APPENDIX 2 (a)

TORQUE METALS LIMITED

ACN 621 122 905

Financial statements for the year ended

30 June 2020

Corporate Directory

Board of Directors

Ian D. Finch	Managing Director
Neil W. McKay	Executive Director
Antony L. Lofthouse	Non-Executive Director (appointed 30 January 2020)

Company Secretary

Neil W. McKay

Principal Place of Business

4 Glencoe Road
Ardross
West Perth WA 6153

Postal Address

PO Box 27
West Perth, Western Australia 6872

Auditors

Bentleys Audit & Corporate (WA) Pty Ltd
P.O. Box 7775
Cloister Square WA 6850

Share Register

Advanced Share Registry Services
110 Stirling Highway,
Nedlands, WA 6010

Stock Exchange Listing

Sydney Stock Exchange
L41/259 George St, Sydney NSW 2000
Code : 8TM

Banker

Westpac Banking Corporation
1257 Hay Street
West Perth, Western Australia 6005

Contents

Director's Report

The directors of Torque Metals Limited ("Torque" or "the Company") present their report on Torque for the year ended 30 June 2020 ("the Year").

Directors

The names of the directors of the Company during the year are:
Ian D. Finch
Neil W. McKay
Anthon (Tony) L. Lofthouse Appointed 30 January 2020
Tshung H. Chang Removed 30 January 2020

Directors have been in office since the start of the Year to the date of this report unless otherwise stated.

Ian D. Finch	Managing Director (appointed 16 August 2017)
Qualifications	BSc (Hons) in Geology from the University of Birmingham (England), Member of the Australasian Institute of Mining and Metallurgy.
Experience	Mr. Finch's career spans 50 years of mining and exploration. He worked extensively throughout Southern Africa between 1970 and 1981—from the Zambian Copper Belt and Zimbabwean Nickel and Chrome fields to the Witwatersrand Gold Mines in South Africa. In 1982 he joined CRA Exploration as a Principal Geologist, before joining Bond Gold as its Chief Geologist in 1987. In 1993 Mr. Finch established Taipan Resources Ltd, a company which successfully pioneered the exploration for large gold deposits in the Ashburton District of Western Australia—when it discovered a resource of approximately 1.0 million ounces at the Paulsen's Project. In 1999 Mr. Finch founded Templar Resources Limited, which became a 100% owned subsidiary of Canadian listed company Goldminco Corporation. As President/CEO for Goldminco until May 2005, Mr. Finch established an extensive exploration portfolio in New South Wales where the Company actively explored for large porphyry copper / gold deposits. During his presidency, Mr. Finch forged strong strategic ties with the major mining houses and financial institutions in Vancouver, Toronto and London.
Interest in Shares	10,000,000 fully paid ordinary shares. 50% beneficial interest in Turf Moor Pty. Ltd. a company in which he is a shareholder.
Interest in Performance Rights	4,000,000
Directorships held in other listed entities	None.

Neil W. McKay	Executive Director (appointed 16 August 2017) Company Secretary (appointed 16 August 2017)
Qualifications	Bachelor of Business (Sec Admin)
Experience	Mr. McKay is a former Chartered Accountant and has been involved in the resources industry for more than 30 years. He has been Company Secretary for several listed resource public companies and held senior administrative and accounting positions for a number of other resource companies. Since 1995, he has operated as an independent consultant specializing in the incorporation and administration of resource companies with special focus in South East Asia.
Interest in Shares	10,000,000 fully paid ordinary shares. 50% beneficial interest in Turf Moor Pty. Ltd., a company in which he is a shareholder
Interest in Performance Rights	4,000,000
Directorships held in other listed entities	None.
Antony L Lofthouse	Non-Executive Director (appointed 30 January 2020)
Qualifications	Bachelor of Science (Hons) Geology from the University of London and a Master of Business Administration from the University of Western Australia
Experience	With more than 43 years of working in the resources sector in Australia, Saudi Arabia and the United Kingdom, Mr. Lofthouse has developed expertise in an extensive range of relevant disciplines that together deliver a skillset ideally suited to the particular challenges of an emerging mineral exploration company. Mr. Lofthouse has worked as a field geologist, a resources equity analyst in stockbroking, a corporate banker managing a portfolio of resource and infrastructure customers (providing services that included project finance, mezzanine debt, corporate advisory, transactional banking facilities, credit analysis and legal documentation). Mr. Lofthouse has also worked as a provider of internet-based geotechnical information services, and most recently as the CEO of Ora Gold (formerly Thundelarra) an ASX-listed Australian exploration company. He also has previous ASX-listed company non-executive director experience.
Interest in Shares	Nil
Interest in Performance Rights	2,000,000
Directorships held in other listed entities	None.

Directors Remuneration Report- Audited

This report details the nature and amount of remuneration for each director of the Company.

No director since the date of formation of the Company has received any cash remuneration either before or after the Company listed.

Remuneration Policy.

The remuneration policy of Torque has been designed to align Director and executive objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates. The further tailoring of goals between shareholders and the Directors and executives is achieved through the issue of equity to the directors and executives to encourage the alignment of personal and shareholder interest.

The Board of the Company believes the remuneration policy is below accepted industry standards but appropriate and effective while the Company is in the initial phase of being listed on a Stock Exchange.

The remuneration policy, setting the terms and conditions for the Directors and executives was developed by the Directors and approved by the Board.

The Board recognises that the remuneration rates are below competitive remuneration rates of local and international trends among comparative companies and industry generally.

The Group is exploration and development focussed, and therefore speculative in terms of performance. The Directors and executives are paid below market rates associated with individuals in similar positions, within the same industry.

Options and performance incentives will be issued in the event that the entity moves from an exploration entity to a producing entity, and key performance indicators such as profits and market value can be used as measurements for assessing Board and executive performance.

All remuneration paid to Directors and executives is valued at the cost to the Company and expensed or carried forward on the balance sheet for time that is attributable to exploration and evaluation.

The Board policy is to remunerate, where possible, non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Managing Directors, in consultation with independent advisors as necessary, determine payments to the non-executive Directors and review their remuneration annually, based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive Directors are not linked to the performance of the Company. However, remuneration of non-executive directors at this present time are below comparable market expectations.

Employment Contracts of Directors and Senior Executives.

The employment conditions of the Managing Director is formalised in a contract of employment. The contract commenced on 21 August 2018 and may be terminated at any time by the Company giving the Managing Director 6 months' notice. The contract provided Mr. Finch with a commencement annual salary of $240,000 with an annual review on 1 October upon the Company being admitted to the ASX. The contract has standard termination clauses. In the event of termination, the fixed proportion of remuneration is payable up until the date of the termination. On 11 May 2020 the employment contract was varied by reducing the annual salary to $150,000. After year end, by mutual consent the $150,000 remuneration was deferred and temporarily replaced with a a range between $50,000 to $75,000 a year. Until such time that the Company raises additional capital at which time the difference will be paid

The employment conditions of Mr. McKay is formalised in a contract of employment. The contract commenced on 21 August 2018 and may be terminated at any time by the Company giving Mr. McKay 6 months' notice. The contract provided Mr. McKay with a commencement annual salary of $200,000 with an annual review on 1 October upon the Company being admitted to the ASX. The contract has standard

Directors Remuneration Report (Cont'd)

termination clauses. In the event of termination, the fixed proportion of remuneration is payable up until the date of the termination. On 11 May 2020 the employment contract was varied by reducing the annual salary to $125,000. After year end, by mutual consent the $125,000 remuneration was deferred and temporarily replaced with a range between $40,000 to $62,500 a year until such time as the Company raised additional capital at which time the difference will be paid.

An employment contract has been in place for the Non-Executive Director, Antony Lofthouse since his appointment 30 January 2020. . Mr Lofthouse's annual fee was $30,000 per annum. After year end, by mutual consent the remuneration was deferred and temporarily replaced with to a range between $10,000 to $15,000 a year until such time as the Company raised additional capital at which time the difference will be paid.

The employment contracts stipulate a six-month resignation period. The Company may terminate an employment contract without cause by providing six months written notice or making payment in lieu of notice, based on the individual's annuals alary component. Termination payments are not payable on resignation or under the circumstances of unsatisfactory performance

Details of remuneration for the years ended 30 June 2020 and 30 June 2019

The remuneration for each key management personnel of the Company during the year was as follows

	Short-term Benefits	Post-employment Benefits	Other Long-term Benefits	Share based Payment		Total	Value of Performance Rights Remuneration	Performance Related
	Cash, salary & commissions	Superannuation	Other	Equity	Performance Rights			
	$	$	$	$	$	$	%	%
Ian D. Finch Managing Director								
2020	-	-	-	-	-	-	42,374	100%
2019	-	-	-	-	-	-	45,881	100%
Neil W. McKay – Executive Director								
2020	-	-	-	-	-	-	42,374	100%
2019	-	-	-	-	-	-	45,882	100%
Antony L. Lofthouse – Non Executive Director appointed 30 January 2020)								
2020	-	-	-	-	-	-	6,549	100%
2019	-	-	-	-	-	-	-	-
Tshung H. Chang – Non Executive Director (removed 30 January 2020)								
2020	-	-	-	-	-	-	(45,881)	-
2019	-	-	-	-	-	-	45,881	100%
Total Remuneration								
2020	-	-		-	-	-	**45,416**	**100%**
2019	-	-	-		-	-	**137,644**	**100%**

Key Management Personnel (KMP) Share and Performance Rights

30 June 2020	Balance 1/07/19	Granted as Remuneration	Options Exercised	Balance 30/06/20
Turf Moor Pty. Ltd[1]	10,000,000	-	-	10,000,000
Antony L Lofthouse	-	-	-	-
Tshung H. Chang	7,150,000	-	-	7,150,000
	17,150,000	-	-	17,150,000

Directors Remuneration Report (Cont'd)

30 June 2019	Balance 1/07/18	Granted as Remuneration	Options Exercised	Balance 30/06/19
Turf Moor Pty. Ltd[1]	10,000,000	-	-	10,000,000
Tshung H. Chang	7,150,000	-	-	7,150,000
	17,150,000	-	-	17,150,000

[1] Mr. Finch and Mr. McKay are equal 50% shareholders in Turf Moor Pty. Ltd. which holds 10,000,000 Shares

Performance Rights
2 million Performance Rights were issued to a Director during the current financial year and represents the only share based payments issued by the Company. No Performance Rights have vested during the financial year ended 30 June 2020. When the performance or price criteria are met, all share rights can then be converted into ordinary shares only on a 1 : 1 basis.
In accordance with the Performance Rights Agreement, Mr. Chang's Performance Rights were cancelled on 30 January 2020

Performance Rights	Granted Number	Grant Date	Fair Value Performance Rights	Expiry Date	Vested Number
Ian D. Finch	1,000,000 1,333,333 1,666,667	4 Sept. 2018 4 Sept. 2018 4 Sept. 2018	$0.05918 $0.0646 $0.10025[1]	12 mths from listing 24 mths from listing 36 mths from listing	- - -
Total	4,000,000				
Neil W. McKay	1,000,000 1,333,334 1,666,666	4 Sept. 2018 4 Sept. 2018 4 Sept. 2018	$0.05918 $0.0646 $0.10025[1]	12 mths from listing 24 mths from listing 36 mths from listing	- - -
Total	4,000,000				
Antony L. Lofthouse[2]	500,000 666,667 833,333	11 May 2020 11 May 2020 11 May 2020		12 mths from listing 24 mths from listing 36 mths from listing	- - -
Total	2,000,000				
	10,000,000				

[1]Tranche 3 being a non-market condition has a 0% probability of being met. Nil Value recorded.

[2]Performance Rights issued to Mr. Lofthouse are subject to shareholder approval but have been accrued based upon the 11 May 2020 issue date. Once approval is obtained the expense will be recognised (shareholder approval date).

Other transaction with Directors of the Company

On 21 August 2018, the Company entered into a $75,000 unsecured loan agreement at an interest rate of 5% p.a. with Mr. T. Chang. The loan agreement was approved by shareholders at the Annual General Meeting held 30 November 2018. The unsecured loan with outstanding accrued interest was repaid after year end by way of the Company obtaining Unsecured Convertible Notes from the families of two directors (Finch and McKay) on the following terms and conditions and from an unrelated 3rd party. These are subject to shareholder approval.

Directors Remuneration Report (Cont'd)

The Convertibles Notes were re-issued after the 6 month term for a further 6 months commencing 3 March 2020 on the same terms and conditions.

Terms	Catherine A. Finch	Giovanna C. McKay
Date of Issue	3 September 2019	3 September 2019
Sum	$33,000	$15,200
Term	6 months from date of issue	6 months from date of issue
Security	None	None
Interest Rate	7.5 % p.a.	7.5% p.a.
Exercise	Convertible at any time	Convertible at any time

Review of Operations

The loss of the Company for the Year after providing for income tax, amounted to $221,734 (period ended 30 June 2019: $387,787). The expenditure incurred during the Year related to corporate and administration expenditure, Initial Public Offering expenses and non-capitalized expenses relating to tenement acquisition.

End of Remuneration Report (Audited)

Significant changes in state of affairs

There were no significant changes in state of affairs of the Company during the Year.

Principal Activities

Torque Metals Limited was incorporated on 16 August 2017 as an Australian private company for the purpose of being listed on the Australian Securities Exchange ("ASX"). On 5 January 2018, it was converted to a public unlisted company. The Company lodged a Prospectus with A.S.I.C. on 18 October 2018 but prevailing market circumstances, at that time, resulted in the Prospectus being formally withdrawn 11 December 2018. Since that date the Company has continued its mineral exploration programme awaiting a favourable upturn in the market. On 3 June 2020 Torque lodged a Prospectus with the intention of listing on the Sydney Stock Exchange.

Review of Operations
<u>Projects.</u>

The Paris Gold Project.

During the year Torque negotiated an exclusive option to purchase the Paris / HHH gold mining centre from Austral Pacific Py. Ltd. .(Austral). The project, which comprises 9 mining leases and two prospecting leases aggregating ~68km^2, is located approximately 100Km South Southeast of Kalgooorlie in Western Australia. ("The Paris Project"), The project lies within the highly prospective Parker and Kambalda geological domains which are noted for high grade gold occurrences. The Kambalda Domain is also a world class Nickel Province.

Option Conditions

The exercise of the Option and the ensuing Tenement Sales Agreement is conditional upon Torque being granted listing on an accredited Stock Exchange.

1. Consideration
   The consideration for the sale and purchase of the Tenements is the:

   a. Payment by Torque to Austral of the Option Fee of $100,000.

b. Payment of $650,000, less the Option Fee, within 5 business days of Torque listing on an accredited stock exchange;
c. The issue of $1,200,000 in ordinary fully paid shares in Torque within 5 business days of Torque listing on an accredited stock exchange;

2. Milestone / Performance Payments

Torque will pay Austral the following amounts upon successfully reporting an additional resource, in any JORC category:

a. The first 50,000 ozs - $100,000 :- 50% in cash and 50% in shares, calculated at the previous 7 day VWAP:
b. Total 100,000 ozs - $200,000 :- 50% in cash and 50% in shares, calculated at the previous 7 day VWAP;
c. Total 200,000 ozs - $400,000 :- 50% in cash and 50% in shares, calculated at the previous 7 day VWAP;
d. Total 500,000 ozs - $1,000,000 :- 50% in cash and 50% in shares, calculated at the previous 7 day VWAP;

3. Royalty

Torque and Austral to agree the terms of, and enter into, a separate Royalty Deed that sets out the terms on which the Royalty is to be paid.

a. The Royalty commences after the first 2,500 ozs of gold produced;
b. A 1.75% Net Smelter Royalty on gold and an agreed industry recognized royalty on all valuable minerals if the Net Smelter Royalty is not applicable. In total up to $2.0 million;
c. Torque shall have the right at any time to purchase the royalty from Austral.

4. Pro Rata reimbursement of rentals and rates
Torque and Austral will agree upon any final adjustment to rentals and rates, if for any reason, the Tenement Sales Agreement is extended beyond its anticipated period.

