

OAR RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
(Formerly known as Oakdale Resources Limited)

ACN 009 118 861

HALF YEAR REPORT

31 DECEMBER 2020

OAR RESOURCES LIMITED AND ITS CONTROLLED ENTITIES - HALF YEAR REPORT FOR THE PERIOD ENDED 31 DECEMBER 2020

INDEX

| | |
|---|----|
| Corporate Directory | 1 |
| Review of Operations | 2 |
| Directors' Report | 10 |
| Consolidated Statement of Profit or Loss and Other Comprehensive Income | 12 |
| Consolidated Statement of Financial Position | 13 |
| Consolidated Statement of Changes in Equity | 14 |
| Consolidated Statements of Cash Flows | 15 |
| Notes to the Consolidated Financial Statements | 16 |
| Directors' Declaration | 25 |
| Auditor's Independence Declaration | 26 |
| Independent Auditor's Report | 27 |

CORPORATE DIRECTORY

Board of Directors

Mr Christopher Gale - Executive Chairman
Mr David Vilensky - Non-executive Director
Mr Joseph van den Elsen - Non-executive Director

Company Secretary

Mr Yugi Gouw

Auditors

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SUBIACO WA 6008

Registered & Principal Office

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Stock Exchange Listing

Australian Securities Exchange
Code: OAR
OARO
OAROC

Share Registry

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REVIEW OF OPERATIONS

COMPANY OVERVIEW

Oar Resources Limited (formerly Oakdale Resources Limited) is an ASX-listed minerals explorer (“**Oar**” or the “**Company**”) and aspiring producer.

Oar acquired 100% of Australian Precious Minerals Pty Ltd, holder of the Crown Project in Western Australia. Crown is situated near the Julimar polymetallic discovery. Oar, through its wholly owned subsidiary Lymex Tenements Pty Ltd holds a number of tenements on the South Australian Eyre Peninsula which are considered highly prospective for kaolinite and halloysite mineralisation, graphite, iron ore and other commodities.

Oar has also acquired 100% of the Alpine Resources gold exploration projects in the highly prospective gold province of Nevada, United States, also ranked the third best mining jurisdiction in the world. The three projects are in an area that hosts several multi-million-ounce deposits. Oar’s Peruvian subsidiary Ozinca Peru SAC, owns a CIP gold lixiviation plant, strategically located proximal to thousands of small gold miners in Southern Peru.

AUSTRALIA

Gibraltar Halloysite-kaolin project – Eyre Peninsula, SA

Oar received grant of Exploration Licence EL6506 by the South Australian Department for Energy and Mining (“DEM”) during the period. The Project is located on SA’s Eyre Peninsula, to the north and adjacent to the Andromeda Metals Ltd (ASX: ADN) (“Andromeda”) Mt Hope Halloysite-Kaolin Project.

The Gibraltar Project area is dominated by recent cover sequences, with little to no outcropping basement geology in the area (Figure 1). Open file historical shallow auger drilling records¹ from within the tenement area have confirmed that the basement geology is dominated by granites and gneissic rock lithologies.

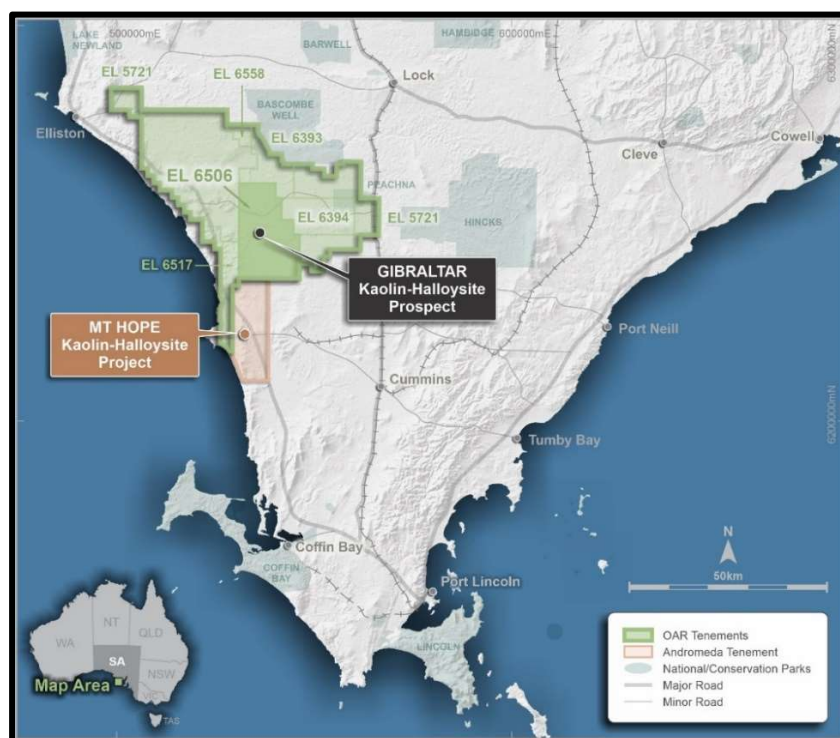


Figure 1: OAR Resources' Eyre Peninsula Exploration Tenure

¹ SA DEM Ref: Open file ENV 11568: Appendix 1. PACE DPY4-50 auger drilling program, Mount Hope.

REVIEW OF OPERATIONS (CONT'D)

