AKORA Resources Limited

ACN 139 847 555

(formerly Indian Pacific Resources Limited)

Half Year Report

30 June 2020

DIRECTORS' REPORT

The directors present their report, together with the financial statements of AKORA Resources Limited formerly Indian Pacific Resources Limited (ACN 139 847 555) (hereafter referred to as the "Company"), for the half-year ended 30 June 2020.

Principal Activities

The principal activities of the Company during the half-year were exploration for iron ore in Madagascar. There was no significant change in the nature of these activities during the year.

Operating Results, Review of Operations for the Year and Significant Changes in State of Affairs

The net loss after tax attributable to shareholders of AKORA Resources Limited of $211,058 the half-year ended 30 June 2020 (the net profit after tax for the previous half-year was A$46,715).

No significant changes in the Company's state of affairs occurred during the half-year.

Dividends

No dividends were declared and paid during the half-year.

Events After Balance Date

On 30 January 2020, the World Health Organisation declared the coronavirus outbreak (COVID-19) a "Public Health Emergency of International Concern" and on March 10, 2020, declared COVID-19 a pandemic. The operations of the Company could be negatively impacted by the regional and global outbreak of COVID-19 and may impact the Company's results and its ability to source funding for the next reporting year.

As at the date of this report, the full effect of the outbreak remains uncertain. The effects are likely to be significant but cannot be reliably estimated or quantified. The Group will monitor the ongoing developments and be proactive in mitigating the impact on its operations.

The Company and Cline Mining Corporation agreed a valuation for the Company to acquire its 25% equity interest in the Iron Ore Corporation of Madagascar sarl and conversion of its rights to fully paid ordinary shares under the Deeds of Variation. Cline agreed to a payment of US$192,500 to be converted into Australian dollars on the completion date and the ordinary shares to be issued at 2.5 cents per fully paid ordinary share (pre-consolidation of shares).

The Company issued the second tranche of shares to Evanachan Limited as part of its initial subscription of 12,752,471 ordinary shares at 1.74 cents per fully paid share (pre-consolidation of shares) Evanachan now holds 19.8% of the total number of shares on issue.

On 31 August 2020 shareholders approved the consolidated of shares on an 11:1 basis in order for the Company to comply with the minimum price for an initial public offering under the Australian Securities Exchange Listing Rules. In addition, the Company changed its name from Indian Pacific Resources Limited to AKORA Resources Limited.

The Company retained Bentleys, Dentons Australia, Harbury Capital Limited and Wardell Armstrong International plc as consultants to and lead the Company through the listing process on the Australian Securities Exchange.

The board of directors appointed Mr MH Stirzaker as Non-executive Chairman of the Company on 31 August 2020.

Environmental Issues

The Company's projects are subject to the laws and regulations regarding environmental matters in Madagascar. Many of the activities and operations of the Company cannot be carried out without prior approval from and compliance with all relevant authorities. The company conducts its activities in an environmentally responsible manner and in accordance with all applicable laws. However, the company could be subject to liability due to risks inherent to its activities, such as accidental spills, leakages or other unforeseen circumstances.

Information on Directors

The following persons were the directors in office as at the date of this report:

MH Stirzaker (non-executive Chairman), appointed 31 August 2020
PG Bibby (Managing Director), appointed 3 July 2015
SL Fabian (Non-executive Director), appointed 23 January 2017
JM Madden (Executive Director and Company Secretary), appointed 6 October 2009

Options

No options over issued shares or interests in the Company were granted during or since the end of the half-year and there were no options outstanding at the date of this report.

Proceedings on Behalf of Company

The Company has no outstanding or pending litigation whether brought by the Company or brought against the Company by a third party.

Non-Audit Services

There were no non-audit services provided by the Company's external auditor.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

This report of the directors is signed in accordance with a resolution of the Board of Directors.

M. Stirzaker.

MH Stirzaker
Chairman

Dated this 18th day of October 2020

Bentleys
THINKING AHEAD

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To the Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit partner for the review of the financial statements of AKORA Resources Limited for the half year ended 30 June 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.

Yours Faithfully,

Bentleys

BENTLEYS
Chartered Accountants

DOUG BELL CA
Partner

Dated at Perth this 20th day of October 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

	Note	Half-Year 30 June 2020 $	30 June 2019 $
Total revenue and other income	5	**45**	76
Expenditure			
Administration costs		**(25,824)**	(22,616)
Contractors and consultants		**(32,885)**	(25,170)
Depreciation		**(2,430)**	-
Employee costs		**(158,839)**	(23,222)
Exchange fluctuation		-	
Cash balances		**50,190**	-
Cline outstanding obligations		**(2,120)**	(2,612)
Finance costs		-	(20,000)
Listing costs			-
ASX listing costs incurred to date	6	**(69,211)**	-
Settlement of LSE listing costs	6	-	156,826
Provisions		**6,241**	(1,380)
Travel		**(8,695)**	(24,295)
Other		**(2,984)**	(2,075)
Total expenditure		**(246,557)**	35,456
Profit/(loss) before tax for the half-year		**(246,512)**	35,532
Income tax (expense)/benefit	7	-	-
Net profit/(loss) after tax for the half-year		**(246,512)**	35,532
Net profit/(loss) for the half-year attributable to:			
Non-controlling interests		**(35,454)**	(11,183)
Owners of AKORA Resources Limited		**(211,058)**	46,715
		(246,512)	35,532
Items that have been or may be subsequently reclassified to profit or loss			
Translation reserve			
Non-controlling interests		**22,425**	26,685
Owners of AKORA Resources Limited		**(60,455)**	(47,023)
Total comprehensive income for the year		**(38,030)**	(20,338)
Total comprehensive income/(loss) for the year attributable to:			
Non-controlling interests		**(13,029)**	15,502
Owners of AKORA Resources Limited		**(271,513)**	(308)
		(284,542)	15,194