A February 2019 scoping study (BMGS & Minecomp) confirms potential for ongoing profitable operations. The study used a base case gold price of AUD$1,650. There is a clear opportunity to increase gold inventory via brownfields exploration, around and below the existing Paris and HHH pits as well as from walk up drill targets elsewhere on the leases.

As part of Torque's due diligence programme, the Company interrogated the large, tier 1 historical database from previous work carried out by Western Mining, Goldfields Ltd. and Austral.

The Bullfinch Project

Torque controls approximately 600 Km2 of highly prospective, contiguous title within the Bullfinch Goldfield, centered 34kms north of the mining town of Southern Cross in Western Australia.

During the year the Company carried out interrogation of its detailed data base with a view to identifying suitable gold targets for a scout drilling programme and a bulk sampling exercise.

An early programme of bulk sampling is planned, in order to better define the grade, attitude and distribution of the wide spread gold mineralization. A possible benefit of such sampling is to create an ongoing income stream from gold sales. Under certain circumstances, a total of up to 50,000 tonnes of material can be extracted for bulk sampling purposes without the necessity for a granted mining lease. There are two, under capacity, processing plants within 80Km of the Bullfinch Project area. A desk top study was undertaken which indicated that significant cash income may be generated as a result of implementing such a programme.

A study of applicable, detailed, geophysical techniques, including sub audio magnetics (SAM) was undertaken to ascertain the optimum technique to assist in identifying the location of gold lodes beneath shallow cover. The Company also acquired additional, detailed aeromagnetic / radiometric data which was analysed for the purpose of identifying additional scout drilling targets.

Disucssions with third parties, including drilling and metalurgical contractors, commenced as planning for upcoming field work.

Tribal Mining Tenement Acquisition (Bullfinch)

The Company entered into an Acquisition Agreement with Tribal to wholly acquire the Tribal Tenement (EL77/2607) in consideration for $50,000 cash and 10% of any gold recovered from the Tribal Tenement during an approved bulk sampling programme.

Jindalee Joint Venture

Torque entered into a Farm-in and Joint Venture Agreement on 4 May 2020 with Jindalee Resources Limited.

1. Key Terms
   a) Torque to pay Jindalee $10,000 for past expenditure on the Tenements.

   b) Jindalee grants the Company a sole and exclusive right to enter upon the Jindalee Tenements during the farmin period (being 3 years after the date the Company obtains consent from the Minister with respect to the transfer of the Jindalee Tenements from Jindalee) in order to carry out exploration.

   c) The Company to earn an 80% interest in the Jindalee Tenements by spending $200,000 on the Jindalee Tenements within three years of execution of the Jindalee JV Agreement, with a minimum of $50,000 to be spent within 12 months of execution of the Jindalee JV Agreement

   d) Once the Company has earned an 80% interest in the Jindalee Tenements, Jindalee's 20% interest is free carried to completion of a pre-feasibility study.

2. Jindalee Royalty Agreement
   Torque agrees to pay Jindalee a 1.5% Net Smelter Royalty.

Risks

There are specific risks associated with the activities of the Company and general risks which are largely beyond the control of the Company and the Directors. The risks identified below, or other risk factors, may have a material impact on the future financial performance of the Company and the market price of the Company's shares.

Exploration and Development

Mineral exploration and development is a speculative and high-risk undertaking that may be impeded by circumstances and factors beyond the control of the Company. Success in this process involves, among other things:

- discovery and proving-up, or acquiring, an economically recoverable resource or reserve;
- access to adequate capital throughout the acquisition/discovery and project development phases;
- securing and maintaining title to mineral exploration projects;
- obtaining required development consents and approvals necessary for the acquisition, mineral exploration, development and production phases; and

- accessing the necessary experienced operational staff, the applicable financial management and recruiting skilled contractors, consultants and employees.

There can be no assurance that exploration on the Projects, or any other exploration properties that may be acquired in the future, will result in the discovery of an economic mineral resource. Even if an apparently viable mineral resource is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, changing government regulations and many other factors beyond the control of the Company.

Grant of Future Authorisation to Explore and Mine
If the Company discovers an economically viable mineral deposit that it then intends to develop, it will, among other things, require various approvals, licences and permits before it will be able to mine the deposit. There is no guarantee that the Company will be able to obtain all required approvals, licences and permits. To the extent that required authorisations are not obtained or are delayed, the Company's operational and financial performance may be materially adversely affected.

Land Access
There is a substantial level of regulation and restriction on the ability of exploration and mining companies to have access to land in Australia. Negotiations with both Native Title and land owners/occupiers are generally required before the Company can access land for exploration or mining activities. Inability to access, or delays experienced in accessing, the land may impact on the Company's activities.

The effect of present laws in respect of Native Title that apply in Australia is that the Tenements and Tenement applications may be affected by Native Title claims or procedures. This may prevent or delay the granting of exploration and mining tenements, or affect the ability of the Company to explore, develop and commercialise the resources on the Tenements. The Company may incur significant expenses to negotiate and resolve any Native Title issues, including compensation arrangements reached in settling Native Title claims lodged over any of the Tenements held or acquired by the Company.

The Tenements are subject to the provisions of the *Aboriginal and Torres Strait Islander Heritage Protection Act 1984* (Cth) and the *Aboriginal Heritage Act 1972* (WA). Accordingly, any destruction or harming of such sites and artefacts may result in the Company incurring significant fines and court injunctions, which may adversely impact on exploration and mining activities.

Environment
The Company's proposed operations will be subject to State and Commonwealth laws and regulations relating to the environment. As with most exploration projects and mining operations, the Company's proposed operations are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. Such impact may give rise to substantial costs for environmental rehabilitation, damage and losses.

The potential environmental impacts of the Company's proposed operations and any future projects could be expected to require statutory approvals to be obtained by the Company. There is no guarantee that such approvals would be granted and failure to obtain any environmental approvals that may be required from relevant government or regulatory authorities may impede or prevent the Company from undertaking its future operations.

Although it is the Company's intention to conduct its activities to the highest standard of environmental obligation, including in compliance in all material respects with relevant environmental laws, if such laws are breached, the Company could be required to cease its operations and/or incur significant liabilities.

Resource and Reserve Estimates

Whilst the Company intends to undertake exploration activities with the aim of upgrading existing resources or defining new resources, no assurances can be given that the exploration will result in the determination of a resource. Even if a resource is identified, no assurance can be provided that this can be economically extracted.

Resource and reserve estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when initially calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource and reserve estimates are imprecise and depend, to some extent, on interpretation which may prove to be inaccurate.

Corporate

The Company raised a total of $462,850 via a placement to professional and sophisticated investors of 6,908,209 shares at an issue price of $0.067 per share.

Meeting of Directors

The number of directors' meetings held and conducted during the financial year that each director held office during the financial year and the number of meetings attended by each director is:

	Directors Meetings	
Director	Number Eligible	Number Attended
I. D. Finch	10	10
N.W. McKay	10	10
A.L. Lofthouse	1	1
T.H. Chang	9	9

The Company does not have a formally constituted audit and risk committee or remuneration and nomination committee as the Board considers that the Company's size and type of operation do not warrant the formation of such committees

Likely developments and expected results

Likely developments in the operations of the Company and the expected results of those operations in future financial periods have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Environmental Issues

The Company's operations are subject to environmental regulations under a law of the Commonwealth or state or territory of Australia.

Dividends

No amounts have been paid or declared by way of dividend shares since the date of incorporation

Options

No options over issued shares or interests in the Company were granted during the Year.

Indemnification and insurance of directors and officers

The Company has entered into Deeds of Indemnification with the directors and officers of the Company. .

The Company has insurance policies in place for Directors and Officers insurance.

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.

Events arising since the end of the Year

3 July 2020

- 3 June 2020 Prospectus withdrawn

24July 2020

- The Company entered into an Underwriting Agreement with Martin Place Securities Pty. Ltd. to raise a proposed capital raising of $600,000 (minimum subscription) and $900,000 (maximum subscription) no later than 30 September 2020. The Underwriter will receive a fee of 6% and a management fee of 1% on terms considered normal for such an agreement

28 July 2020

- 16,346,507 ordinary shares were allotted at 6.7 cents to raise $1,095,216 before costs of $64,838.
- The company entered into a Promissory Note with Martin Place Securities for an amount of $290,000 of which $215,070 has been received, leaving an outstanding balance of $74,930 that is payable no later than 19 November 2020.
- The Company was admitted to the Sydney Stock Exchange
- 2,000,000 unlisted options exercisable at 15 cents on or before three years from the date of issue, issued to Martin Place Securities Pty. Ltd.

29 July 2020

- The Company acquired 100% ownership of the Paris Gold Project by:
  a) Exercising the Austral Pacific Option Agreement with a payment of $550,000 +GST
  b) Issuing 12,000,000 ordinary shares at a deemed value of 10 cents to Austral Pacific Pty.
  c) Reimbursement of tenement expenses $223,867
- Upon completion the Company's issued capital increased to 60,171,382 ordinary shares

19 August 2020

- The Company issued a Prospectus for an offer of up to 9,000,000 Shares at an issue price of $0.10 each to raise up to $900,000 before costs, with a minimum subscription requirement to raise at least $600,000 before costs. The Minimum Subscription amount of the Public Offer being underwritten by Martin Place Securities Pty Ltd.

10 September 2020

- The Company issued a Replacement Prospectus to that dated 19 August 2020.

17 September 2020

The Company issued a Supplementary Prospectus to that dated 10 September 2020.

30 September 2020

- The Company issued a Second Supplementary Prospectus to that dated 10 September 2020.

Non-Audit Services

During the period ending 30 June 2020, the Company's Auditor, Bentleys Audit & Corporate (WA) Pty Ltd did not perform any non-audit services, except for taxation services ($2,000)

Auditor's Independence Declaration

The auditor's independence declaration for the Period ended 30 June 2020 forms part of the Director's Report and can be found on page 15.

Signed in accordance with a resolution of directors.

On behalf of the directors

Ian D Finch
Managing Director

Independent Declaration

Bentleys
THINKING AHEAD

Bentleys Audit & Corporate (WA) Pty Ltd
London House
Level 3,
216 St Georges Terrace
Perth WA 6000

PO Box 7775
Cloisters Square WA 6850

ABN 33 121 222 802

T +61 8 9226 4500
F +61 8 9226 4300

bentleys.com.au

To The Board of Directors

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

As lead audit Partner for the audit of the financial statements of Torque Metals Limited for the financial 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 audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully

Bentleys

BENTLEYS
Chartered Accountants

Mark Delaurentis

MARK DELAURENTIS CA
Partner

Dated at Perth this 30th day of September 2020

Independent auditor's report

Bentleys
THINKING AHEAD

Bentleys Audit & Corporate (WA) Pty Ltd
London House
Level 3,
216 St Georges Terrace
Perth WA 6000

PO Box 7775
Cloisters Square WA 6850

ABN 33 121 222 802

T +61 8 9226 4500
F +61 8 9226 4300

bentleys.com.au

Independent Auditor's Report

To the Members of Torque Metals Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Torque Metals Limited ("the Company"), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

a. the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

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 Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Independent Auditor's Report

To the Members of Torque Metals Limited (Continued)

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report which indicates that the Consolidated Entity incurred a net loss after tax of $221,734 during the year ended 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 Consolidated Entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter

Exploration and Evaluation Expenditure
As disclosed in note 8 to the financial statements, as at 30 June 2020, the Consolidated Entity's capitalised exploration and evaluation expenditure was carried at $921,299.
 	
The recognition and recoverability of the exploration and evaluation expenditure was considered a key audit matter due to:
– The carrying value represents a significant asset of the Consolidated Entity, we considered it necessary to assess whether facts and circumstances existed to suggest the carrying amount of this asset may exceed the recoverable amount; and
– Determining whether impairment indicators exist involves significant judgement by management
	Our audit procedures included but were not limited to:
	– Assessing management's determination of its areas of interest for consistency with the definition in AASB 6 *Exploration and Evaluation of Mineral Resources* ("AASB 6");
	– Assessing the Consolidated Entity's rights to tenure for a sample of tenements;
	– Testing the Consolidated Entity's additions to capitalised exploration costs for the year by evaluating a sample of recorded expenditure for consistency to underlying records, the capitalisation requirements of the Consolidated Entity's accounting policy and the requirements of AASB 6;
	– Testing the status of the Consolidated Entity's tenure and planned future activities, reading board minutes and enquiries with management we assessed each area of interest for one or more of the following circumstances that may indicate impairment of the capitalised exploration costs:
	  – The licenses for the rights to explore expiring in the near future or are not expected to be renewed;
	  – Substantive expenditure for further exploration in the area of interest is not budgeted or planned;
	  – Decision or intent by the

Independent audit report continued

Independent Auditor's Report

To the Members of Torque Metals Limited (Continued)

Key audit matter	How our audit addressed the key audit matter
	Consolidated Entity to discontinue activities in the specific area of interest due to lack of commercially viable quantities of resources; and – Data indicating that, although a development in the specific area is likely to proceed, the carrying amount of the exploration asset is unlikely to be recorded in full from successful development or sale; and – We also assessed the appropriateness of the related disclosures in note 8 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 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 and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's Report
To the Members of Torque Metals Limited (Continued)

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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or

Independent audit report cont.

Independent Auditor's Report

To the Members of Torque Metals Limited (Continued)

when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2020. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of the Company, for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Bentleys

Mark Delaurentis

BENTLEYS
Chartered Accountants

MARK DELAURENTIS CA
Partner

Dated at Perth this 30th day of September 2020

Director's Declaration

In accordance with a resolution of the directors of Torque Metals Limited, the directors of the Company declare that:

1. the financial statements and notes, as set out, are in accordance with the Corporations Act 2001 and: a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and b. give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the consolidated group;

2. 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

3. the directors have been given the declarations required by s 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer

On behalf of the Directors

Ian D. Finch
Managing Director
Perth
30 September 2020

Statement of profit or loss and other comprehensive income for the year ended 30 June 2020

	Note	Year Ended 30 June 2020 $	Year Ended 30 June 2019 $
Revenue from continuing operations		-	-
Other income		-	-
Total revenue and other income			
Corporate administrative expenses	2	(74,125)	(110,148)
Financial expense interest	2	(16,191)	(3,750)
Share Based Payments	13	(45,416)	(137,644)
Exploration expense written off	2	(43,567)	(40,236)
Prospectus expense written off	2	(42,435)	(96,009)
Loss before income tax		**(221,734)**	**(387,787)**
Income tax expense	4	-	-
Loss for the period		(221,734)	(387,787)
Other comprehensive income, net of income tax		-	-
Total comprehensive loss for the period		**(221,734)**	**(387,787)**
Loss attributable to:			
Owners of Torque Metals Limited		(221,734)	(387,787)
Total comprehensive loss attributable to:			
Owners of Torque Metals Limited		**(221,734)**	**(387,787)**

Earnings/(loss) per share from continuing and discontinuing operations

		Cents	Cents
Basic weighted average earnings/(loss) per share	16	(0.008)	(0.016)
Diluted weighted average earnings/(loss) per share	16	(0.008)	(0.016)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Statement of financial position as at 30 June 2020

	Note	30 June 2020 $	30 June 2019 $
Current assets			
Cash and cash equivalents	6	2,056	24,109
Trade and other receivables	7	69,649	837
Total current assets		**71,705**	**24,946**
Non current assets			
Exploration and evaluation expenditure	8	921,299	668,608
Total non-current assets		**921,299**	**668,608**
Total assets		**993,004**	**693,554**
Current liabilities			
Trade and other payables	9	165,679	146,078
Convertible Notes	10	74,615	-
Unsecured loans	11	43,476	116,620
Total current liabilities		**283,770**	**262,698**
Total liabilities		**283,770**	**262,698**
Net assets		**709,234**	**430,856**
Equity			
Issued capital	12	1,161,404	720,300
Performance Reserve	13	183,060	137,644
Equity Reserve		13,592	-
Accumulated losses	14	(648,822)	(427,088)
Total equity		**709,234**	**430,856**

The above statement of financial position should be read in conjunction with the accompanying notes

Statement of changes in equity for the year ended 30 June 2020

	Issued Capital $	Accumulated Losses $	Performance Rights Reserve $	Equity Reserve $	Total $
Balance as at 1 July 2018	540,600	(39,301)	-	-	501,299
Total comprehensive Income/loss for the Period	**-**	(387,787)	-	-	(387,787)
Issue of ordinary shares	195,000	-	-	-	195,000
Performance Rights issued	-	-	137,644	-	137,644
Transaction costs	(15,300)	-	-	-	(15,300)
Balance as at 30 June2019	**720,300**	**(427,088)**	**137,644**	-	**430,856**
Balance as at 1 July 2019	**720,300**	**(427,088)**	**137,644**	**-**	**430,856**
Total comprehensive Income/loss for the Period	-	(221,734)	-	-	(221,734)
Issue of ordinary shares	462,850	-	-	-	462,850
Performance Rights issued	-	-	45,416	-	45,416
Equity Reserve	-	-	-	13,592	13,592
Transaction costs	(21,746)	-	-	-	(21,746)
Balance as at 30 June2020	**1,161,404**	**(648,822)**	**183,060**	**13,592**	**709,234**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes

Statement of cash flow for the year ended 30 June 2020

	Notes	30 June 2020 $	30 June 2019 $
Cash flow used in operating activities			
Payments to suppliers and employees		(150,231)	(125,592)
Net cash (used) in operating activities	5	(150,231)	(125,592)
Cash flow used from investing activities			
Tenement acquisition		(219,799)	(262,500)
Exploration and evaluation		(88,959)	(83,497)
Net cash (used) in investing activities		(308,758)	(345,997)
Cash flow from financing activities			
Proceeds from share issue		441,104	179,700
Directors' loans		-	16,210
Repayment with Interest		(80,600)	-
Unsecured Advance		1,856	-
Convertible Notes			
Associates		48,200	-
Other		30,000	-
Interest Paid to Other than a Director		(3,624)	-
Net cash from financing activities		436,936	195,910
Net (decrease) increase in cash and cash equivalents		(22,053)	(275,681)
Cash and cash equivalents at the beginning of the period		24,109	299,790
Cash and cash equivalents 30 June 2020		2,056	24,109

The above statement of cash flow should be read in conjunction with the accompanying notes

Notes to the financial statements for the Year 30 June 2020

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements and notes represent those of Torque Metals Limited (the Company or Torque). Torque Metals Limited is a listed public company, incorporated and domiciled in Australia.

