

**SensOre Ltd**  
**ABN: 16 637 198 531**

Consolidated General Purpose Financial Statements  
30 June 2020

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## **Chairman's Message**

SensOre launched in the final quarter of 2019, after preparatory work by some of our foundation shareholders over many years. In the space of the last six months, the SensOre team has grown significantly, bringing on both exploration and technology expertise to rival much larger organisations and put in place the systems which form the building blocks of the company's future growth plans.

The gold targets, developed by SensOre's proprietary Discriminant Predictive Targeting (DPT®) technology have become a reality with the grant and joint-venture acquisition of nine of those targets. Confirmatory geophysics and geochemistry has added greatly to both the knowledge of the targets within the DPT system, and to the understanding of the targets. SensOre's wholly owned subsidiary, Yilgarn Exploration Ventures, looks to test these targets in July 2020 and we look forward to those results.

SensOre implemented its 2020 Business Plan by looking to expand its scope outside gold in the Yilgarn Craton of Western Australia. The SensOre team are well advanced on applying DPT to nickel and to extending the data cube to the rest of Western Australia, South Australia and eastern Australia. However, Covid 19 restrictions have impacted exploration budgets across the sector and SensOre has needed to be flexible to adapt to the changed landscape.

The safety of our people has been paramount both during the Covid 19 response and in moving to in-field operations. Likewise, our commitment to ensuring environmental objectives are met in relation to our tenements has seen a considerable investment in time in building a good practice safety and environmental management system that can scale with the organisation.

Finally, SensOre has received strong support from its shareholders, the Government of Western Australia and Commonwealth Government throughout the year. DPT® sits at the interface of two high growth and high profile sectors for the Australian economy, mining and technology. The SensOre team has been able to capture this support with flagship projects such as the collaboration with the CSIRO, the WA Government's Exploration Incentive Scheme (EIS) and, more generally, support for SensOre's research and development work on the data cube and DPT.

We look forward to an exciting 2020-2021 year for SensOre as it looks to its first complete year of operations.

Yours sincerely,



Robert Peck AM  
Chairman

## **Directors' Report**

Your Directors present their report on SensOre Ltd (the 'Company') for the period 18 December 2019 to 30 June 2020 (the 'period').

### **Directors**

The names of the Directors in office at any time during or since the end of the period are:

	Appointed	Resigned
Michael Oppenheimer	1-Nov-19	18-Dec-19
Anthony Baird	1-Nov-19	18-Dec-19
Robert Peck	1-Nov-19	
Nicholas Limb	18-Dec-19	
Adrian Manger	18-Dec-19	
Anthony O'Sullivan	18-Dec-19	
Richard Taylor	20-Jan-20	
Robert Rowe	20-Jan-20	

### **Directors' meetings**

The number of meetings of Directors held during the period, and the number of meetings attended by each Director, are as follows:

<b>Directors</b>	<b>Board of Director's meetings</b>	
	<b>Eligible to attend</b>	<b>Attended</b>
Michael Oppenheimer	One	One
Anthony Baird	One	One
Robert Peck	Six	Six
Nicholas Limb	Five	Five
Adrian Manger	Five	Five
Anthony O'Sullivan	Five	Five
Richard Taylor	Five	Five
Robert Rowe	Five	Five

### **The Board of Directors**

#### *Robert Peck AM (Chairman)*

Robert Peck is a founding Principal of peckvonhartel architects with 50 years experience in the architectural, development and infrastructure sectors, and the building industry Nationally and in South East Asia. He is former President of the Australian Assoc. of Consulting Architects, founding Director of Japara Healthcare, former Chair at Ivvy, a leading event booking and software business and Director of the RVF Group.

#### *Nicholas Limb (Non-Executive Director)*

Nic Limb is the Chairman of FAR Limited, an ASX (ASX: FAR) listed oil exploration and development company. Nic qualified as a geophysicist and worked through the late 70's and 80's in the mineral exploration field in Australia. He then worked for a number of years in banking as a resource specialist involved in financing and merger and acquisitions.

