for the financial years 2017 and 2018 totalling \$877,536 remain unpaid as at 30 June 2018.

TORRENS MINING LIMITED DIRECTORS' REPORT

Remuneration Details for the financial year ended 30 June 2017

The following table details the components of remuneration of each KMP of the Company:

	Short Term Benefit			Post-employment		Equity	Total	Performance Related
	Salary & Fees	Cash Bonus	Non-Monetary Benefits	Super-annuation	Termination payments	Options		
	\$	\$	\$	\$	\$	\$	\$	%
Non-executive directors								
W. Bloking ¹	\$100,000	-	-	-	-	-	\$100,000	-
R. Grauaug ¹	\$70,000	-	-	-	-	-	\$70,000	-
Sub-total non-executive directors	\$170,000	-	-	-	-	-	\$170,000	-
Executive directors								
M. Collings ¹	\$226,250	-	-	23,750	-	-	\$250,000	-
S. Shedden ¹	\$226,250	-	-	23,750	-	-	\$250,000	-
Sub-total executive directors	\$452,500	-	-	47,500	-	-	\$500,000	-
Total	\$622,500	-	-	47,500	-	-	\$670,000	-

¹ No cash was paid to Directors during the financial year ended 30 June 2017.

Options granted as part of remuneration

No options were granted to KMP as part of their remuneration during the financial year.

Employee Share Option Plan

The Company adopted an employee share option plan (ESOP) on 30 May 2016. The purpose of the ESOP is to provide incentives for Eligible Employees to participate in the future growth of the Company and, upon becoming shareholders in the Company, to participate in the Company's profits and development. No options have been issued during the financial year pursuant to the ESOP.

Shareholdings of Key Management Personnel

Number of shares held by key management personnel (directly and indirectly) during the financial year ended 30 June 2018 was as follows:

	Balance 30-June-17	Net Change	Balance 30-June-18
Directors			
W. Bloking	10,088,126	750,000	10,838,126
M. Collings	7,350,000	-	7,350,000
S. Shedden	7,350,000	-	7,350,000
R. Grauaug	4,020,000	-	4,020,000
Total	28,808,126	750,000	29,558,126

Option holdings of Key Management Personnel

Number of options held by key management personnel (directly and indirectly) during the financial year ended 30 June 2018 was as follows:

	Balance 30-June-17	Net Change	Balance 30-June-18
Directors			
W. Bloking	1,741,936	-	1,741,936
M. Collings	13,333,334	-	13,333,334
S. Shedden	13,333,334	-	13,333,334
R. Grauaug	3,733,334	-	3,733,334
Total	32,141,938	-	32,141,938

TORRENS MINING LIMITED DIRECTORS' REPORT

All equity transactions with directors and executives have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

Loans to directors and executives

There are no loans to directors or executives at reporting date.

“End of Remuneration Report (Audited)”

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	4	4
M. Collings	4	4
S. Shedden	4	4
R. Graaug	4	4

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.

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 the following ordinary shares under option:

- 22,800,000 Options exercisable at \$0.075 on or before 1 May 2019; and
- 9,341,938 Options exercisable at \$0.075 on or before 1 July 2019.

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.

TORRENS MINING LIMITED DIRECTORS' REPORT

Non-Audit Services

During this financial year, \$2,100 was paid or payable to RSM for non-audit services.

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

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

Auditor Independence

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

Signed in accordance with a resolution of the directors:



Mr S H Shedden
Managing Director

Dated this 31st day of October 2018

RSM Australia Partners

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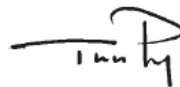
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Torrens Mining Ltd for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 31 October 2018

TORRENS MINING LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Note	30 June 2018 \$	30 June 2017 \$
Revenue	4(a)	267,466	146,058
Exploration, evaluation and tenement acquisition expense	4(b)	(581,713)	(652,622)
Directors' fees		(170,000)	(170,000)
Corporate compliance expense		(82,281)	(29,287)
Administration expense		<u>(21,928)</u>	<u>(58,300)</u>
Loss before income tax		(588,456)	(764,151)
Income tax expense	5	<u>-</u>	<u>-</u>
Net loss for the year		(588,456)	(764,151)
Other comprehensive income		-	-
Total comprehensive income for the year		<u>(588,456)</u>	<u>(764,151)</u>

