



ACN 621 122 905

**Financial statements for the half year ended
31 December 2021**

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 2021 and any announcements distributed to shareholders by Torque Metals Limited during the half year.

Corporate Directory

Board of Directors

| | |
|---------------------|------------------------|
| Ian D. Finch | Executive Chairman |
| Antony L. Lofthouse | Non-Executive Director |
| Patrick N. Burke | Non-Executive Director |

Company Secretary

Neil W. McKay

Principal Place of Business

Unit 8
16 – 18 Nicholson Road
Subiaco WA 6008

Postal Address

PO Box 27
West Perth, Western Australia 6872

Auditors

Hall Chadwick WA Audit Pty. Ltd.
283 Rokeby Road
Subiaco WA 6008

Share Register

Advanced Share Registry Services Pty. Ltd.
110 Stirling Highway,
Nedlands, WA 6010

Stock Exchange Listing

Australian Stock Exchange
Perth Exchange:
Code : TOR

Banker

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

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Directors' Report

The directors of Torque Metals Limited ("Torque" or "the Company") present their report on Torque for the half year ended 31 December 2021 ("the Half Year").

Directors

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

Ian D. Finch

Antony (Tony) L. Lofthouse

Patrick N. Burke

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 half year were mineral exploration. 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 \$511,449 (31 December 2020 loss of \$305,640). The expenditure incurred during the half year related to corporate and administration expenditure.

Torque has two highly prospective West Australian resource and exploration projects being:

1. The Paris Project which comprises nine pre-native title granted mining licenses and two prospecting licences. It has recent production history (18,232 oz of gold between December 2016 and August 2017) and retains a JORC indicated resource of 32,700 oz gold most of which lies below and along strike from the existing HHH and Paris mines.
2. The Bullfinch Project comprises five exploration licenses and one prospecting license and lies in a region that is highly prospective for gold mineralisation; the project lies just 5km NE of the historical Copperhead mine (not owned by Torque) that produced in the order of 1 million ounces of gold, finally closing in 1997.

During the half-year ended 31 December 2021, Torque's main activities were exploration at the Paris Project through a series of reverse circulation (RC) drilling campaigns, geochemical surveying and other exploration activities.

Torque's Paris Project lies within the area known as the Boulder-Lefroy Fault Zone (Figure 1). This prolific gold-bearing structure is host to numerous mines that have produced many millions of ounces of gold. Not least of these mines is the world famous "Super Pit" in Kalgoorlie.

Torque's Paris Project area remains vastly underexplored, with past drilling generally restricted to the top 50 metres, highlighting significant opportunities for discovery of gold mineralisation by the application of modern-day exploration techniques and the undertaking of more extensive, and deeper drilling.

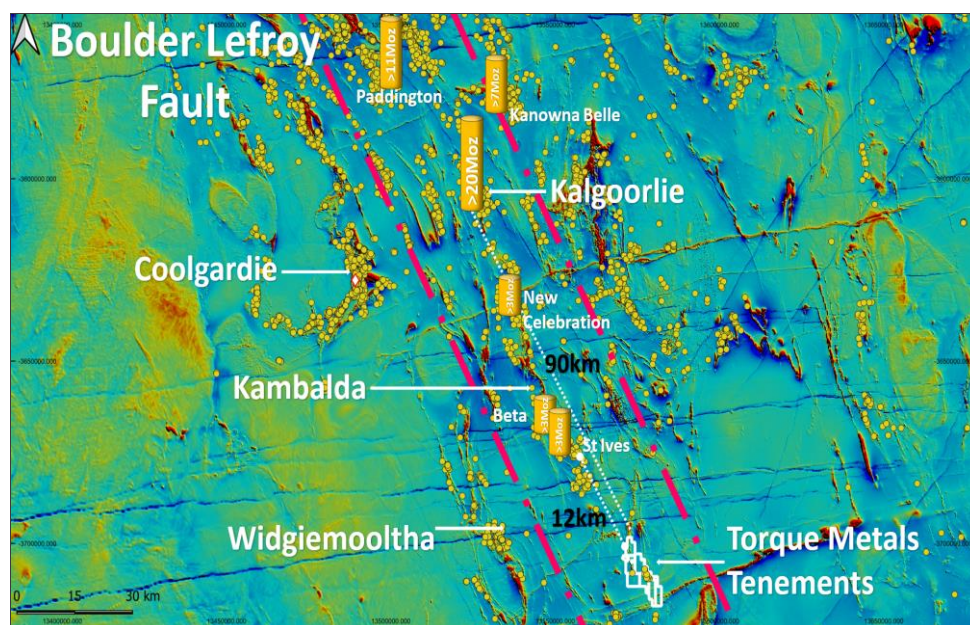


Figure 1: Paris Project located within the Boulder-Lefroy Fault Corridor

Paris Gold Project

During the half year period, 102 first pass holes (Phase 1), for a total of 7,427 metres and 41 follow-up holes (Phase 2) for a total of 3,638 metres (Total = 11,065m) were drilled across eight prospects at the Paris Project.

The purpose of this follow-up and previous first pass drilling at these prospects is to better define the zones most likely to rapidly increase the project's resource base. The project remains under-drilled, and a core focus for the Company to undertake an extensive program of drilling to explore for potential extensions to the known mines.

Over the course of the six-month period, eight prospects were drilled by Torque at the Paris Project as part of the Phase 1 drill program. New gold discoveries from this program at the Observation and Strauss prospects and adjacent to existing open pits at Paris and HHH were drill tested during the Phase 2 drill program¹ (see Table 1).

| Prospect | Phase 1 (first-pass) | | Phase 2 (follow-up) | |
|----------------|----------------------|-------------|---------------------|-------------|
| | Holes | Metres (m) | Holes | Metres (m) |
| Paris Pit Area | 4 | 619 | 4 | 384 |
| HHH Pit Area | 3 | 308 | 9 | 798 |
| Strauss | 24 | 1722 | 8 | 816 |
| Observation | 22 | 1688 | 20 | 1640 |
| HHH South | 11 | 804 | - | - |
| Paris North | 6 | 402 | - | - |
| Marmaracs | 21 | 1116 | - | - |
| Lady Doris | 11 | 768 | - | - |
| Total | 102 | 7427 | 41 | 3638 |

Table 1: First Pass and follow-up drilling completed at Paris Project Overview of Gold Discoveries

Observation

Phase 1 drilling at Observation consisted of 22 holes for 1688 meters. Observation lies 900 metres north of the HHH pit, under shallow cover, and has similar geology as the existing HHH and Paris

¹ Refer to ASX announcements dated 18th August 2021, 15th September 2021, 18th October 2021, 15th December 2021

prospects. Initial assay results from RC drilling at Observation included an intersection of 9m at 11.52 grams per tonne gold from 63 metres from 21ORC009.²

(See Table 2 for initial assay results received and Figure 2 and Figure 3 for schematic cross sections) Importantly, a new mineralised zone was identified from the initial assay results at Observation covering a current strike length of ~350 metres which remains open to the West and at depth. (See Figure 4)

In addition, the Observation results highlighted an extension of the Paris Gold Corridor by a further 900 metres to the north to encompass mineralisation at Paris Pit, HHH Pit and now Observation. Torque tested the new mineralised zone as part of its Phase 2 drill program with a total of 20 holes for 1,748 metres drilled at Observation.

| Hole ID | Depth From (m) | Depth To (m) | Element | Interval Width (m) | Grade (Au) | Intercept Description |
|----------|----------------|--------------|---------|--------------------|------------|-----------------------|
| 21ORC002 | 39 | 45 | Au_ppm | 6 | 1.99 | 6m @ 1.99 ppm |
| 21ORC003 | 42 | 48 | Au_ppm | 6 | 5.58 | 6m @ 5.58 ppm |
| 21ORC004 | 54 | 57 | Au_ppm | 3 | 1.37 | 3m @ 1.37 ppm |
| 21ORC005 | 69 | 72 | Au_ppm | 3 | 1.65 | 3m @ 1.65 ppm |
| 21ORC006 | 72 | 75 | Au_ppm | 3 | 3.4 | 3m @ 3.40 ppm |
| 21ORC008 | 21 | 30 | Au_ppm | 9 | 3.98 | 9m @ 3.98 ppm |
| 21ORC009 | 63 | 72 | Au_ppm | 9 | 11.52 | 9m @ 11.52 ppm |
| 21ORC010 | 21 | 30 | Au_ppm | 9 | 2.96 | 9m @ 2.96 ppm |
| 21ORC019 | 21 | 30 | Au_ppm | 9 | 2.68 | 9m @ 2.68 ppm |

Table 2: Significant Intersections from drilling at Observation - All samples are 3 metre composite samples

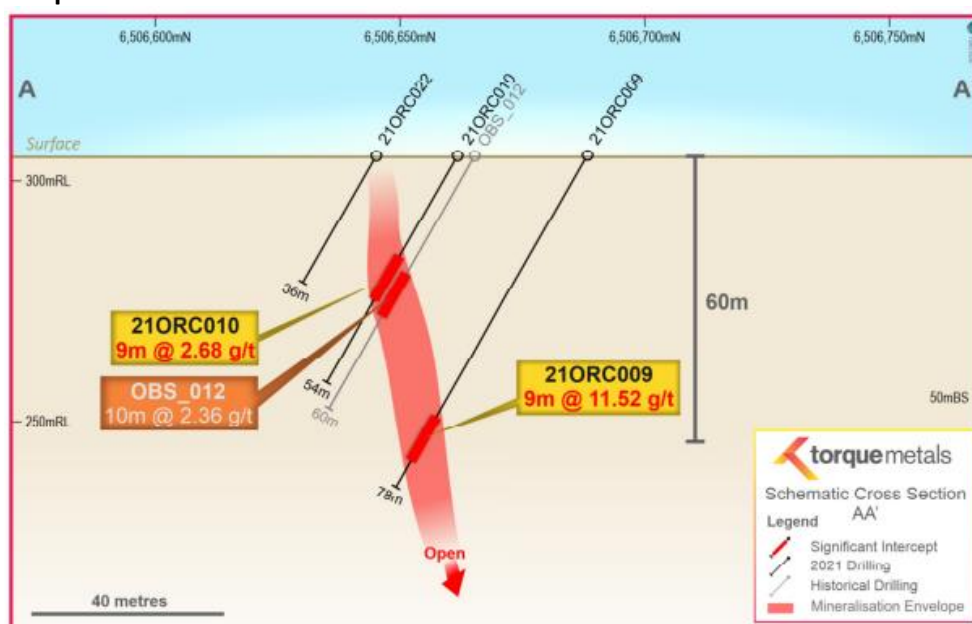


Figure 2: Schematic cross section showing significant intercepts with mineralisation envelope from first phase drilling campaign (21ORC010 and 21ORC009) and historical drilling at Observation Prospect.