*Adrian Manger (Non-Executive Director)*

Adrian Manger is a senior business executive with 30 years minerals industry experience, comprising 20 years in executive and leadership roles with BHP. Founded and successfully commercialised private Australian and Chilean mineral exploration companies.

*Anthony O'Sullivan (Non-Executive Director)*

Anthony O'Sullivan is COO of Deepgreen Minerals and has over 30 years' experience in mineral exploration, technology and project development. Former BHP Global Exploration Leadership team member. Multiple start-ups including QPX focussed on deploying artificial intelligence and machine learning to improving mineral exploration outcomes.

*Richard Taylor (Director & CEO)*

Richard Taylor, held senior executive roles in the resource sector for more than 15 years. Prior to this role he was CEO of ASX-listed Terramin Australia Ltd and held senior roles with Mineral deposits Limited (ASX:MDL), PanAust (ASX:PNA), MMG Ltd and Oxiana Ltd. Specialising in business development, strategy and governance. Richard is a qualified lawyer. He holds an MBA from the University of Cambridge and a Master degree in Law from ANU

*Robert Rowe (Director & COO)*

Robbie Rowe has +30 years of experience in gold and copper exploration from greenfield to mining environment. Robbie was former Chief Geologist and VP Exploration Australia Africa Asia region with Barrick Gold Corporation. Robbie is an UNCOVER exec and from 2014-2019 was an independent consultant to the mining industry, government and academia. Robbie is responsible for the acquisition of new data sources and for managing execution of field exploration programs for technology validation.

## **Review of Operations & Principal Activities**

The principal activity of the Company during the period was the development of SensOre's data cube and DPT® technology. SensOre aims to become the top performing minerals targeting company in the world through the deployment of AI and Machine Learning (ML) technologies. SensOre provides a solution to the problem of declining exploration success, reducing grade and smaller size of discovery, all of which have led to a poor pipeline of new mining projects.

SensOre's DPT technology has been made possible by advances in computing power, ML algorithms and Big Data processing techniques. DPT combines the best aspects of deep geological knowledge with computer technology to know what questions to ask; what data to acquire; how to clean and train the system; and understand the outcomes. The resulting data cube is built of 1800 layers and 15 billion data points (just for Western Australia and growing).

DPT differs from other approaches in that it utilises all of the underlying data to achieve predictive capabilities of 85%+ of the known resource endowment. Conventional industry exploration uses only 20-40% of data, in separate interpretive steps and is subject to human bias. DPT, on the other hand, is a software system that predicts location, size, footprint, grade and depth. In terms of reducing costs, it

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can reduce cost to discovery by up to 100 times. The current industry average of exploration expenditure for every ounce of gold discovered in Australia is A\$82 per ounce. By moving directly from drill target to discovery this reduces to A\$11 per ounce with DPT.

DPT uses ML algorithms specifically selected then applied to fundamental data and data derivatives. It utilises 25 individual ML algorithms from all ML classes; supervised, semi-supervised, un-supervised and reinforcement. It looks for specific correlations between training deposits and each cell. DPT works off a standard minimum cell size of 400 x 400m and applies 'feature engineering and data imputation' techniques to infill data.

SensOre's focused this period on incorporating the vast Western Australia industry legacy data set, including +6 million surface samples +100m elemental assays, +200m drill hole samples and +650m elemental assays. The approach is commodity agnostic, while it was developed first for gold exploration (due to the prevalence of training data sets and widespread assaying for gold) it is being applied to nickel and copper and can eventually be applied to any commodity (including water for example). As all the available geological and geoscience data is collected its potential range of uses grows.

During the period, SensOre, through wholly owned subsidiary Yilgarn Exploration Ventures, applied for and had granted nine (9) tenements/targets.