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 June 2020 $	31 December 2019 $
Assets			
Current assets			
Cash and cash equivalents	9	1,850,832	2,091,819
Receivables	10	17,692	14,419
Other	11	2,636	2,807
Total current assets		1,871,160	2,109,045
Non-current assets			
Exploration and evaluation	12	3,244,117	3,133,129
Property plant and equipment	13	12,917	12,831
Total non-current assets		3,257,034	3,145,960
Total assets		5,128,194	5,255,005
Liabilities			
Current liabilities			
Payables	14	301,640	775,361
Provisions	15	16,589	23,857
Borrowings and other liabilities	16	-	-
Deferred consideration	17	163,922	161,802
Total current liabilities		482,151	961,020
Total liabilities		482,151	961,020
Net assets		4,646,043	4,293,985
Equity			
Contributed equity	18	19,469,348	18,832,748
Other contributed equity	19	221,893	221,893
Reserves	20	(221,493)	(161,038)
Accumulated losses	21	(14,945,494)	(14,734,436)
Equity attributable to shareholders of AKORA		4,524,254	4,159,167
Attributable to non-controlling interests	22	121,789	134,818
Total equity		4,646,043	4,293,985

The accompanying notes form part of these financial statements

	Share Capital	Other Contributed Equity	Translation Reserve	Accumulated Losses	Attributable to Shareholders of AKORA	Equity Attributable to Non-controlling Interests	Equity
	$		$	$	$	$	$
As at 31 December 2018	15,971,191	-	(110,488)	(13,788,453)	2,072,250	89,817	2,162,067
Transactions with owners in their capacity as owners of the Company							
Share issues	-	-	-	-	-	-	-
Equity raising costs	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Net loss for the period	-	-	-	46,715	46,715	(11,183)	35,532
Other comprehensive income	-	-	(47,023)	-	(47,023)	26,685	(20,338)
Total comprehensive income	-	-	(47,023)	46,715	(308)	15,502	15,194
Newly consolidated entities							
Income and expense for the period recognised directly in equity	-	-	-	-	-	-	-
As at 30 June 2019	15,971,191	-	(157,511)	(13,741,738)	2,071,942	105,319	2,177,261
As at 31 December 2019	**18,832,748**	**221,893**	**(161,038)**	**(14,734,436)**	**4,159,167**	**134,818**	**4,293,985**
Transactions with owners in their capacity as owners of the Company							
Share issues	-	-	-	-	-	-	-
Equity raising costs	-	-	-	-	-	-	-
Other contributed equity	-	-	-	-	-	-	-
Conversion of convertible notes	-	-	-	-	-	-	-
Share-based payments	**636,600**	-	-	-	**636,600**	-	**636,600**
	636,600	-	-	-	**636,600**	-	**636,600**
Net loss for the period	-	-	-	**(211,058)**	**(211,058)**	**(35,454)**	**(246,512)**
Other comprehensive income	-	-	**(60,455)**	-	**(60,455)**	**22,425**	**(38,030)**
Total comprehensive income	-	-	**(60,455)**	**(211,058)**	**(271,513)**	**(13,029)**	**(284,542)**
Income and expense for the period recognised directly in equity	-	-	-	-	-	-	-
As at 30 June 2020	**19,469,348**	**221,893**	**(221,493)**	**(14,945,494)**	**4,524,254**	**121,789**	**4,646,043**

The accompanying notes form part of these financial statements

	Note	Half-Year 30 June 2020 $	30 June 2019 $
Cash flows from/(used) in operating activities			
Payments to employees and suppliers		**(282,240)**	(101,135)
Interest received		**45**	76
Net cash flows from/(used) in operating activities	**27**	**(282,195)**	(101,059)
Cash flows from/(used) in investing activities			
Exploration and evaluation expenditure		**(6,500)**	(4,371)
Property plant and equipment		**(2,482)**	-
Net cash flows from/(used) in investing activities		**(8,982)**	(4,371)
Cash flows from financing activities			
Proceeds from borrowings		**-**	100,000
		-	100,000
Net cash flows		**(291,177)**	(5,430)
Cash and cash equivalents as at the start of the financial period		**2,091,819**	83,538
Exchange fluctuation		**50,190**	-
Cash and cash equivalents as at the end of the financial period	9	**1,850,832**	78,108

The accompanying notes form part of these financial statements

Note 1 Corporate information

The Financial Statements of AKORA Resources Limited (formerly Indian Pacific Resources Limited) (hereafter referred to as the "parent entity") and its controlled entities comprising Malagasy Holdings (Tratramarina Pty Ltd and its controlled entity Universal Exploration Madagascar sarl) and Malagasy Holdings (Bekisopa) Pty Ltd and its controlled entity Iron Ore Corporation of Madagascar sarl) for the half-year ended 30 June 2020.

The Financial Statements were authorised for issue in accordance with a resolution of the Board of Directors on 18 October 2020.

The parent entity is as at the date of this Half Year Report an unlisted public entity limited by shares incorporated in Australia.

The principal activities of the parent entity are exploration for ferrous metals.

Note 2(a) Basis of preparation and accounting policies

Preparation
The condensed financial statements have been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The Group is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted. The financial statements have been prepared on a going concern basis.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2019 annual financial report for the financial year ended 31 December 2019, except for the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standard and with International Financial Reporting Standards.

Statement of compliance
The half-year financial statements are general purpose financial statements prepared in accordance with the requirements of the *Corporations Act 2001*, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

The interim financial report was issued on18 October 2020 by the directors of the Company.

The half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Company as in the full financial report.

It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 31 December 2019 and any public announcements made by Akora Resources Limited during the half-year.

Going concern
The Group recorded a net loss of $246,512 (2019: net profit of $35,532) and incurred cash outflows from operating and investing activities of $291,177 for the half-year ended 30 June 2020 (2019: $105,430). As at 30 June 2020, the Group had working capital of $1,552,931 (excluding an amount due to Cline Mining Corporation to be extinguished by way of the issue of fully paid ordinary shares).

The Group has ongoing operating and expenditure cash flow plans in relation to its Exploration interests together with its ongoing corporate and operating expenditure requirements. Expenditure on exploration is inclusive of, but not limited to, those amounts identified in Notes 23 and 24. To fulfil the expenditure requirements contemplated by those plans, the Group will require additional funding.

These conditions give rise to a material uncertainty that may cast significant doubt upon the Groups ability to continue as a going concern.