The accompanying notes form part of these financial statements

TORRENS MINING LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	30 June 2018 \$	30 June 2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	273,100	22,797
Trade and other receivables	7	9,011	85,830
Other assets		12,545	1,042
TOTAL CURRENT ASSETS		<u>294,656</u>	<u>109,669</u>
TOTAL ASSETS		<u>294,656</u>	<u>109,669</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	1,256,731	703,288
TOTAL CURRENT LIABILITIES		<u>1,256,731</u>	<u>703,288</u>
TOTAL LIABILITIES		<u>1,256,731</u>	<u>703,288</u>
NET LIABILITIES		<u>(962,075)</u>	<u>(593,619)</u>
EQUITY			
Contributed equity	9	1,749,313	1,529,313
Reserves		803,547	803,547
Accumulated losses		(3,514,935)	(2,926,479)
TOTAL DEFICIENCY IN EQUITY		<u>(962,075)</u>	<u>(593,619)</u>

The accompanying notes form part of these financial statements

TORRENS MINING LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Note	30 June 2018 \$	30 June 2017 \$
Cash flows from operating activities			
Interest received		-	2
Other income		121,419	-
Research and development grant		228,814	56,056
Payments to suppliers and employees		(108,761)	(77,289)
Exploration and evaluation expenditure		(206,169)	(189,344)
Net cash flows from/(used in) operating activities	14	<u>35,303</u>	<u>(210,575)</u>
Cash flows from investing activities			
Payments for exploration assets		-	-
Net cash flows from investing activities		<u>-</u>	<u>-</u>
Cash flows from financing activities			
Loans repaid to related parties		-	(5,000)
Proceeds from issue of shares in the Company (net of costs)		215,000	200,000
Net cash flows from financing activities		<u>215,000</u>	<u>195,000</u>
Net (decrease)/ increase in cash and cash equivalents		250,303	(15,575)
Cash and cash equivalents at the beginning of the period		22,797	38,372
Cash and cash equivalents at the end of the period	6	<u><u>273,100</u></u>	<u><u>22,797</u></u>

The accompanying notes form part of these financial statements

TORRENS MINING LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Issued Capital	Accumulated Losses	Options Reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2016	1,329,313	(2,162,328)	570,000	(263,015)
Loss for the year	-	(764,151)	-	(764,151)
Other comprehensive income	-	-	-	-
	-	(764,151)	-	(764,151)
Transactions with equity holders in their capacity as owners				
Issue of shares (net of costs)	200,000	-	-	200,000
Issue of options	-	-	233,547	233,547
Total transactions with equity holders in their capacity as owners	200,000	-	233,547	433,547
Balance at 30 June 2017	1,529,313	(2,926,479)	803,547	(593,619)
Balance at 1 July 2017	1,529,313	(2,926,479)	803,547	(593,619)
Loss for the year	-	(588,456)	-	(588,456)
Other comprehensive income	-	-	-	-
	-	(588,456)	-	(588,456)
Transactions with equity holders in their capacity as owners				
Issue of shares (net of costs)	220,000	-	-	220,000
Total transactions with equity holders in their capacity as owners	220,000	-	-	220,000
Balance at 30 June 2018	1,749,313	(3,514,935)	803,547	(962,075)

The accompanying notes form part of these financial statements

TORRENS MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

1. CORPORATE INFORMATION

This financial report of Torrens Mining Limited (“Company”) was authorised for issue in accordance with a resolution of the directors on 31 October 2018.

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 Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

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

(b) Going Concern

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

The Group incurred a loss of \$588,456 for the year ended 30 June 2018. As of that date, the Group had net liabilities of \$962,075.

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

The directors have prepared a cash flow forecast, which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report. Furthermore, the directors have agreed that in the 12 months subsequent to the date of the signing of the financial report, they will not recall or demand payment of the accrued director fees of \$1,217,536 included within trade and other payables at 30 June 2018, except that insofar as the funds of the Group permits repayment and that such repayment will not adversely affect the ability of the Group to carry on its business operations as a going concern.

Based on the cash flow forecasts, and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate.