- Boodanoo
- Christmas Well
- Mt Magnet (North)
- Providence Bore
- Tea Well

SensOre entered four (4) joint-ventures covering:

- Desdemona North JV (farm-in to 75%)
- Meekatharra JV (farm-in 85%)
- Mt Magnet JV (South) (farm-in 85%)
- Darlot North JV (farm-in 85%)

Over the period, geophysical surveys, soil sampling and rock chip samples were taken. Historical data was received from joint-venture partners and added to the data cube. Drilling data was reviewed using SensOre's proprietary AGLADS® technology.

## **Financial Results**

During the period, \$215,000 was spent on infrastructure, predominantly Information Technology (IT) upgrades, \$1,155,000 was spent on developing the data cube and DPT® and \$200,000 was spent on exploration preparation activities.

SensOre raised \$3,266,550 over the period to fund activities.

The loss for 2020 was \$1,351,661.

## **Significant changes in state of affairs**

No significant changes in the Company's state of affairs occurred during the period.

## **Short-term objectives**

The Company's short-term objectives for the next two years are:

- Complete 'Run 5' on Yilgarn gold targets
- Add two new areas (e.g. Gawler and Lachlan)
- Reach business revenue of \$2m (4x\$0.5m deals)
- Advance the Australia wide datacube
- Test 7-9 targets
- Attain State and Federal Government funding
- Secure data, IP and key people
- Advance into North America
- Revenue self-sustaining
- Strategic alliance with one major mining and one major data company

## **Long-term objectives**

The Company's long-term objectives are to:

- Complete North America cube
- Scale and go global

## **Strategy for achieving short and long term objectives**

SensOre aims to organise all of Australia's geological information and then go global. Currently, SensOre has a strategic asset in its Western Australia data cube but needs to expand this offering to meet its strategic objectives. Expansion is predicated on validating the technology through discovery. SensOre's short term objectives are driven by this objective. It is estimated that this may be achieved through testing 7-9 targets.

As accessible opportunities in the Yilgarn are finite, SensOre will look to bring on two new areas (nominally the Gawler and Lachlan Fold Belt) which would cover all southern Australia as steps towards an Australia wide data cube. SensOre will also lay the ground work for going international as scale and a presence in North America will take time and is necessary as only one company is likely to become dominant in geological ML/AI and there is a deeper market for technology companies in North America. Market entry may be achieved through alliances or acquisitions.

SensOre has upgraded its IT infrastructure and its business processes (human resources, accounting and financial management and governance structures) to support a growth profile. SensOre will need to develop partnerships and alliances with major mining and technology investment funds, major mining companies and major technology companies (IBM etc) in order to leverage these to achieve shareholder value uplift of tech sector multiples.

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In the longer term, SensOre aims to be active in multiple terranes undertaking fee for service work. SensOre aims to commercialise its automated “data - cleaning” processes that allows it to add data to the data cube rapidly and has developed processes where the data in the cube is continually assessed for quality and supporting software such as AGLADS®, used in targeting accordingly.

**Events arising since the end of the reporting period**

SensOre subsidiary Yilgarn Exploration Ventures Pty Ltd (Yilgarn Exploration or YEV) has entered into an agreement with DGO Gold Limited for DGO to acquire a 40% equity interest for a total consideration of \$4 million.

**Future development, prospects and business strategies**

SensOre is a high growth company in a high growth sector. Capturing the opportunity presented may result in large changes to the underlying business and financial circumstances.

SensOre is exposed to the financial impact of Covid 19 on world economies through derived exposure to commodity prices, particularly gold and base metals. The pace and nature of the global economic may affect SensOre’s business plan, prospects and business strategies.

**Environmental issues**

The Company’s operations are predominantly in Western Australia and are regulated by the Mining Act 1978 and the Environmental Protection Act 1986 and corresponding Commonwealth legislation which contain the main environmental regulations concerning SensOre’s exploration activities.

SensOre’s activities in the period involved non-invasive exploration activities, including geophysical survey work and soil and rock chip sampling. No drilling activities occurred within the period. There were no reportable breaches of environmental conditions.

**Dividends paid or recommended**

No dividends were paid or recommended during the period.