² Refer to ASX announcement dated 18th August 2021

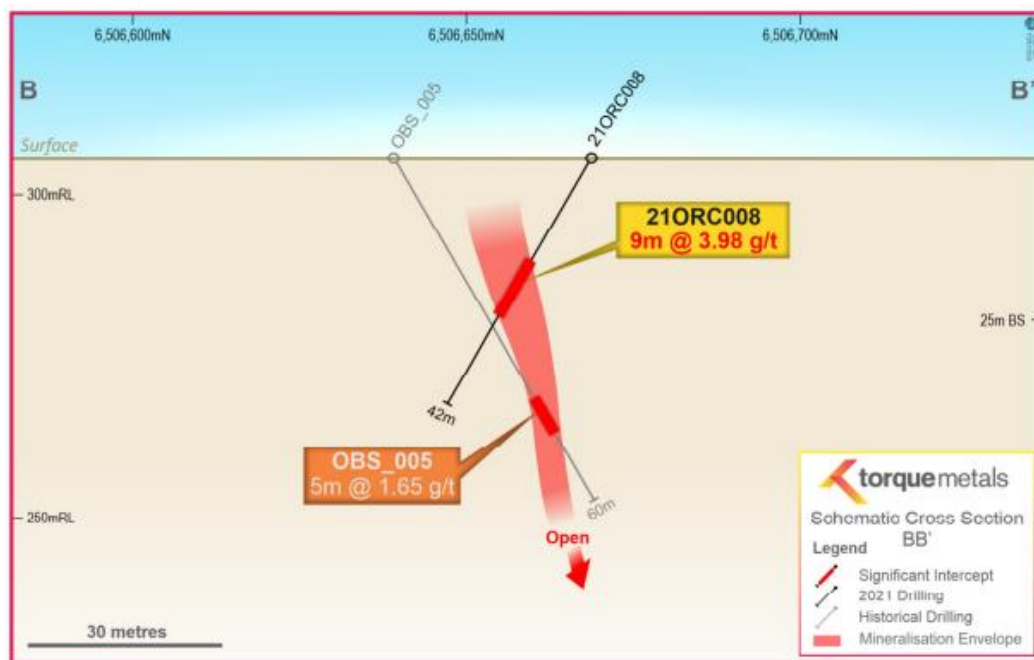


Figure 3: Schematic cross section showing significant intercepts with mineralisation envelope from first phase drilling campaign (21ORC008) and historical drilling at Observation Prospect.



Figure 4: Collar location plan at Observation Prospect shows 350m strike length open to the West, East and at depth



Figure 5: RC Follow up drilling at Observation prospect

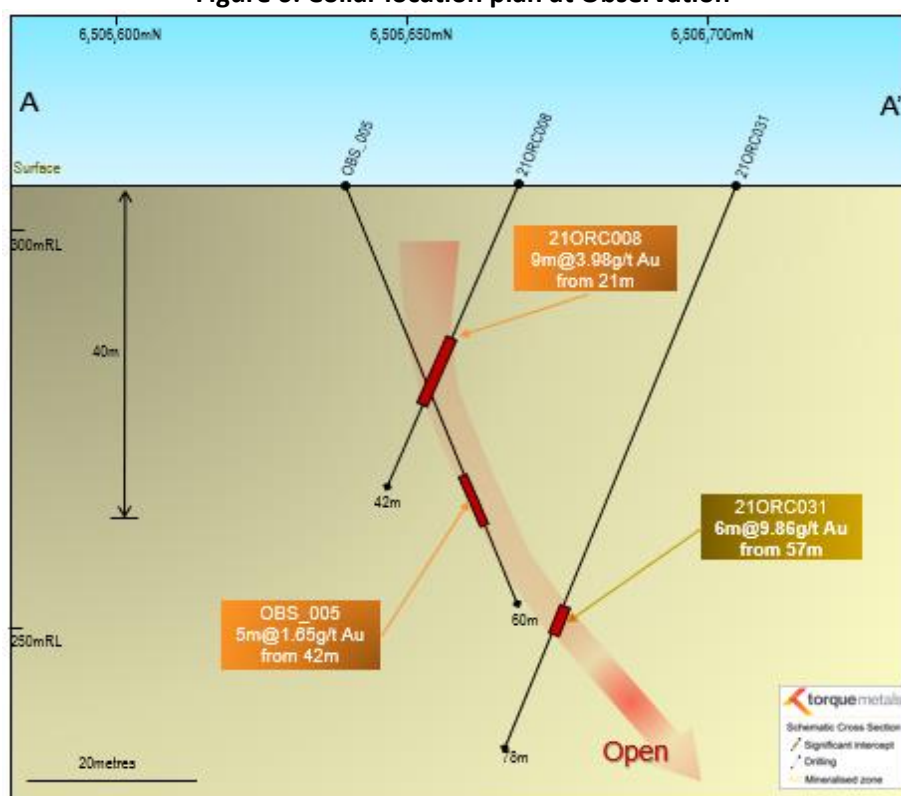
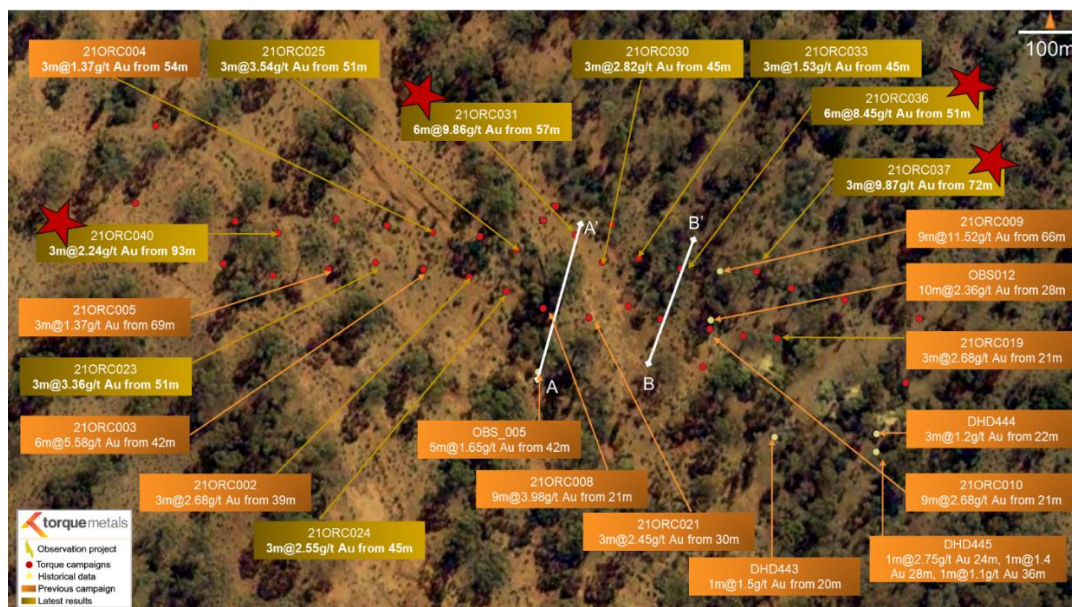
Post half year end, Torque announced assay results from the follow-up RC drilling program to test the first phase drilling confirmed significant high-grade gold at shallow depth (~50m – 100m depth) at the prospect.³

Significant results received from the follow up drilling at Observation are shown in Table 3:

| Hole ID | Depth From (m) | Depth To (m) | Element | Interval Width | Grade (Au) | Intercept Description |
|----------|----------------|--------------|---------|----------------|------------|-----------------------|
| 21ORC023 | 51 | 54 | Au_g/t | 3 | 3.36 | 3m@3.36g/t |
| 21ORC024 | 45 | 48 | Au_g/t | 3 | 2.55 | 3m@2.55g/t |
| 21ORC025 | 51 | 54 | Au_g/t | 3 | 3.54 | 3m@3.54g/t |
| 21ORC030 | 45 | 48 | Au_g/t | 3 | 2.82 | 3m@2.82g/t |
| 21ORC031 | 57 | 63 | Au_g/t | 6 | 9.86 | 6m@9.86g/t |
| 21ORC033 | 45 | 48 | Au_g/t | 3 | 1.53 | 3m@1.53g/t |
| 21ORC036 | 51 | 57 | Au_g/t | 6 | 8.45 | 6m@8.45g/t |
| 21ORC037 | 72 | 75 | Au_g/t | 3 | 9.87 | 3m@9.87g/t |
| 21ORC040 | 93 | 96 | Au_g/t | 3 | 2.24 | 3m@2.24g/t |