The financial statements were authorised for issue on 29 September 2020 by the Directors of the Company.

Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out in accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

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

Going Concern

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

The Company incurred a net loss of $221,734 (2019: $387,787) and experienced net cash outflows from operations of $150,231 (2019: $125,592). The Company has liabilities of $283,770 (2019: $262,698) and cash on hand of $2,056(2019: $24,109).

The ability of the Company to continue as a going concern is dependent upon the success of the fundraising under a prospectus yet to be issued. This requirement gives rise to a material uncertainty that may cast a significant doubt over the Company's ability to continue as a going concern and therefore that it will be able to realise its assets and discharge its liabilities in the normal course of business, and at the amount stated in the financial report.

The directors believe that the Company will continue as a going concern for the following reasons:

- Refer to Note 20. Events After the Reporting Period and Directors Report Page 13
- The Company will finalise its current capital raising of up to $900,000 (before costs);
- The Company plans to undertake a further capital raising of up to $2.2 M (before costs);
- The significant borrowings that the Company has are unsecured loans with the Directors of the Company and Unsecured Convertible Notes with their associates.

Should the Company not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(a) Exploration, Evaluation and Development Expenditure

Costs incurred during exploration and evaluations relating to an area of interest are accumulated. Costs are carried forward to the extent they are expected to be recouped through successful development, or by sale, or where exploration and evaluation activities have not yet reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves. In these instances the entity must have rights of tenure to the area of interest and must be continuing to undertake exploration operations in the area.

Accumulated costs carried forward in respect of an area of interest that is abandoned are written off in full against profit in the year in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest will be amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area of interest.

Costs of site restoration are provided over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been estimated of future costs, current legal requirements and technology on an undiscounted basis.

(b) Financial Instruments Financial Assets

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and

either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payable and convertible notes. The accounting policy on convertible notes are at (q).

(c) Cash and cash equivalents

For the purpose of the statement of cash flow, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, high liquid investments with original maturities of three (3) months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts

(d) **Trade and Other Receivables**

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

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is sued when there is objective evidence that the Company will not

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or financial reorganisation and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivables is impaired. The amount of the 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. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of impairment loss is recognised in the statement of comprehensive income within impairment losses – financial assets. When a trade receivable for which an impairment allowance has been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against impairment losses – financial assets in the statement of comprehensive income.

(e) Revenue and Other Income

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

(f) **Impairment of Assets**

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives

(g) **Trade and other payables**

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company. Interest, when charged by the lender, is recognised as an expense on an accrued basis.

(h) **Provisions**

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(i) **Goods and service tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(j) **Income tax**

The income tax expense/ (benefit) for the year comprises current income tax expense/ (benefit) and deferred tax expenses/ (benefit). Current and deferred income tax expenses/(benefit) is charge or credited directly to other comprehensive income instead of the profit or loss when the tax relates to items that are credited or charged directly to other comprehensive income.

<u>Current tax</u>
Current income tax expense charge to profit or loss is the tax payable on taxable income using applicable income tax rates enacted, or substantially enacted, as at reporting date.

Current tax liabilities/ (assets) are therefore at the amounts expected to be paid to/ (recovered from) the relevant taxation authority.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

<u>Deferred tax</u>
Deferred income tax expense reflects movements in deferred tax assets and deferred tax liability during the Period as well as unused tax losses.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of asset and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantially enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is possible that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(k) **Share Based Payments**

The Company operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the good or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is shown in the option reserve.

The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(l) **Contributed equity**

Ordinary issued share capital is recognised at fair value of the consideration received by the Company. Any transaction costs arising on the issue of the ordinary shares are recognised directly in equity as a reduction in share proceeds received.

(m) **Earnings Per Share**

Basic earnings per share is calculated as net earnings attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for an bonus element. Diluted earnings per share is calculated as net earnings attributable to members, adjusted for costs of servicing equity (other than dividends) and preference share dividends; the after tax effect of dividends and interest associated with dilutive potential ordinary shares that would have been recognised as expenses; and other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(n) **Interest in Joint Operations**

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control

When the Company undertakes its activities under joint operations, the Company as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Company accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the AASBs applicable to the particular assets, liabilities, revenues and expenses.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

When the Company transacts with a joint operation in which the Company is a joint operator (such as a sale or contribution of assets), the Company is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When the Company transacts with a joint operation in which the Company is a joint operator (such as a purchase of assets), the Company does not recognise its share of the gains and losses until it resells those assets to a third party

(o) **Critical Accounting Estimates and Judgements**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key Judgements –Exploration and evaluation expenditure
Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current. These costs are carried forward in respect of an area that has not at balance sheet date reached a stage that permits reasonable assessment of the existence of economically recoverable reserves, refer to the accounting policy stated in note 1(a).

Key Judgements -Share based payment transactions
The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model.

Key Judgments–Environmental issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the company's development and its current environmental impact the directors believe such treatment is reasonable and appropriate

Key Estimate –Taxation
Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the company as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

(p) **Fair value measurements**

The Group measures and recognises the asset, 'Financial assets held for trading' at fair value on a

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

recurring basis after initial recognition.
The Group does not subsequently measure any liabilities at fair value on a non-recurring basis.

(i) Fair Value Hierarchy

AASB 13: Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

(ii) ***Valuation techniques***

The Company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation technique selected by the Company is the Market approach whereby valuation techniques use prices and other relevant information generated by market transactions for identical or similar assets or liabilities. When selecting a valuation technique, the Company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable. The following table provides the fair values of the Company's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

(q) Convertible Notes

The component parts of convertible loan notes issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Consolidated Entity's own equity instruments is an equity instrument. Transaction costs that relate to the issue of the convertible loan notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the equity component are included in the carrying amount of the liability component and are amortised over the lives of the convertible loan notes using the effective interest method. If the embedded derivative is separated from its host contract (because it is not closely related to the host), then it must be accounted for as if it were a standalone derivative. The embedded derivative should be recognised in the statement of

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

financial position at fair value, with changes in fair value recognised in profit or loss as they arise, unless it is designated as an effective hedging instrument in a cash flow or a net investment hedge.

(r) New, revised or amending accounting standards and interpretations adopted

.The Company has considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting period. The Group had to change its accounting policies and make adjustments as a result of adopting the following Standard:

AASB 16: Leases

Changes in Accounting Policies

This note describes the nature and effect of the adoption of AASB 16: Leases on the Group's financial statements and discloses the new accounting policies that have been applied from 1 July 2019, where they are different to those applied in prior periods.

a. Leases

The Company as lessee

At inception of a contract, the Company assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the Company where the Company is a lessee. However, all contracts that are classified as short-term leases (i.e., a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

The Company as lessor

Upon entering into each contract as a lessor, the Company assesses if the lease is finance or operating lease.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

A contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases.

Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (for example, legal cost, costs to set up equipment) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Rental income due under finance leases are recognised as receivables at the amount of the Group's net investment in the leases.

When a contract is determined to include lease and non-lease components, the Group applies AASB 15 to allocate the consideration under the contract to each component.

b. Initial Application of AASB 16: Leases

The Company has adopted AASB 16: Leases retrospectively with the cumulative effect of initially applying AASB 16 recognised at 1 July 2019. In accordance with AASB 16 the comparatives for the 2018 reporting period have not been restated.

Based on the assessment by the Group, it was determined there was no impact on the Company. As such, the Company has not recognised a lease liability and right-of-use asset for all leases (with the exception of short-term and low-value leases) recognised as operating leases under AASB 117: Leases where the Group is the lessee.

There has been no significant change from prior year treatment for leases where the Company is a lessor.

Lease liabilities are measured at the present value of the remaining lease payments, where applicable. The Company's incremental borrowing rate as at 1 July 2019 was used to discount the lease payments.

The right-of-use assets, where applicable for the remaining leases have been measured and recognised in the statement of financial position as at 1 July 2019 by taking into consideration the lease liability and the prepaid and accrued lease payments previously recognised as at 1 July 2019 (that are related to the lease).

	30 June 2020	**30 June 2019**
2. Expenses		
Administrative expenses	74,125	110,148
Exploration written off	43,567	39,936
Exploration expenses	-	300
Initial Public Offering expenses	42,435	96,009
Interest Paid	16,191	3,750
Share Based Payments	45,416	137,644
	221,734	**387,787**

3. Key Management Personnel

Interests of Key Management Personnel

Refer to the remuneration report contained in the directors' report for details of remuneration paid or payable to each member of the Company's key management personnel for the year ended 30 June 2020.The totals of remuneration paid to key management personnel of the Company during the year are as follows

	30 June 2020 $	30 June 2019 $
Short term employee benefits	-	-
Post-employment benefits	-	-
Other long term benefits	-	-
Share based payments	45,416	137,644
	45,416	**137,644**

No compensation was paid in respect to Key Management Personnel in termination benefits

Related Party Information

Family associates of Mr. I.D. Finch and Mr. N.W. McKay entered into Convertible Notes of $33,000 and $15,200 and received interest of $2,048 and $943 respectively.

Mr. T. H. Chang was repaid an unsecured loan of $75,000 and interest of $5,559

4. Income tax benefit/(expense) **(a) Income tax (benefit)/expense**	**Year Ended 30 June 2020 $**	**Year Ended 30 June 2019 $**
Current tax	-	-
Deferred tax	-	-
	-	**-**

(b) Reconciliation of income tax expense to prima facie tax payable

Profit/(Loss) from ordinary activities before income tax	(221,734)	(387,787)

The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

Prima facie tax on operating profit at 27.5% (2019: 30%)	(60,977)	(116,336)
Add tax effect of:		
Non-deductible expenses	13,625	53,401
Capital Raising Costs	(12,263)	(8,667)
Capitalised exploration	(12,483)	(13,068)
Deferred tax assets not brought to account	72,098	84,670
Income tax reported in the statement of comprehensive Income	**-**	**-**

Income tax benefit/(expense) (Cont'd)

(c) Deferred tax assets

Tax losses	193,239	135,688
Provisions and Accruals	3,001	2,100
Capital Raising Costs	39,285	32,681
Other	-	-
Total deferred assets	235,525	170,469
Set-off deferred tax liabilities pursuant to set-off provisions	(88,413)	(90,317)
Net deferred tax assets	147,112	80,152
Less: Deferred tax assets not recognised	(147,112)	(80,152)
Net tax assets	-	-

(d) Deferred tax liabilities

Exploration Expenditure	88,413	90,316
Other	-	-
Non-recognition of deferred tax assets	(88,413)	(90,316)
	-	-

(e) Tax Losses

Unused tax losses for which no deferred tax asset has been recognised	702,686	452,292
Potential tax benefit @ 27.5% (2019: 30.0%)	193,239	135,688

5. Reconciliation of loss for the Period to net cash flows from Operating Activities

	30 June 2020	30 June 2019
Net (loss) Loss for the period	(221,734)	(387,787)
Interest expense	16,191	3,750
Exploration expense written off	43,567	39,936
Performance Rights Net Movement	45,416	137,644
Operating loss before changes in working capital	**(116,560)**	**(206,457)**
Decrease / (Increase) in receivables	(68,812)	555
Increase / (Decrease)in payables	35,141	80,310
Net cash used in operating activities	**(150,231)**	**(125,592)**

Non-cash financing and investing activities

No non-cash financing and investing activities occurred during the Period.

Financing facilities available

As at 30 June 2020, the Company has three financing facility available. For the purposes of the statement of cash flow, cash includes cash on hand and in bank.

6. Cash on Hand and Equivalents

	30 June 2020	30 June 2019

	2,056	**24,109**
7. Trade Receivables		
G.S.T. receivables	26,535	837
Other	43,114	-
	69,649	**837**

8. Tenements

Tenement Acquisition	599,799	392,500
Represented by:		
Acquisition of Bullfinch Project From Talga Resources Ltd.	397,493	392,500
Acquisition of Paris Gold Project from Austral Pacific Pty. Ltd.[1]	192,116	-
Joint Venture with Jindalee Resources Ltd.[2]	10,190	-
	599,799	**392,500**

[1] Non Refundable Deposit and stamp duty

Exploration and evaluation expenditure		
Opening Balance	276,108	232,548
Expenditure for the period[4]	88,959	83,796
Expenditure written off[3]	(43,567)	(40,236)
Closing Balance	**321,500**	**276,108**
Total Exploration and Expenditure	**921,299**	**668,608**

[1] Paris Gold Project

The Company entered into an Option Agreement on 1 November 2019, to acquire The Paris Gold Project, 100km south of Kalgoorlie by way of a $20,000 non-refundable deposit to be followed by a further $80,000 within 14 days of signing the Option Agreement, as amended 9 April 2020. Where upon the Company has 9 months exclusivity to list the Company and the acquired assets on an Australian Stock Exchange or via a Reverse Takeover. At which time the Company will pay the vendor, cash of $550,000 and shares to the value of $1.2 million in the listed entity. Upon commencing production Austral Pacific is entitled to receive a Net Smelter Royalty based on the number of ounces produced. The Royalty may be purchased by the Company by way of a lump sum, or at any time after the payment of $2.9 million for $1,000. The Option was exercised 29 July 2020.

[2] Jindalee Joint Venture

The Company entered into a Farm-in and Joint Venture Agreement on 4 May 2020 with Jindalee Resources Limited.Torque to pay Jindalee $10,000 for past expenditure on the Tenements.

The Company can earn an 80% interest in the Jindalee Tenements by spending $200,000 on the Jindalee Tenements within three years of execution of the Jindalee JV Agreement, with a minimum of $50,000 to be spent within 12 months of execution of the Jindalee JV Agreement Once the Company has earned an 80% interest in the Jindalee Tenements, Jindalee's 20% interest is free carried to completion of a pre-feasibility study.