**Indemnities given to, and insurance premiums paid for, auditors and officers**

During the period, the Company paid a premium to insure Officers of the Group. The Officers of the Company are covered by the insurance policy include all Directors.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the Officers in their capacity as Officers of the Company, and any other payments arising from liabilities incurred by the Officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the Officers or the improper use by the Officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Company.



Details of the amount of the premium paid in respect of insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract. The Company has not otherwise, during or since the end of the period, except to the extent permitted by law, indemnified or agreed to indemnify any current or former Officer of the Company against a liability incurred as such by an Officer.

The Company has not agreed to indemnify its auditors, Grant Thornton Audit Pty Ltd, against any claim by a third party arising from the Company's breach of its agreement.

### **Proceedings on behalf of the Company**

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the period.

### **Auditor's Independence Declaration**

A copy of the Auditor's Independence Declaration as required under s307C of the Corporations Act 2001 is included in page 10

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



Robert Peck AM  
Director



Richard Taylor  
Director

Date: 12 August 2020

## Auditor's Independence Declaration

### To the Directors of SensOre Ltd

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of SensOre Ltd for the period 18 December 2019 to 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



B A Mackenzie  
Partner – Audit & Assurance

Melbourne, 12 August 2020

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**Consolidated Statement of Profit or Loss and Other Comprehensive Income**

for the period 18 December 2019 to 30 June 2020

	<b>Note</b>	<b>18 December 2019 to 30 June 2020 \$</b>
Revenue and other income	2	489,552
Employee benefit expenses		(634,020)
Maintenance and property expenses		(26,493)
Administration expenses		(180,000)
Depreciation and amortisation expenses		(19,151)
Exploration preparation expenses		(200,145)
Consultants and contractor expenses		(769,592)
Other expenses		(11,813)
<b>Profit/(loss) before tax</b>		<b>(1,351,661)</b>
Income tax expense		-
<b>Profit/(loss) for the period</b>		<b>(1,351,661)</b>
Other comprehensive income		-
<b>Total other comprehensive income</b>		<b>-</b>
<b>Total comprehensive income for the period</b>		<b>(1,351,661)</b>

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**Consolidated Statement of Financial Position**

as at 30 June 2020

	Note	2020 \$
<b>Current assets</b>		
Cash and cash equivalents	3	1,434,492
Trade and other receivables	4	528,580
Other current assets	5	91,699
<b>Total current assets</b>		<u>2,054,772</u>
<b>Non-current assets</b>		
Patents and trademarks		500
Property, plant and equipment	6	195,955
Exploration and evaluation assets	7	35,111
Goodwill	8	9,894,351
Other non-current assets	5	9,725
<b>Total non-current assets</b>		<u>10,135,642</u>
<b>TOTAL ASSETS</b>		<u>12,190,414</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	9	205,385
Provisions	10	39,233
<b>Total current liabilities</b>		<u>244,618</u>
<b>Non-Current liabilities</b>		
Provisions	10	8,555
<b>Total current liabilities</b>		<u>8,555</u>
<b>TOTAL LIABILITIES</b>		<u>253,173</u>
<b>NET ASSETS</b>		<u>11,937,241</u>
<b>EQUITY</b>		
Share capital	11	13,266,550
Performance rights reserve		22,352
Retained earnings		(1,351,661)
<b>TOTAL EQUITY</b>		<u>11,937,241</u>

## **Consolidated Statement of Changes in Equity**

for the period 18 December 2019 to 30 June 2020

	Share capital \$	Performance rights reserve	Retained earnings \$	Total equity \$
<b>Equity as at 18 December 2020</b>	-	-	-	-
Contribution by owners on incorporation	10,000,000	-	-	10,000,000
Profit/(loss) for the period	-	-	(1,351,661)	(1,351,661)
Shares issued during the period	3,266,550	-	-	3,266,550
Performance rights	-	22,352	-	22,352
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>13,266,550</b>	<b>22,352</b>	<b>(1,351,661)</b>	<b>11,937,241</b>
<b>Equity as at 30 June 2020</b>	<b>13,266,550</b>	<b>22,352</b>	<b>(1,351,661)</b>	<b>11,937,241</b>