Table 3: Significant Intersections from Aug follow-up RC drilling at Observation - All samples are 3 metre composite samples

³ Refer to ASX announcement dated 20th January 2022



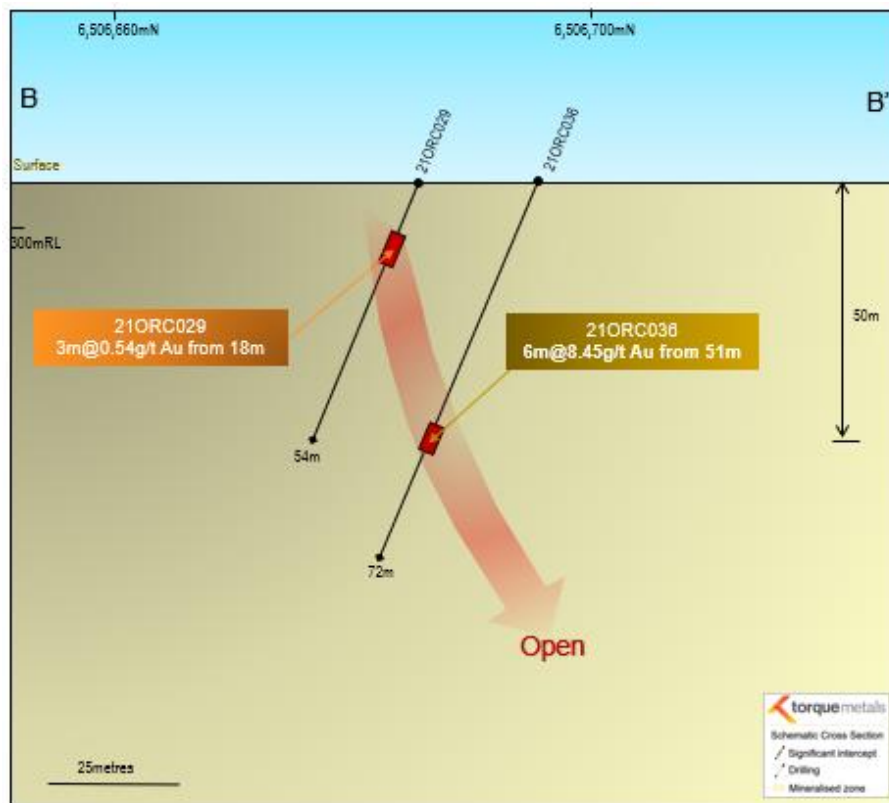


Figure 8: Schematic cross section showing 21ORC036

Paris & HHH pits

Torque's first phase of drilling at the existing Paris and HHH pits⁴ confirmed very strong, broad zones of high-grade gold both up and down dip at Paris and HHH, demonstrating considerable potential for growth in gold resources below and adjacent to the existing pits.

Assay highlights from drilling adjacent to Paris open pit included intersections of:

- 6m @ 34.6 g/t Au from 141m, within a larger zone of 24m @ 10.7 g/t Au in hole 21PRC025 drilled to north of the Paris pit in a southern direction to test gold resource potential, adjacent to the existing pit.
- 6m @ 15.2 g/t Au from 123m, within a larger zone of 9m @ 10.56 g/t Au in hole 21PRC021 drilled to the south of Paris pit in a northern direction.

This successful drilling indicated strong down-dip gold resource potential below the existing pit.

Assay highlights from drilling adjacent to HHH open pit included intersections of:

- 3m @ 3.89 g/t Au from 87m in hole 21HRC003 drilled north of HHH pit on a southern direction confirming down dip extensions to gold resource below the existing pit
- 3m @ 1.93 g/t Au from 90m in hole 21HRC001 drilled north of HHH pit in a southern direction confirming down dip extensions to gold resource below the existing pit

In following-up on the high-grade results from first phase drilling and test for extensions to known mineralisation, a total of 4 holes for 384 metres were drilled adjacent to the Paris pit and 9 holes for 798 metres adjacent to the HHH pit.

(See Table 4 for significant assay results received, Table 5 for drill hole summary, Figure 9- 10 for schematic cross sections and Figure 11 for collar location plan.)

⁴ Refer to ASX announcement dated 18th October 2021

| Hole ID | Depth From (m) | Depth To (m) | Element | Interval Width (m) | Grade (Au) | Intercept Description |
|----------|----------------|--------------|---------|--------------------|------------|-----------------------|
| 21PRC021 | 123 | 132 | Au_g/t | 9 | 10.56 | 9m @ 10.56 g/t |
| 21PRC021 | 123 | 129 | Au_g/t | 6 | 15.2 | 6m @ 15.2 g/t |
| 21PRC025 | 141 | 165 | Au_g/t | 24 | 10.7 | 24m @ 10.7 g/t |
| 21PRC025 | 141 | 147 | Au_g/t | 6 | 34.6 | 6m @ 34.6 g/t |
| 21HRC001 | 90 | 93 | Au_g/t | 3 | 1.93 | 3m @ 1.93 g/t |
| 21HRC002 | 87 | 93 | Au_g/t | 6 | 0.63 | 6m @ 0.63 g/t |
| 21HRC003 | 87 | 90 | Au_g/t | 3 | 3.89 | 3m @ 3.89 g/t |

Table 4: Significant Intersections from drilling adjacent to Paris and HHH open pits - All samples are 3 metre composite samples

| Project Area | Easting | Northing | RL | Hole ID | Hole Depth | Inclination/ Azimuth |
|---------------|------------|-------------|-----|----------|------------|-------------------------|
| Paris Harolds | 402735 | 6504560 | 299 | 21PRC020 | 205 | -60/020 |
| Paris Harolds | 402769.862 | 6504599.873 | 299 | 21PRC021 | 150 | -60/030 |
| Paris Plunge | 402710 | 6504760 | 298 | 21PRC022 | 84 | -60/200 |
| Paris Plunge | 402593 | 6504815 | 299 | 21PRC025 | 180 | -60/200 |
| HHH | 402126 | 6505831 | 304 | 21HRC001 | 120 | -55/180 |
| HHH | 402180 | 6505827 | 304 | 21HRC002 | 94 | -55/180 |
| HHH | 402220 | 6505820 | 306 | 21HRC003 | 94 | -55/180 |