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

TORRENS MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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

The Company has adopted all new and revised accounting standards and interpretations that are relevant to its operations and effective for reporting periods beginning 1 July 2018. None of the new and revised standards and interpretations adopted during the financial year had a material impact.

(d) New Accounting Standards for Application in Future Periods

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Company, together with an assessment of the potential impact of such pronouncements on the Company when adopted in future periods, are discussed below:

- AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods commencing on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments, and simplified requirements for hedge accounting.

The key changes that may affect the Company on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the Company elect to change its hedge policies in line with the new hedge accounting requirements of this Standard, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Company's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods commencing on or after 1 January 2018).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact, it is impracticable at this stage to provide a reasonable estimate of such impact.

TORRENS MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

(e) Basis of consolidation

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

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

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

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

(f) 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".

(g) Exploration and Evaluation Assets

Exploration and evaluation expenditure in relation to the Company'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.

(h) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand.

TORRENS MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

(i) 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.

(j) 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.

(k) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

The following specific recognition criteria must also be met before revenue is recognised:

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.

(l) 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.

(m) 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.

TORRENS MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

(n) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset. Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified “at fair value through profit or loss”, in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm’s length transactions, reference to similar instruments and option pricing models.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The Company does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments other than loans receivables and financial liabilities. The Company does not currently hold any other classification of financial assets.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at “fair value through profit or loss” when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company’s intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

TORRENS MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

(o) Financial Instruments (Cont.)

They are subsequently measured at fair value with any re-measurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss. Available-for-sale financial assets are classified as non-current assets when they are expected to be sold after 12 months from the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

(o) Impairment of Assets

At the end of each reporting period, the Company 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.

(p) Impairment of Assets

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 Company 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.

TORRENS MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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(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 balance sheet.

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

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

(r) Employee Benefits

Provision is made for the Company’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 Company’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 Company’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 Company. In the opinion of the directors, there are no critical accounting estimates or judgments in this financial report.

3. SEGMENT INFORMATION

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

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

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

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

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

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

TORRENS MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

4. REVENUES AND EXPENSES

	30 June 2018	30 June 2017
	\$	\$
(a) Revenue		
Interest revenue	-	2
Research and development grant	228,814	56,056
Management fee (i)	30,000	90,000
Other revenue	8,652	-
	<u>267,466</u>	<u>146,058</u>
(i) On 17 March 2017, the Group executed a farm-in and joint venture agreement (Farm-in Agreement) with Gindalbie Metals Limited (Gindalbie Metals), whereby Gindalbie Metals can earn up to 75% interest in the Mt Gunson Copper-Cobalt Project through expenditure of \$6.62m and the execution of an option for \$1.5m cash payment. As part of stage 1 under the Farm-in Agreement, Gindalbie Metals agreed to pay the Group \$120,000 as a management fee for the period April to July 2017. As at 30 June 2017, an amount of \$90,000 had been invoiced to Gindalbie Metals, with the balance of \$30,000 invoiced during the year ended 30 June 2018.		
(b) Exploration, evaluation and tenement acquisition expense		
General exploration and evaluation	581,713	652,622
	<u>581,713</u>	<u>652,622</u>

TORRENS MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

5. INCOME TAX

Major components of income tax expense are:

	30 June 2018	30 June 2017
	\$	\$
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 Company's effective income tax rate is as follows:

	30 June 2018	30 June 2017
	\$	\$
Net loss before income tax expense	(588,476)	(764,151)
Prima facie tax calculated at 27.5%	(161,826)	(210,142)
Non-deductible expenses	68,888	93,926
Tax losses carried forward	92,938	116,216
Income tax expense	-	-
Unrecognised tax losses		
Revenue losses	1,230,276	1,137,388
	<u>1,230,276</u>	<u>1,137,388</u>

Availability of Tax Losses

The availability of the tax losses for future periods is uncertain and will be dependent on the Company 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 2018 is contingent upon the following:

- (a) the Company 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 Company from realising the benefit from the losses.

Given the Company 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 Company will generate sufficient taxable profit against which the unused tax losses can be utilised.