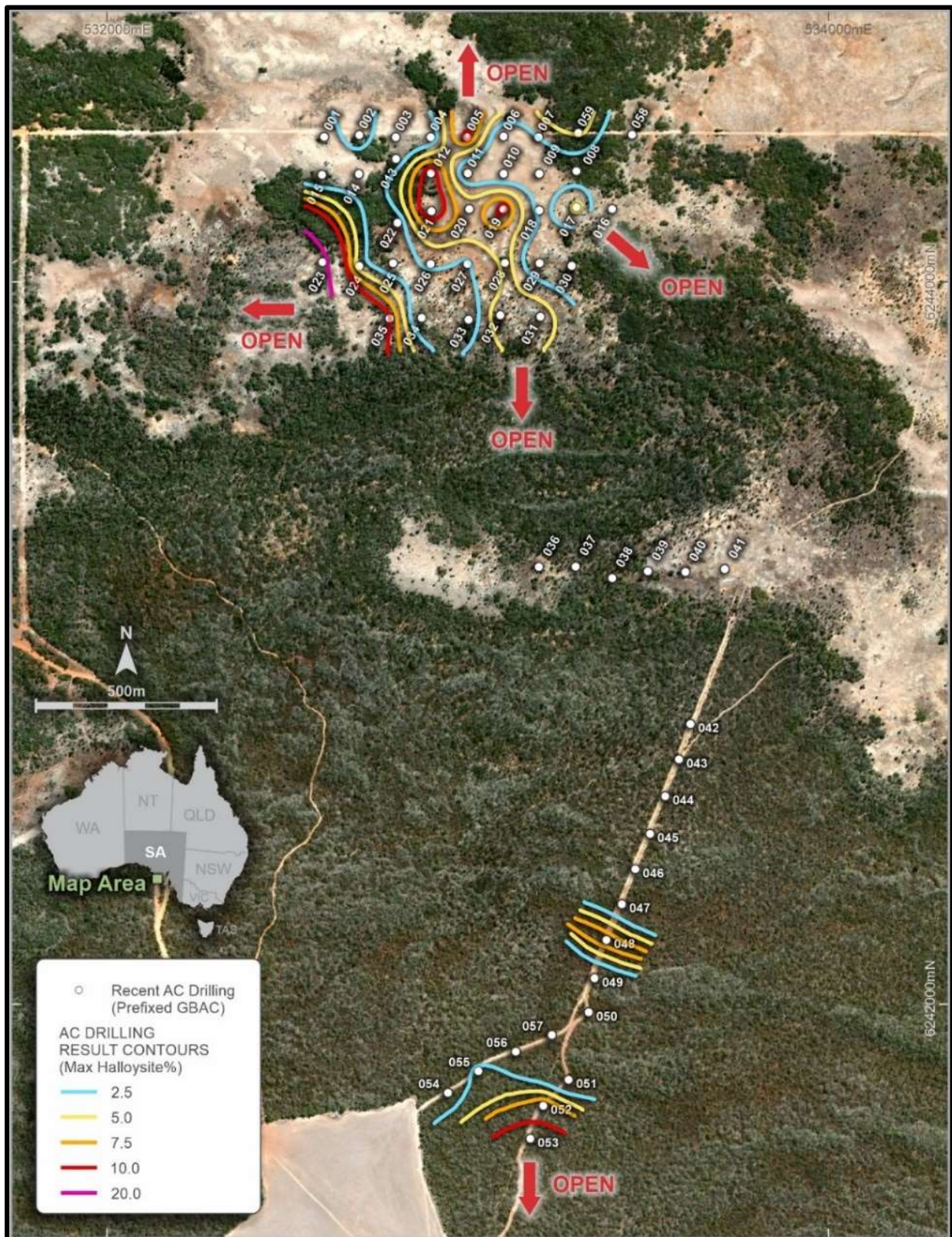


Figure 2: OAR's Gibraltar Project - AC Drilling area showing maximum down-hole halloysite grade contours

REVIEW OF OPERATIONS (CONT'D)

Oar submitted applications to DEM to complete initial reconnaissance air-core drilling over this area to confirm the historic drilling results in late September 2020.

The Company completed 2,045m of shallow drilling in 59 holes² targeting an area containing a historic Kaolinite - Halloysite occurrence. Drilling was completed on a nominal 100m x 100m grid spacing over the historic occurrence, widening out to 200m x 200m as the program progressed to the south. All samples were submitted to the laboratory in South Australia for detailed test work.

This test work included; brightness testing at the University of South Australia; definitive clay mineral species quantification via a combination of X-Ray Diffraction ("XRD") by the CSRIO; and spectral scanning, and other elemental analysis via X-Ray Florence ("XRF").

Results have confirmed the presence of both kaolinite and high-grade halloysite in saprolite clays developed over the gneissic granite basement. Results include³:

- GBAC023: 3m @ 19.6% halloysite, 42.4% Kaolinite from 26m
- GBAC053: 1m @ 12.6% halloysite, 28.7% kaolinite from 23m
- GBAC019: 3m @ 10.1% halloysite, 45.9% Kaolinite from 11m
- GBAC012: 13m @ 5.3% halloysite, 80.9% Kaolinite from 13m
- GBAC035: 12m @ 4.8% halloysite, 77.4% Kaolinite from 30m

The identified kaolin and halloysite mineralisation identified in this initial air-core drilling program remains open in all directions (Figure 2). The Company has approval to extend drilling to the north and has submitted additional approvals to expand the drilling to the east-west and south. Follow-up drilling is planned to be undertake in March-April 2021.

Crown PGE-Nickel-Copper-Gold project – Yilgarn, WA

The Company completed the acquisition of 100% of Australian Precious Minerals Pty Ltd (APM), holder of the Crown PGE-Nickel Copper Project ("Crown", the "Project") held within the exploration asset E70/5406, located within the Yilgarn Craton and approximately 70km northeast of Perth, Western Australia.

The Crown Project covers a series of prominent magnetic structures similar to Chalice Mining's (ASX: CHN) Julimar Complex, and which have not been drill tested.

Reprocessing of available geophysical and radiometric data over the Company's Crown Project was completed by Southern Geoscience consultants ("SGS").

The interpretation has focused on identifying interrelationships of key structural features, differentiation of lithological units, potential zones of alteration and layered mafic-ultramafic intrusions, based on observations from airborne magnetic and radiometric data. Several potential alteration zones (demagnetised and magnetite addition) – possibly related to deeper intrusions – and structural elements have been identified within the Crown Project tenure, particularly in the southern portion of the tenement where the interpreted mafic lithologies have undergone significant faulting and folding.

² Refer to OAR ASX announcement dated 19 November 2020, for full details and JORC tables.

³ Refer to OAR ASX announcement dated 16 February 2021 for full details and JORC Tables.

REVIEW OF OPERATIONS (CONT'D)