The ongoing operation of the Group is dependent upon:

(i) The Group raising sufficient additional funding from shareholders or other parties; and

(ii) The Group reducing expenditure in line with available funding.

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. Included in this forecast is a successful listing of the Company on the Australian Securities Exchange.

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, 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.

Critical accounting estimates
The preparation of the financial report requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial report are disclosed in Note 3.

Note 2(b) Capital management policy

The goal of management is to ensure that the Group continues as a going concern whilst simultaneously managing the dilution. The Group seeks to add value through its exploration and evaluation activities so that new issues of shares can be undertaken at a premium to previous issues.

The Group is involved in high risk exploration and therefore, it looks to raise equity rather than debt or quasi-equity instruments.

Note 2(c) Principles of consolidation

The consolidated financial statements comprise the financial statements of AKORA Resources Limited and its controlled entities as at and for the period ended 30 June each year (the Group).

Controlled entities are those entities over which the Group has the power to govern the financial and operating policies to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of the controlled entities are prepared for the same reporting period as the parent entity, using consistent accounting policies, in preparing and consolidated financial statements, all inter-parent entity balances, transactions, unrealised gains and losses resulting from the intra-group transactions have been eliminated in full.

Controlled entities are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Investments in controlled entities by AKORA Resources Limited are accounted for at cost in the separate financial statements of the parent entity less any impairment charges.

The acquisition of controlled entities is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the entity acquired. The identifiable assets acquired, and the liabilities assumed are measured at their acquisition date fair values.

The difference between the identifiable assets acquired less the liabilities assumed and the fair value of the consideration is goodwill or discount on acquisition.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquired entity are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measures based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Non-controlling interests are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent entity.

Total comprehensive income within a controlled entity is attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a controlled entity that does not result in a loss of control, is accounted for as an equity transaction.

A change in the ownership interest of a controlled entity, without a loss of control, is accounted for as an equity transaction, if the Group loses control over a controlled entity, it:

(i) Derecognises the assets (including goodwill) and liabilities of the controlled entity;

(ii) Derecognises the carrying amount of any non-controlling interest;

(iii) Derecognises the cumulative translation differences recorded in equity;

(iv) Recognises the fair value of the consideration received;

(v) Recognises the fair value of any investment retained;

(vi) Recognises any surplus or deficit in the Statement of Comprehensive Income statement; and

(vii) Reclassifies the parent entity's share of components previously recognised in other comprehensive income to Statement of Comprehensive Income or retained earnings, as appropriate.

Note 2(d) Foreign currency translation

The financial report of the Group is presented in Australian dollars, which is the functional and presentation currency of the parent entity. Each entity in the Group determines is own functional currency.

On consolidation, the assets and liabilities of foreign operations are translated into Australian dollars at the rate of exchange prevailing at the reporting date and the income statements for foreign operations are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income.

Note 2(e) Revenue recognition

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group:

- identifies the contract with a customer;
- identifies the performance obligations in the contract;
- determines the transaction price which takes into account estimates of variable consideration and the time value of money;
- allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and
- recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

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

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Note 2(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.
The current tax charge is calculated on the basis of the tax laws acted or substantively enacted at the end of the reporting period.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial report of the Group. Deferred income tax; however, is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit and loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the financial period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same tax authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is a recognised in Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Note 2(g) Leases

The Group has applied AASB 16 *Leases* to its lease obligations. Under this standard, the group is required to recognise all right of use assets and lease liabilities, except for short-term (12 months or fewer) and low value leases, on the balance sheet. The lease liability is initially measured at the present value of future lease payments for the lease term. Where a lease contains an extension option, the lease payments for the extension period will be included in the liability if the Group is reasonably certain that it will exercise the option. The liability includes variable lease payments that depend on an index or rate but excludes other variable lease payments. The right of use asset at initial recognition reflects the lease liability, initial direct costs and any lease payments made before the commencement date of the lease less any lease incentives and, where applicable, provision for dismantling and restoration.

The Group has recognised depreciation of right of use assets and interest on lease liabilities in the statement of comprehensive income over the lease term. Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest portion (which the Group presents in operating activities) in the cash flow statement.

The Group has measured the rights to use as if AASB 16 has applied since the commencement date of the lease arrangements and used the incremental borrowing rate at the date of transition. Under this approach the Group has capitalised the rights to use and recorded the present value of obligations to pay as a liability by applying a single incremental borrowing rate with an adjustment to the opening balance of accumulated losses.

Note 2(h) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash flows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each financial period.

Note 2(i) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and at hand and short-term deposits with an original maturity of three months or less.
For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Note 2(j) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

The amount of impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The amount of the impairment is recognised in Statement of Comprehensive Income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent financial period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in Statement of Comprehensive Income.

Note 2(k) Investments and other financial assets

Classification
The Group classifies its financial assets in the following categories: financial assets at fair value through Statement of Comprehensive Income , loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, re-evaluates this designation at the end of each financial period.

(i) Financial assets at fair value through Statement of Comprehensive Income
Financial assets at fair value through Statement of Comprehensive Income include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(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. They are included in current assets, except for those with maturities greater than 12 months after the financial period which are classified as non-current assets.

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

Re-classification
The Group may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification. Reclassifications are

made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

Recognition and derecognition
Regular purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through Statement of Comprehensive Income. Financial assets carried at fair value through Statement of Comprehensive Income, are initially recognised at fair value and transaction costs are expensed in Statement of Comprehensive Income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to Statement of Comprehensive Income as gains and losses from investment securities.

Subsequent measurement
Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Available-for-sale financial assets and financial assets at fair value through Statement of Comprehensive Income are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through Statement of Comprehensive Income ' category are presented in Statement of Comprehensive Income within other income or other expenses in the period in which they arise.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in Statement of Comprehensive Income, and other changes in carrying amount are recognised in other comprehensive income. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

Impairment
The Group assesses at the end of each financial period whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in Statement of Comprehensive Income - is reclassified from equity and recognised in Statement of Comprehensive Income as a reclassification adjustment. Impairment losses recognised in Statement of Comprehensive Income on equity instruments classified as available-for-sale are not reversed through Statement of Comprehensive Income.