TORRENS MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

6. CASH AND CASH EQUIVALENTS

	30 June 2018	30 June 2017
	\$	\$
Cash at bank and in hand	273,100	22,797

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

	30 June 2018	30 June 2017
	\$	\$
GST receivable	5,885	-
Other receivables	3,126	85,830
	9,011	85,830

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

	30 June 2018	30 June 2017
	\$	\$
Trade and other payables	39,195	33,288
Accrued director fees	1,217,536	670,000
	1,256,731	703,288

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 Company permits repayment.

TORRENS MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

9. CONTRIBUTED EQUITY

	30 June 2018	30 June 2017
	\$	\$
Ordinary shares		
Issued and fully paid	<u>1,749,313</u>	<u>1,529,313</u>
	<i>No.</i>	<i>\$</i>
Movement in ordinary shares on issue		
At 1 July 2016	47,045,251	1,329,313
Issue of seed shares	<u>2,000,000</u>	<u>200,000</u>
At 30 June 2017	<u>49,045,251</u>	<u>1,529,313</u>
Issue of seed shares	2,150,000	215,000
Conversion of loan into shares	<u>50,000</u>	<u>5,000</u>
At 30 June 2018	<u>51,245,251</u>	<u>1,749,313</u>

Share Options

At the date of this report, Torrens Mining Limited has the following ordinary shares under option:

- 22,800,000 Options exercisable at \$0.075 on or before 1 May 2019; and
- 9,341,938 Options exercisable at \$0.075 on or before 1 July 2019.

10. DIRECTORS AND EXECUTIVE DISCLOSURES

(a) Remuneration of Key Management Personnel

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Company's Key Management Personnel ("KMP") for the financial year.

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

	30 June 2018	30 June 2017
	\$	\$
Short-term employee benefits	<u>670,000</u>	<u>670,000</u>
	<u>670,000</u>	<u>670,000</u>

As disclosed in note 12, the Group has amounts payable to directors for directors fees accrued from 1 July 2016 to 30 June 2018 of \$1,217,536.

11. SHARE BASED PAYMENTS

	30 June 2018	30 June 2017
	\$	\$

The following share based payments were made:

Options

On 1 July 2016, the Company issued 9,341,938 options exercisable at \$0.075 on or before 1 July 2019 in lieu of cash payment for directors' fees and salaries accrued for the period to 30 June 2016. The equity settled transaction has been measured at the fair value of the services received.

- 233,547

TORRENS MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

12. RELATED PARTY DISCLOSURE

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

Amounts Payable to Related Parties

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

As at 30 June 2017, the Group has amounts payable to directors for directors fees accrued from 1 July 2016 to 30 June 2017 of \$670,000, which includes William Bloking for an amount of \$100,000, Steve Shedden for an amount of \$250,000, Mike Collings for amount of \$250,000 and Richard Grauaug for an amount of \$70,000.

13. AUDITORS' REMUNERATION

	30 June 2018	30 June 2017
	\$	\$
Remuneration of the auditor for:		
- Auditing the financial statements	5,000	5,000
- Tax compliance services	2,100	1,850
	<u>7,100</u>	<u>6,850</u>

14. CASHFLOW INFORMATION

	30 June 2018	30 June 2017
	\$	\$
Reconciliation from the net loss after tax to the net cash flows from operations		
Net loss	(588,456)	(764,151)
<i>Changes in assets and liabilities:</i>		
Trade and other receivables	76,819	(79,918)
Other assets	(11,503)	(622)
Trade and other payables	558,443	634,116
Net cash from operating activities	<u>35,303</u>	<u>(210,575)</u>

TORRENS MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

	30 June 2018	30 June 2017
	\$	\$
Financial Assets		
Cash and cash equivalents	273,100	22,797
Net exposure	273,100	22,797

Interest rate sensitivity analysis

The Company 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 Company. The Company's potential concentration of credit risk consists mainly of cash deposits with banks. The Company'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 Company considers the credit standing of counterparties when making deposits to manage the credit risk.

Liquidity risk

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

Fair values

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

TORRENS MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

16. COMMITMENTS

In order to maintain current rights of tenure to its Mt Gunson Project, comprising EL5636, EL6141 (previously EL5108) and EL6265 (previously EL5333), the Group is required by an Amalgamated Expenditure Arrangement with the South Australian Department of Energy and Mining to expend a minimum of \$1.32M on exploration activities over the period 1 July 2018 to 30 June 2020. During the financial year ended 30 June 2018, direct expenditure by Gindalbie Metals pursuant to the Farm-in and Joint Venture Agreement was approximately \$1.17m.