Torque agrees to pay Jindalee a 1.5% Net Smelter Royalty

Tenements (Cont'd)

[3] **Expenditure Written Off during the year**

- PL77/04106 was relinquished and associated capitalised costs of $3,514 were written off and expensed
- EL77/02221 was surrounded during the year and associated capitalised costs of $40,018 were written off and expensed.

[4] $53,750 relates to exploration license E77/2251 subject to renewal and as of date of report, still to be processed.

	30 June 2020	30 June 2019
9. Trade and other payables		
Trade Creditors	154,767	121,636
Other creditors and accrued expenses	10,912	24,442
	165,679	**146,078**

Trade and other payables are non-interest bearing liabilities stated at cost.

10. Convertible Notes		
(a) Associates of Directors	48,200	-
(b) Other	30,000	-
Less Equity Component	(13,592)	
Present Value of Convertible Notes Issued	**64,608**	**-**

Unsecured, interest at 7.5% p.a. repayable in cash or conversion to shares at 6.7 cents by 3 September 2020 at the election of the Note Holder

Opening Balance	**-**	**-**
Present Value of Convertible Notes issued	64,608	-
Unwinding of equity component	10,007	-
Closing Balance	**74,615**	**-**

11 .Unsecured Loans		
(i) Loan from Director	-	75,000
(ii) Advances from Directors	43,476	41,620
	43,476	**116,620**

(i) Unsecured, repaid during the year at an interest rate of 5% p.a.

(ii) Working capital advances, with no fixed term of repayment and without interest

Reconciliation of liabilities arising from financing activities

		Cash flows		Non-cash changes		
Borrowings	**1 July 2019 $**	**Inflow**	**Outflow**	**Adjustments**	**FX Movement**	**30 June 2020 $**
Unsecured Loans	116,620	1,856	(75,000)	-	-	43,476
Convertible Notes	-	78,200	-	(3,585)	-	74,615
Liabilities from financing activities	**116,620**	**80,056**	**(75,000)**	**(3,585)**	**-**	**118,091**

12. Issued Capital **Year ended 30 June 2020** **Year ended 30 June 2019**

a. Ordinary Shares	No.	$	No.	$
Opening balance for the period	24,916,667	720,300	22,933,333	540,600
Placement at $0.067	6,908,209	462,850	-	-
Placement at $0.10	-	-	1,950,000	195,000
Placement to Adviser	-	-	33,334	3,333
Cost relating to share issue	-	(21,746)	-	(18,633)
`	**31,824,876**	**1,161,404**	**24,916,667**	**720,300**

	Year ended 30 June 2020		Year ended 30 June 2019	
b. Performance Rights	**No.**	**$**	**No.**	**$**
Balance at beginning of reporting period	12,000,000	137,644	-	-
Adjustment for year ended 30 June 2020	-	84,748	-	-
Performance rights cancelled	(4,000,000)	(45,881)	-	-
Performance rights issued to directors	2,000,000	6,549	12,000,000	137,644
	12,000,000	**183,060**	**12,000,000**	**137,644**

Capital risk management

The Board controls the capital of the Company in order to provide the shareholders with adequate returns and ensure that the Company can fund its operations and continue as a going concern. The Company's capital includes ordinary share capital. There are no externally imposed capital requirements.

The Working Capital position of the Company for year endings 30 June 2020 and 2019 are as follows:

Working Capital	**30 June 2020**	**30 June 2019**
Cash and Cash Equivalents	2,056	24,109
Trade and Other Receivables	69,649	837
Current Liabilities	(283,770)	(262,698)
Working Capital Deficit Position	**(212,065)**	**(237,752)**

13 Performance Rights

The Company issued 12,000,000 performance rights to the Directors on 4 September 2018.The share rights are divided into three classes of 3,000,000, 4,000,000 and 5,000,000 respectively , where each class will convert into ordinary shares upon satisfaction of the relevant milestone as set out below and in accordance with the terms and conditions.

4,000,000 performance rights were cancelled upon the termination of Mr. T. Chang.
2,000,000 performance rights were issued to Mr. A. Lofthouse on 11 May 2020.

These rights have not met the vesting criteria and have not been converted to ordinary shares during the period.

Performance Rights (Cont'd)

Tranche	Number of Performance Rights	Performance Condition	Expiry Date
1	2,500,000	20 Day VWAP equals 25% or above admission price.	12 months from the Admission Date
2	3,333,334	20 Day VWAP equals 50% or above admission price.	24 months from the Admission Date
3	4,166,666	Announcement by the Company of the completion of commercial gold pours of at least 5,000 oz.	36 months from the Admission Date

Tranche	Grant Date	Milestone	Expiry Date	Share based payment
8,000,000	**Performance Rights**			
1	4 September 2018	20 Day VWAP equal 25% or above admission price.	12 months from the Admission Date	41,458
2	4 September 2018	20 Day VWAP equals 50% or above admission price	24 months from the Admission Date	43,290
3	4 September 2018	Announcement by the Company of the completion of commercial gold pours of at least 5,000 oz.	36 months from the Admission Date	-
				84,748

Performance rights granted to a former director were forfeited and previous amount of $45,881 was reversed to the profit and loss.

Tranche	Grant Date	Milestone	Expiry Date	Share based payment
2,000,000	**Performance Rights**			
1	11 May 2020	20 Day VWAP equal 25% or above admission price	12 months from the Admission Date	4,728
2	11 May 2020	20 Day VWAP equals 50% or above admission price	24 months from the Admission Date	1,821
3	11 May 2020	Announcement by the Company of the completion of commercial gold pours of at least 5,000 oz.	36 months from the Admission Date	-
				6,549

The fair value of performance rights granted were independently valued using standard valuation techniques (including Monte Carlo simulation and probability distribution) taking into account the terms and conditions upon which the rights were granted as detailed below:

Performance Rights (Cont'd)

Tranche	Grant Date	Period (years)	Valuation Per right	Expected Volatility	Risk Free Interest Rate	Dividend Yield
8,000,000	**Performance Rights**					
1	4-Sep-18	2.5	$0.06	100%	1.97%	-
2	4-Sep-18	3.5	$0.06	100%	2.02%	-
3[1]	4-Sep-18	4.5	$0.10	100%	2.11%	-
2,000,000	**Performance Rights**					
1	11-May-20	2.5	$0.06	100%	1.97%	-
2	11-May-20	3.5	$0.06	100%	2.02%	-
3[1]	11-May-20	4.5	$0.10	100%	2.11%	-

[1]Tranche 3 being a non-market condition has a 0% probability of being met.

(i) The Company issued current Directors with 10,000,000 Performance Rights. These Performance Rights were independently valued in accordance to the probability of achieving the required performance milestones at grant date.

	30 June 2020	30 June 2019
14. Accumulated Losses	**$**	**$**
Opening Balance	(427,088)	(39,301)
Net Loss attributable to members	(221,734)	(387,787)
Closing Balance	**(648,822)**	**(427,088)**

15 Financial Risk Management

The Company's principal financial instruments comprise receivables, payables, and cash

The Board of Directors has overall responsibility for the oversight and management of the Company's exposure to a variety of financial risks (including fair value interest rate risk, credit risk, liquidity risk and cash flow interest rate risk).

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

Interest rate risks
The Company's exposure to market interest rates relates to cash deposits held at variable rates. The Board constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions

Credit risk
The maximum exposure to credit risk at balance date is the carrying amount (net of provision of doubtful debts) of those assets as disclosed in the Statement of Financial Position and notes to the financial statements. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Credit risk related to balances with banks and other financial institutions is managed by the board. The
Financial Risk Management (Cont'd)
board's policy requires that surplus funds are only invested with counterparties with a Standard & Poor's rating of at least A+.

Financial Risk Management (Cont'd)

Liquidity risk
The responsibility for liquidity risk management rests with the Board of Directors. The Company's liquidity risk by maintaining sufficient cash or credit facilities to meet the operating requirements of the business and investing excess funds in highly liquid short term investments

Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return

Maturity profile of financial instruments
The following tables detail the Company's exposure to interest rate risk as at 30 June 2020 and 30 June 2019:

30 June 2020	**Floating Interest Rate**	**Fixed Interest Maturing in 1 year or less**	**Non Interest Bearing**	**2020 Total**
	$	**$**	**$**	**$**
Financial Assets				
Cash and Cash Equivalents	-	-	2,056	2,056
Trade and Other Receivables	-	-	69,649	69,649
	-	**-**	**71,705**	**71,705**
Weighted average effective interest rate	nil			
Financial Liabilities				
Trade and Other Payables	-	-	165,679	**165,679**
Unsecured Loans	-	-	43,476	**43,476**
Convertible Notes	-	74,615	-	**74,615**
	-	**74,615**	**209,155**	**283,770**

30 June 2019	**Floating Interest Rate**	**Fixed Interest Maturing in 1 year or less**	**Non Interest Bearing**	**2019 Total**
	$	**$**	**$**	**$**
Financial Assets				
Cash and Cash Equivalents	-	-	24,109	24,109
Trade and Other Receivables	-	-	837	837
	-	**-**	**24,946**	**24,946**
Weighted average effective interest rate	nil			
Financial Liabilities				
Trade and Other Payables	-	-	146,078	**146,078**
Unsecured Loans	-	75,000	41,620	**116,620**
	-	**75,000**	**187,698**	**262,698**

Financial Risk Management (Cont'd)

Net Fair Value

The carrying value and net fair values of financial assets and liabilities at balance date are:

	2020		2019	
	Carrying Value	Net Fair Value	Carrying Value	Net Fair Value
	$	$	$	$
Financial Assets				
Cash and Deposits	2,056	2,056	24,109	24,109
Receivables	69,649	69,649	837	837
	71,705	**71,705**	**24,946**	**24,946**
Financial Liabilities				
Payables	165,679	165,679	146,078	146,078
Unsecured Loans	43,476	43,476	116,620	116,620
Convertible Notes	74,615	74,615	-	-
	283,770	**283,770**	**262,698**	**262,698**

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. All financial instruments measured at fair value are level one, meaning fair value is determined from quoted prices in active markets for identical assets.

Sensitivity Analysis

Interest Rate Risk

The Company has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks

Sensitivity

	30 June 2020	30 June 2019
	$	$
Change in Loss		
- Increase in interest rate by 100 basis points	21	241
- Decrease in interest rate by 100 basis points	(21)	(241)
Change in Equity		
- Increase in interest rate by 100 basis points	21	241
- Decrease in interest rate by 100 basis points	(21)	(241)

16. Earnings per Share

a) Reconciliation of earnings to profit or loss:		
Loss for the year	(221,734)	(387,787)
Loss used to calculate the basic and diluted EPS	(221,734)	(387,787)
b) Basic and diluted weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	27,277,176	24,223,611

17. Commitments

In order to maintain rights of tenure to mining tenements, the Company would have the following discretionary exploration expenditure requirements up until expiry of leases. These obligations, which are subject to renegotiation upon expiry of the leases, are not are not provided for in the financial statements and are payable:

	30 June 2020 $	30 June 2019 $
Tenement Commitments		
Not longer than one year	288,000	210,000
Longer than one year but not longer than five years	642,378	209,000
Longer than five years	-	-
	930,378	**419,000**

The Company currently has commitments in excess of cash, however the Board believes it will be able to raise the additional funds to satisfy the commitments for the future.

Tenement Commitments (Cont'd)

If the Company decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the statement of financial position may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

	30 June 2020 $	30 June 2019 $
Tenement Capital Commitments		
Not longer than one year	50,000	-

The Company has entered into a sale and purchase agreement with Tribal Mining Pty Ltd on 13 May 2020 to purchase tenement EL 77/2607 for a consideration of $50,000 (plus GST) payable 3 days after the Company is granted listing on an Australian Stock Exchange.

18. Operating Segments

The Company operates in Western Australia, Australia

19. Contingencies

The directors are not aware of any contingent liabilities or assets as at 30 June 2020.

20. Events after the reporting period

3 July 2020

- 3 June 2020 Prospectus withdrawn

24 July 2020

- The Company entered into an Underwriting Agreement with Martin Place Securities Pty. Ltd. to raise a proposed capital raising of $600,000 (minimum subscription) and $900,000 (maximum subscription) no later than 30 September 2020. The Underwriter will receive a fee of 6% and a management fee of 1% on terms considered normal for such an agreement

28 July 2020

- 16,346,507 ordinary shares were allotted at 6.7 cents to raise $1,095,216 before costs of $64,838.

Events after the reporting period (Cont'd)

- The company entered into a Promissory Note with Martin Place Securities for an amount of $290,000 of which $215,070 has been received, leaving an outstanding balance of $74,930 that is payable no later than 19 November 2020.
- The Company was admitted to the Sydney Stock Exchange
- 2,000,000 unlisted options exercisable at 15 cents on or before three years from the date of issue, issued to Martin Place Securities Pty. Ltd.

29 July 2020

- The Company acquired 100% ownership of the Paris Gold Project by:

a) Exercising the Austral Pacific Option Agreement with a payment of $550,000 +GST
b) Issuing 12,000,000 ordinary shares at a deemed value of 10 cents to Austral Pacific Pty.
c) Reimbursement of tenement expenses $223,867

- Upon completion the Company's issued capital increased to 60,171,382 ordinary shares

19 August 2020

- The Company issued a Prospectus for an offer of up to 9,000,000 Shares at an issue price of $0.10 each to raise up to $900,000 before costs, with a minimum subscription requirement to raise at least $600,000 before costs. The Minimum Subscription amount of the Public Offer being underwritten by Martin Place Securities Pty Ltd.

10 September 2020

- The Company issued a Replacement Prospectus to that dated 19 August 2020.

17 September 2020

- The Company issued a Supplementary Prospectus to that dated 10 September 2020.

30 September 2020

- The Company issued a Second Supplementary Prospectus to that dated 10 September 2020.

Additional Shareholders Information

information required by Sydney Stock Exchange Limited and not shown elsewhere in this Annual Report is as follows. The information is provided as at 30 September 2020.

DETAILS OF HOLDERS OF EQUITY SECURITIES

ORDINARY SHAREHOLDERS

There are 60,171,382 fully paid ordinary shares on issue, held by 100 individual shareholders. Each member entitled to vote may vote in person or by proxy or by attorney and on a show of hands every person who is a member or a representative or a proxy of a member shall have one vote and on a poll every member present in person or by proxy or attorney or other authorised representative shall have one vote for each share held

20 LARGEST SHAREHOLDERS AS AT 30 SEPTEMBER 2020

Rank	Name	Units
1	AUSTRAL PACIFIC PTY LTD	11,640,000
2	TURF MOOR PTY LTD	10,000,000
3	**GROUP # 1456530**	**6,705,000**
	MR TSHUNG HUI CHANG	730,000
	TSHUNG HUI CHANG	5,975,000
4	**GROUP # 1456508**	**3,738,806**
	MR SEAGER REX HARBOUR	746,195
	MR SEAGER REX HARBOUR	2,992,611
5	**GROUP # 1456506**	**2,985,074**
	BEARAY PTY LTD <BRIAN CLAYTON S/F A/C>	994,926
	BEARAY PTY LTD <BRIAN CLAYTON S/F A/C>	1,990,148
6	TRIBAL MINING PTY LTD <TRIBAL MINING DISCRETIONARY A/C>	2,292,537
7	**LEET INVEST (#1485626)**	**2,200,000**
	LEET INVESTMENTS PTY LTD <SUPERANNUATION FUND A/C>	200,000
	LEET INVESTMENTS PTY LIMITED	333,300
	LEET INVESTMENTS PTY LIMITED <SUPERANNUATION FUND A/C>	333,300
	LEET INVESTMENTS PTY LIMITED <SUPERANNUATION FUND A/C>	666,700
	LEET INVESTMENTS PTY LIMITED	666,700
8	**GROUP # 1456517**	**2,018,358**
	MARTIN PLACE SECURITIES NOMINEES PTY LTD	575,716
	MARTIN PLACE SECURITIES NOMINEES PTY LTD	1,442,642
9	**GROUP # 1456520**	**1,246,269**
	PATINA RESOURCES PTY LTD	248,732
	PATINA RESOURCES PTY LTD	997,537
10	**GROUP # 1456523**	**1,050,000**
	MR NEIL FRANCIS STUART	349,965
	MR NEIL FRANCIS STUART	700,035
11	SEISTEND PTY LTD	1,000,000
12	**GROUP # 1456512**	**746,268**
	LADYMAN SUPER PTY LTD <LADYMAN SUPER FUND A/C>	248,732
	LADYMAN SUPER PTY LTD <LADYMANSUPERFUND A/C>	497,536
13	**GROUP # 1456526**	**600,000**
	MS SERENELLA TONELLO	199,980
	MS SERENELLA TONELLO	400,020
14	**GROUP # 1456528**	**600,000**
	MR JAMES PATRICK TUITE & MRS WENDY TUITE <TUITE SUPER 1 A/C>	199,980
	MR JAMES PATRICK TUITE + MRS WENDY TUITE <TUITE SUPER 1 A/C>	400,020
15	MR LUO QI	600,000
16	MR DANIEL JAMES GREENE	500,000
17	KITSILANO INVESTMENTS PTY LTD <KITSILANO SUPER FUND A/C	500,000

18	**GROUP # 1456518**	**450,000**
	MULTIPACK HOLDINGS PTY LTD	149,985
	MULTIPACK HOLDINGS PTY LTD	300,015
19	**GROUP # 1456524**	**450,000**
	TELAN SUPER PTY LTD <TELAN SUPER FUND A/C>	149,985
	TELAN SUPER PTY LTD <TELAN SUPER FUND A/C>	300,015
20	LIEN PTY LTD <THE NEIL PENSION FUND A/C>	450,000
Totals: Top 20 holders		**49,772,312**
Total Remaining Holders		**10,399,070**
Total Holders		**60,171,382**

VOTING RIGHTS

Subject to any rights or restrictions for the time being attached to any class or classes (at present there are none) at general meetings of shareholders or classes of shareholders:

(a)each shareholder entitled to vote, may vote in person or by proxy, attorney or representative;

(b)on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and

(c)on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held, or in respect of which he/she has appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the shares.