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**Consolidated Statement of Cash Flows**

for the period 18 December 2019 to 30 June 2020

		18 December 2019 to 30 June 2020
	Note	\$
<b>Cash from operating activities</b>		
Payments to suppliers and employees		(1,650,340)
<b>Net cash provided by operating activities</b>	12	<u>(1,650,340)</u>
<b>Cash flows from investing activities</b>		
Purchase of exploration and evaluation assets		(35,111)
Purchase of patents and trademarks		(500)
Purchase of property, plant and equipment		<u>(215,106)</u>
<b>Net cash used in investing activities</b>		<u>(250,717)</u>
<b>Cash flows from financing activities</b>		
Proceeds from capital raisings		3,266,550
Cash contribution by owners		<u>69,000</u>
<b>Net cash provided by financing activities</b>		<u>3,335,550</u>
<b>Net movement in cash and cash equivalents</b>		<u>1,434,492</u>
Cash and cash equivalents at beginning of period		-
<b>Cash and cash equivalents at end of financial period</b>	2	<u><u>1,434,492</u></u>

## **Notes to the Financial Statements**

for the period 18 December 2019 to 30 June 2020

### **1) Statement of significant accounting policies**

#### **General information**

SensOre Ltd (the 'Group') is a Group limited by guarantee, incorporated and domiciled in Australia. The Group is a for-profit, limited by shares public company for the purpose of preparing financial statements under Australian Accounting Standards.

#### **Basis of preparation**

These consolidated general purpose financial statements have been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards – Reduced Disclosure Requirements, Australian Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

#### **Reporting basis and conventions**

The consolidated financial report has been prepared on an accruals basis and is based on historical costs, except for the revaluation of certain financial instruments.

Cost is based on the fair values of the consideration given in exchange for assets.

All amounts are presented in Australian dollars.

#### **Significant accounting policies**

The following is a summary of the material accounting policies adopted by the Group in the preparation of the consolidated financial statements. The accounting policies have been consistently applied, unless otherwise stated.

##### *Income Taxes*

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which the benefits of the deferred tax asset can be utilised.

##### *Goods and Services Tax (GST)*

Revenues, expenses and assets are recognised net of GST, except for Receivables and Payables which are stated with the amount of GST included. GST receivable from and payable to the Australian Taxation Office (ATO) is included in the Statement of Financial Position. Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO are classified as operating cash flows.

## **Notes to the Financial Statements**

for the period 18 December 2019 to 30 June 2020

### **Accounting estimates and judgements**

Estimates and judgments are incorporated into the consolidated financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and from within the Group.

#### *Carrying value of intangible assets*

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

#### *Research & development tax incentive*

The Group submitted an R&D tax incentive claim on 6 August 2020 in relation to expenses incurred during the period 18 December 2019 to 30 June 2020. As this is the first R&D tax incentive submitted by the Group, there is no history of acceptance by AusIndustry of the claim. Nevertheless, the Group is expecting that the claim will be accepted and paid to them.

### **Going concern**

During the period the Group had operating cash outflows of \$1,650,340 and have a cash balance of \$1,434,492. There is an expectation that the Group may need to raise capital during the next twelve months, notwithstanding the expectation the financial report has been prepared on the basis of a going concern.

The Group raised a total of \$3.3m during the period 18 December 2019 to 30 June 2020. This demonstrates the Group's ability to raise capital

### **2) Revenue and other income**

	<b>18 December 2019 to 30 June 2020 \$</b>
<b>Other income</b>	
Research & development tax incentive	<u><b>489,552</b></u>
<b>Total other income</b>	<u><u><b>489,552</b></u></u>

#### **Other income**

Other income is recognised when the right to receive the revenue has been established.