Table 5: Drill hole summary

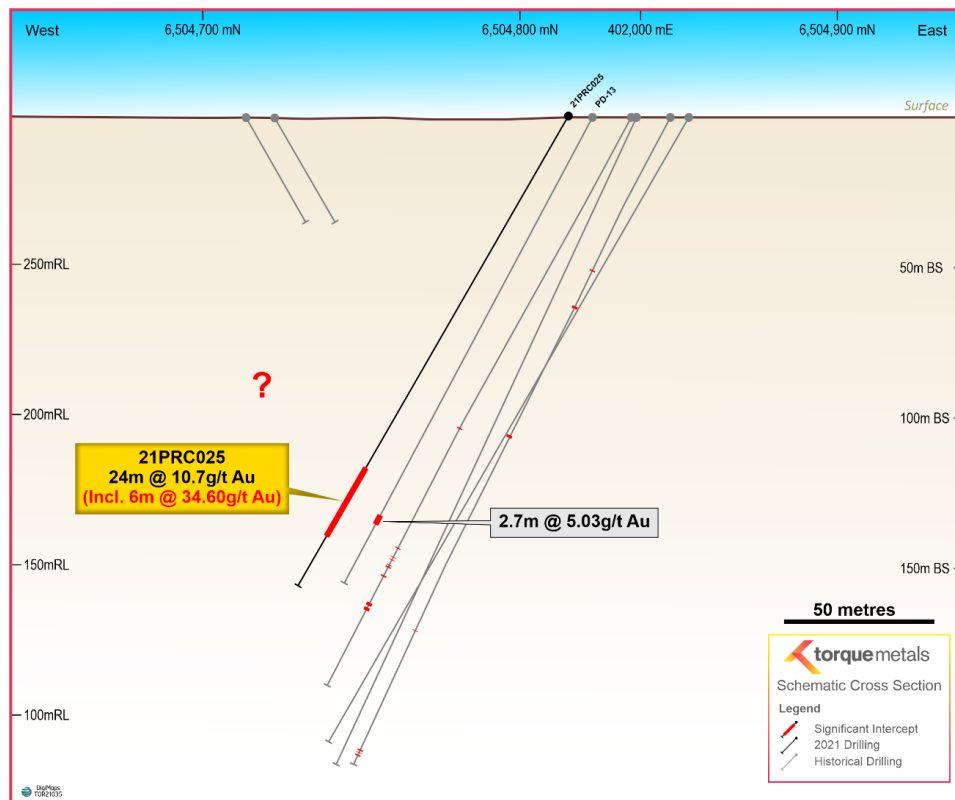


Figure 9: Schematic cross section showing 21PRC025

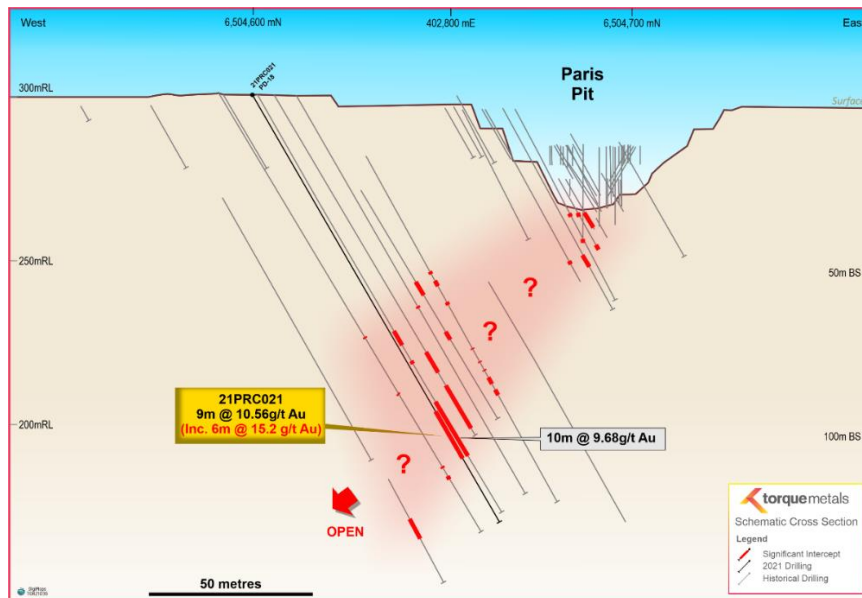


Figure 10: Schematic cross section showing 21PRC021

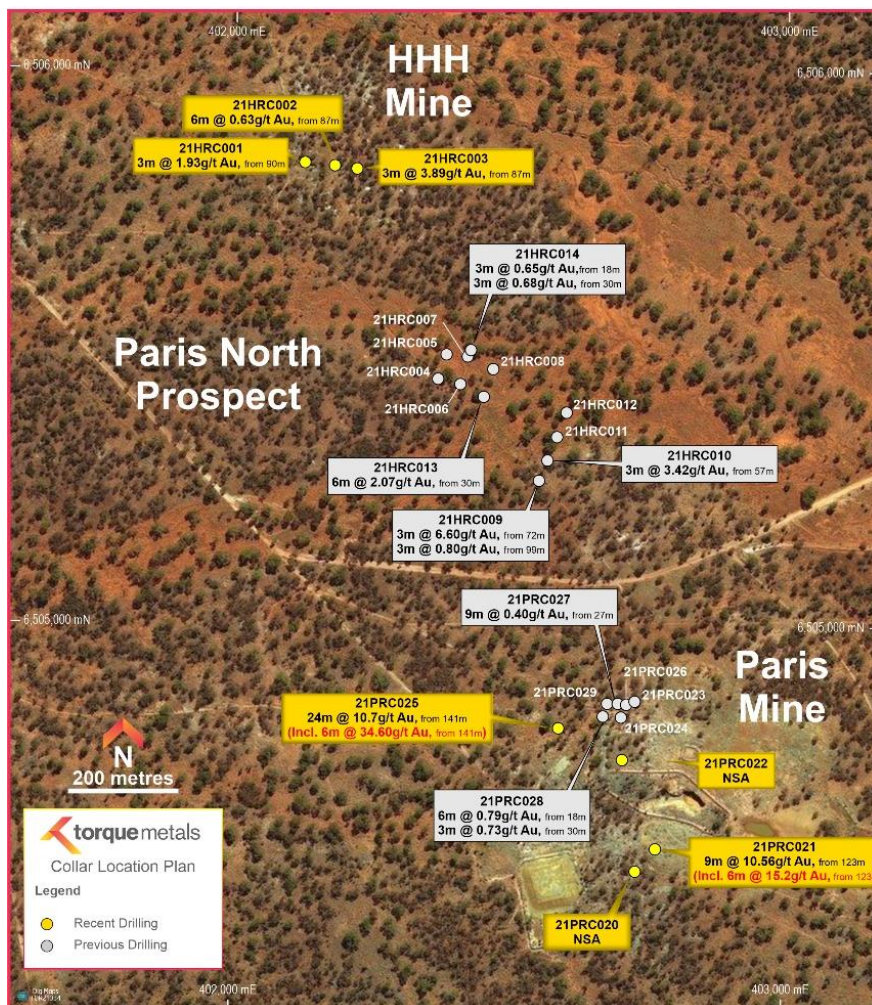


Figure 11: Collar location plan at Paris and HHH pits

In February 2022⁵, assay results from drilling 120m west of the existing Paris open pit area confirmed 21m @ 2.33 g/t Au from 159m including 3m @ 11.6 g/t Au from 159m in drill hole 22PRC034 (See Figure 12 & 13 and Table 6 for drill hole summary).

⁵ Refer to ASX announcement dated 21st February 2022

The result demonstrates a continuous mineralised zone exists to the west of the high-grade discovery in 21PRC025 of 24m @10.7 g/t Au from 141m including 6m @ 34.6 g/t Au from 141m. Together the results of the above two mentioned drill holes suggest the Paris pit may extend for up to 120m west, and still remains open. This opens up a new exploration front. Torque planning follow-up drilling of this zone as soon as practicable.

| Actual Hole_ID | Original_East | Original_North | Original_RL | Dip/Azimuth | Planned depth |
|----------------|---------------|----------------|-------------|-------------|---------------|
| 22PRC034 | 402534 | 6504673 | 298 | -60/020 | 208 |

Table 6: 22PRC034 drill hole summary



Figure 12: Paris Project open pit map

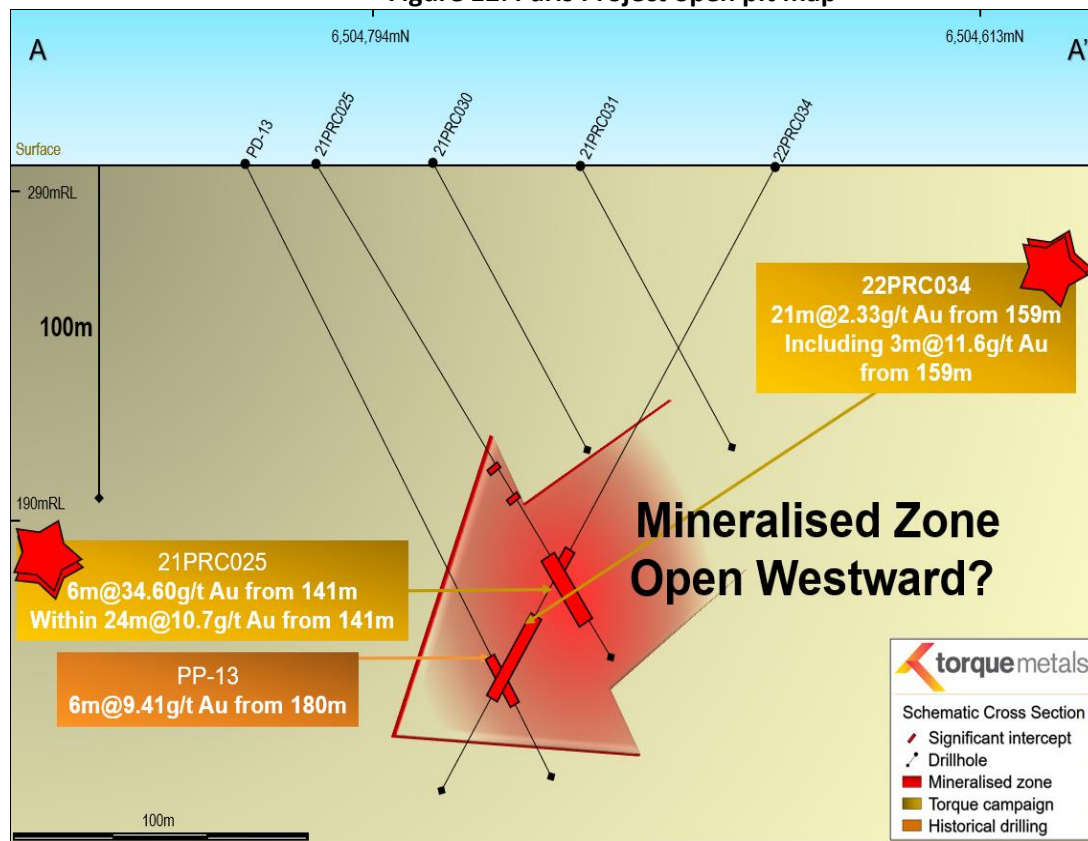


Figure 13: Paris Project 22PRC034 cross-section

Strauss

A total of 24 RC holes for 1,722 metres were drilled at Strauss as part of Phase 1 drilling with initial, 3m composite, assay results including intersections of **12 metres at 1.21 grams per tonne gold from 57 metres in hole 21SRC005**.⁶ (See Table 7 for initial assay results received and Figures 15 - 17 for schematic intersections).