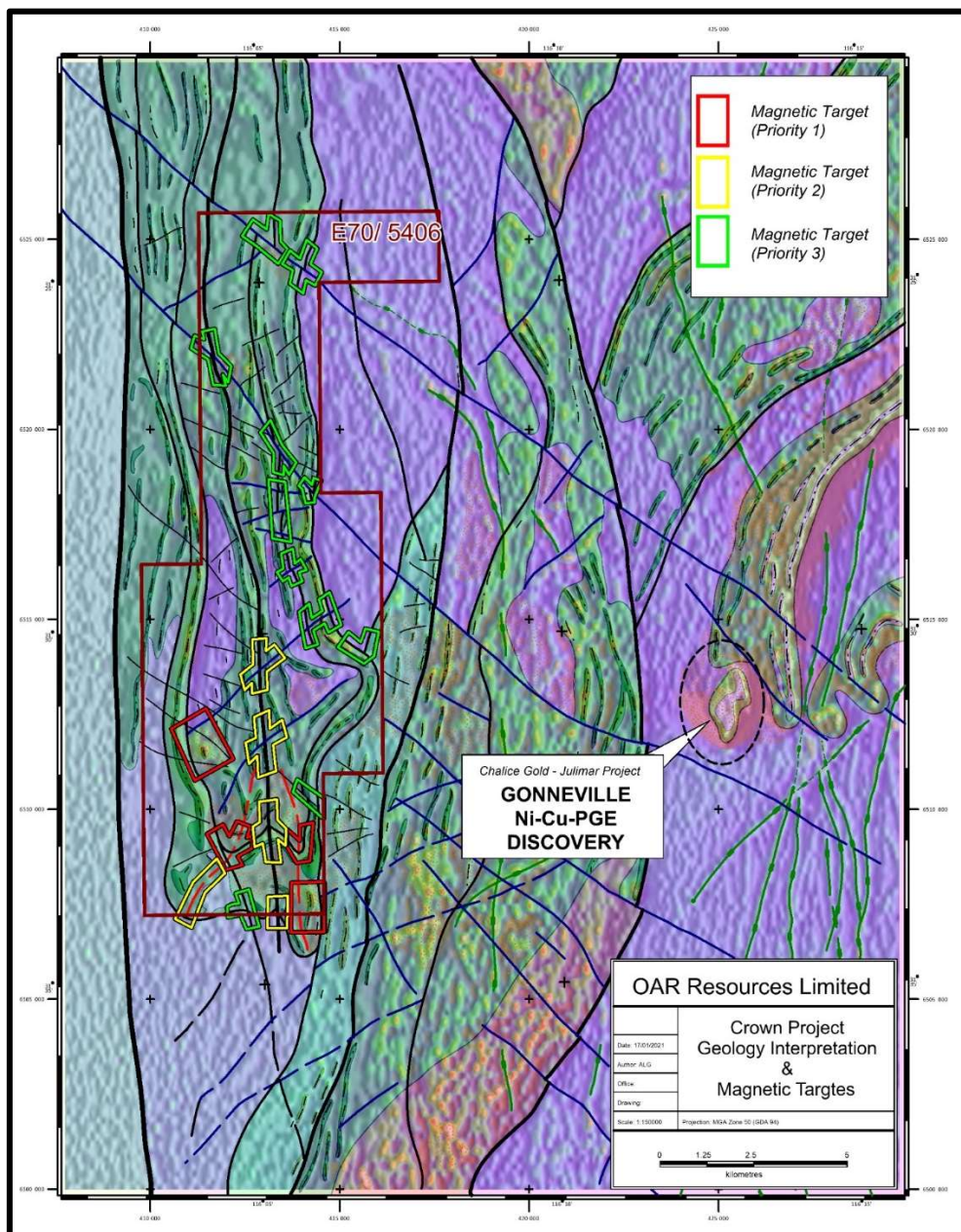


Figure 3: OAR's Crown Project – showing detailed geological interpretation and prioritised target areas

Based on the outcome of the independent interpretation and targeting, the next stages of work proposed for the Crown Project include: detailed reconnaissance mapping and 'ground truthing' to support the geological interpretation, systematic surface geochemical sampling over the priority target areas; physical property test work of any identified mineralisation, followed by additional geophysical surveys to better define drilling targets (gravity, IP, etc).

Discussions with local private landholders in the region are ongoing, along with engagement with representatives of the local Whadjak and Yued People in order to finalise a Native Title Heritage Agreement over the Project. OAR is not aware of any registered Aboriginal Sites, or Avoidance Areas registered with the Department of Planning, Lands and Heritage within the tenement area.

REVIEW OF OPERATIONS (CONT'D)

NEVADA – USA

Alpine Metals (USA) LLC – Option Agreement

During the reporting period, the Company exercised its option with Alpine Resources (USA) LLC (“Alpine”) for the acquisition (through its US subsidiary Alpine Metals LLC) of Alpine's gold projects incorporating the Lambarson Canyon, Douglas Canyon and Tonopah North Projects in Nevada, USA. The Projects are targeting Carlin and epithermal style million plus ounce gold deposits in northern and southern Nevada, USA.



Figure 4: Nevada Projects Locations, with regional mines and reported historic and current resources & reserves⁴

Lambarson Canyon Project

Diamond drilling operations commenced at the Lambarson Canyon Project, Nevada United States, in early September 2020, targeting an outcropping high-grade quartz breccia.

Assay results from LCD-01 confirmed the presence of primary epithermal gold mineralisation at Lambarson Canyon, with a highly fractured, epithermal quartz vein containing up to 10% pyrite returning an assay result of

⁴ Refer to OAR ASX announcement dated 3 September 2019 for full details.

REVIEW OF OPERATIONS (CONT'D)

1.16m @ 3.15 g/t Au from 243.54m (799ft – 802.8ft)⁵ down hole. The host rock is a highly siliceous rhyolite porphyry.

LCD-02 was drilled to test a geophysical Induced Polarisation (“IP”) anomaly and the drill hole intersected highly fractured and oxidised porphyry from surface to 520ft (158m). The porphyry carries 1 to 2% disseminated sulphides which are mostly oxidised to limonite. All gold assay results for the second diamond drill hole completed at Lambarson canyon LCD-02, have now been received.

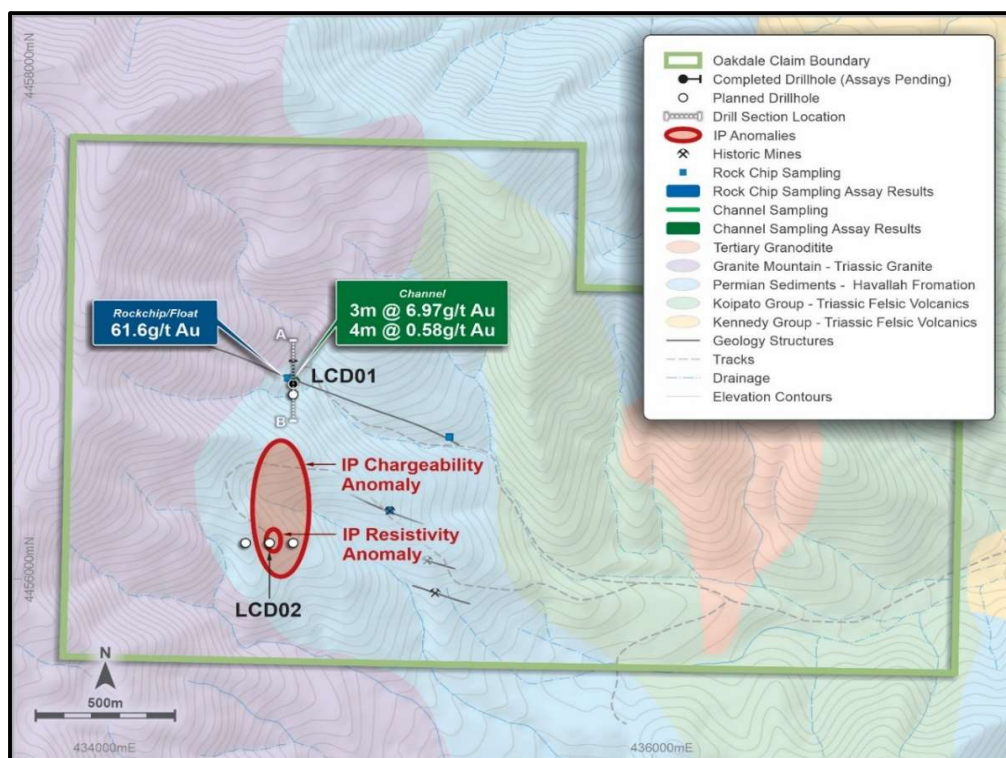


Figure 5: Lambarson Canyon simplified geology showing selected sampling results⁵; location of drill collars; and IP anomaly location

Results from the gold analysis clearly highlights a zone of altered porphyritic rocks with quartz veins and disseminated sulphide mineralisation in the hole. Results from this zone are significantly elevated against the background, with grades of up to **0.73/t Au**⁶ over 1.0m within a broader zone of **13.3m @ 0.23g/t Au**⁶ from 92.8m. These elevated gold results are associated with moderate silica alteration and quartz veining.