If there is evidence of impairment for any of the Group's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in Statement of Comprehensive Income.

Note 2(l) **Property, plant and equipment**

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

- Computer hardware and software 3 years
- Exploration equipment 5 years
- Motor vehicles 4 years
- Office furniture and fittings 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each financial period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Statement of Comprehensive Income. When revalued assets are sold, it is the Group's policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

Note 2(m) **Exploration and evaluation expenditure**

Expenditure on exploration and evaluation is accounted for in accordance with the 'area of interest' method. Once the legal right to explore has been acquired, exploration and evaluation expenditure is charged to Statement of Comprehensive Income as incurred, unless the board of directors conclude that a future economic benefit is more likely to be realised.

Exploration and evaluation expenditure is capitalised provided the rights to tenure of the area of interest are current and either:

(i) the exploration and evaluation activities are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale;

(ii) the exploration and evaluation activities in the area of interest have not at the end of a financial period reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or relating to, the area of interest are continuing.

When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated then any capitalised exploration and evaluation expenditure is reclassified as capitalised mine development. Prior to this reclassification, capitalised exploration and evaluation expenditure is assessed for impairment.

Impairment

The carrying amount of capitalised exploration and evaluation expenditure is assessed for impairment at the cash generating unit level whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

Impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in Statement of Comprehensive Income.

Note 2(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 2(o) Provisions

Provisions for legal claims and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the financial period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Note 2(p) Employee benefits

(i) *Short-term obligations*
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) *Other long-term employee benefit obligations*
The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits. These long-term benefits are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) *Termination benefits*
Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Note 2(q) 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. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the Group reacquires its own equity instruments, for example, as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in Statement of Comprehensive Income and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

Note 2(r) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the financial period.

Note 2(s) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

Note 2(t) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the board of directors, the chief operating decision making body, which is responsible for the allocation of resources and performance assessment of the operating segments.

Note 3 Significant accounting judgments and estimates

The preparation of the Group's financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

In particular, information about significant areas of estimation uncertainty considered by management in preparing the financial statements is described below.

(i) *Functional currency*
The functional currency of foreign operations has been determined as Australian dollars. This outcome has resulted from examination of the prevailing facts and circumstances, including the basis on which the entities incur obligations for exploration and evaluation activities and the basis on which the foreign operations are funded.

(ii) *Exploration and evaluation expenditure*

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits are likely from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of a resource, in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, the JORC Code 2012 Edition, is itself an estimation process that requires varying degrees of uncertainty depending on sub-classification and these estimates directly impact the point of deferral of exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about the future events or circumstances, in particular, whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available.

Significant judgement is required in determining whether it is likely that future economic benefits will be derived from the capitalised exploration and evaluation expenditure. In the judgement of the Directors, at 30 June 2020 exploration activities in each area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. Active and significant operations in relation to each area of interest are continuing and nothing has come to the attention of the Directors to indicate future economic benefits will not be achieved. The Directors are continually monitoring the areas of interest and are exploring alternatives for funding the development of areas of interest when economically recoverable reserves are confirmed.

If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely or exploration activities in the area have ceased, the amount capitalised is written off in Statement of Comprehensive Income in the period when the new information becomes available.

Note 4 **Segment reporting**

The group operates solely in the mining exploration industry.

The Group determines operating segments by reference to internal reports that are reviewed and used by the executive management team, being the chief operating decision makers (CODMs) in assessing performance and determining the allocation of resources. The CODMs consider the exploration expenditure in relation to the tenements held in Madagascar, however discrete financial information is not provided in relation individual tenements. On this basis, these tenements are not considered to be discrete operating segments.

Note 5 **Total revenue and other income**

	30 June 2020	30 June 2019
	$	$
Other income		
Interest on short-term deposits	**45**	76

Note 6 **Listing Costs**

The Company abandoned its LSE listing in 2017 following the withdrawal of its broker, Panmure Gordon & Co, which was subject to a takeover when the marketing commenced. PG&Co refocused its business on larger transactions under new management which meant the transaction with the Company was not of a magnitude that PG&Co wished to pursue.

The Company negotiated settlements with parties retained for the listing which resulted in an over-accrual of $156,826 in the previous year.

During the half-year ended 30 June 2020, the Company commenced the process to list on the Australian Securities Exchange and costs associated with the preparation of the Competent Persons Report and legal services have been incurred. These costs cannot be classified as equity raising costs.

Note 7 **Income tax**

	30 June 2020	30 June 2019
	$	$
Accounting profit/(loss)	**(246,512)**	(35,532)
At the statutory income tax rate applicable to the Company 27.5% (2019: 27.5%)	**67,791**	9,771
Tax losses for the current year for which no deferred tax asset is recognised	**(61,842)**	(46,680)
Exchange fluctuation	**13,084**	(718)
Implicit interest	**-**	(5,500)
Listing costs	**(19,033)**	43,127
Income tax (expense)/benefit	**-**	-

Deferred tax assets are recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable taxable profits will be available against which the unused tax losses/credits can be utilised.

The Group has unrecognised tax losses that are available indefinitely of $7,756,164 (2019: $7,545,106) to carry forward against future taxable income and unrecognised tax capital losses that are available indefinitely of $6,531,564 (2019: $6,531,564) to carry forward against future taxable capital gains.

Note 8 **Dividends paid and proposed**

No dividends were paid during the financial year and no dividend is proposed to be paid as at the end of the half-year, 30 June 2020.

Note 9 **Cash and cash equivalents**

	30 June 2020	31 December 2019
	$	$
Cash in hand	**39**	42
Cash at bank	**1,785,782**	2,088,664
Short-term deposits	**65,011**	3,113
	1,850,832	2,091,819

Note 10 **Receivables-current**

	30 June 2020	31 December 2019
	$	$
GST input credits	**17,692**	14,419

Receivables are non-interest bearing and are generally on 30 to 90-day terms.