HOLDERS OF NON-MARKETABLE PARCELS

There are 2 shareholders who hold less than a marketable parcel of shares.

STOCK EXCHANGE INFORMATION

DISTRIBUTION OF SHARE HOLDERS (AS AT 30 SEPTEMBER 2020)

	Ordinary Shares
1 - 1,000	-
1,001 - 5,000	5,000
5,001 - 10,000	10,000
10,001 - 100,000	1,410,099
100,001 and over	58,746,283
TOTAL	**60,171,382**

SUBSTANTIAL SHAREHOLDERS

As at report date, the following shareholders are recorded as Substantial Shareholders

Substantial Shareholder	Ordinary Shares Held	% Held
Austral Pacific Pty. Ltd.	11,640,000	19.3%
Turf Moor Pty. Ltd.	10,000,000	16.6%
Tshung H. Chang	6,705,000	11.1%
Seager Rex Harbour	3,738,806	6.2%
Bearay Pty. Ltd.<Brian Clayton S/F/ A/C>	2,985,074	5.0%

UNLISTED OPTIONS

2,000,000 unlisted options exercisable at 15 cents each on or before 27 July 2023 issued to Martin Place Securities Pty. Ltd.

SHARE BUY-BACKS

There is no current on-market buy-back scheme.

OTHER INFORMATION

Torque Meals Limited is incorporated and domiciled in Australia and is a Public Listed Company limited by Shares.

Tenements

INTEREST IN MINING TENEMENTS as at 25 September 2020

Tenement	Registered Holder [4]	Tenement Name	Beneficial Interest
M 15/1175	Austral Pacific Pty. Ltd. [1]	Paris Gold Project	100%
M 15/479	Austral Pacific Pty. Ltd. [1]	Paris Gold Project	100%
M 15/480	Austral Pacific Pty. Ltd. [1]	Paris Gold Project	100%
M 15/481	Austral Pacific Pty. Ltd. [1]	Paris Gold Project	100%
M 15/482	Austral Pacific Pty. Ltd. [1]	Paris Gold Project	100%
M 15/496	Austral Pacific Pty. Ltd. [1]	Paris Gold Project	100%
M 15/497	Austral Pacific Pty. Ltd. [1]	Paris Gold Project	100%
M 15/498	Austral Pacific Pty. Ltd. [1]	Paris Gold Project	100%
M 15/1719	Austral Pacific Pty. Ltd. [1]	Paris Gold Project	100%
P 15/5992	Austral Pacific Pty. Ltd. [1]	Paris Gold Project	100%
P 15/6149	Austral Pacific Pty. Ltd. [1]	Paris Gold Project	100%
E15/1736	Jindalee Resources Ltd [2]	Paris Gold Project	0%
AEL15/1747**	Jindalee Resources Ltd [2]	Paris Gold Project	0%
AEL15/1752**	Jindalee Resources Ltd [2]	Paris Gold Project	0%
E77/2522	Torque Metals Limited	Bullfinch	100%
E77/2222	Talga Resources Ltd. [3]	Bullfinch	100%
E77/2251	Talga Resources Ltd. [3]	Bullfinch	100%
E77/2350	Talga Resources Ltd. [3]	Bullfinch	100%

Note 1	**Austral Pacific Pty. Ltd.**
	Tenements acquired 29 July 2020
	Awaiting Stamp Duty Assessment before tenements may be transferred into the name of Torque Metals Limited
Note 2	**Jindalee Resources Limited**
	1st year Farm-In earning interest
Note 3	Talga Resources Limited
	Tenements acquired July 2018
	Stamp Duty assessed and awaiting transfer into Torque Metals
Note 4	Torque Metals Limited is the Manager of all Tenements
**	Applications waiting for grant
P	Prospecting Licence
E	Exploration Licence
M	Mineral Licence

APPENDIX 2 (b)

TORQUE METALS LIMITED

ACN 621 122 905

Financial statements for the year ended

30 June 2019

Corporate Directory

Board of Directors

Ian D. Finch	Managing Director
Neil W. McKay	Executive Director
Tshung H. Chang	Non-Executive Director

Company Secretary

Neil W. McKay

Principal Place of Business

4 Glencoe Road
Ardross
West Perth WA 6153

Postal Address

PO Box 27
West Perth, Western Australia 6872

Auditors

Bentleys Audit & Corporate (WA) Pty Ltd
P.O. Box 7775
Cloister Square WA 6850

Banker

Westpac Banking Corporation
1257 Hay Street
West Perth, Western Australia 6005

Contents

Director's Report

The directors of Torque Metals Limited ("Torque" or "the Company") present their report on Torque for the year ended 30 June 2019 ("the Year").

Directors
The names of the directors of the Company during the year are:
Ian D. Finch
Neil W. McKay
Tshung H. Chang

Directors have been in office since the start of the Year to the date of this report unless otherwise stated.

Ian D. Finch	Managing Director (appointed 16 August 2017)
Qualifications	BSc (Hons) in Geology from the University of Birmingham (England), Member of the Australasian Institute of Mining and Metallurgy, and a Member of the Australian Institute of Company Directors
Experience	Mr. Finch's career spans 49 years of mining and exploration. He worked extensively throughout Southern Africa between 1970 and 1981—from the Zambian Copper Belt and Zimbabwean Nickel and Chrome fields to the Wiltwaters and Gold Mines in South Africa. In 1982 he joined CRA Exploration as a Principal Geologist, before joining Bond Gold as its Chief Geologist in 1987. In this role he was instrumental in the discovery and development of several new gold and copper/gold resources in Australia. In 1993 Mr. Finch established Taipan Resources Ltd, a company which successfully pioneered the exploration for large gold deposits in the Ashburton District of Western Australia—when it was discovered a resource of approximately 1.0 million ounces at the Paulsen's Project. In 1999 Mr. Finch founded Templar Resources Limited, now a 100% owned subsidiary of Canadian Listed company Goldminco Corporation. As President/CEO for Goldminco until May 2005, Mr. Finch established an extensive exploration portfolio in New South Wales where the Company is actively exploring for large porphyry copper / gold deposits. During his presidency, Mr. Finch forged strong strategic ties with the major mining houses and financial institutions in Vancouver, Toronto and London.
Interest in Shares	10,000,000 fully paid ordinary shares. 50% beneficial interest in Turf Moor Pty. Ltd. a company in which he is a shareholder.
Interest in Performance Rights	4,000,000
Directorships held in other listed entities	None.

Neil W. McKay	Executive Director (appointed 16 August 2017) Company Secretary (appointed 16 August 2017)
Qualifications	Bachelor or Business
Experience	Mr. McKay is a former Chartered Accountant and has been involved in the resources industry for more than 30 years. He has been Company Secretary for several listed resource public companies and held senior administrative and accounting positions for a number of other resource companies. Since 1995, he has operated as an independent consultant specializing in the incorporation and administration of resource companies with special focus in South East Asia. For the last two years, he has divided his time between Australia where he provides consultation to various public companies, and South East Asia where he continues his involvement.
Interest in Shares	10,000,000 fully paid ordinary shares. 50% beneficial interest in Turf Moor Pty. Ltd., a company in which he is a shareholder
Interest in Performance Rights	4,000,000
Directorships held in other listed entities	None.
Tshung H. Chang	Non-Executive Director (appointed 21 November 2017)
Qualifications	B.Com GC Banking GradDipAppFin
Experience	Mr. Chang career spans 23 years with Financial Institutions in Perth, Sydney and Hong Kong. He has played a key role in the franchise development of several major international banks in North Asia. He is the founder and managing director of Ever Smooth Holdings Limited (Registered in Hong Kong) providing international trade, management consultancy and market development to foreign investment companies. Prior to that he was the Relationship Director, North Asia for Westpac Banking Corporation (Hong Kong), a Vice President of DBS Bank (Hong Kong) Limited, Head of Relationship Management Asia ex-Japan of Nomura International (Hong Kong) Limited and Director of Business Development, Structured Finance Non-Japan Asia for Fitch Ratings also based in Hong Kong. Until early 2007 Mr. Chang was based in Sydney where he was the Senior Relationship Manager – MBS, Australia and N.Z. for QBE LMI Ltd (formerly known as PMI Mortgage Insurance) and Business Analyst – Business Development, Australia and N.Z with GE Capital Mortgage Insurance Services. Prior to which he held senior roles in Sydney and Perth with National Australia Bank Limited providing international trade, management consultancy and market development to FI/Corps. As well as being bilingual in Chinese/English he is skilled in mining/resources financing, structured finance, credit ratings, debt and capital raising, asset and risk management, with deep expertise across Asia-Pacific.
Interest in Shares	7,150,000 fully paid ordinary shares
Interest in Performance Rights	4,000,000
Directorships held in other listed entities	None.

Directors Remuneration for the Year ended 30 June 2019

	Salary, Fee, Commission $	Director's Fees $	Cash Bonus $	Superannuation Contribution $	Performance Rights $	Total $
Ian D Finch	nil	nil	nil	nil	45,881	45,881
Neil W. McKay	nil	nil	nil	nil	45,882	45,882
Tshung H. Chang	nil	nil	nil	nil	45,881	45,881
	nil	nil	nil	nil	137,644	137,644

Directors Remuneration for the Period ended 30 June 2018

	Salary, Fee, Commission $	Director's Fees $	Cash Bonus $	Superannuation Contribution $	Total $
Ian D Finch	nil	nil	nil	nil	nil
Neil W. McKay	nil	nil	nil	nil	nil
Tshung H. Chang	nil	nil	nil	nil	nil
	nil	nil	nil	nil	nil

Performance Rights

12 million Performance Rights were issued to Directors during the current financial year and represents the only share based payments issued by the Company. No Performance Rights have vested during the financial year ended 30 June 2019. When the performance or price criteria are met, all share rights can then be converted into ordinary shares only on a 1 : 1 basis.

Performance Rights	Granted Number	Grant Date	Fair Value Performance Rights	Expiry Date	Vested Number
Ian D. Finch	1,000,000 1,333,333 1,666,667	4 Sept. 2018 4 Sept. 2018 4 Sept. 2018	\$0.05918 \$0.0646 \$0.10025[1]	12 mths from listing 24 mths from listing 36 mths from listing	- - -
Tshung H. Chang	1,000,000 1,333,333 1,666,667	4 Sept. 2018 4 Sept. 2018 4 Sept. 2018	\$0.05918 \$0.0646 \$0.10025[1]	12 mths from listing 24 mths from listing 36 mths from listing	- - -
Neil W. McKay	1,000,000 1,333,334 1,666,666	4 Sept. 2018 4 Sept. 2018 4 Sept. 2018	\$0.05918 \$0.0646 \$0.10025[1]	12 mths from listing 24 mths from listing 36 mths from listing	- - -
	12,000,000				

[1]Tranche 3 being a non-market condition has a 0% probability of being met. Nil Value recorded.

Other transaction with Directors of the Company

On 21 August 2018, the Company entered into a $75,000 unsecured loan agreement at an interest rate of 5% p.a. with Mr. T. Chang. The loan agreement was approved by shareholders at the Annual General Meeting held 30 November 2018. The unsecured loan with outstanding accrued interest was repaid after year end by way of the Company obtaining Unsecured Convertible Notes from the families of two directors (Finch and McKay) on the following terms and conditions and from an unrelated 3rd party. These are subject to shareholder approval.

Terms	**Catherine A. Finch**	**Giovanna C. McKay**
Date of Issue	3 September 2019	3 September 2019
Sum	$33,000	$15,200
Term	6 months from date of issue	6 months from date of issue
Security	None	None
Interest Rate	7.5 % p.a.	7.5% p.a.
Exercise	Convertible at any time	Convertible at any time

Review of Operations

The loss of the Company for the Year after providing for income tax, amounted to $387,787 (period ended 30 June 2019: $39,301). The expenditure incurred during the Year related to corporate and administration expenditure, Initial Public Offering expenses and non-capitalized expenses relating to tenement acquisition.

Significant changes in state of affairs

There were no significant changes in state of affairs of the Company during the Year.

Principal Activities

Torque Metals Limited was incorporated on 16 August 2017 as an Australian private company for the purpose of being listed on the Australian Securities Exchange ("ASX"). On 5 January 2018, it was converted to a public unlisted company. The Company lodged a Prospectus with A.S.I.C. on 18 October 2018 but prevailing market circumstances, at that time, resulted in the Prospectus being formally withdrawn 11 December 2018. Since that date the Company has continued its mineral exploration programme awaiting a favourable upturn in the market.

Events arising since the end of the Year

- No matters or circumstances have arisen since the end of the reporting Year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of the Company in subsequent financial periods. Except that: The Company entered into an Option Agreement on 1 November 2019, to acquire The Paris Gold Project, 100km south of Kalgoorlie by way of a $20,000 non refundable deposit to be followed by a further $80,000 within 14 days of signing the Option Agreement. Where upon the Company has 6 months exclusivity to list the Company and the acquired assets on ASX or via a Reverse Takeover. At which time the Company will pay the vendor, cash of $550,000 and shares to the value of $1.2 million in the listed entity.
- The Company raised a further $45,100 via the issue of 673,134 ordinary shares at $0.067 each. The shares are to rank equally in all respects to shares on issue.
- The wives of two directors and an unrelated third party entered into 3 separate Convertible Notes, totaling $78,200 and maturing 6 months from the date of issue at an interest rate of 7.5% p.a. or convertible to shares at the discretion of the Convertible Note Holder at 6.7 cents a share. Further details on the related party convertible note can be found in the directors' remuneration section.
- The Company repaid the unsecured loan and accrued interest totaling $81,260 to Mr. T.H Chang.
- On 22 October 2019 more than 50% of shareholders (majority) provided the Company

with a S249D Notice requesting the calling of a General Meeting for the removal of Mr. T. Chang as a director.

Likely developments and expected results

Likely developments in the operations of the Company and the expected results of those operations in future financial periods have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Environmental Issues

The Company's operations are subject to environmental regulations under a law of the Commonwealth or state or territory of Australia.

Dividends

No amounts have been paid or declared by way of dividend shares since the date of incorporation

Options

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

Indemnification and insurance of directors and officers

The Company entered into Deeds of Indemnification with the directors and officers of the Company. However, there have been no premiums paid to insure the directors and officers of the Company. The Company will look to insure the directors and officers of the Company.