The direct association between quartz veinlets and gold values seen in LCD-20 is encouraging, in the context of results returned from the first hole drilled (LCD-01), which returned **1.16m @ 3.15 g/t Au** from 243.54m⁷ associated with a brecciated epithermal quartz vein. Further work will focus on targeting areas of intense stockwork and fracturing where quartz vein intensity should be high.

Following on from this work, it is proposed that the next stages of exploration for the Lambarson Canyon Project may include: the collection of additional geophysical data, systematic surface geochemical sampling and analysis, and detailed geological and structural fact mapping. This information will be integrated with the existing drill data to enable the planning of the next phase of drill testing.

⁵ Refer to OAR ASX announcement dated 5 November 2020 for full details and JORC Tables.

⁶ Refer to OAR ASX announcement dated 23 December 2020 for full details and JORC Tables.

⁷ Refer to ASX announcement dated 5 November 2020 for full details

REVIEW OF OPERATIONS (CONT'D)

Douglas Canyon

Oar planned 560m of drilling to test outcropping steeply dipping quartz vein in shear structures at the Douglas Canyon Project. Previously completed rock-chip sampling of these outcropping veins has returned high-grade gold and silver results including: 16.2g/t Au, 495 g/t Ag; 14.0 g/t Au, 423g/t Ag; and 18g/t Au, 398 g/t Ag⁸.

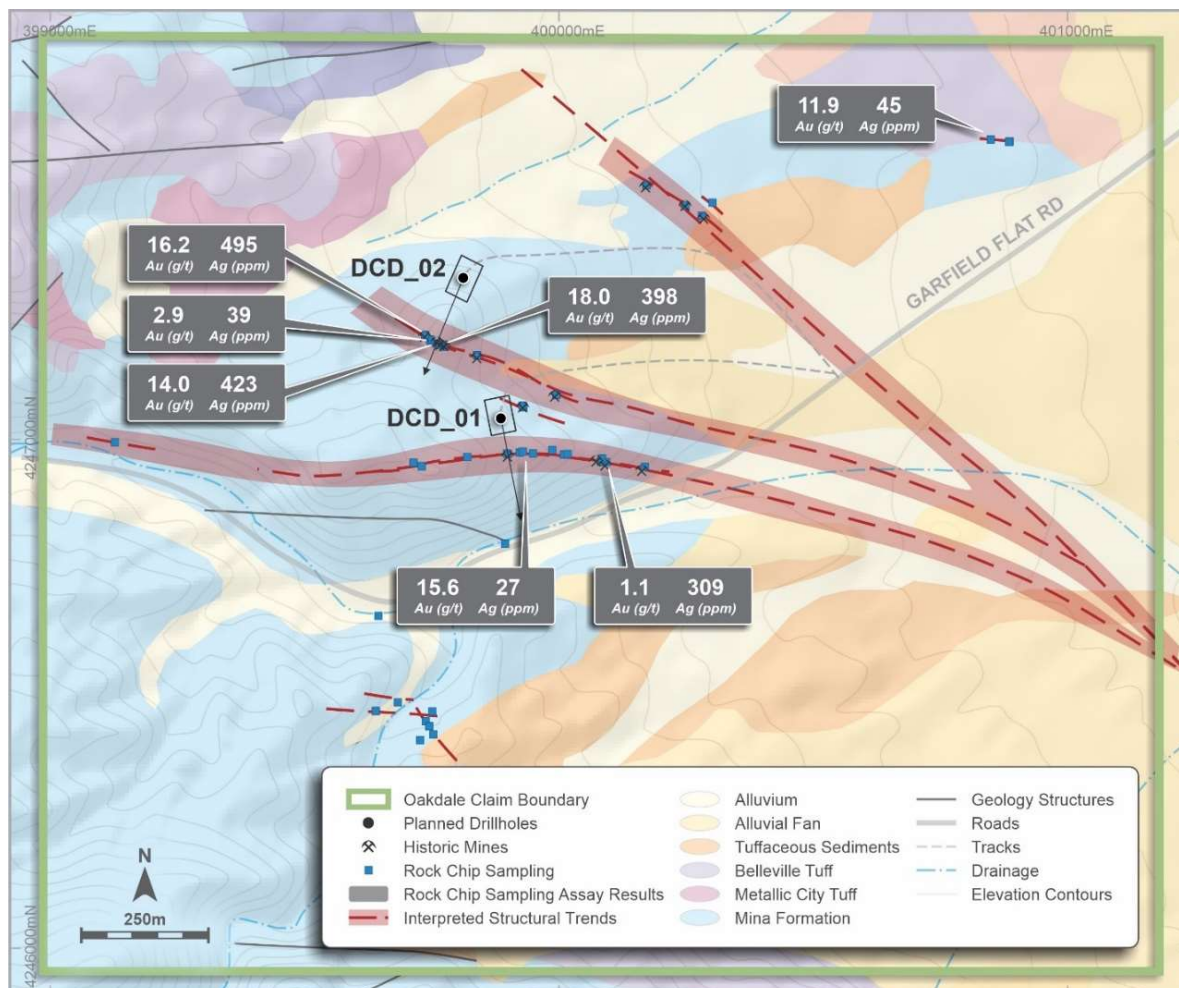


Figure 6: Douglas Canyon Property showing Gold and Silver Sampling Results⁸ (g/t Au, ppm Ag) and Location of Proposed Stage One Diamond Core Holes

Drilling is planned to commence in the first half of 2021 in the new field season and will be preceded by additional detailed field mapping (geological and structural), and reconnaissance prospecting. In addition to this work, the Company will investigate the suitability of various geophysical surveys to aid in the targeting of the interpreted target mineralisation. To date no geophysical surveys have been carried out on this property pending the selection of a suitable survey method.

Chimu Gold Plant – Peru

Licensing and management of the activities on Chimu gold plant have been delayed due to the Covid-19 initial lockdown and subsequent restrictions in Peru, the state of emergency currently in force, was extended until 2 September 2021. Oakdale continues to support its staff in Peru and is monitoring the situation closely.

⁸ Refer to OAR ASX announcement dated 27 August 2020 for full details and JORC Tables.

REVIEW OF OPERATIONS (CONT'D)

CORPORATE

Capital Raising

During September, the Company confirmed a placement of 104,761,905 shares at an issue price of \$0.021 to raise \$2,200,000 (Placement). Shares comprising the Placement were issued to institutional funds, professional and sophisticated investors. The company welcomed new domestic and international institutional funds to the register. The Placement was oversubscribed by \$785,000. The issue price was completed at a 31% premium to the Company's 10-day VWAP.

The funds raised from the Placement are being used to complete drilling at Lambarson Canyon, Douglas Canyon, Nevada and general exploration work for the Crown Project in the Julimar District in Western Australia.

Appointment of General Manager of Geology

Oar appointed a highly experienced geologist Mr. Tony Greenaway BSc (Geol), as the Company's General Manager of Geology. Mr. Greenaway is a senior geologist with broad experience gained over 23 years and covering operations in Australia, Africa, South America (Chile), Central America (Mexico) and Asia (Indonesia).