The assay results identified a new mineralised zone covering a current minimum strike length of ~150 metres which remained open to the north and south, and at depth with a shallow dip to the east. (See Figure 18)

Importantly, the Strauss prospect was an entirely new discovery unrelated to the Observation discovery where broad, high-grade gold was intercepted (See Figure 14)

A total of 8 RC holes for 816 metres were drilled at Strauss in follow-up drilling.

| Hole ID | Depth From (m) | Depth To (m) | Element | Interval Width | Grade (Au) | Intercept Description |
|----------|----------------|--------------|---------|----------------|------------|-----------------------|
| 21SRC005 | 36 | 39 | Au_ppm | 3 | 4.23 | 3m @ 4.23 ppm |
| 21SRC005 | 57 | 69 | Au_ppm | 12 | 1.21 | 12m @ 1.21 ppm |
| 21SRC020 | 39 | 45 | Au_ppm | 6 | 2.32 | 6m @ 2.32 ppm |
| 21SRC020 | 57 | 63 | Au_ppm | 6 | 1.47 | 6m @ 1.47 ppm |
| 21SRC021 | 33 | 42 | Au_ppm | 9 | 0.95 | 9m @ 0.95 ppm |
| 21SRC021 | 60 | 63 | Au_ppm | 3 | 1.33 | 3m @ 1.33 ppm |
| 21SRC021 | 69 | 78 | Au_ppm | 9 | 1.13 | 9m @ 1.13 ppm |
| 21SRC022 | 96 | 102 | Au_ppm | 6 | 2.09 | 6m @ 2.09 ppm |

Table 7: Significant Intersections from drilling at Strauss

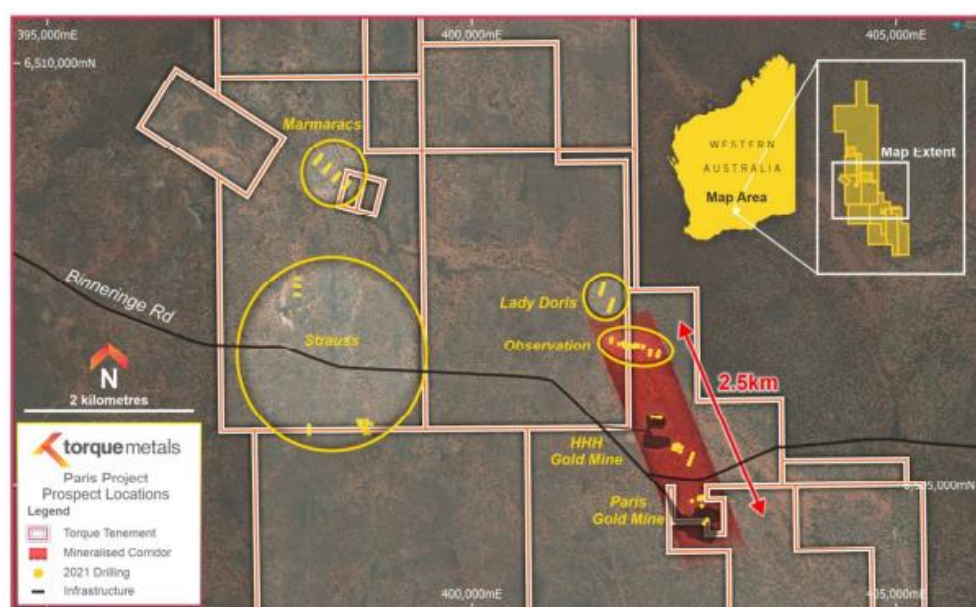


Figure 14: Location of Strauss prospect in relation to other prospects at Paris.

⁶ Refer to ASX announcement dated 15th September 2021

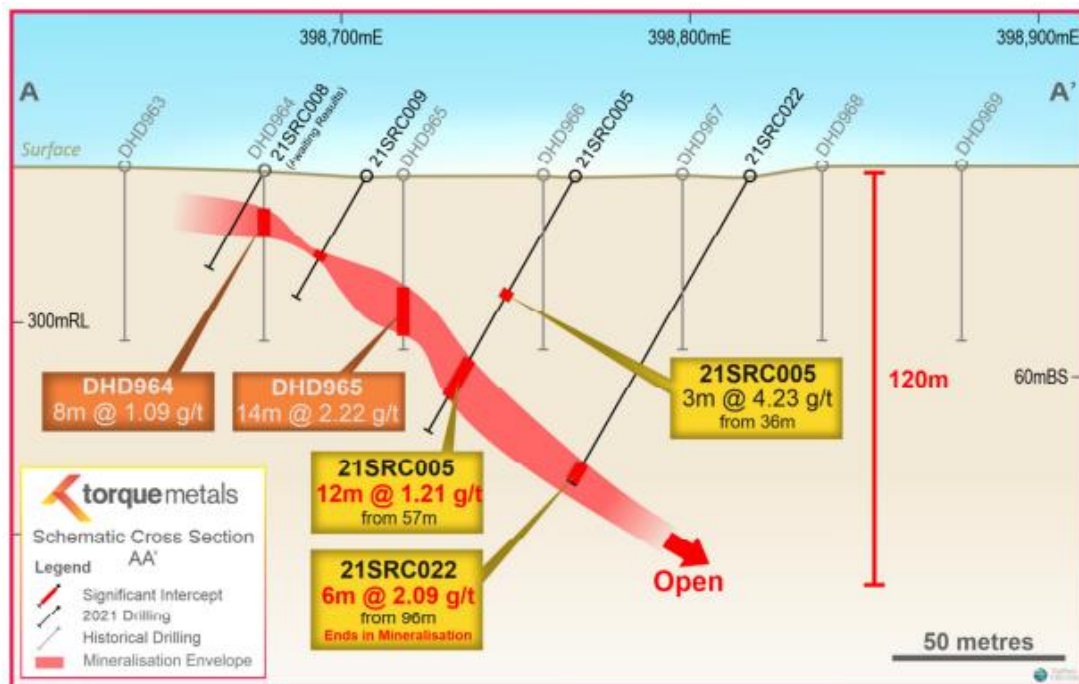


Figure 15: Schematic cross section showing significant intercepts with mineralisation envelope from first phase drilling campaign (21SRC005 and 21SRC022) and historical drilling at Strauss Prospect

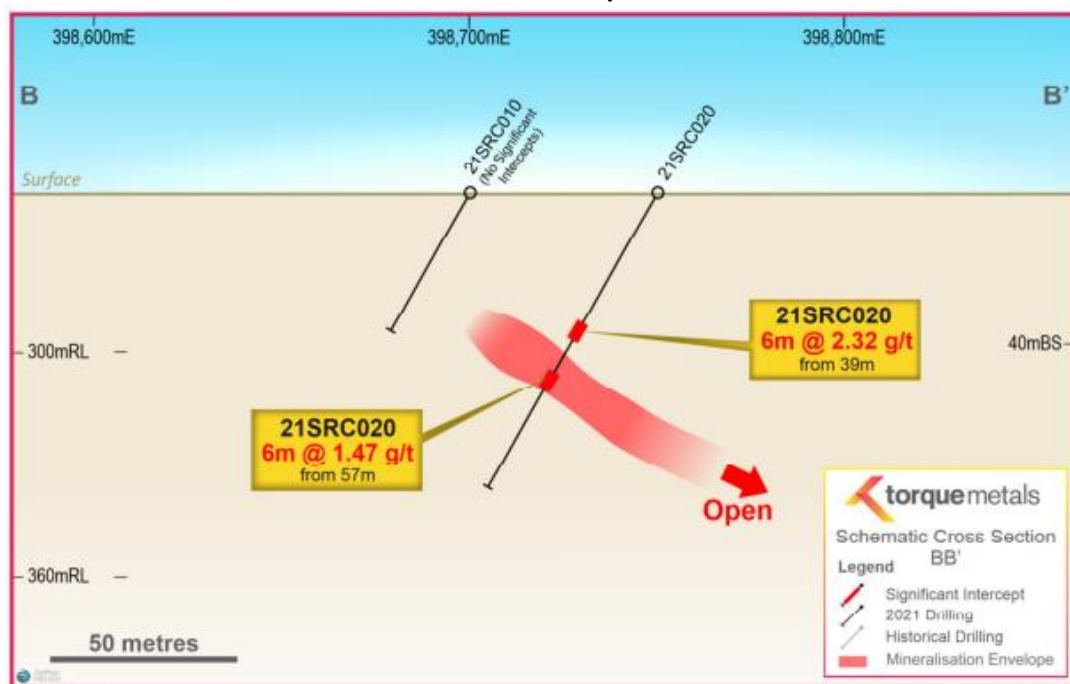


Figure 16: Schematic cross section showing significant intercepts with mineralisation envelope from first phase drilling campaign (21SRC020) and historical drilling at Strauss Prospect

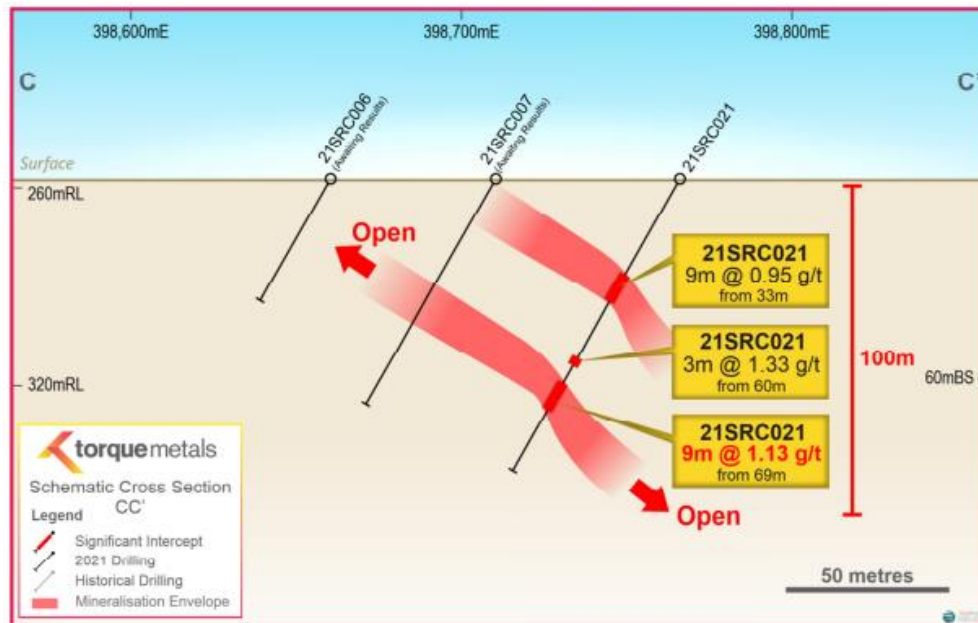


Figure 17: Schematic cross section showing significant intercepts with mineralisation envelope from first phase drilling campaign (21SRC021) and historical drilling at Strauss Prospect