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.

Non-Audit Services

During the period ending 30 June 2019, the Company's Auditor, Bentleys Audit & Corporate (WA) Pty Ltd did not perform any non-audit services, except for taxation services ($1,000).

Auditor's Independence Declaration

The auditor's independence declaration for the Period ended 30 June 2019 forms part of the Director's Report and can be found on page 8.

Signed in accordance with a resolution of directors.

On behalf of the directors

Ian D Finch
Managing Director

Bentleys
THINKING AHEAD

Bentleys Audit & Corporate (WA) Pty Ltd
London House
Level 3,
216 St Georges Terrace
Perth WA 6000

PO Box 7775
Cloisters Square WA 6850

ABN 33 121 222 802

T +61 8 9226 4500
F +61 8 9226 4300

bentleys.com.au

To The Board of Directors

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

As lead audit partner for the audit of the financial statements of Torque Metals Limited for the financial period ended 30 June 2019, 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 audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully

Bentleys

BENTLEYS
Chartered Accountants

Mark Delaurentis

MARK DELAURENTIS CA
Partner

Dated at Perth this 8th day of November 2019

Independent Auditor's Report

To the Members of Torque Metals Limited

Bentleys
THINKING AHEAD

Bentleys Audit & Corporate (WA) Pty Ltd
London House
Level 3,
216 St Georges Terrace
Perth WA 6000

PO Box 7775
Cloisters Square WA 6850

ABN 33 121 222 802

T +61 8 9226 4500
F +61 8 9226 4300

bentleys.com.au

Opinion

We have audited the accompanying financial report, being a special purpose financial report, of Torque Metals Limited ("the Company"), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and comprehensive income, the statement of cash flows and the statement of changes in equity for the period ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the financial report of Torque Metals Limited is in accordance with the Corporations Act 2001, including:

a. giving a true and fair view of the Company's financial position as at 30 June 2019 and of its performance for the period ended on that date; and

b. complying with Australian Accounting Standards to the extent described in Note 2, and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We 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 2.2 in the financial report, which indicates that the Company incurred a net loss of $387,787 for the year ended 30 June 2019. As stated in Note 2.2, these events or conditions, along with other matters as set forth in Note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Independent Auditor's Report
To the Torque Metals Limited *(Continued)*

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the entity's annual report for the period ended 30 June 2019, 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.

Directors' Responsibility 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 and have determined that the basis of preparation described in Note 2 to the financial report is appropriate to meet the requirements of the Corporations Act 2001 and is appropriate to meet the needs of the members. 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 ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is

Independent Auditor's Report
To the Torque Metals Limited *(Continued)*

sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used based on the accounting policies disclosed in Note 2 and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Bentleys

BENTLEYS
Chartered Accountants

Mark Delaurentis

MARK DELAURENTIS CA
Partner

Dated at Perth this 8th day of November 2019

Director's Declaration

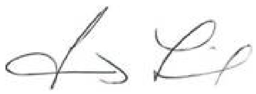
The directors have determined that the Company was not a reporting entity as at balance sheet date and therefore, this special purpose financial report has been prepared in accordance with the accounting policies described in note 2 to the financial statements.

The directors of the Company declare that:

1. The financial statement and notes, as set out on pages 13 to 27 present fairly the financial position as at 30 June 2019 and the performance of the Company for the year ended on that date in accordance with the accounting policies outlined in note 2 to the financial statements.
2. There are reasonable grounds to believe that the Company 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.

On behalf of the directors



Ian D. Finch
Managing Director
Perth, 8 November 2019

Statement of profit or loss and other comprehensive income for the year ended 30 June 2019

	Note	Year Ended 30 June 2019 $	For the period From 16 August 2017 (date of incorporation) to 30 June 2018 $
Revenue from continuing operations		-	-
Other income		-	-
Total revenue and other income			
Corporate administrative expenses	3	(110,148)	(38,109)
Financial expense interest	3	(3,750)	(1,192)
Performance Rights Issued	10	(137,644)	-
Exploration expense written off	3	(40,236)	-
Prospectus expense written off	3	(96,009)	-
Loss before income tax		(387,787)	(39,301)
Income tax expense	4	-	-
Loss for the period		(387,787)	(39,301)
Other comprehensive income, net of income tax		-	-
Total comprehensive loss for the period		(387,787)	(39,301)
Loss attributable to:			
Owners of Torque Metals Limited		(387,787)	(39,301)
Total comprehensive loss attributable to:			
Owners of Torque Metals Limited		(387,787)	(39,301)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Statement of financial position as at 30 June 2019

	Note	30 June 2019 $	30 June 2018 $
Current assets			
Cash and cash equivalents	5	24,109	299,790
Trade and other receivables	7	837	1,392
Total current assets		24,946	301,182
Non current assets			
Tenement Acquisition		392,500	130,000
Exploration and evaluation expenditure		276,108	232,548
Total non-current assets		668,608	362,548
Total assets		**693,554**	**663,730**
Current liabilities			
Trade and other payables	8	146,078	62,020
Unsecured loans	9	116,620	100,411
Total current liabilities		**262,698**	**162,431**
Total liabilities		**262,698**	**162,431**
Net assets		**430,856**	**501,299**
Equity			
Issued capital	11	720,300	540,600
Performance Reserve	10	137,644	-
Accumulated losses		(427,088)	(39,301)
Total equity		**430,856**	**501,299**

The above statement of financial position should be read in conjunction with the accompanying notes

Statement of changes in equity for the year ended

30 June 2019

	Issued capital $	Accumulated losses $	Performance Rights Reserve $	Total $
Balance at incorporation (16 August 2017)	20,000	-	-	20,000
Loss for the period	-	(39,301)	-	(39,301)
Total comprehensive income/loss for the period	-	(39,301)	-	(39,301)
Issue of ordinary shares	548,333	-	-	548,333
Transaction costs	(27,733)	-	-	(27,733)
Balance as at 30 June 2018	**540,600**	**(39,301)**	**-**	**501,299**
Balance as at 1 July 2019	540,600	(39,301)	-	501,299
Loss for the year	-	(387,787)	-	(387,787)
Total comprehensive Income/loss for the period	-	(387,787)	-	(387,787)
Issue of ordinary shares	195,000	-	-	195,000
Performance Rights issued	-	-	137,644	137,644
Transaction costs	(15,300)	-	-	(15,300)
Balance as at 30 June 2019	**720,300**	**(427,088)**	**137,644**	**430,856**

The above statement of changes in equity should be read in conjunction with the accompanying notes

Statement of cash flow for the year ended 30 June 2019

	Notes	30 June 2019 $	For the period 16 August 2017 to 30 June 2018 $
Cash flow used in operating activities			
Payments to suppliers and employees		(125,592)	(18,457)
Net cash (used) in operating activities	6	**(125,592)**	**(18,457)**
Cash flow used from investing activities			
Tenement acquisition		(262,500)	(130,000)
Exploration and evaluation		(83,497)	(157,003)
Net cash (used) in investing activities		(345,997)	(287,003)
Cash flow from financing activities			
Proceeds from share issue		179,700	530,000
Directors' loans		16,210	75,250
Net cash from financing activities		195,910	605,250
Net (decrease) increase in cash and cash equivalents		(275,681)	299,790
Cash and cash equivalents at the beginning of the period		299,790	-
Cash and cash equivalents 30 June 2019		**24,109**	**299,790**

The above statement of cash flow should be read in conjunction with the accompanying notes

Notes to the financial statements for the Year 30 June 2019

1. General Information

The financial statements and notes thereto represent those of Torque Metals Limited ("Torque" or "the Company") for the Year ended 30 June 2019 ("the Year"). .

Torque Metals Limited is a company limited by shares, incorporated and domiciled in Australia. Torque Metals Limited is a for-profit entity for the purpose of preparing financial statements under the Australian Accounting Standards.

2. Statement of Significant Accounting Policies

The directors have prepared the financial statements on the basis that Torque Metals Limited ("Torque" or "the Company") is a non-reporting entity (as at balance sheet date) because there are no users dependent on a general purpose financial report. The financial report is therefore a special purpose financial report that has been prepared for the purpose of the preparation of an Independent Accountant's Report for inclusion in a Prospectus and in order to meet the needs of The Corporations Act 2001.

These financial statements have been prepared in accordance with the recognition and measurement requirements by the Australian Accounting Standards and Interpretations and the disclosure requirements on AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* and AASB 1054 *Australian Additional Disclosures*.

2.1 Basis of preparation

These special purpose financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets and financial liabilities. The amounts presented in the financial statements have been rounded off to the nearest dollar unless stated otherwise.

2.2 Going Concern

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

The Company incurred a net loss of $387,787 (2018: $39,301) and experienced net cash outflows from operations of $125,592 ($21,327 for the period ended 30 June 2018). The Company has liabilities of $262,698 (2018: $162,431) and cash on hand of $24,109(2018 $299,790).

The ability of the Company to continue as a going concern is dependent upon the success of the fundraising under a prospectus yet to be issued. This requirement gives rise to a material uncertainty that may cast a significant doubt over the Company's ability to continue as a going concern and therefore that it will be able to realise its assets and discharge its liabilities in the normal course of business, and at the amount stated in the financial report.

The directors believe that the Company will continue as a going concern for the following reasons:

- The Company plans to undertake a capital raise under a prospectus to raise $5.5M (before costs);
- The significant borrowings that the Company has are unsecured loans with the Directors of the Company and Unsecured Convertible Notes with their associates.

Should the Company not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

2.3 New and amended standards adopted by the Company

The Company has adopted all the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Company include:

- AASB 9 Financial Instruments and related amending Standards;

- AASB 15 Revenue from Contracts with Customers and related amending Standards; and AASB 2016-5

Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions.

AASB 9 Financial Instruments and related amending Standards

In the current year, the Company has applied AASB 9 Financial Instruments (as amended) and the related consequential amendments to other Accounting Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of AASB 9 allow an entity not to restate comparatives however there was no material impact on adoption of the standard.

Additionally, the Company adopted consequential amendments to AASB 7 Financial Instruments: Disclosures.

In summary AASB 9 introduced new requirements for:

- The classification and measurement of financial assets and financial liabilities;
- Impairment of financial assets; and General hedge accounting.

AASB 15 Revenue from Contracts with Customers and related amending Standards

In the current year, the Company has applied AASB 15 Revenue from Contracts with Customers (as amended) which is effective for an annual period that begins on or after 1 January 2018. AASB 15 introduced a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in AASB 15 to deal with specific scenarios.

There was no material impact on adoption of the standard and no adjustment made to current or prior period amounts.

2.4 Significant accounting polices

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment or complexity, or areas where assumptions and estimates are significant to the financial statements.

Income tax

The income tax expense/ (benefit) for the Period comprises current income tax expense/ (benefit) and deferred tax expenses/ (benefit). Current and deferred income tax expenses/(benefit) is charge or credited directly to other comprehensive income instead of the profit or loss when the tax relates to items that are credited or charged directly to other comprehensive income.

Current tax

Current income tax expense charge to profit or loss is the tax payable on taxable income using applicable income tax rates enacted, or substantially enacted, as at reporting date.

Current tax liabilities/ (assets) are therefore at the amounts expected to be paid to/ (recovered from) the relevant taxation authority.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

Deferred tax

Deferred income tax expense reflects movements in deferred tax assets and deferred tax liability during the Period as well as unused tax losses.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of asset and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantially enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is possible that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Cash and cash equivalents

For the purpose of the statement of cash flow, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, high liquid investments with original maturities of three (3) months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts

Trade receivables

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

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is sued when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or financial reorganisation and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivables is impaired. The amount of the 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. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of impairment loss is recognised in the statement of comprehensive income within impairment losses – financial assets. When a trade receivable for which an impairment allowance has been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against impairment losses – financial assets in the statement of comprehensive income.

Trade and other payables
Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company. Interest, when charged by the lender, is recognised as an expense on an accrued basis.

Goods and service tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Contributed equity
Ordinary issued share capital is recognised at fair value of the consideration received by the Company. Any transaction costs arising on the issue of the ordinary shares are recognised directly in equity as a reduction in share proceeds received.

2.5 Exploration and evaluation expenditure
Exploration and evaluation expenditure costs are accumulated in respect of each separate area of interest.

Exploration and evaluation costs are carried forward where:

- the right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest, or
- where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves and active and significant operations, in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

These assets are considered for impairment on a six monthly basis, depending on the existence of impairment indicators including:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;

- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the company has decided to discontinue such activities in the specific area; and
- sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Accumulated costs in relation to an abandoned area are written off in full against profit/(loss) in the year in which the decision to abandon the area is made.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is then tested for impairment and the balance is then transferred to development.

3. Expenses

	Year Ended 30 June 2019 $	**For the period 16 August 2017 to 30 June 2018 $**
Corporate administration expenses	110,148	38,109
Exploration written off	39,936	-
Exploration expenses	300	
Initial Public Offering expenses	96,009	-
Interest Paid	3,750	1,192
	250,143	**39,301**

4. Income tax benefit/(expense)

	Year Ended 30 June 2019 $	**For the period 16 August 2017 to 30 June 2018 $**
(a) Income tax (benefit)/expense		
Current tax	-	-
Deferred tax	-	-
	-	-
(b) Reconciliation of income tax expense to prima facie tax payable		
Profit/(Loss) from ordinary activities before income tax	(387,787)	(39,301)
The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on operating profit at 30.0% (2018: 30%)	(116,336)	(11,790)

4 (Continued)	Year Ended 30 June 2019 $	For the period 16 August 2017 to 30 June 2018 $
Add tax effect of:		
Non-deductible expenses	53,401	1,457
Sale of subsidiary	-	-
Capital Raising Costs	(8,667)	(1,989)
Capitalised exploration	(13,068)	(69,765)
Deferred tax assets not brought to account	84,670	82,087
Income tax reported in the statement of comprehensive income	-	-

(c) Deferred tax assets

Tax losses	135,688	80,420
Provisions and Accruals	2,100	1,500
Capital Raising Costs	32,680	7,955
Other	-	-
Total deferred assets	170,468	89,875
Set-off deferred tax liabilities pursuant to set-off provisions	(90,316)	(69,765)
Net deferred tax assets	80,152	20,110
Less: Deferred tax assets not recognised	(80,152)	(20,110)
Net tax assets	-	-

(d) Deferred tax liabilities

Exploration Expenditure	90,316	69,765
Other	-	-
Non-recognition of deferred tax assets	(90,316)	(69,765)
	-	-

(e) Tax Losses

Unused tax losses for which no deferred tax asset has been recognised	452,292	268,066
Potential tax benefit @ 30.0% (2018:30.0%)	135,688	80,420

The benefit for tax losses will only be obtained if:
(a) The company and consolidated entity derive future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the losses to be realised;
(b) The company and the consolidated entity continue to comply with the conditions for deductibility imposed by law; and
(c) No changes in tax legislation adversely affect the ability of the Company to realise these benefits.

5. Cash on Hand and Equivalents

	Year Ended 30 June 2019 $	For the period 16 August 2017 to 30 June 2018 $
	24,109	**299,790**

6. Reconciliation of loss for the Period to net cash flows from Operating Activities

Cash flow used in Operating Activities	Year Ended 30 June 2019 $	For the period 16 August 2017 to 30 June 2018 $
Net Loss for year	(387,787)	(39,301)
Interest expense	3,750	1,192
Exploration expense written off	39,936	
Performance Rights Issued	137,644	-
Operating loss before changes in working capital	**(206,457)**	**(38,109)**
Decrease / (Increase) in receivables	555	-
Increase in payables	80,310	19,652
Net cash used in operating activities	**(125,592)**	**(18,457)**

Non-cash financing and investing activities

No non-cash financing and investing activities occurred during the Period.

Financing facilities available

As at 30 June 2019, the Company had one financing facility available. For the purposes of the statement of cash flow, cash includes cash on hand and in bank.

7. Cash and Trade Receivables

	30 June 2019 $	30 June 2018 $
G.S.T. receivables	**$837**	**$1,392**

8. Trade and other payables	**146,078**	**63,020**

Trade and other payables are non-interest bearing liabilities stated at cost.