Note 11 **Other current assets**

	30 June 2020	31 December 2019
	$	$
Bonds	**2,636**	2,807

Note 12 **Exploration and evaluation**

	30 June 2020	31 December 2019
	$	$
At start of financial year	**3,133,129**	2,970,267
Additions	**110,988**	162,862
Impairment	**-**	.-
At end of financial year	**3,244,117**	3,133,129
The carrying value of exploration and evaluation expenditure at balance date is represented by the following projects:		
Ambodilafa	**1,404,793**	1,398,820
Bekisopa	**825,413**	741,722
Tratramarina	**1,013,911**	992,587
	3,244,117	3,133,129

Ambodilafa Farm-in Agreement

On 22 August 2012, the Company entered into a Farm-in Agreement with Jubilee Platinum plc which entitled the Company to earn a 90% interest in commodities other than platinum group elements, London Metal exchange traded metals and chrome.

Under the Farm-in Agreement, the Company will earn its interest in the commodities in three stages:

- Stage 1 US$1.0 million expenditure — 51%
- Stage 2 US$1.0 million expenditure — 81% (cumulative)
- Stage 3 US$1.0 million expenditure — 90% (cumulative)

The Company is required to give notice to Jubilee each time it has expended US$1.0 million under the Farm-in Agreement. Jubilee has 30 days from the date of notice to inform the Company whether it wishes to take the unearned interest available to it through jointly funding all future work programmes. If Jubilee does not elect to take the unearned interest, the Company has automatic rights to move the next stage and earn additional interest in the commodities. Under the Farm-in Agreement the Company will have sole and exclusive rights to explore the Ambodilafa tenements in each stage.

Where the Company has earned a 90% interest in the commodities and Jubilee does not elect to take up the unearned interest, the Company has a right to buy-out the unearned interest for $1.5 million through either shares or cash or a royalty or a combination of these methods.

As at balance date, 30 June 2020, the Company had earned an 90% equity interest in the Ambodilafa tenements. The Company has advised Jubilee that it would elect to buy-out the residual interest by way of a royalty; however, as at the date of this report the Company and Jubilee have not formalised this arrangement.

Bekisopa Share Sale and Purchase Agreement
On 16 June 2014, the Company acquired Iron Ore Corporation of Madagascar sarl pursuant to a Share Sale and Purchase Agreement and the simultaneous execution of a Shareholders Agreement with Cline Mining Corporation. Under the terms and conditions of the Share Sale and Purchase Agreement, the Company paid Cline US$25,000 (the "First Instalment") on execution of the above-mentioned agreement and agreed to pay, on 17 December 2016, a further US$175,000 (the "Second Instalment'). In addition, the Company agreed to pay outstanding annual administration fee (*frais d'administration annuel*) to the Bureau of Cadastre Mines of Madagascar (*Bureau du Cadastre Minier de Madagascar or BCMM)* as well as settling outstanding liabilities in Madagascar.

The value of the Group's exploration and evaluation expenditure is dependent on the ability of the Company to obtain further funding to enable it to:

- continue exploration in the areas of interest;
- meet tenement renewal payments to continue to satisfy rights to tenure; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively by their sale.

On 27 October 2016, the Company renegotiated its obligations to Cline through an extension to the payment of the Second Instalment due under the Share Sale and Purchase Agreement. The Second Instalment was extended to 17 June 2018 with an option for the Company to extend the payment date a further 6 months to 17 December 2018 (First Deed of Variation). The Company negotiated a further extension to 17 December 2019 (Second Deed of Variation).

The Company has agreed under the First Deed of Variation to issue Cline US$50,000 in fully paid ordinary shares on listing of the Company on an exchange and, if the Company exercises its option to extend payment of the Second Instalment by a further 6 months, US$25,000 in fully paid ordinary shares based on the 30-day volume-weighted average price immediately prior to the date of extension. Under the Second Deed of Variation the Company agreed to pay Cline a further US$50,000 in fully paid ordinary shares based on the 30-day volume-weighted average price immediately prior to the date of extension.

On 13 December 2019, the Company extinguished its obligations to Cline under the Share Sale & Purchase Agreement with the payment of A$253,478. Further, on 25 July 2020, the Company and Cline agreed terms for the Company to acquire its 25% equity position in IOCM and convert its rights under the Deeds of Variation to the Share Sale & Purchase Agreement by way of the issue of fully paid ordinary shares.

In October 2017, the Ministry of Mines lifted the moratorium on the renewal, transfer and transformation of existing tenements; however, the progress in addressing the backlog has been slow. Malagasy counsel for the Company has concluded that the renewal and transformation applications submitted to the BCMM for permits held by the Company and confirmed that in each case the application was made in a form, which was acceptable to the BCMM and is deemed to hold beneficial title to these tenements. Accordingly, Malagasy counsel see no evidence, which would suggest that the Ministry of Mines would withhold its approval in respect of the renewal of the permits concerned and at this point in time the company has access to these tenements.

The Company deferred the payment of the 2019 administration fees for a number of tenements associated with the Ambodilafa and Tratramarina projects. The Bureau du Cadastre Miner de Madagascar advised tenement holders that it would not cancel any tenements that renewal fees became in arrears as a result of the failure of the government to grant, renew or transform tenements. The decision by the Company was consistent with other miners and explorers who have demanded the government address the shortcomings of previous administrations.

The Company has sighted BCMM approved renewals and transformation of its tenements. The documents are now awaiting ministerial seal which is expected during the course of 2020. On receipt of renewals the Company will pay the BCMM approximately A$70,000 in administration fees plus penalties. The Company has accrued the 2019 and 2020 administration fees outstanding as at 30 June 2020.

Note 13 **Property plant and equipment**

	30 June 2020	31 December 2019
	$	$
Cost		
Opening balance	**12,831**	12,831
Additions	**2,482**	-
Closing balance	**15,313**	12,831
Accumulated depreciation		
Opening balance	**-**	-
Depreciation	**2,430**	-
Exchange fluctuation	**(34)**	-
Closing balance	**2,396**	-
Net carrying value	**12,917**	12,831

Note 14 **Payables-current**

	30 June 2020	31 December 2019
	$	$
Trade payables	**301,640**	92,640
Other payables	**-**	682,721
	301,640	775,361

Trade payables are non-interest bearing and are normally settled on 30-day terms. Other payables are also non-interest bearing and have an average term of 30 days.
Due to the short-term nature of these payables, the carrying amounts recorded in the financial statements for trade payables.