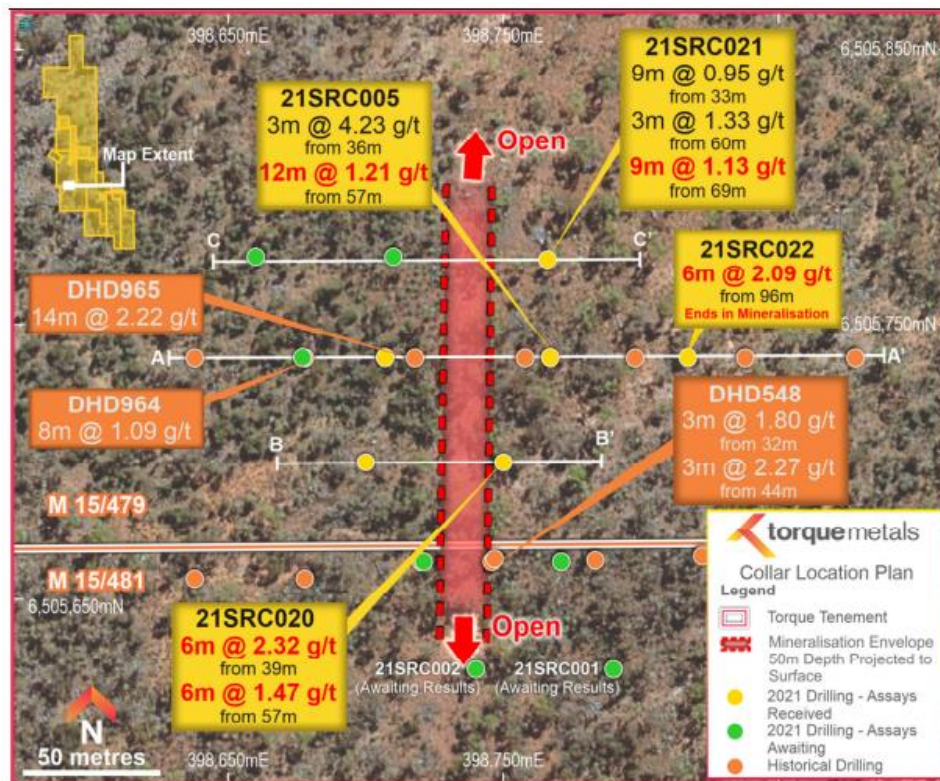


Figure 18: Collar location plan at Strauss Prospect shows minimum 150m strike length open to the north and south and at depth

Maynard's Dam Prospect

During the six-month period, new gravity geophysics surveys were conducted by SensOre Ltd ("SensOre") at the Maynard's Dam Prospect (EL15/1752). Maynard's Dam lies north of the Paris and HHH Gold Projects (Figure 19) and forms part of Torque's joint venture agreement with Jindalee Resources (ASX: JRL).



Figure 19: Main prospects in the Paris Project tenure

SensOre subsidiary, Yilgarn Exploration Ventures, is acquiring up to 70% of EL15/1752. Historical scout drilling records at Maynard's Dam indicate drilling intercepts of up to 3m at 28g/t Au.

A desktop review, compilation of historical exploration activity and reprocessed newly available gravity geophysics at 100m x 200m spacing undertaken by SensOre has provided enhanced information on the lithologies and structures controlling mineral potential in the area and will be used to assist identifying drill site locations on the generated targets.

According to SensOre, targets predicted by are interpreted as potentially analogues for both St Ives (Gold Fields) and Norseman (Norseman Gold & Pantoro JV) style gold systems consisting of intrusion related and structurally controlled auriferous quartz veins. A splay off the Boulder-Lefroy Fault, a regionally fertile structure in the Eastern Goldfields passes down the western side of the project area.

SensOre is earning a 51% stake in the prospect by expending \$3 million over a three-year period with guaranteed minimum expenditures of \$300K in year 1 and \$700K in year 2. Thereafter they may earn up to a 70% stake by completing a comprehensive mining feasibility study. Torque may subsequently buy back 10% from Yilgarn for \$500K.

Geochemical Survey

During the half year period, an auger based geochemical soil sampling program was conducted to the south of the Paris Pit over most of Torque tenements M15/496 and M15/497 with a view to extending the Paris Gold Corridor southwards.

The survey also encompassed an "outlier" drill result at Paris South of 13m @ 3.3g/t Au from DHD425 (refer to Figure 20). Results from the geochemical study are anticipated early this year with findings to further support the Company's drill targeting activities in the Boulder-Lefroy Fault Zone.

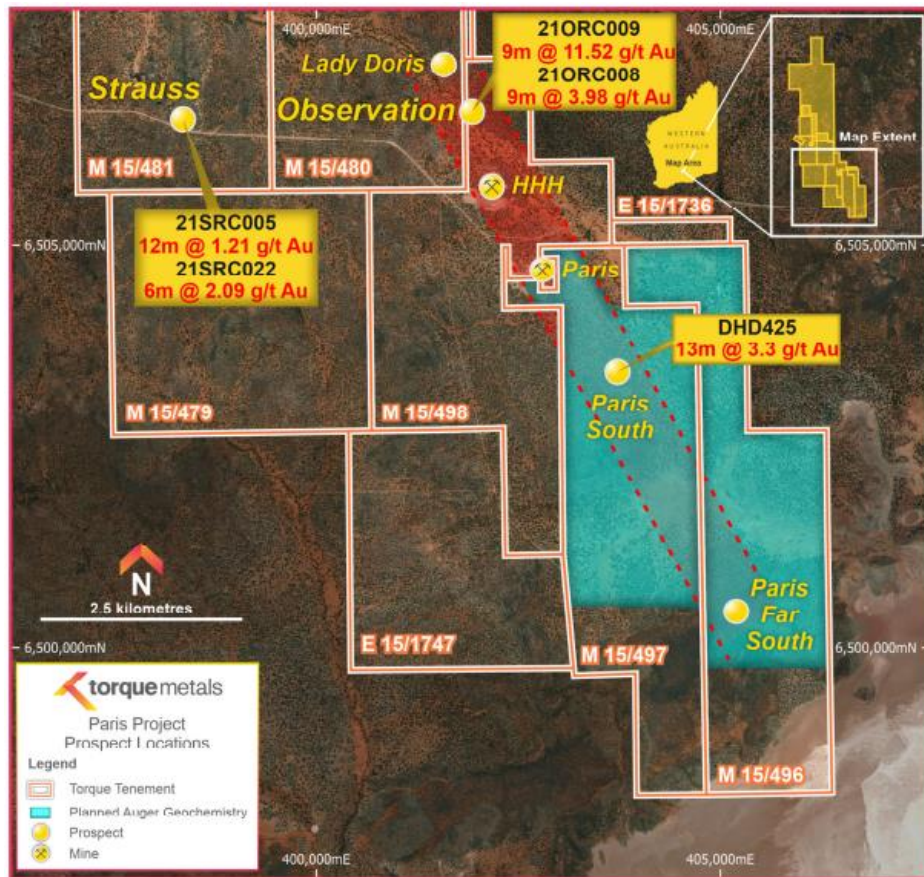


Figure 20: Location of Auger Geochemistry survey to the south of Paris Pit

Bullfinch Project

Following database compilation and a review of historic results undertaken on the Bullfinch Prospect, Torque progressed with getting Programme of Works (PoW's) in place and contracting a drill rig for first pass RC drilling programme at Bullfinch which is anticipated to take place in [March quarter 2022]. Drilling is expected to concentrate on the high-grade gold targets at Withers and Rutherford's Find.

Withers prospect

Geochemical work by the Company demonstrated a series of six or seven parallel, gold bearing quartz reefs could exist over a +3km strike length at the Withers prospect alone – just 6km WNW of the historic Copperhead mine site. While there has virtually been no previous drilling undertaken at Withers, informal mining has been carried out on one of these quartz reefs which produced 1472 tonnes of ore at a recovered grade of 35.7g/t (1688 ounces). See Figure 21

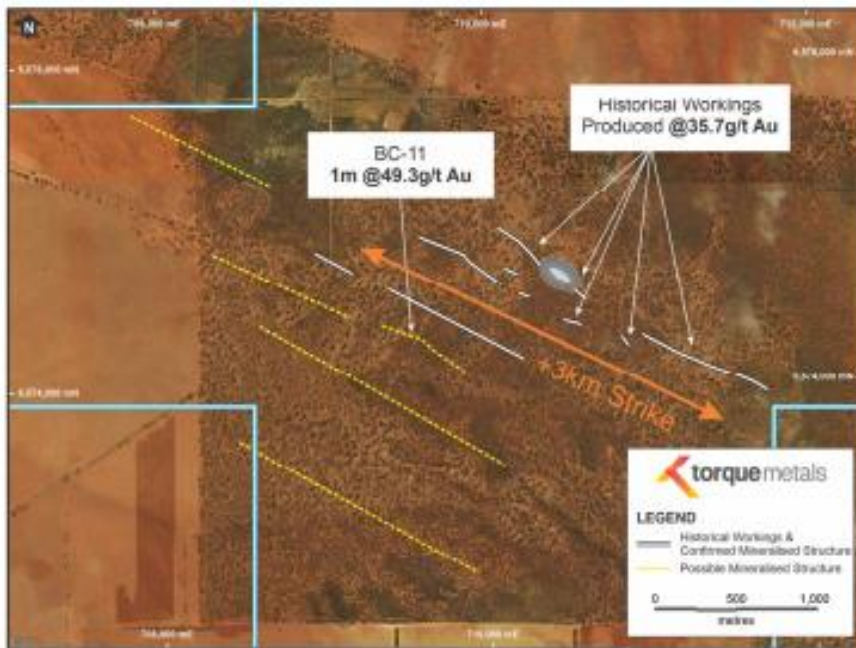


Figure 21: Gold bearing quartz reefs located over a potential +3km strike length at Withers

Rutherford's Find prospect

Only twelve historic RC holes have been drilled at Rutherford's Find with 10 gold intersections of commercial grade. (See Figure 22) Of these, two holes hit wide zones of:

- 8m @ 5.4g/t gold, including 4m @ 10.1g/t gold, including 2m @ 18.7g/t gold and open at depth (BRC30)
- 8m @ 3.9g/t gold, including 2m @ 9g/t gold, including 2m @ 6.2g/t gold (BRC19)

Historical production was also carried out Rutherford's Find of 194oz from 308 tonnes at an average recovered grade of 19.6g/t Au.