## **Notes to the Financial Statements**

for the period 18 December 2019 to 30 June 2020

### **3) Cash and Cash Equivalents**

	2020
	\$
Cash at bank	1,434,492
<b>Total Cash and Cash Equivalents</b>	<b>1,434,492</b>

#### **Recognition and Measurement**

Cash and cash equivalents comprise cash on hand and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

### **4) Trade and Other Receivables**

	2020
	\$
Research & development tax incentive	489,552
GST Receivable	39,028
<b>Total Trade and Other Receivables</b>	<b>528,580</b>

#### **Trade Receivables**

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method.

#### **Allowance for expected credit losses**

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

### **5) Other Assets**

	2020
	\$
<b>Current</b>	
Prepayments	91,699
<b>Total Other Assets</b>	<b>91,699</b>
<b>Non Current</b>	
Bond - Office	9,423
Shares in unlisted subsidiary	302
<b>Total Other Assets</b>	<b>9,725</b>

## Notes to the Financial Statements

for the period 18 December 2019 to 30 June 2020

### 6) Property, Plant and Equipment

	2020 \$
<b>Computer equipment</b>	
At cost	207,972
Less accumulated depreciation	<u>(19,061)</u>
<b>Total computer equipment</b>	<u><b>188,911</b></u>
<b>Furniture &amp; equipment</b>	
At cost	7,134
Less accumulated depreciation	<u>(90)</u>
<b>Total furniture &amp; equipment</b>	<u><b>7,044</b></u>
<b>Total Property, Plant and Equipment</b>	<u><b>195,955</b></u>

### Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial period.

	Computer equipment	Furniture & equipment	Total
Opening balance 18 December 2019	-	-	-
Additions	207,972	7,134	215,106
Depreciation	<u>(19,061)</u>	<u>(90)</u>	<u>(19,151)</u>
Closing balance 30 June 2020	<u><b>188,911</b></u>	<u><b>7,044</b></u>	<u><b>195,955</b></u>

### Recognition and Measurement

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses. Where an item of property, plant or equipment is acquired for no or nominal consideration, the item's fair value at acquisition date is deemed as its cost. Subsequent to initial recognition, each class is carried at cost, less where applicable, any accumulated depreciation and impairment losses.

### Plant & Equipment

Plant and equipment is measured on the cost basis less depreciation and impairment losses.

### Depreciation

The depreciable amount of all fixed assets is depreciated on a diminishing value basis over their useful lives to the Group commencing from the time the asset is held ready for use. The following table indicates the expected useful lives of non current assets on which the depreciation charges are based.

Class of Fixed Asset	Effective Life (Years)	Depreciation Rate
Computer equipment	2 - 5	20% - 50%
Furniture & equipment	10 - 20	5% - 10%

## **Notes to the Financial Statements**

for the period 18 December 2019 to 30 June 2020

### **7) Exploration and Evaluation Assets**

	2020 \$
Exploration and evaluation assets - at cost	<u>35,111</u>
<b>Total Exploration and Evaluation Assets</b>	<b><u>35,111</u></b>

Exploration and evaluation 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 that 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.

### **8) Goodwill**

	2020 \$
Goodwill - at cost	<u>9,894,351</u>
<b>Total Goodwill</b>	<b><u>9,894,351</u></b>

Goodwill on acquisitions is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

### **9) Trade and Other Payables**

	2020 \$
Trade Payables	169,975
Sundry Payables	<u>35,410</u>
<b>Total Trade and Other Payables</b>	<b><u>205,385</u></b>

#### **Trade Payables**

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost. Amortised cost is the initial amount payable less any repayments.

### **10) Provisions**

	2020 \$
Annual leave	<u>39,233</u>
	<u>39,233</u>
<b>Non-current</b>	
Long service leave	<u>8,555</u>
	<u>8,555</u>
<b>Total provisions</b>	<b><u>47,788</u></b>

## **Notes to the Financial Statements**

for the period 18 December 2019 to 30 June 2020

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on high quality corporate bonds with terms to maturity that match the expected timing of cash flows.