9. Unsecured Loans

(i) Loan from Director	75,000	75,000
(ii) Advances from Directors	41,620	25,411
	116,620	**100,411**

(i) Unsecured, repayable 21 August 2019 at an interest rate of 5% p.a. (Since paid Note 14).

(ii) Working capital advances, with no fixed term of repayment and without interest

10. Performance Rights

The Company issued 12,000,000 performance rights to the Directors on 4 September 2018.The share rights are divided into three classes of 3,000,000, 4,000,000 and 5,000,000 respectively , where each class will convert into ordinary share upon satisfaction of the relevant milestone as set out below and in accordance with the terms and conditions.

These rights have not met the vesting criteria and have not been converted to ordinary shares during the period.

Tranche	Number of Performance Rights	Performance Condition	Expiry Date
1	3,000,000	20 Day VWAP equals $0.25 or above	12 months from the Admission Date
2	4,000,000	20 Day VWAP equals $0.30 or above	24 months from the Admission Date
3	5,000,000	Announcement by the Company of the completion of commercial gold pours of at least 5,000 oz.	36 months from the Admission Date

Tranche	Grant Date	Milestone	Expiry Date	Share based payment $
1	4 September 2018	20 Day VWAP equals $0.25 or above	12 months from the Admission Date	58,399
2	4 September 2018	20 Day VWAP equals $0.30 or above	24 months from the Admission Date	79,245
3	4 September 2018	Announcement by the Company of the completion of commercial gold pours of at least 5,000 oz.	36 months from the Admission Date	-
				137,644

The fair value of performance rights granted were independently valued sing standard valuation techniques (including Monte Carlo simulation and probability distribution) taking into account the terms and conditions upon which the rights were granted as detailed below:

Tranche	Grant Date	Period (years)	Valuation Per right	Expected Volatility	Risk Free Interest Rate	Dividend Yield
1	4 Sept 2018	2.5	$0.05918	100%	1.97%	-
2	4 Sept 2018	3.5	$0.0646	100%	2.02%	-
3[1]	4 Sept 2018	4.5	$0.10025	100%	2.11%	-

[1]Tranche 3 being a non-market condition has a 0% probability of being met.

11. Issued Capital

a. Ordinary Shares	Year ended 30 June 2019 No.	$	For the period 16 August 2017 to 30 June 2018 No.	$
Opening balance for the period	22,933,333	540,600	10,000,000	20,000
Placement at $0.002			5,000,000	10,000
Placement at $0.05			4,600,000	230,000
Placement to geological contractor			500,000	25,000
Placement at $0.10	1,950,000	195,000	2,700,000	270,000
Placement to Adviser	33,334	3,333	133,333	13,333
Cost relating to share issue		(18,633)	—	(27,733)
`	**24,916,667**	**720,300**	**22,933,333**	**$540,600**

b. Performance Rights

	No.	$
Balance at beginning of reporting period	-	-
Performance rights issued to directors	12,000,000	137,644
	12,000,000	**137,644**

(i) The Company issued current Directors with 12,000,000 Performance Rights. These Performance Rights were independently valued in accordance to the probability of achieving the required performance milestones at grant date.

12. Commitments

	Year Ended 30 June 2019 $	For the period August 2017 to 30 June 2018 $
Tenement Commitments		
Not longer than one year	197,250	210,000
Longer than one year but not longer than five years	253,250	209,000
Longer than five years	-	-
	450,500	**419,000**

13. Contingencies

The directors are not aware of any contingent liabilities or assets as at 30 June 2019.

14. Events after the reporting period

(i) The Company entered into an Option Agreement on 1 November 2019, to acquire The Paris Gold Project, 100km south of Kalgoorlie by way of a $20,000 non refundable deposit to be followed by a further $80,000 within 14 days of signing the Option Agreement. Where upon the Company has 6 months exclusivity to list the Company and the acquired assets on ASX or via a Reverse Takeover. At which time the Company will pay the vendor cash of $550,000 and shares to the value of $1.2 million in the listed entity.

(ii) The Company raised a further $45,100 via the issue of 673,134 ordinary shares at $0.067 each. The shares are to rank equally in all respects to shares on issue.

(iii) The wives of two directors and an unrelated third party entered into 3 separate Convertible Notes, totaling $78,200 and maturing 6 months from the date of issue at an interest rate of 7.5% p.a. or convertible to shares at the discretion of the Convertible Note Holder at 6.7 cents a share. Further details on the related party convertible note can be found in the directors' report.

(iv) The Company repaid the unsecured loan and accrued interest totaling $81,260 to Mr. T.H Chang.

(v) The Company received a S249D notice from more than 5% of shareholders eligible to vote at the date of the Notice calling for a general meeting to remove Mr. T.H. Chang as a director of the Company.

Other than mentioned above, no matters or circumstances have arisen since the end of the reporting Period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of the Company in subsequent financial periods.

Appendix 2 (d)

TORQUE METALS LIMITED

ACN 621 122 905

Financial statements for the half year ended

31 December 2020

The Interim Financial Report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2020 and any announcements distributed to shareholders by Torque Metals Limited during the half year.

Contents

Corporate Directory

Board of Directors

Ian D. Finch	Managing Director
Neil W. McKay	Executive Director
Antony L. Lofthouse	Non-Executive Director
Patrick N. Burke	Non-Executive Director (appointed 8 February 2021)

Company Secretary
Neil W. McKay

Principal Place of Business
4 Glencoe Road
Ardross
West Perth WA 6153

Postal Address
PO Box 27
West Perth, Western Australia 6872

Auditors
Bentleys Audit & Corporate (WA) Pty Ltd
P.O. Box 7775
Cloister Square WA 6850

Banker
Westpac Banking Corporation
1257 Hay Street
West Perth, Western Australia 6005

Director's Report

The directors of Torque Metals Limited ("Torque" or "the Company") present their report for the half year ended 31 December 2020 ("the Half Year").

Directors

The names of the directors of the Company during the half year are:

Ian D. Finch

Neil W. McKay

Antony L. Lofthouse

Directors have been in office since the start of the Year to the date of this report, unless otherwise stated.

Principal Activities

The principal activities during the course of the half year were mineral exploration and project acquisition. There were no significant changes in the principal activities during the half year.

Review of Operations

The loss of the Company for the Half Year after providing for income tax, amounted to $305,640 (31 December 2019 Loss of $69,176). The expenditure incurred during the Half Year related to corporate and administration expenditure,

Significant changes in state of affairs

There were no significant changes in state of affairs of the Company during the Half Year except for

- The Company exercised the Option Agreement dated 1 November 2019 (as amended), to acquire The Paris Gold Project, 100km south of Kalgoorlie, by paying the vendor, cash of $550,000 and shares to the value of $1.2 million in the listed entity. Upon commencing production Austral Pacific is entitled to receive a Net Smelter Royalty based on the number of ounces produced. The Royalty may be purchased by the Company by way of a lump sum, at a price determined by an independent valuer, or for the sum of $1,000 after royalties totaling an aggregate of $2.9 million have been paid.
- The Company raised a further $1,528,773 via the issue of ordinary shares at $0.067 and at $0.05) each. The shares are to rank equally in all respects to shares on issue.
- Family associates of two directors and an unrelated third party exercised their 3 separate Unsecured Convertible Notes totaling 1,167,164 on 23 December at a deemed price of 6.7 cents a share.
- Issue of 16,346,506, shares at 6.7 cents a share.
- Issue of 9,000,000 shares at 5 cents a share

  The Company entered into a Lead Manager's engagement agreement with Euroz-Hartleys to act as Lead Manager for up to $450,000 share placement at 5.0 cents and to act as Lead Manager for a proposed Initial Public Offering (IPO) to raise between $5m and $7m at 20 cents per share on terms considered normal for similar transactions.

Transaction with Directors of the Company

Unsecured Convertible Notes from the families of two directors (Finch and McKay) on the following terms and conditions and from an unrelated 3rd party were converted 23 December 2020.

Terms	Catherine A. Finch	Giovanna C. McKay
Date of Issue	3 September 2019	3 September 2019
Sum	$33,000	$15,200
Term	6 months from date of issue	6 months from date of issue
Security	None	None
Interest Rate	7.5 % p.a.	7.5% p.a.
Exercise	Convertible at any time	Convertible at any time

Events arising since the end of the Year

No matters or circumstances have arisen since the end of the reporting Year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of the Company in subsequent financial periods, except for:

The Company was to hold a General Meeting of Shareholders on the 1st February 2021 in order resolve a number of issues related to the proposed IPO. However, the Western Australian State Government implemented a COVID-19 lockdown over parts of the State, including metropolitan Perth commencing 6 pm Sunday 31 January 2021. The General Meeting was reconvened 8 February 2021 and all resolutions were passed by poll:

1. Consolidation of securities
2. Replacement of Constitution
3 Appointment of Patrick Burke as a Director
4. Ratification of Shares issue to Exempt Investors
5. Issue of Options to Exempt Investors
6 Issue of Unlisted Options to Euroz-Harltleys
7. Issue of Unlisted Options to Euroz-Hartleys
8. Issue of Shares to Martin Place Securities
9. Delisting from Sydney Stock Exchange

Environmental Issues

The Company's operations are subject to environmental regulations under a law of the Commonwealth or state or territory of Australia.

Dividends

No amounts have been paid or declared by way of dividend or shares since the date of incorporation.

Options

2,000,000 Unlisted Options exercisable at 15 cents each, on or before 29 July 2023 were issued. As stated above the Company will hold a General Meeting of Shareholders on 1 February that will included a resolution for the allotment of 4,500,000 Unlisted Options exercisable at 12.5 cents on or before 23 December 2023

Indemnification and insurance of directors and officers

The Company entered into Deeds of Indemnification with the directors and officers of the Company. and the relevant premiums paid to insure the directors and officers of the Company.

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.

Signed in accordance with a resolution of directors.

On behalf of the directors

Ian D Finch
Managing Director
12 February 2021

Statement of profit or loss and other comprehensive income for the half year ended 31 December 2020

	Note	6 Months 31 December 2020 $	6 Months 31 December 2019 $
Revenue from continuing operations		-	-
Other income		25,000	-
Total revenue and other income			
Corporate administrative expenses	2	(93,185)	(35,721)
Financial expense interest	2	(6,413)	(2,961)
Initial Public Offering expenses	2	(47,747)	-
Exploration expenses written off	2	-	(39,934)
Share based payments	11/12	(183,295)	9,440
Loss before income tax		**(305,640)**	**(69,176)**
Income tax expense		-	-
Loss for the period		(305,640)	(69,176)
Other comprehensive income, net of income tax		-	-
Total comprehensive loss for the period		**(305,640)**	**(69,176)**
Loss attributable to:			
Owners of Torque Metals Limited		305,640	69,176
Total comprehensive loss attributable to:			
Owners of Torque Metals Limited		**(305,640)**	**(69,176)**
		Cents	**Cents**
Basic weighted average earnings/(loss) per share		(0.005)	(0.008)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Statement of financial position as at 31 December 2020

	Note	31 December 2020 $	30 June 2020 $
Current assets			
Cash and cash equivalents	4	431,359	2,056
Trade and other receivables	5	7,867	69,649
Total current assets		**439,226**	**71,705**
Non current assets			
Exploration and evaluation expenditure	6	3,369,650	921,299
Total non-current assets		**3,369,650**	**921,299**
Total assets		**3,808,876**	**993,004**
Current liabilities			
Trade and other payables	7	462,485	165,679
Convertible Notes	8	-	74,615
Unsecured loans	9	30,729	43,476
Total current liabilities		**493,214**	**283,770**
Total liabilities		**493,214**	**283,770**
Net assets		**3,315,662**	**709,234**
Equity			
Issued capital	10	3,890,177	1,161,404
Option Reserve	12	106,857	-
Performance Reserve	11	259,499	183,060
Equity Reserve		13,592	13,592
Accumulated losses		(954,463)	(648,822)
Total equity		**3,315,662**	**709,234**

The above statement of financial position should be read in conjunction with the accompanying notes

Statement of changes in equity for the half year ended 31 December 2020

	Issued Capital	Accumulated Losses	Option Reserve	Performance Rights Reserve	Equity Reserve	Total
	$	$	$	$	$	$
Balance as at 1 July 2019	**720,300**	**(427,088)**	**-**	**137,644**	**-**	**430,856**
Total comprehensive Income/loss for the Period	-	(69,176)	**-**	-	-	(69,176)
Issue of ordinary shares	215,200	-	**-**	-	-	215,200
Performance Rights Forfeited				(45,881)		(45,881)
Performance Rights movement	-	-	**-**	36,441	-	36,441
Equity Reserve	-	-	**-**	-	5,754	5,754
Balance as at 31 Dec2019	**935,500**	**(496,264)**	**-**	**128,204**	**5,754**	**573,194**
Balance as at 1 July 2020	**1,161,404**	**(648,823)**	**-**	**183,061**	**13,592**	**709,234**
Total comprehensive Income/loss for the Period	**-**	(305,640)	**-**	**-**	**-**	(305,640)
Issue of ordinary shares	2,823,416		**-**	**-**	**-**	2,823,416
Options Issued	**-**	**-**	106,857	**-**	**-**	106,857
Performance Rights issued	**-**	**-**	**-**	76,438	**-**	76,438
Equity Reserve	**-**	**-**	**-**	**-**	**-**	-
Transaction costs	(94,643)	**-**	**-**	**-**	**-**	(94,643)
Balance as at 31 Dec 2020	**3,890,177**	**(954,463)**	**106,857**	**259,499**	**13,592**	**3,315,662**

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The above statement of changes in equity should be read in conjunction with the accompanying notes

Statement of cash flow for the half year ended 31 December 2020

	Notes	6 months 31 December 2020 $	6 months 31 December 2019 $
Cash flow from in operating activities			
Payments to suppliers and employees		154,427	(59,971)
Net cash (used) in operating activities	3	154,427	(59,971)
Cash flow used in investing activities			
Tenement acquisition		(600,000)	(100,000)
Exploration and evaluation		(558,211)	(52,216)
Net cash (used) in investing activities		(1,158,211)	(152,216)
Cash flow from financing activities			
Proceeds from share issue		1,528,773	215,200
Directors' loans		-	-
Repayment with Interest		-	(80,600)
Unsecured Advance		(12,747)	1,824
Convertible Notes			
Associates		(48,200)	48,200
Other		(30,000)	30,000
Interest Paid to Other than a Director		(4,739)	(1,125)
Net cash from financing activities		1,433,087	213,499
Net (decrease) increase in cash and cash equivalents		429,303	1,312
Cash and cash equivalents at the beginning of the period		2,056	24,109
Cash and cash equivalents 31 December 2020		**431,359**	**25,421**

The above statement of cash flow should be read in conjunction with the accompanying notes

Notes to the financial statements for the half year 31 December 2020

1. Statement of Significant Accounting Policies

a) General Information

The financial statements and notes thereto represent those of Torque Metals Limited ("Torque" or "the Company") for the Half Year ended 31 December 2020 ("the Half Year").

Torque Metals Limited is a company limited by shares, incorporated and domiciled in Australia. Torque Metals Limited is a for-profit entity for the purpose of preparing financial statements under the Australian Accounting Standards. Its shares are publicly traded on the Sydney Stock Exchange.

b) Statement of compliance

The interim consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001and Accounting Standard AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS34: Interim Financial Reporting. The condensed 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 group as in the full financial report. It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2020 and any public announcements made by Torque during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001and the SSX Listing Rules.

c) Basis of preparation

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period except for the impact of the standards and interpretations below in note 1(e). These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards. The financial statements are for the entity Torque Metals Limited The financial report has also been prepared on an historical cost basis, The financial report is presented in Australian Dollars, which is the Company's functional currency

d) Accounting standards that are mandatorily effective for the current reporting period

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for an annual accounting period that begins on or after 1 July 2020 .New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

e) Significant accounting judgements and key estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. In preparing this half-year report, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report for the year ended 30 June 2020.