In order to maintain current rights of tenure to its Buldah Project, comprising EL5455, the Group is required to perform minimum exploration requirements totalling \$20,100 for financial year 2019, as specified by the Government of Victoria.

The Group has no other commitments.

17. CONTROLLED ENTITIES

	Country of Incorporation	Equity Holding	
		30 June 2018 %	30 June 2017 %
Subsidiaries of Torrens Mining Limited:			
Terrace Mining Pty Limited	Australia	100	100
Torrens Gold Exploration Pty Limited	Australia	100	-
Torrens Mining (Holdings) Pty Limited	Australia	100	-
Torrens Mining (PNG) Limited	Papua New Guinea	100	-

18. EVENTS AFTER REPORTING DATE

On 22 August 2018, Gindalbie Metals announced that the Stage 1 exploration commitment of A\$1.37M had been reached and a 25% interest in the Mt Gunson Copper-Cobalt Project was obtained. Gindalbie Metals announced its decision to enter Stage 2 of the Mt Gunson Farm-in and Joint Venture Agreement and the progression of a pre-feasibility study on 23 May 2018.

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

TORRENS MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

19. CONTINGENT ASSETS

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

Stage 1: Test work and flow sheet design:

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

Stage 2: Study phase:

- Gindalbie Metals will spend an additional A\$2.5 million to earn an additional 26% Joint Venture Interest (51% Joint Venture Interest in total). Gindalbie must undertake this work within a maximum of 4 years from the farm-in commencement date in order to earn the interest.
- Should Gindalbie Metals elect to not continue with the farm-in after Stage 2, it will retain a 49% Joint Venture Interest.

Stage 3: Study phase to decision to mine:

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

Option and Free Carry:

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

20. CONTINGENT LIABILITIES

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

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

- (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);

TORRENS MINING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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- (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:

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

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

The Group has no other contingent liabilities as at 30 June 2018.

21. PARENT ENTITY DISCLOSURES

Financial position	30 June 2018	30 June 2017
	\$	\$
ASSETS		
Current assets	277,539	52,563
TOTAL ASSETS	277,539	52,563
NON CURRENT ASSETS		
Non-current assets	-	48,632
TOTAL NON CURRENT ASSETS	-	48,632
TOTAL ASSETS	277,539	100,925
LIABILITIES		
Current liabilities	1,248,599	694,544
TOTAL CURRENT LIABILITIES	1,248,599	694,544
TOTAL LIABILITIES	1,248,599	694,544
EQUITY		
Contributed Equity	1,749,313	1,529,313
Reserves	803,547	803,547
Accumulated Losses	(3,523,920)	(2,926,491)
TOTAL EQUITY	(971,059)	(593,619)
Financial performance		
(Loss) for the financial year	(597,459)	(2,078,622)
Total comprehensive (loss)	(597,459)	(2,078,622)

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, notes and additional disclosures included in the Directors' Report designated as audited 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 2018 and of its performance for the year ended 30 June 2018.
 - (ii) complying with Australian Accounting Standards, International Financial Reporting Standards as issued by the International Accounting Standards Board and *Corporations Regulations 2001*.
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

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



Mr S H Shedden
Managing Director

Dated this 31st day of October 2018

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

Opinion

We have audited the financial report Torrens Mining Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, 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 2018 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.

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Material Uncertainty Related to Going Concern

We draw attention to Note 2(b), which indicates that the Group incurred a net loss of \$588,456 for the year ended 30 June 2018. As at that date, the Group's current liabilities exceeded its current assets by \$962,075. These events or conditions, along with other matters as set forth in Note 2(b), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 2018, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2018.

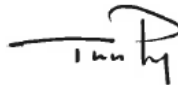
In our opinion, the Remuneration Report of Torrens Mining Ltd for the year ended 30 June 2018, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature of the RSM firm, consisting of the letters "RSM" in a stylized, cursive script.

RSM AUSTRALIA PARTNERS

A handwritten signature of Tutu Phong, featuring a stylized "T" and "P" with a horizontal line extending from the "T".

TUTU PHONG
Partner

Perth, WA
Dated: 31 October 2018