The amount disclosed as other payables as at 31 December 2019 includes $636,600 which relates to the amounts due to directors of the Company from 1 July 2016 to 30 June 2019 which was extinguished by the issue of fully paid ordinary shares (see Note 18) in the

Company at 2 cents per share (pre-consolidation of shares) by way of resolutions approved by shareholders at a general meeting on were the subject to a general meeting of shareholders on 25 March 2020.

Note 15 **Provisions-current**

	30 June 2020	31 December 2019
	$	$
Annual leave	**16,589**	23,857

Note 16 **Borrowings and other liabilities**

	30 June 2020	31 December 2019
	$	$
Opening balance		
Convertible notes issued	-	240,000
Finance cost	-	100,000
Convertible notes converted into fully paid	-	20,000
ordinary shares	-	(360,000)
Closing balance	-	-

Pursuant to a Convertible Note instrument Tranche 1, Baker Steel Resources Trust provided the Company with A$200,000 for working capital in July 2017 with associated borrowing costs of $40,000. The loan instrument is convertible, on shareholder approval, into ordinary shares of 1 cent per fully paid ordinary share (pre-consolidation of shares).

On 3 June 2019, the Company and Baker Steel Resources Trust agreed to a Tranche 2 convertible note facility of $100,000 with associated borrowing costs of $20,000 on the same terms and conditions as Tranche 1.

On 13 August 2019, Baker Steel Resources Trust exercised its rights to convert its convertible note Tranche 1 and Tranche 2 into 36,000,000 ordinary shares in the Company at 2 cents per fully paid share (pre-consolidation of shares).

Note 17 ***Deferred consideration***
Current

	30 June 2020	31 December 2019
	$	$
Cline Mining Corporation	**163,922**	161,802

On 16 June 2014, the Company acquired Iron Ore Corporation of Madagascar sarl pursuant to a Share Sale and Purchase Agreement and the simultaneous execution of a Shareholders Agreement with Cline Mining Corporation. Under the terms and conditions of the Share Sale and Purchase Agreement, the Company paid Cline US$25,000 on execution of the above-mentioned agreement and agreed to pay, on 17 June 2016, a further US$175,000.

The Company has accounted for the amount due to Cline on a net present value basis using a discount rate of 4% and adjusting the US dollar amount for exchange fluctuation.

On 27 October 2016, the Company renegotiated its obligations to Cline through an extension to the payment of the Second Instalment due under the Share Sale and Purchase Agreement. The Second Instalment was extended to 17 June 2018 with an option for the Company to extend the payment date a further 6 months to 17 December 2018 (First Deed of Variation). The Company negotiated a further extension to 17 December 2019 (Second Deed of Variation).

The Company has agreed under the First Deed of Variation to issue Cline US$50,000 in fully paid ordinary shares on listing of the Company on an exchange and, if the Company exercises its option to extend payment of the Second Instalment by a further 6 months, US$25,000 in fully paid ordinary shares based on the 30-day volume-weighted average price immediately prior to the date of extension. Under the Second Deed of Variation the Company agreed to pay Cline a further US$50,000 in fully paid ordinary shares based on the 30-day volume-weighted average price immediately prior to the date of extension.

On 13 December 2019, the Company extinguished its obligation to Cline (principal excluding interest and penalties) under the Share Sale and Purchase Agreement with the cash payment of $253,478 and agreed on 25 July 2020 to acquire its 25% equity interest in Iron Ore Corporation of Madagascar sarl as well as extinguish its obligation to Cline under the Deeds of Variation through the issue of ordinary shares in the Company at 2.5 cents per fully paid ordinary share (pre-consolidation of shares).

The Company issued on 5 August 2020, 10,796,411 ordinary shares at 2.5 cents per fully paid ordinary share (pre-consolidation of shares) to Cline in order to acquire its equity interest in IOCM and extinguish the Deeds of Variation.

Note 18 Contributed equity

	Number	$
At 31 December 2018	191,683,855	15,971,191
Issue of shares		
	-	-
	-	-
At 30 June 2019	191,683,855	15,971,191
At 31 December 2019	**378,339,931**	**18,832,748**
Issue of shares		
Directors and management	**31,830,000**	**636,600**
	31,830,000	**636,600**
Equity raising costs	**-**	**-**
	31,830,000	**636,600**
At 30 June 2020	**410,169,931**	**19,469,348**

Ordinary shares

Ordinary shares have the rights to receive dividends as declared and, in the event of winding up, participate in the proceeds from the sale of all surplus assets in proportion to the number of, and amounts paid up on, the shares held.

Each fully paid ordinary share carries one vote.
Ordinary shares issued to shareholders since incorporation have had no par value.

Options over ordinary shares
There are no options over ordinary shares on issue.

Note 19 **Other contributed equity**

	30 June 2020 $	31 December 2019 $
Unissued shares	**221,893**	221,893

On 5 August 2020, the Company issued 12,752,471 ordinary shares to Evanachan Limited at 1.74 cents per fully paid ordinary share (pre-consolidation of shares) with the amount recorded as other contributed equity being reclassified as paid-up capital.

Note 20 **Translation reserve**

	30 June 2020 $	31 December 2019 $
Opening balance	**(161,038)**	(110,488)
Translation of foreign currency financial statements into the functional currency	**(60,455)**	(50,550)
Closing balance	**(221,493)**	(161,038)

Note 21 **Accumulated losses**

	30 June 2020 $	31 December 2019 $
Balance at start of the financial period	**(14,734,436)**	(13,788,453)
Net loss for the year	**(211,058)**	(945,983)
	(14,945,494)	(14,734,436)

Note 22 **Non-controlling interests**

	30 June 2020 $	31 December 2019 $
Share capital	**2,552**	2,552
Reserves	**85,318**	62,893
Accumulated losses	**(111,059)**	(68,091)
	(23,189)	(2,646)
Loans contributed by AKORA Resources Limited and assigned to Cline	**144,978**	137,464
	(121,789)	(134,818)

Pursuant to the Shareholders Agreement, the Group is required to fund all expenditures by way of loans to Iron Ore Corporation Of Madagascar sarl until the payment of the Second Instalment set out in the Share Sale and Purchase Agreement and assign 25% of the loans made to Cline Mining Corporation.