Change of Company Name

At the Company's Annual General Meeting of Shareholders held on 22 December 2020, shareholders approved by Special Resolution, the change of name to OAR Resources Limited. There was no change to the Company's ASX Code (ASX: OAR).

Competent Person's Statement

The information in this Announcement for Oar Resources Limited was compiled by Mr. Anthony Greenaway, a Competent Person, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Greenaway is an employee of Oar Resources Limited. Mr Greenaway has sufficient experience, which is relevant to the style of mineralisation and types of deposits under consideration and to the activity to which he is undertaking to qualify as a "Competent Person" as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr Greenaway consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

OAR RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

ACN 009 118 861

DIRECTORS' REPORT

Your directors submit the financial report for the half-year ended 31 December 2020.

Directors

The names and details of the Company's directors at any time during or since the end of the financial period are as follows:

Christopher Gale – Executive Chairman
David Vilensky – Non-Executive Director
Joseph van den Elsen - Non-Executive Director

Company Secretary

The following person held the position of Company Secretary at the end of the financial period:

Yugi Gouw - Certified Practicing Accountant.

Dividends paid or recommended

There were no dividends paid or declared by the Company during the financial period.

Principal Activities

The principal activities of the Group during the course of the half-year were mineral exploration and project development. There were no significant changes in the nature of the principal activities during the financial period.

Review and Results of Operations

Over the past six months, the Group is actively exploring on its tenements in South Australia which are considered highly prospective for kaolinite and halloysite mineralisation, and also in Nevada USA where the Group intends to target highly prospective yet under-explored trends of Carlin and epithermal style gold deposit, following the exercise of its option to acquire Alpine Resources (USA) Pty Ltd. The Group has also acquired 100% of Australian Precious Minerals Pty Ltd, holder of the Crown Project, situated near the Julimar polymetallic discovery in Western Australia,

Highlights of the reported progress during the period include:

NEVADA – (USA)

- *Acquisition of the Alpine Project finalised in August 2020.*
- *Diamond drilling completed at Lambarson Canyon targeting an outcropping high-grade quartz breccia.*

AUSTRALIA – (WA AND SA)

- *Completion of the Crown Project acquisition. The project covers a series of prominent magnetic structures similar to and extending from Chalice Mining's (ASX: CHN) Julimar Complex, and which have not been drill tested.*
- *Results received from the 2,045m shallow air-core drilling program at Gibraltar Project area which confirmed the presence of both kaolinite and high-grade halloysite.*

CORPORATE

- *Change of the Company's name to Oar Resources Limited.*

DIRECTORS' REPORT (CONT'D)

Results of Operations

The financial result for the half year ended 31 December 2020 was a loss of \$669,401 (2019: loss of \$1,041,164).

Significant Events After Balance Date

Apart from matters contained within Note 16: Events Subsequent to Reporting Date, Directors are not aware of any matters or circumstances not otherwise dealt with in this report that has significantly, or may significantly affect, the operations or the state of affairs of the Consolidated entity in future financial periods.

Auditor's independence declaration

The Auditor's Independence Declaration under s 307C of the Corporations Act 2001 for the half year ended 31 December 2020 has been received and can be found on page 26 of the half year report.

Signed on 16 March 2021 in accordance with a resolution of the Board of Directors.



Christopher Gale

Executive Chairman
Perth, 16 March 2021

OAR RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
ACN 009 118 861

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE
HALF YEAR ENDED 31 DECEMBER 2020**

| | Note | 31 Dec 2020 \$ | 31 Dec 2019 \$ |
|---|------|-------------------|--------------------|
| <i>Continuing operations</i> | | | |
| Other income | 3 | 13,340 | 1,008 |
| | | 13,340 | 1,008 |
| Administrative expenses | | (263,093) | (240,555) |
| Depreciation and amortisation | | (422) | (37) |
| Finance costs | | (1,547) | (42,195) |
| Occupancy costs | | (12,700) | (30,935) |
| Employment costs | | (169,113) | (112,200) |
| Development expenses | | (130,330) | (481,273) |
| Provision for expected credit losses | | - | (10,762) |
| Net foreign exchange gain / (loss) | | (20,760) | (797) |
| Other expenses from ordinary activities | | (84,776) | (123,418) |
| Loss before income tax | | (669,401) | (1,041,164) |
| Income tax benefit / (expense) | | - | - |
| Net profit / (loss) for the year | | (669,401) | (1,041,164) |
| <i>Other comprehensive income, net of income tax</i> | | | |
| ■ Items that will not be reclassified subsequently to profit or loss | | - | - |
| ■ Items that may be reclassified subsequently to profit or loss | | - | - |
| □ Foreign currency movement | | (48,157) | 20,200 |
| Other comprehensive income for the year, net of tax | | (48,157) | 20,200 |
| Total comprehensive income attributable to members of the parent entity | | (717,558) | (1,020,964) |
| Earnings per share | | | |
| Basic and diluted loss per share (cents per share) | | 0.05 | 0.28 |

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the attached notes

OAR RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
ACN 009 118 861

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

| | Note | 31 Dec 2020 \$ | 30 June 2020 \$ |
|----------------------------------|------|-------------------|--------------------|
| <i>Current assets</i> | | | |
| Cash and cash equivalents | 5 | 1,576,385 | 1,344,249 |
| Trade and other receivables | 6 | 53,326 | 27,745 |
| Other assets | 7 | 28,745 | 48,375 |
| Total current assets | | 1,658,456 | 1,420,369 |
| <i>Non-current assets</i> | | | |
| Other assets | 7 | 289,355 | 859,672 |
| Plant and equipment | 8 | 570,089 | 634,569 |
| Exploration and evaluation costs | 9 | 2,038,746 | 65,224 |
| Right-of-use asset | 10 | 15,933 | 23,899 |
| Total non-current assets | | 2,914,123 | 1,583,364 |
| Total assets | | 4,572,579 | 3,003,733 |
| <i>Current liabilities</i> | | | |
| Trade and other payables | 11 | 526,215 | 490,478 |
| Provisions | 12 | 197,900 | 215,270 |
| Borrowings | 13 | - | 280,000 |
| Lease liabilities | 14 | 16,883 | 15,904 |
| Total current liabilities | | 740,998 | 1,001,652 |
| <i>Non-current liabilities</i> | | | |
| Lease liabilities | 14 | - | 8,693 |
| Total non-current liabilities | | - | 8,693 |
| Total liabilities | | 740,998 | 1,010,345 |
| Net assets/(liabilities) | | 3,831,581 | 1,993,388 |
| <i>Equity</i> | | | |
| Issued capital | 15 | 8,019,770 | 5,497,019 |
| Reserves | | 193,138 | 208,295 |
| Accumulated losses | | (4,381,327) | (3,711,926) |
| Total equity | | 3,831,581 | 1,993,388 |