### **11) Share Capital**

	<b>Quantity</b>	<b>\$</b>
Ordinary fully paid shares on formation	40,000,000	<b>10,000,000</b>
Ordinary fully paid shares issued during the period	8,800,000	<b>2,200,000</b>
Ordinary fully paid shares issued during the period	1,706,480	<b>1,066,550</b>
Total Ordinary fully paid shares on issue	<u>50,506,480</u>	<u><b>13,266,550</b></u>

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

### **12) Cash flow information**

**18 December 2019  
to 30 June 2020  
\$**

Reconciliation of cash flow from operations with profit after income tax:

Profit/(loss) for the period **(1,351,661)**

*Non-cash flows items in profit/loss:*

Depreciation & amortisation **19,151**

*Changes in assets and liabilities:*

Trade and other receivables **(489,552)**

Trade and other payables **205,385**

Prepayments and other assets **(101,424)**

Employee entitlements **47,788**

LTI Share Reserves **22,352**

Movement in Goodwill **36,649**

Tax Provisions **(39,028)**

Net cash used in operating activities **(1,650,340)**

**SensOre Ltd**  
**ABN: 16 637 198 531**

**Notes to the Financial Statements**

for the period 18 December 2019 to 30 June 2020

**13) Commitments**

	2020 \$
<i>Farm-in Agreements contracted for but not complete</i>	
- not later than 12 months	805,000
- between 12 months and 5 years	11,695,000
- greater than 5 years	-
	<u>12,500,000</u>

Farm-in Agreements commitments beyond 12 months are subject to further agreement between the parties and will result in a need to raise additional capital in order to fulfil.

	18 December 2019 to 30 June 2020 \$
<b>14) Key management personnel</b>	
Salary	413,262
Superannuation contribution	39,260
Leave entitlements	38,592
Long Term Incentive Plan Rights	21,095
Total remuneration paid to key management personnel	<u>512,208</u>

**15) Related party transactions**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

**16) Controlled entities**

<b>Subsidiaries of SensOre Ltd</b>	<b>Country of incorporation</b>	<b>Equity holding</b>
SensOre_X Pty Ltd	Australia	100%
SensOre_Y Pty Ltd	Australia	100%
SensOre_A Pty Ltd	Australia	100%
Yilgarn Exploration Ventures Pty Ltd	Australia	100%

**17) Events arising since the end of the reporting period**

Subsequent to balance date, the COVID-19 pandemic continues to have an impact on the operations of the Group and more broadly in the local and international economies. The longer term impacts of COVID-19 on the operations of the Group remain uncertain and cannot be quantified at this time.

SensOre subsidiary Yilgarn Exploration Ventures Pty Ltd (Yilgarn Exploration or YEV) has entered into an agreement with DGO Gold Limited ("DGO") in July 2020 for DGO to acquire a 40% equity interest for a total consideration of \$4 million.

**18) Group details**

The registered office and principal place of business of the Group is:  
Level 17, 530 Collins Street  
Melbourne, VIC, 3000

**SensOre Ltd**  
**ABN: 16 637 198 531**

## **Directors' Declaration**

In the opinion of the Directors:

- (a) the attached consolidated financial statements and notes comply with the the Corporations Act 2001 and Australian Accounting Standards - Reduced Disclosure Requirements and give a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the period 18 December 2019 to 30 June 2020; and
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



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Robert Peck AM  
Director



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Richard Taylor  
Director

Date: 12 August 2020

# Independent Auditor's Report

## To the Members of SensOre Ltd

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of SensOre Ltd (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period 18 December 2019 to 30 June 2020 then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the period 18 December 2019 to 30 June 2020; and
- b complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which indicates that the Group incurred net operating cash outflows of \$1,650,340 and a closing cash balance of \$1,434,492 for the period 18 December 2019 to 30 June 2020. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, 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.

### Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's financial report for the period 18 December 2019 to 30 June 2020, but does not include the financial report and our auditor's report thereon.

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

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

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

### Responsibilities of the Directors' for the financial report

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

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

### Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf). This description forms part of our auditor's report.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



B A Mackenzie  
Partner – Audit & Assurance

Melbourne, 12 August 2020