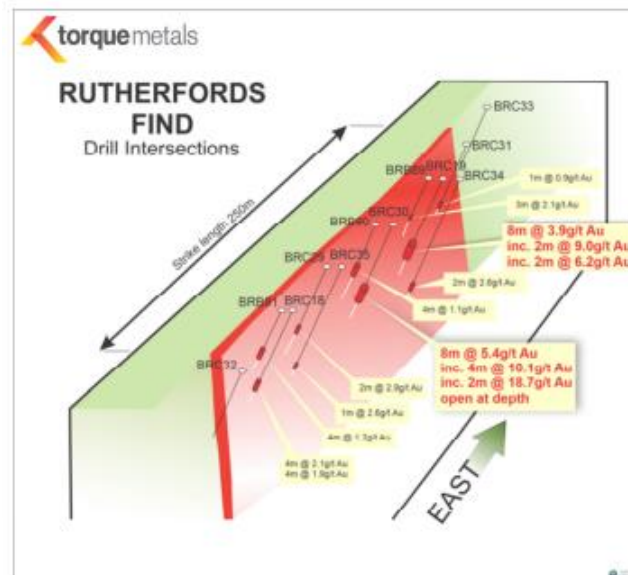


Figure 22: Historical drill intersections at Rutherford's Find.

EVENTS POST END OF PERIOD

Caruso Prospect

In January 2022, highly significant shallow gold results were received from drilling at the new Caruso Prospect⁷ situated only 200m to the north-east of the historic HHH open pit mine.

9 holes for 798 metres were drilled at Caruso returning strong results as shown in Table 8.

| Hole | Intercept | Grade (Au) | Depth from |
|--------|-----------|------------|------------|
| HRC016 | 6m | 1.37 g/t | 24m |
| HRC017 | 3m | 1.37 g/t | 33m |
| | 6m | 1.43 g/t | 54m |
| HRC018 | 9m | 3.47 g/t | 30m |
| HRC020 | 3m | 1.74 g/t | 24m |
| HRC023 | 15m | 3.12 g/t | 15m |

Table 8 – Significant intersections from Caruso prospect

Results are located within close proximity to a number of geologically significant historic drilling, as seen in Figure 23.

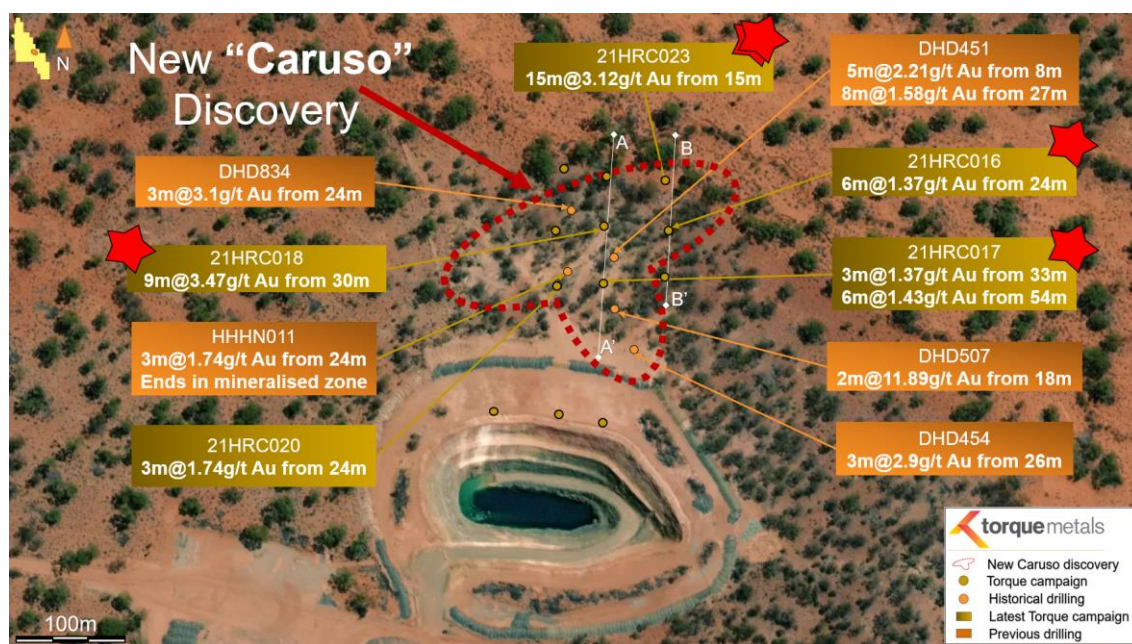


Figure 23 – Historic and recent results at the Caruso Discovery, adjacent to HHH Pit

Further exploration work is now being planned to assist interpretation of the size and potential of the mineralised area. Given the similarities to the HHH mineralisation Torque believes there is real potential for the two zones to be connected.

⁷ Refer to ASX announcement dated 27th January 2022

Phase 3 follow-up drilling

In February 2022⁸, The Phase 3 drilling program began at Paris consisting of 3,234 metres utilising an RC rig with a larger depth capacity (250m to 350m capacity) compared to RC rig utilised in Phase 2 drilling (~100 metres capacity).

The drilling continued to follow-up the first and second phase drilling which resulted in new gold discoveries adjacent to existing open pits at Paris and HHH and at the Observation Strauss and Caruso prospects.⁹

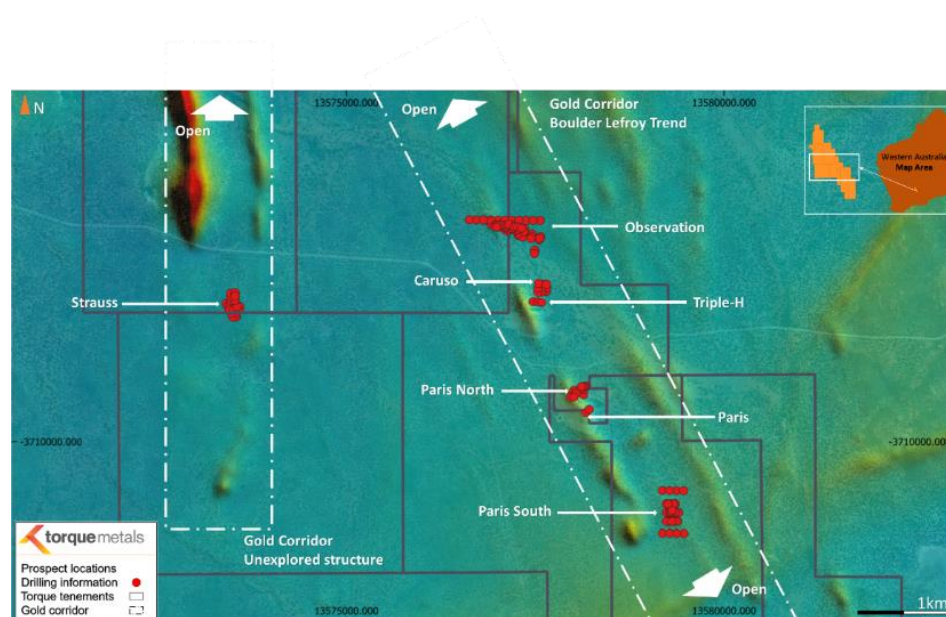


Figure 24: Locations for follow-up drilling

Capital Structure

31 December 2021

| Securities | Exercise Price \$ | Number |
|----------------------------|----------------------|------------|
| Ordinary Fully Paid Shares | | 62,818,519 |
| Unlisted Options | | |
| Expiring 27 July 2023 | 0.300 | 1,000,000 |
| Expiring 30 November 2023 | 0.300 | 12,634,092 |
| Expiring 22 December 2023 | 0.250 | 2,250,000 |
| Expiring 23 June 2024 | 0.275 | 3,875,000 |
| Expiring 23 June 2024 | 0.300 | 5,500,000 |

⁸ Refer to ASX announcement dated 7 February 2022

⁹ Refer to ASX announcements dated 18th August 2021, 15th September 2021, 18th October 2021, 15th December 2021

Significant Changes in State of Affairs

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

- A pro rata non-renounceable entitlement offer of 12,634,092 Options to eligible shareholders to acquire one (1) option for every four (4) shares held by those Shareholders at an issue price of \$0.01 per Option. The Options have an exercise price of \$0.30 each and an expiry date of 30 November 2023
- At the Company's Annual General Meeting held 23 November 2021 shareholders approved the grant of:
 - I. 10,000,000 Performance Rights to directors
 - II. 2,000,000 Unlisted Options exercisable at 30 cents to Euroz Hartley Limited
 - III. Approval of an Employee Incentive Plan

Events arising since the end of the Half Year

No matters or circumstances have arisen since the end of the reporting half 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:

On 18 February 2022 the Company allotted 2,000,000 unlisted options exercisable at 30 cents to Euroz Harley Limited as approved by Shareholders at the Annual General Meeting of 23 November 2021.