Following the payment of the Second Instalment, both shareholders of IOCM must fund their share of expenditure by way of interest-free loans in proportion to their respective interests in the uncertificated shares of IOCM. The Group extinguished its obligation to pay the Second Instalment on 13 December 2019 and accordingly, Cline is required to fund its share of expenditure from 1 January 2020.

Under the Shareholders Agreement if a party fails to fund its share of the Cash Call made by IOCM to fund its expenditure, the non-defaulting shareholder can serve a Notice of Default on the defaulting shareholder and, if the defaulting does not rectify its default within 60 days, the non-defaulting share is entitled to exercise its right to dilute the defaulting shareholder by 50% of each default. Where the defaulting shareholder's equity interest falls below 5%, the defaulting shareholder is required to assign its equity interest and its shareholder loans to the non-defaulting shareholder for zero consideration and accordingly, will have no rights to any assets or obligation for any liabilities in IOCM.

Note 23 **Commitments**

Exploration and evaluation expenditure commitments
Under 99-022 Mining Code (*portant Code minier*), the Group does not have any expenditure commitments on its tenements other than the annual renewal fees (*frais annuel d'administration*) which are payable to the Madagascar Mining Cadastre Bureau (*Bureau du Cadastre Minier de Madagascar*).

The annual renewal fees for Ambodilafa tenements, held by Mineral Resources of Madagascar sarl, an entity controlled by Jubilee Platinum plc, are approximately $10,000 for the 2019-2020 renewal period. Mineral Resources of Madagascar sarl is the entity through which the Company earns its equity interest in the Ambodilafa tenements

The Company deferred the payment of the 2019/2020 administration fees for a number of tenements associated with the Ambodilafa and Tratramarina projects. The Bureau du Cadastre Miner de Madagascar advised tenement holders that it would not cancel any tenements that renewal fees became in arrears as a result of the failure of the government to grant, renew or transform tenements. The decision by the Company was consistent with other miners and explorers who have demanded the government address the shortcomings of previous administrations.

The Company has sighted BCMM approved renewals and transformation of its tenements. The documents are now awaiting ministerial seal which is expected during the course of 2020. On receipt of renewals the Company will pay the BCMM approximately A$70,000 in administration fees plus penalties. The Company has accrued the 2020 administration fees outstanding as at 30 June 2020.

Note 24 **Financial obligations of the Company and its controlled entity Universal Exploration Madagascar sarl**

The Company
Ambodilafa tenements
On 22 August 2012, the Company entered into a Farm-in Agreement with Jubilee Platinum plc which entitled the Company to earn a 90% interest in commodities other than platinum group elements, London Metal exchange traded metals and chrome.

Under the Farm-in Agreement, the Company will earn its interest in the commodities in three stages:

- Stage 1 US$1.0 million expenditure	51%
- Stage 2 US$1.0 million expenditure	81% (cumulative)
Stage 3 US$1.0 million expenditure	90% (cumulative)

The Company is required to give notice to Jubilee each time it has expended US$1.0 million under the Farm-in Agreement. Jubilee has 30 days from the date of notice to inform the

Company whether it wishes to take the unearned interest available to it through jointly funding all future work programmes. If Jubilee does not elect to take the unearned interest, the Company has automatic rights to move the next stage and earn additional interest in the commodities. Under the Farm-in Agreement the Company will have sole and exclusive rights to explore the Ambodilafa tenements in each stage.

Where the Company has earned a 90% interest in the commodities and Jubilee does not elect to take up the unearned interest, the Company has a right to buy-out the unearned interest for $1.5 million through either shares or cash or a royalty or a combination of these methods.

As at 31 December 2018, the Company had earned an 90% equity interest in the Ambodilafa tenements. The Company has advised Jubilee that it would elect to buy-out the residual interest by way of a royalty; however, as at the date of this report the Company and Jubilee have not formalised this arrangement.

Bekisopa tenements
On 16 June 2014, the Company acquired Iron Ore Corporation of Madagascar sarl pursuant to a Share Sale and Purchase Agreement and the simultaneous execution of a Shareholders Agreement with Cline Mining Corporation. Under the terms and conditions of the Share Sale and Purchase Agreement, the Company paid Cline US$25,000 on execution of the above-mentioned agreement and agreed to pay, on 17 June 2014, a further US$175,000. In addition, the Company agreed to pay outstanding annual administration fee (*frais d'administration annuel*) to the Bureau of Cadastre Mines of Madagascar (*Bureau du Cadastre Minier de Madagascar or BCMM)* as well as settling outstanding liabilities in Madagascar.

On 27 October 2016, the Company renegotiated its obligations to Cline through an extension to the payment of the Second Instalment due under the Share Sale and Purchase Agreement. The Second Instalment was extended to 17 June 2018 with an option for the Company to extend the payment date a further 6 months to 17 December 2018 (First Deed of Variation). The Company negotiated a further extension to 17 December 2019 (Second Deed of Variation).

The Company has agreed under the First Deed of Variation to issue Cline US$50,000 in fully paid ordinary shares on listing of the Company on an exchange and, if the Company exercises its option to extend payment of the Second Instalment by a further 6 months, US$25,000 in fully paid ordinary shares based on the 30-day volume-weighted average price immediately prior to the date of extension. Under the Second Deed of Variation the Company agreed to pay Cline a further US$50,000 in fully paid ordinary shares based on the 30-day volume-weighted average price immediately prior to the date of extension.

The Company issued on 5 August 2020, 10,796,411 ordinary shares at 2.5 cents per fully paid ordinary share (pre-consolidation of shares) to Cline in order to acquire its equity interest in IOCM and extinguish the Deeds of Variation.