Capitalised exploration costs carried forward
The future recoverability of capitalised exploration costs carried forward has been reviewed by the directors. They are dependent on a number of factors, including whether the Company decides to exploit the related lease/licence itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale. Factors that could impact the future recoverability include the level of reserves and resources, sovereign risk, future technological changes, availability of funds, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices. To the extent that capitalised exploration expenditure is determined not to be recoverable in the future, results and net assets will be reduced in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable resources. To the extent it is determined in the future that this capitalised expenditure should be written off, results and net assets will be reduced in the period in which this determination is made.

f) Going Concern

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

The Company incurred a net loss of $305,640 (31 December 2019 $69,176) and experienced net cash inflows from operations of $429,303 (31 December 2019 inflow of $1,312). The Company has liabilities of $493,214 (30 June 2020 $283,770) and cash on hand of $431,359 (30 June 2020 $2,056).

The ability of the Company to continue as a going concern is dependent upon the success of the fundraising under a prospectus yet to be issued. This requirement gives rise to a material uncertainty that may cast a significant doubt over the Company's ability to continue as a going concern and therefore that it will be able to realize its assets and discharge its liabilities in the normal course of business, and at the amount stated in the financial report.

The directors believe that the Company will continue as a going concern for the following reasons:

The Company plans to undertake a capital raise on ASX under a prospectus to raise a minimum of $5 million with over acceptances of an additional $2 million (before costs).

Should the Company not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

g) These interim financial statements were approved by the Board on 12 February 2021.

All monetary values are reported in Australian dollars unless otherwise stated.

	6 months 31 December 2020 $	6 months 31 December 2019 $
2. Expenses		
Administrative expenses	93,185	35,721
Exploration written off	-	39,934
Initial Public Offering expenses	47,747	0
Interest Paid	6,413	2,961
Share Based Payments	183,295	(9,440)
	330,640	**69,176**

3. **Reconciliation of loss for the Period to net cash flows from Operating Activities**

Net (loss) Loss for the period	(305,640)	(69,176)
Interest expense	6,413	2,962
Exploration expense written off	-	39,934
Options Issue	106,857	-
Performance Rights Net Movement	76,438	(9,440)
Operating loss before changes in working capital	**(115,932)**	**(35,720)**
Decrease / (Increase) in receivables	61,781	(13,697)
Increase / (Decrease)in payables	208,578	(10,554)
Net cash used in operating activities	**154,427**	**(59,971)**

Non-cash financing and investing activities

No non-cash financing and investing activities occurred during the Period.

Financing facilities available

As at 31 December 2020, the Company had no financing facilities.

	31 December 2020 $	30 June 2020 $
4. Cash on Hand and Equivalents	**431,359**	**2,056**

	31 December 2020	30 June 2020
5. Trade Receivables		
G.S.T. receivables	7,867	26,535
Other	-	43,114
	7,867	**69,649**

6. Tenements

Tenement Acquisition	2,489,939	599,799
Represented by:		
Acquisition of Bullfinch Project From Talga Resources Ltd.	398,443	397,493
Acquisition of Paris Gold Project from Austral Pacific Pty. Ltd.	2,031,306	192,116
Joint Venture from Jindalee Resources Ltd.	10,190	10,190
Acquisition of Bullfinch Project From Tribal Mining Pty. Ltd.	50,000	-
	2,489,939	**599,799**

Exploration and evaluation expenditure		
Opening Balance	321,500	276,108
Expenditure for the period	558,211	88,959
Expenditure written off	-	(43,567)
Closing Balance	**879,711**	**321,500**
Total Exploration and Expenditure	**3,369,650**	**921,299**

Paris Gold Project

The Company entered into an Option Agreement on 1 November 2019, to acquire The Paris Gold Project, 100km south of Kalgoorlie by way of a $20,000 non refundable deposit to be followed by a further $80,000 within 14 days of signing the Option Agreement as amended 9 April 2020. Where upon the Company had 9 months exclusivity to list the Company and the acquired assets on an Australian Stock Exchange . At which time the Company was to pay the vendor, cash of $550,000 and shares to the value of $1.2 million in the listed entity. Upon commencing production Austral Pacific will be entitled to receive a Net Smelter Royalty (NSR) based on the number of ounces produced. The Royalty may be purchased by the Company by way of a lump sum at a price determined by an independent valuer, or for the sum of $1,000 after royalties totaling an aggregate of $2.9 million have been paid.The Option was exercised 29 July 2020.

Jindalee Joint Venture

The Company entered into a Farm-in and Joint Venture Agreement on 4 May 2020 with Jindalee Resources Limited. Torque to pay Jindalee $10,000 for past expenditure on the Tenements.

The Company can earn an 80% interest in the Jindalee Tenements by spending $200,000 on the Jindalee Tenements within three years of execution of the Jindalee JV Agreement, with a

6. Tenements (Continued)

minimum of $50,000 to be spent within 12 months of execution of the Jindalee JV Agreement
Once the Company has earned an 80% interest in the Jindalee Tenements, Jindalee's 20% interest is free carried to completion of a pre-feasibility study.
Torque agrees to pay Jindalee a 1.5% Net Smelter Royalty

Yilgarn Exploration Ventures Pty Limited Farm-In Agreement
On 24 November 2020 the Company entered into a Farm-In Agreement with Yilgarn Exploration Ventures Pty Limited on EL15/1752 - Maynards Dam, which tenement is included in the Jindalee Joint Venture. The terms of the Farm-In Agreement are :

- an initial deposit of $25,000 to be followed by an additional $25,000 upon granting of Native Title Land Access
- Yilgarn to earn a 51% interest by expending $ 3 million over 3 years.
- Yilgarn to spend a minimum of $300,000 in the first year and $700,000 in year 2.
- Yilgarn may earn an additional 19% by completing a comprehensive mining feasibility study.
- The Company may subsequently buy back a 10% interest from Yilgarn for $500,000

Tribal Mining Pty. Ltd.
On 13 May 2020 the Company entered into a Tenement Sales Agreement with Tribal Mining Pty. Ltd. to acquire 100% of EL77/2607 for a cash payment of $50,000 and Tribal to receive 10% of gold recovered by Torque from any bulk sampling programme

	31 December 2020	30 June 2020
7. Trade and other payables		
Trade Creditors	363,345	154,767
Other creditors and accrued expenses	99,140	10,912
	462,485	**165,679**

Trade and other payables are non-interest bearing liabilities stated at cost.

8. Convertible Notes

(a) Associates of Directors	-	48,200
(b) Other	-	30,000
Less Equity Reserve	-	(13,592)
	-	**64,608**

Unsecured, interest at 7.5% p.a. repayable in cash or conversion to shares at 6.7 cents by at the election of the Note Holder. Converted to shares 23 December 2020

Opening Balance	-	64,608
Financial Liability	-	10,007
	-	**74,615**

	31 December 2020	30 June 2020
9 .Unsecured Loans		
(i) Advances from Directors	30,729	43,476
	30,729	**43,476**

(i) Working capital advances, with no fixed term of repayment and without interest

10. Issued Capital	**6 Months ended 31 December 2020**		**Year ended 30 June 2020**	
	No.	**$**	**No.**	**$**
a. Ordinary Shares				
Opening balance for the period	31,824,876	1,161,404	24,916,667	720,300
Placement at $0.067	16,346,506	1,095,216	6,908,209	462,850
Convertible Note at $0.067	1,167,164	78,200	-	-
Placement at $0.05	9,000,000	450,000	-	-
Placement to Vendor	12,000,000	1,200,000	-	-
Cost relating to share issue	-	(94,643)	-	(21,746)
`	**70,338,546**	**3,890,177**	**31,824,876**	**1,161,404**

	31 December 2020		**30 June 2020**	
b. Performance Rights	**No.**	**$**	**No.**	**$**
Balance at beginning of reporting period	10,000,000	183,061	12,000,000	137644
Adjustment for the period		76,438		84,749
Performance rights cancelled	-	-	(4,000,000)	(45,881)
Performance rights issued to directors	-	-	2,000,000	6,549
	10,000,000	**259,499**	**10,000,000**	**183,061**

11. Performance Rights

The Company issued 12,000,000 performance rights to the Directors on 4 September 2018.The share rights are divided into three classes of 3,000,000, 4,000,000 and 5,000,000 respectively , where each class will convert into ordinary shares upon satisfaction of the relevant milestone as set out below and in accordance with the terms and conditions.

2,000,000 performance rights were issued to Mr. A. Lofthouse on 11 May 2020.

These rights have not met the vesting criteria and have not been converted to ordinary shares during the period.

11. Performance Rights . Continued

Tranche	Number of Performance Rights	Performance Condition	Expiry Date
1	2,500,000	20 Day VWAP equals 25% or above admission price.	12 months from the Admission Date
2	3,333,334	20 Day VWAP equals 50% or above admission price.	24 months from the Admission Date
3	4,166,666	Announcement by the Company of the completion of commercial gold pours of at least 5,000 oz.	36 months from the Admission Date

.

Tranche	Grant Date	Milestone	Expiry Date	Share based payment
8,000,000	**Performance Rights**			
1	4 September 2018	20 Day VWAP equal 25% or above admission price.	12 months from the Admission Date	23,959
2	4 September 2018	20 Day VWAP equals 50% or above admission price	24 months from the Admission Date	24,880
3	4 September 2018	Announcement by the Company of the completion of commercial gold pours of at least 5,000 oz.	36 months from the Admission Date	-
				48,839

The fair value of performance rights granted were independently valued using standard valuation techniques (including Monte Carlo simulation and probability distribution) taking into account the terms and conditions upon which the rights were granted as detailed below:

Tranche	Grant Date	Milestone	Expiry Date	Share based payment
2,000,000	**Performance Rights**			
1	11 May 2020	20 Day VWAP equal 25% or above admission price	12 months from the Admission Date	17,399
2	11 May 2020	20 Day VWAP equals 50% or above admission price	24 months from the Admission Date	10,200
3	11 May 2020	Announcement by the Company of the completion of commercial gold pours of at least 5,000 oz.	36 months from the Admission Date	-
				27,599

11. Performance Rights .. Continued

The fair value of performance rights granted were independently valued using standard valuation techniques (including Monte Carlo simulation and probability distribution) taking into account the terms and conditions upon which the rights were granted as detailed below:

Tranche	Grant Date	Period (years)	Valuation Per right	Expected Volatility	Risk Free Interest Rate	Dividend Yield
8,000,000	**Performance Rights**					
1	4-Sep-18	2.5	$0.06	100%	1.97%	-
2	4-Sep-18	3.5	$0.06	100%	2.02%	-
3[1]	4-Sep-18	4.5	$0.10	100%	2.11%	-
2,000,000	**Performance Rights**					
1	11-May-20	2.5	$0.06	100%	1.97%	-
2	11-May-20	3.5	$0.06	100%	2.02%	-
3[1]	11-May-20	4.5	$0.10	100%	2.11%	-

[1]Tranche 3 being a non-market condition has a 0% probability of being met.

(i) The Company issued current Directors with 10,000,000 Performance Rights. These Performance Rights were independently valued in accordance to the probability of achieving the required performance milestones at grant date.

	31 December 2020	30 June 2020
12 .Unlisted Options		
	106,857	-

Issued to Martin Place Securities Pty. Ltd. in part consideration as acting as Lead Manager to the being listed on The Sydney Stock Exchange. 2,000,000 Unlisted Options exercisable at 15 cents each (pre consolidation) on or before 29 July 2023.

13. Key Management Personnel

The annual salary of Mr. Ian Finch was reviewed and set at $220,000 per annum from the date of listing on ASX. This amount is well inside the MD salary spectrum of similar sized entities and is a just reward for Mr. Finch's' past efforts and continued service to the Company. Mr. Neil McKay's salary was reviewed and set at $175,000 per annum from the date of listing on ASX. Mr. Finch and Mr. McKay have not received any salaries since 16 August 2017, the date of Incorporation. The Board agreed the annual Non-Executive Director remuneration of Mr. Antony (Tony) Lofthouse remains at $30,000 per annum from the date of listing on ASX. In addition, Mr. Lofthouse may be called upon to perform duties that our in addition to those of a Non-Executive Director. In such cases, he will be entitled to invoice the Company at a rate of $800 per day, or part thereof, exclusive of GST.
Mr. Lofthouse has not received any remuneration since being appointed a Non-Executive Director.

14. Operating Segments

The Company operates in one geographical area being Australia and one industry, being exploration, for the half year ended 31 December 2020 which was the same as reported in the financial report

14. Operating Segments (Continued)

for the year ended 30 June 2020. The Chief Operating Decision Makers are the Board of Directors and the management of the Group. There is currently only one operating segment identified, being exploration activities based in Australia based on internal reports reviewed by the Chief Operating Decision Makers in assessing performance and allocation of resources.

15. Contingencies

The directors are not aware of any contingent liabilities or assets as at 31 December 2020.

16. Tenement Commitments

In order to maintain rights of tenure to mining tenements, the Company would have the following discretionary exploration expenditure requirements up until expiry of leases.
These obligations, which are subject to renegotiation upon expiry of the leases, are not provided for in the financial statements and are payable:

	31 December 2020	30 June 2020
Tenement Commitments		
Not longer than one year	1,022,100	288,000
Longer than one year but not longer than five years	3,462,400	642,378
Longer than five years	4,138,600	-
	8,623,100	**930,378**

The Company currently has commitments in excess of cash, however the Board believes it will be able to raise the additional funds to satisfy the commitments for the future.
If the Company decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the statement of financial position may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

17. Events after the reporting period

No matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of the Company in subsequent financial periods. Except that the Company was to hold a General Meeting of Shareholders on the 1 February 2021 in order resolve a number of issues related to the proposed IPO. However, the Western Australian State Government implemented a COVID-19 lockdown over parts of the State, including metropolitan Perth commencing 6 pm Sunday 31 January 2021. The General Meeting was reconvened for 8 February 2021 and all resolutions were passed by poll:

1	Consolidation of securities	5	Issue of Options to Exempt Investors
2	Replacement of Constitution	6	Issue of Unlisted Options to Euroz-Harltleys
3	Appointment of Patrick Burke as a Director	7	Issue of Unlisted Options to Euroz-Hartleys
4	Ratification of Shares issue to Exempt Investors	8	Issue of Shares to Martin Place Securities
		9	Delisting from Sydney Stock Exchange

Director's Declaration

In the opinion of the directors:

(a) the financial statements and notes are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and

(ii) complying with Accounting Standard AASB 134: "Interim Financial Reporting" and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors, made pursuant to section 303(5)(a) of the Corporations Act 2001

Ian D. Finch
Managing Director
Perth
Dated 12 February 2021

Bentleys
THINKING AHEAD

Bentleys Audit & Corporate (WA) Pty Ltd
London House
Level 3,
216 St Georges Terrace
Perth WA 6000

PO Box 7775
Cloisters Square WA 6850

ABN 33 121 222 802

T +61 8 9226 4500
F +61 8 9226 4300

bentleys.com.au

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 Torque Metals Limited for the half year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

Bentleys

Mark Delaurentis

BENTLEYS	**MARK DELAURENTIS CA**
Chartered Accountants	**Partner**

Dated at Perth this 12th day of February 2021

Bentleys
THINKING AHEAD

Bentleys Audit & Corporate (WA) Pty Ltd
London House
Level 3,
216 St Georges Terrace
Perth WA 6000

PO Box 7775
Cloisters Square WA 6850

ABN 33 121 222 802

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Independent Auditor's Review Report

To the Members of Torque Metals Limited

Conclusion

We have reviewed the accompanying half-year financial report of Torque Metals Limited ("the Company") which comprises the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other selected explanatory notes, and the directors' declaration.

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 Torque Metals Limited does not comply with the *Corporations Act 2001* including:

a. Giving a true and fair view of the Torque Metals Limited financial position as at 31 December 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*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity.* Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(f) in the financial report, which indicates that the Entity incurred a net loss of $305,640 during the half year ended 31 December 2020. As stated in Note 1(f) , these events or conditions, along with other matters as set forth in Note 1(f), indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

The directors of the Torque Metals Limited 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 for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 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*.

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.

Bentleys

BENTLEYS
Chartered Accountants

Mark Delaurentis

MARK DELAURENTIS CA
Partner

Dated at Perth this 12th day of February of 2021