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

OAR RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
ACN 009 118 861

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2020

| Note | Issued Capital \$ | Accumulated Losses \$ | Foreign Exchange Translation Reserve \$ | Share- Based Payment \$ | Total \$ |
|---|-------------------------|-----------------------------|---|----------------------------------|-------------|
| Balance 1 July 2019 | 1,467,275 | (2,151,696) | 17,614 | - | (666,807) |
| Loss for the period | - | (1,041,164) | - | - | (1,041,164) |
| Other comprehensive income for the period | - | - | 20,200 | - | 20,200 |
| Total comprehensive income for the period | - | (1,041,164) | 20,200 | - | (1,020,964) |
| Transactions with owners, directly in equity | | | | | |
| Options Issued during the period | - | - | - | 135,300 | 135,300 |
| Share application | 2,813,223 | - | - | - | 2,813,223 |
| Transaction costs | (423,879) | - | - | - | (423,879) |
| Balance 31 December 2019 | 3,856,619 | (3,192,860) | 37,814 | 135,300 | 836,873 |
| Balance at 1 July 2020 | 5,497,019 | (3,711,926) | 72,995 | 135,300 | 1,993,388 |
| Loss for the period | - | (669,401) | - | - | (669,401) |
| Other comprehensive income for the period | - | - | (48,157) | - | (48,157) |
| Total comprehensive income for the period | - | (669,401) | (48,157) | - | (717,558) |
| Transactions with owners, directly in equity | | | | | |
| Options Issued during the period | - | - | - | 33,000 | 33,000 |
| Share application | 2,740,000 | - | - | - | 2,740,000 |
| Transaction costs | (217,249) | - | - | - | (217,249) |
| Balance at 31 December 2020 | 8,019,770 | (4,381,327) | 24,838 | 168,300 | 3,831,581 |

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

OAR RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
ACN 009 118 861

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

| | Note | 31 Dec 2020 \$ | 31 Dec 2019 \$ |
|---|------|-------------------|--------------------|
| <i>Cash flows from operating activities</i> | | | |
| Payments to suppliers and employees | | (881,217) | (1,193,457) |
| Interests/other income received | | 14,035 | 313 |
| Interests and other charges paid | | (10,155) | (34,695) |
| Net cash outflows from operating activities | | (877,337) | (1,227,839) |
| <i>Cash flows from investing activities</i> | | | |
| Payments for Alpine Option Fee | | - | (731,165) |
| Payments for Alpine reclamation bond | | (81,753) | - |
| Payments for exploration and evaluation activity | | (786,363) | (11,580) |
| Payments for property, plant and equipment | | (4,806) | (10,007) |
| Net cash (used in)/provided by investing activities | | (872,922) | (752,752) |
| <i>Cash flows from financing activities</i> | | | |
| Proceeds from issue of shares | | 2,200,000 | 1,997,223 |
| Fundraising Costs | | (217,605) | (288,579) |
| Proceeds from borrowings | | - | 950,000 |
| Repayment of borrowings | | - | (150,000) |
| Net cash provided by financing activities | | 1,982,395 | 2,508,644 |
| Net increase (decrease) in cash held | | 232,136 | 528,053 |
| Cash and cash equivalents at beginning of the period | | 1,344,249 | 9,598 |
| Cash and cash equivalents at the end of the period | | 1,576,385 | 537,651 |

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

Note 1 Summary of Significant Accounting Policies

Statement of compliance

The interim 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 Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The interim report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the interim financial report are consistent with those adopted and disclosed in the company's 2020 annual financial report for the financial year ended 30 June 2020, except for the impact of the Standards and Interpretations described below, and the change in accounting policy as described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Accounting Standards that are mandatorily effective for the current reporting period

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 January 2020.

Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the financial period are discussed below.

Impairment of Assets

Exploration Evaluation and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

Impact of COVID-19

As previously disclosed, the Group is developing the Chimu gold processing plant in Peru. The Group's Peru office is now closed, and staff are working from home. The receipt of the necessary approval from the Mining Authority in Peru for the upgrade to the Chimu plant is delayed due to COVID-19 and related restriction. Despite this, the Group assessment has determined that there has been no significant impact on the performance nor financial position of the Group as at 31 December 2020.

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 ordinary course of business.

The Group incurred a loss for the period of \$669,401 (2019: \$1,041,164) and net operating cash outflow of \$877,337 (2019: \$1,227,839). As at 31 December 2020, the Group's cash and cash equivalents increased to \$1,576,385 (2019: \$537,651) and had a working capital position of \$917,458.

During the period, the Group raised \$2,200,000 with the issue of 104,761,905 shares and \$280,000 through the conversion of convertible notes.

The directors have prepared a cash flow forecast, which indicates that the Consolidated 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 report. 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 that may cast significant doubt about the ability of the Group to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Based on the cash flow forecast and other factors referred to above, the Directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Group's history of raising capital to date and the support from its shareholders, the directors are confident of the Group's ability to raise additional funds as and when they are required.

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 and meet its debts as and when they fall due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

Note 2 Projects Acquisition

Crown Project

On 13 August 2020, the Group completed the acquisition of 100% of Australian Precious Minerals Pty Ltd (APM), holder of the Crown PGE-Nickel-Copper Project (Crown, the Project) held within the exploration asset E70/5406, located within the Yilgarn Craton and approximately 70km north east of Perth, Western Australia, following from the shareholder approval received at the General Meeting held on 30 July 2020.

The acquisition of APM and the Crown Project was settled through issuing the Vendors, fully paid ordinary shares as follows:

- 35,000,000 fully paid ordinary shares on receiving shareholders' approval.
- 27,000,000 fully paid ordinary shares subject to the granting of the tenement application.
- 27,000,000 fully paid ordinary shares subject to the granting of the drilling program approval by the WA Mines Department.

As at the date of this Report, only 35,000,000 fully paid ordinary shares valued at \$105,000 have been issued to the Vendors (Note 7: Other Assets and Note 17: Contingent Liabilities). The purchase is treated as an asset acquisition with the purchase consideration recognised in Other Assets as the exploration tenement E70/5406 is still in application at the date of this report, with no other assets and liabilities recorded at acquisition.

Alpine Project

The Group paid an option fee of \$760,839 in the prior period and has exercised its option with Alpine Resources (USA) Pty Ltd ("**Alpine**") in August 2020, to acquire Alpine's gold projects incorporating the Lambarson Canyon, Douglas Canyon and Tonopah North Projects in Nevada, USA. The Projects are targeting Carlin and epithermal style million plus ounce gold deposits in northern and southern Nevada, USA.

The acquisition of Alpine and its Projects was settled through issuing the Vendors fully paid ordinary shares as follows:

- 30,000,000 fully paid ordinary shares.
- At the Group's election to either issue 80,000,000 fully paid ordinary shares in OAR by 31 August 2022 (Deferred Consideration Shares) or facilitate the transfer of the gold projects back to the Vendor.
- 80,000,000 fully paid ordinary shares in the Company on the announcement of the first 500,000 ounces of gold or gold equivalent JORC Code compliant resource on any of the Alpine gold projects.
- 175,000,000 fully paid ordinary share in the Company on the announcement on a second 500,000 ounces of gold or gold equivalent JORC Code compliant resource on any of the Alpine gold projects.