Universal Exploration Madagascar sarl
On 23 June 2011, Universal Exploration Madagascar sarl (UEM) acquired two Reserved Licences for Small Mining Developers (*du Permis Reserve Aux Petits Exploitants ou Permis*) prospective for magnetite (the Tratramarina West tenements) by paying US$200,000 and agreeing to pay, on the election of UEM, US$250,000 (First Option) and US$350,000 (Second Option) in 2012 and 2013, respectively, if UEM sarl elects to continue to explore and expend monies on the permits. In addition, if Universal Exploration Madagascar sarl undertakes a Mine Development that incorporates magnetite ore sourced from the Tratramarina West tenements, a royalty of 0.35% will be paid on the net sales revenue generated on magnetite concentrate produced from the Tratramarina West prospects. The Tratramarina West tenements are adjacent to the Tratramarina East.

The parent entity exercised the First Option during the course of the financial year and exercised the Second Option on 26 February 2013.

Following the exercise of the Second Option, the outstanding obligation of UEM under the Mining Permit Sale Agreement is a royalty equal to 0.35% of net sales revenue.

Note 25 **Events after balance date**

On 30 January 2020, the World Health Organisation declared the coronavirus outbreak (COVID-19) a "Public Health Emergency of International Concern" and on March 10, 2020, declared COVID-19 a pandemic. The operations of the Company could be negatively impacted by the regional and global outbreak of COVID-19 and may impact the Company's results and its ability to source funding for the next reporting year.

As at the date of this report, the full effect of the outbreak remains uncertain. The effects are likely to be significant but cannot be reliably estimated or quantified. The Group will monitor the ongoing developments and be proactive in mitigating the impact on its operations.

The Company issued the second tranche of shares to Evanachan Limited as part of its initial subscription of 12,752,471 ordinary shares at 1.74 cents per fully paid ordinary share (pre-consolidation of shares), Evanachan now holds 19.8% of the total number of shares on issue.

The Company and Cline Mining Corporation agreed a valuation for the Company to acquire its 25% equity interest in the Iron Ore Corporation of Madagascar sarl and conversion of its rights to fully paid ordinary shares under the Deeds of Variation. Cline agreed to a payment of US$192,500 to be converted into Australian dollars on the completion date and the ordinary shares to be issued at 2.5 cents per fully paid ordinary share (pre-consolidation of shares).

On 31 August 2020, shareholders approved a resolution to consolidate shares on an 11:1 basis to comply with the minimum price for an initial public offering of shares under Chapters 1 and 2 of the Australian Securities Exchange Listing Rules. In addition, the Company changed its name from Indian Pacific Resources Limited to AKORA Resources Limited.

The Company retained Bentleys, Dentons Australia, Harbury Capital Limited and Wardell Armstrong International plc as consultants to and lead the Company through the listing process on the Australian Securities Exchange.

The board of directors appointed Mr MH Stirzaker as the Non-executive Chairman of the Company on 31 August 2020.

Note 26 **Related party disclosures**

Directors
The directors of the parent entity during the financial period were:

MH Stirzaker (appointed 31 August 2020)
PG Bibby
MA Burridge (resigned 5 May 2019)
SL Fabian
JM Madden
DL Wu (removed on 23 August 2019)

Mr MA Burridge is Managing Partner for Baker Steel Capital Managers. One of the funds run by Baker Steel is the Baker Steel Resources Trust and during the course of the financial year ended 31 December 2017 the Group received a convertible note facility from Baker Steel Resources Trust of A$200,000 with an accompanying borrowing fee of A$40,000. In the half-year ended 30 June 2019, Baker Steel Resources Trust provided a further A$100,000 with an accompanying borrowing fee of A$20,000.

On both of these occasions, Mr MA Burridge did not participate in the Investment Committee or sit on the board of directors of Baker Steel Resources Trust.

The board of directors agreed on October 2016 that they would not seek any emoluments from the Company until such time as it raised a minimum of $2.5 million and, if that figure was achieved, any amount agreed to be paid to directors would be subject to shareholder approval and settled by way of the issue of fully paid ordinary shares. On 25 March 2020, shareholders approved the issue of 31,830,000 ordinary shares at 2 cents per fully paid ordinary share (pre-consolidation of shares) in accordance with the process agreed by the board of directors in 2016.

Note 27 **Cash flow statement reconciliation**

	Half-Year	
	30 June 2020	30 June 2019
	$	$
Net loss after profit/(tax)	**(246,512)**	35,532
Adjusted for:		
Depreciation	**2,430**	-
Exchange fluctuation		
Cash balances	**(50,190)**	-
Cline obligation	**2,120**	2,613
Finance costs	**-**	20,000
Proceeds from sale of tenements	**-**	-
Provisions	**(6,241)**	1,380
Settlement of LSE listing costs	**-**	(156,826)
Changes in other current assets and current liabilities:		
Current assets		
Receivables	**(3,274)**	(2,119)
Other	**173**	108
Current liabilities		
Payables	**19,299**	(1,747)
Cash flow from operating activities	**(282,195)**	(101,059)

Note 28 **Contingent liabilities**

The Company has no contingent liabilities, other than that disclosed in Note 24.

Note 29 **Share-based payments**

On 25 March 2020, shareholders approved the issue of 31,830,000 ordinary shares at 2 cents per fully paid ordinary share (pre-consolidation of shares) to or a 15% premium to the last cash-based issued price to management and directors,

The shares issued are subject to a lock-up period of 2 years.

In accordance with a resolution of the board of directors of AKORA Resources Limited (formerly Indian Pacific Resources Limited), I state that:

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with the accounting standards and giving true and fair view of the financial position as at 30 June 2020 and its performance for the half-year then ended.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

Signed on behalf of the Board of Directors

MH Stirzaker
Chairman

18 October 2020

Bentleys
THINKING AHEAD

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Independent Auditor's Review Report

To the Members of AKORA Resources Limited

We have reviewed the accompanying half-year financial report of AKORA Resources Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled during the half-year.

Directors Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Consolidated Entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2(a) in the half-year financial report which indicates that the Consolidated Entity incurred a net loss of $246,512 during the half-year ended 30 June 2020. As stated in Note 2(a), these events or conditions, along with other matters as set forth in Note 2(a), indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Independence

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

Conclusion

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

a. Giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2020 and of its performance for the half-year ended on that date; and

b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Bentleys

BENTLEYS
Chartered Accountants

DOUG BELL CA
Partner

Dated at Perth this 20th day of October 2020