As at the date of this Report, only 30,000,000 fully paid ordinary shares have been issued to the Vendors valued at \$150,000 based on the market price of the ordinary shares on the date of the option exercise (Note 9: Exploration and Evaluation Costs and Note 17: Contingent Liabilities).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

| | Fair Value \$ |
|---|-------------------------|
| Purchase consideration: | |
| - Cash (option fee) | 760,839 |
| - Equity issued | <u>150,000</u> |
| | 910,839 |
| Less: | |
| Cash | 2,106 |
| Receivables | 53,387 |
| Exploration and evaluation assets | <u>133,554</u> |
| Identifiable assets acquired and liabilities assumed | <u>189,047</u> |
| Difference on acquisition ¹ | <u>721,792</u> |

¹ The purchase consideration and the difference on acquisition is recognised as part of the Exploration and Evaluation Assets as the purchase transaction is treated as an asset acquisition rather than a business acquisition.

Note 3 Revenue and other income

| | 31 Dec 2020 | 31 Dec 2019 |
|------------------------|--------------------|--------------------|
| | \$ | \$ |
| a. Other Income | | |
| Interest income | - | 1,008 |
| Other income | <u>13,340</u> | - |
| | <u>13,340</u> | <u>1,008</u> |

Note 4 Segmental Reporting

For management's purposes, the Group is organised into three main operating segments based on geographic areas, USA, Peru and Australia during the current period.

This is different to how it was organised in previous period where the Group is organised into one main operating segment which involves the exploration and development of minerals in Australia and where the financial results from the one segment are equivalent to the financial statements of the Group as a whole.

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board (chief operating decision maker) in assessing performance and in determining the allocation of resources. The Group's three operating segments for current period are USA, Australia and Peru. The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of these financial statements.

The following is an analysis of the Group's revenues, results, assets, liabilities by reportable operating segment for the current period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

| 2020 | Australia | Peru | USA | Total |
|--|--------------------|------------------|------------------|--------------------|
| Revenue | \$ | \$ | \$ | \$ |
| Interest revenue | - | - | - | - |
| Other income | 13,340 | - | - | 13,340 |
| Total revenue | 13,340 | - | - | 13,340 |
| Depreciation & amortisation expense | (317) | (105) | - | (422) |
| Finance costs | (530) | (1,017) | - | (1,547) |
| Development expenses | - | (130,330) | - | (130,330) |
| Exploration written off | - | - | - | - |
| Provision for expected credit losses | - | - | - | - |
| Net foreign exchange gain(loss) | - | (20,760) | - | (20,760) |
| Other expenses | (529,682) | - | - | (529,682) |
| Total expenses | (530,529) | (152,212) | - | (682,741) |
| Segment loss | (517,189) | (152,212) | - | (669,401) |
| Segment assets | 2,071,957 | 681,478 | 1,819,144 | 4,572,579 |
| Segment liabilities | (496,560) | (45,438) | (199,000) | (740,998) |
| Additions to non-current assets | | | | |
| Exploration & evaluation assets | 410,389 | 831 | 974,248 | 1,385,468 |
| Plant & equipment | 4,806 | - | - | 4,806 |
| Tax credits | - | (11,756) | - | (11,756) |
| Crown Project | 120,525 | - | - | 120,525 |
| Alpine Reclamation Bond | - | - | 81,753 | 81,753 |
| Total additions to non-current assets | 535,720 | (10,925) | 1,056,001 | 1,580,796 |
| 2019 | Australia | Peru | | Total |
| Revenue | \$ | \$ | | \$ |
| Interest revenue | - | 1,008 | | 1,008 |
| Other income | - | - | | - |
| Total revenue | - | 1,008 | | 1,008 |
| Depreciation & amortisation expense | - | (37) | | (37) |
| Finance costs | (41,543) | (652) | | (42,195) |
| Development expenses | - | (481,273) | | (481,273) |
| Net foreign exchange gain(loss) | - | (797) | | (797) |
| Other expenses | (487,284) | (30,586) | | (517,870) |
| Total expenses | (528,827) | (513,344) | | (1,042,172) |
| Segment loss | (528,827) | (512,336) | | (1,041,163) |
| Segment assets | 1,362,715 | 797,139 | | 2,159,854 |
| Segment liabilities | (1,268,101) | (54,880) | | (1,322,981) |
| Additions to non-current assets | | | | |
| Exploration & evaluation assets | 10,577 | 1,003 | | 11,580 |
| Plant & equipment | - | 13,970 | | 13,970 |
| Tax credits | - | 7,943 | | 7,943 |
| Total additions to non-current assets | 10,577 | 22,916 | | 33,493 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

| Note 5 Cash and cash equivalents | 31 Dec 2020 \$ | 30 Jun 2020 \$ |
|----------------------------------|-------------------|-------------------|
| Reconciliation of cash | | |
| Cash at bank | 1,575,985 | 1,343,791 |
| Petty Cash | 400 | 458 |
| | 1,576,385 | 1,344,249 |

| Note 6 Trade and other receivables | 31 Dec 2020 \$ | 30 Jun 2020 \$ |
|------------------------------------|-------------------|-------------------|
| <i>Current</i> | | |
| GST receivable | 36,479 | 12,708 |
| Other receivables | 16,847 | 15,037 |
| Less provision for expected losses | - | - |
| | 53,326 | 27,745 |

| Note 7 Other assets | 31 Dec 2020 \$ | 30 Jun 2020 \$ |
|--------------------------------|-------------------|-------------------|
| <i>Current</i> | | |
| Prepayments | 28,745 | 48,375 |
| | 28,745 | 48,375 |
| <i>Non-Current</i> | | |
| Tax Credits | 87,077 | 98,833 |
| Alpine Option Fee ¹ | - | 760,839 |
| Alpine Reclamation Bond | 81,753 | - |
| Crown project ² | 120,525 | - |
| | 289,355 | 859,672 |

¹ The amount constitutes funding provided to Alpine Resources (USA) Pty Ltd in accordance with the Binding Option Term Sheet (refer to ASX Announcement dated 27 June 2019) which is in progress. The Group has exercised the Option during the current period and capitalised the fee as part of the Exploration and Evaluation Costs.

² The amount constitutes acquisition cost and expenditure spent on the Crown Project while the Company awaits the granting of the tenement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

Note 8 Plant and equipment

| | 31 Dec 2020 | 30 Jun 2020 |
|--|-------------|-------------|
| | \$ | \$ |
| <i>Current</i> | | |
| Balance at the beginning of the period | 634,569 | 633,868 |
| Additions during the period | 4,806 | 1,104 |
| Depreciation | (422) | (258) |
| Foreign currency effect | (68,864) | (145) |
| Balance at the end of period | 570,089 | 634,569 |

The Chimu gold processing plant in Peru is not yet operational as the receipt of the necessary approval from the Mining Authority in Peru for the upgrade to the Chimu plant is delayed due to COVID-19 and related restriction. Despite this, the Group assessment has determined that there has been no significant impact on the performance nor financial position of the Group as at 31 December 2020.

Note 9 Exploration and Evaluation Costs

| | 31 Dec 2020 | 30 Jun 2020 |
|---|-------------|-------------|
| | \$ | \$ |
| <i>Non-Current</i> | | |
| Costs carried forward in respect of areas of interest in: | | |
| - Exploration and evaluation phases | 2,038,746 | 65,224 |
| Movement in Alpine Option Fee | | |
| Balance at beginning of period | 65,224 | - |
| Acquisition of exploration assets | 150,000 | 65,224 |
| Exploration expenditure during the period | 1,062,683 | - |
| Transferred from Alpine Options fee | 760,839 | - |
| Balance at end of period | 2,038,746 | 65,224 |

Note 10 Rights of Use Assets

| | 31 Dec 2020 | 30 Jun 2020 |
|---|-------------|-------------|
| | \$ | \$ |
| Leased office building | 31,865 | 31,865 |
| Accumulated Depreciation | (15,932) | (7,966) |
| | 15,933 | 23,899 |
| Movement in carrying amounts: | | |
| <i>Lease office building</i> | | |
| Balance as at 30 June 2020 | 23,899 | - |
| Recognised on initial application of AASB 16 | - | - |
| Addition to right-of-use assets | - | 31,865 |
| Depreciation capitalised in exploration and evaluation costs | (7,966) | (7,966) |
| Net Carrying amount | 15,933 | 23,899 |
| <i>The statement of Profit and Loss shows the following amounts relating to leases:</i> | | |
| Depreciation charged related to rights-of-use assets | - | - |
| Interest expense on lease liabilities | - | - |
| Short-term leases expense | - | - |
| Low-value asset leases expense | - | - |
| | 15,933 | 23,899 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

Note 11 Trade and other payables

| | 31 Dec 2020 | 30 Jun 2020 |
|-----------------------------------|-------------|-------------|
| | \$ | \$ |
| <i>Current</i> | | |
| Trade payables | 133,661 | 286,073 |
| Accruals | 307,080 | 83,777 |
| Employment related payables | 22,919 | 32,936 |
| Payable to a shareholder/director | 47,543 | 47,543 |
| Others | 15,012 | 40,149 |
| | 526,215 | 490,478 |

Note 12 Provisions

| | 31 Dec 2020 | 30 Jun 2020 |
|-----------------------|-------------|-------------|
| | \$ | \$ |
| <i>Current</i> | | |
| Employee entitlements | 22,937 | 15,813 |
| Deferred payments | 174,963 | 199,457 |
| | 197,900 | 215,270 |
| <i>Non-Current</i> | | |
| Deferred payments | - | - |

Note 13 Borrowings

| | 31 Dec 2020 | 30 Jun 2020 |
|-------------------|-------------|-------------|
| | \$ | \$ |
| <i>Current</i> | | |
| Convertible notes | - | 280,000 |

On 21 August 2020, 280,000 unsecured convertible notes were converted into 56,000,000 ordinary shares at \$0.005 per share.

Note 14 Lease Liability

| | 31 Dec 2020 | 30 Jun 2020 |
|---|-------------|-------------|
| | \$ | \$ |
| Gross lease liabilities – minimum lease payments: | | |
| Less than one year | 18,000 | 18,000 |
| Between one and five years | - | 9,000 |
| More than five years | - | - |
| | 18,000 | 27,000 |
| Future finance charges on leases | (1,117) | (2,403) |
| | 16,883 | 24,597 |
| The present value of lease liabilities classified as: | | |
| <i>Current</i> | 16,883 | 15,904 |
| <i>Non-Current</i> | - | 8,693 |
| | 16,883 | 24,597 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

| Note 15 Issued capital | No of Shares | Total \$ |
|--|----------------------|------------------|
| a. Ordinary shares | | |
| Balance at beginning of reporting period | 1,392,300,440 | 5,497,019 |
| Crown Project Acquisition | 35,000,000 | 105,000 |
| Conversion of 280,000 Convertible Notes | 56,000,000 | 280,000 |
| Alpine acquisition and Ventnor Capital fees | 31,000,000 | 155,000 |
| Placement | 104,761,905 | 2,200,000 |
| Transaction costs in relation to share issues | - | (217,249) |
| Balance at end of reporting period | <u>1,619,062,345</u> | <u>8,019,770</u> |
| b. Options | | |
| Balance at beginning of reporting period | 511,284,950 | 135,300 |
| OARO Options issued to Placement Participants | 35,082,343 | - |
| OAROC Options issued to Placement Participants | 104,761,905 | - |
| OAROC Options issued to Broker | 16,500,000 | 33,000 |
| Balance at end of reporting period | <u>667,629,198</u> | <u>168,300</u> |

Note 16 Events Subsequent to Reporting Date

On 23 February 2021., the Company issued 30,000,000 Deferred Rights, 13,860,000 Retention Rights and 28,140,000 Performance Rights to its Directors in accordance with shareholders' approval received at the Annual General Meeting on 22 December 2020.

Note 17 Contingent Liabilities

Aside from the following additional contingent liabilities, there has been no other change in contingent liabilities since last annual reporting date. The following liabilities are treated as contingent liabilities as it is dependent on certain milestone to occur, with no current obligation at present.

Acquisition of Crown Project:

- 27,000,000 fully paid ordinary shares in the Company contingent on the granting of the tenement application.
- 27,000,000 fully paid ordinary shares in the Company contingent on the granting of the drilling program approval by the WA Mines Department.

Acquisition of Alpine Project:

- At the Company election to either issue 80,000,000 fully paid ordinary shares in OAR by 31 August 2022 (Deferred Consideration Shares) or facilitate the transfer of the gold projects back to the Vendor.
- 80,000,000 fully paid ordinary shares in the Company on the announcement of the first 500,000 ounces of gold or gold equivalent JORC Code compliant resource on any of the Alpine gold projects.
- 175,000,000 fully paid ordinary share in the Company on the announcement on a second 500,000 ounces of gold or gold equivalent JORC Code compliant resource on any of the Alpine gold projects.

DIRECTORS' DECLARATION

The Directors of OAR Resources Limited declare that:

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

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



Christopher Gale
Executive Chairman

Perth, 16 March 2021



AUDITOR'S INDEPENDENCE DECLARATION
OAR RESOURCES LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I provide the following declaration of independence to the directors of OAR Resources Limited.

As lead audit partner for the review of the financial report of OAR Resources Limited for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink that reads "Hall Chadwick".

Hall Chadwick Audit (WA) Pty Ltd
ABN 42 163 529 682

A handwritten signature in black ink that reads "NS".

Nikki Shen
Director

Dated: 16 March 2021

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF OAR RESOURCES LIMITED**

Report on the half-year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of OAR Resources Limited (the Company) and its controlled entities (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated 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.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the Corporations Act 2001, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Emphasis of matter – Material uncertainty related to going concern

We draw attention to Note 1 in the half-year financial report which describes the principal conditions that raised doubt about the Group's ability to continue as a going concern. These events or conditions 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.

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, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2019 and its consolidated financial 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 the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

INDEPENDENT AUDITOR'S REPORT (CONT'D)



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

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

A handwritten signature in black ink that reads "Hall Chadwick".

Hall Chadwick Audit (WA) Pty Ltd
ABN 42 163 529 682

A handwritten signature in black ink that reads "NS".

Nikki Shen
Director

Dated 16 March 2021