Environmental Issues

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

Indemnification and insurance of directors and officers

The Company has entered into Deeds of Indemnification with 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.

Auditor's Independence Declaration

The Auditor's Independence Declaration under section 307C of the Corporations Act 2001 is set out on page 36 for the half year ended 31 December 2021.

Signed in accordance with a resolution of directors.

On behalf of the directors



Ian D. Finch
Executive Chairman

Dated 14 March 2022

Competent Persons Statement – Exploration Results

The information in this announcement that relates to Exploration Results is based on information compiled by Mr Ian D. Finch, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Finch is the Chairman of Torque Metals Limited ("the Company"). Ian Finch has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Finch consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

Mineral Resources

The Company confirms it is not aware of any new information or data that materially affects the information reported in the Company's Prospectus dated 14 April 2021 and that all material assumptions and technical parameters underpinning the estimate continue to apply and have not materially changed when referring to the resource in the Prospectus dated 14 April 2021.

Forward Looking Statements

This report may contain certain "forward-looking statements" which may not have been based solely on historical facts, but rather may be based on the Company's current expectations about future events and results. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward looking statements are subject to risks, uncertainties, assumptions and other factors which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Readers should not place undue reliance on forward looking information. The Company does not undertake any obligation to release publicly any revisions to any "forward-looking statement" to reflect events or circumstances after the date of this report, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

Statement of profit or loss and other comprehensive income for the half year ended 31 December 2021

| | | 6 Months 31 December 2021 \$ | 6 Months 31 December 2020 \$ |
|--|----|---------------------------------------|---------------------------------------|
| Revenue from continuing operations | | - | - |
| Other income | | - | 25,000 |
| Total revenue and other income | | <u>-</u> | <u>25,000</u> |
| Corporate administrative expenses | 2 | (492,927) | (93,185) |
| Financial expense interest | 2 | - | (6,413) |
| Initial public offering expenses | 2 | 7,078 | (47,747) |
| Share based payments | 11 | (25,600) | (183,295) |
| Loss before income tax | | <u>(511,449)</u> | <u>(305,640)</u> |
| Income tax expense | | - | - |
| Loss for the period | | (511,449) | (305,640) |
| Other comprehensive income, net of income tax | | - | - |
| Total comprehensive loss for the period | | <u>(511,449)</u> | <u>(305,640)</u> |
| Loss attributable to: | | | |
| Owners of Torque Metals Limited | | (511,449) | (305,640) |
| Total comprehensive loss attributable to: | | - | - |
| Owners of Torque Metals Limited | | <u>(511,449)</u> | <u>(305,640)</u> |
| | | Cents | Cents |
| Basic weighted average earnings/(loss) per share | | (0.093) | (0.048) |

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 2021

| | | 31 December 2021 \$ | 30 June 2021 \$ |
|--|------|---------------------------|-----------------------|
| | Note | | |
| Current assets | | | |
| Cash and cash equivalents | 4 | 2,598,536 | 5,084,472 |
| Trade and other receivables | 5 | 42,891 | 37,108 |
| Total current assets | | 2,641,427 | 5,121,580 |
| Non current assets | | | |
| Property, Plant and Equipment | | 22,127 | - |
| Right of use assets | 6 | 69,568 | - |
| Exploration and evaluation expenditure | 7 | 5,690,688 | 3,695,023 |
| Total non-current assets | | 5,782,383 | 3,695,023 |
| Total assets | | 8,423,810 | 8,816,603 |
| Current liabilities | | | |
| Trade and other payables | 8 | 665,711 | 769,920 |
| Lease Liabilities | 6 | 27,913 | - |
| Total current liabilities | | 693,624 | 769,920 |
| Non-Current liabilities | | | |
| Lease Liabilities | 6 | 43,011 | - |
| Total non-current liabilities | | 43,011 | - |
| Total liabilities | | 736,635 | 769,920 |
| Net assets | | 7,687,175 | 8,046,683 |
| Equity | | | |
| Issued capital | 9 | 9,041,144 | 9,041,144 |
| Options | 10 | 126,341 | - |
| Performance Reserve | 11 | 379,615 | 354,015 |
| Option Reserve | 12 | 1,120,372 | 1,120,372 |
| Accumulated losses | | (2,980,297) | (2,468,848) |
| Total equity | | 7,687,175 | 8,046,683 |

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 2021

| | Issued Capital | Options | Accumulated Losses | Option Reserve | Performance Rights Reserve | Equity Reserve | Total |
|---|-------------------|----------------|-----------------------|-------------------|----------------------------------|-------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 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 |
| Option Issued | - | - | - | 106,857 | - | - | 106,857 |
| Performance Rights issued | - | - | - | - | 76,438 | - | 76,438 |
| Transaction costs | (94,643) | - | - | - | - | - | (94,643) |
| Balance as at 31 Dec2020 | 3,890,177 | | (954,463) | 106,857 | 259,499 | 13,592 | 3,315,662 |
| Balance as at 1 July 2021 | 9,041,144 | - | (2,468,848) | 1,120,372 | 354,015 | - | 8,046,683 |
| Total comprehensive Income/loss for the Period | - | - | (511,449) | - | - | - | (511,449) |
| Options Issued | - | 126,341 | - | - | - | - | 126,341 |
| Performance Rights issued | - | - | - | - | 25,600 | - | 25,600 |
| Balance as at 31 Dec 2021 | 9,041,144 | 126,341 | (2,980,297) | 1,120,372 | 379,615 | - | 7,687,175 |

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 2021

| | | 6 months 31 December 2021 \$ | 6 months 31 December 2020 \$ |
|--|------|---------------------------------------|---------------------------------------|
| | Note | | |
| | S | | |
| Cash flow from operating activities | | | |
| Payments to suppliers and employees | | (582,983) | 154,427 |
| Net cash (used in) from operating activities | 3 | (582,983) | 154,427 |
| Cash flow used in investing activities | | | |
| Tenement acquisition | | (89,373) | (600,000) |
| Exploration and evaluation | | (1,906,292) | (558,211) |
| Plant and Equipment | | (22,127) | - |
| Net cash (used) in investing activities | | (2,017,792) | (1,158,211) |
| Cash flow from financing activities | | | |
| Proceeds from share issue | | - | 1,528,773 |
| Proceeds from option issue | | 126,341 | - |
| Director's Loan | | | |
| Unsecured Advance | | - | (12,747) |
| Repayment of leasing liabilities | | (11,502) | - |
| Convertible Notes | | | |
| Associates | | - | (48,200) |
| Other | | - | (30,000) |
| Interest Paid to Other than a Director | | - | (4,739) |
| Net cash from financing activities | | 114,839 | 1,433,087 |
| Net (decrease) increase in cash and cash equivalents | | (2,485,936) | 429,303 |
| Cash and cash equivalents at the beginning of the period | | 5,084,472 | 2,056 |
| Cash and cash equivalents 31 December 2021 | | 2,598,536 | 431,359 |

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 2021

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 2021 ("the Half Year"). The Company is involved in the minerals exploration industry.

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 Australian 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 2001 and 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 2021 and any public announcements made by Torque during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX 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 2021.

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 2021.

f) 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.

g. 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 \$511,499 (31 December 2020 \$305,640) and experienced net cash outflow from operations of (\$582,983) ((31 December 2020 inflow of \$154,427). The Company has liabilities of \$736,635 (30 June 2021 \$769,920) and cash on hand of \$2,598,536 (30 June 2021 \$5,084,472).

The ability of the Company to continue as a going concern is dependent upon the success of future fundraising. This requirement gives rise to an uncertainty that may cast a 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.

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.

These interim financial statements were approved by the Board on 14 March 2022.

2. Segment Information

a. Segment Reporting

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the full Board of Directors.

The Company operates in predominantly one business and geographical segment, being mineral exploration in Australia

| | 6 months 31 December 2021 \$ | 6 months 31 December 2020 \$ |
|----------------------------------|---------------------------------------|---------------------------------------|
| b. Expenses | | |
| Administrative expenses | (492,927) | (93,185) |
| Initial Public Offering expenses | 7,078 | (47,747) |
| Interest Paid | - | (6,413) |
| Share Based Payments | (25,600) | (183,295) |
| | (511,449) | (330,640) |

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

| | | |
|--|------------------|------------------|
| Net (loss) Loss for the period | (511,449) | (305,640) |
| Interest expense | 2543 | 6,413 |
| Options Issue | - | 106,857 |
| depreciation/Amortisation | 10,315 | - |
| Performance Rights Net Movement | 25,600 | 76,438 |
| Operating loss before changes in working capital | (472,991) | (115,932) |
| Decrease / (Increase) in receivables | (5,783) | 61,781 |
| Increase / (Decrease) in payables | (104,209) | 208,578 |
| Net cash used in operating activities | (582,983) | 154,427 |

Non-cash financing and investing activities

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

Financing facilities available

As at 31 December 2021 the Company had no financing facilities.

| | 31 December 2021 \$ | 30 June 2021 \$ |
|--|---------------------------|-----------------------|
| 4. Cash on Hand and Equivalents | 2,598,536 | 5,084,472 |
| 5. Trade Receivables | | |
| G.S.T. receivables | 40,908 | 17,374 |
| Other | 1,983 | 19,734 |
| | 42,891 | 37,108 |

| | 31 December 2021 \$ | 30 June 2021 \$ |
|---|---------------------------|-----------------------|
| 6. Right of use assets - Leases | | |
| a. Amounts recognised in the balance sheet | | |
| Right of use asset | | |
| Opening Balance | 83,321 | - |
| Less Depreciation | (13,753) | - |
| Closing balance | 69,568 | - |
| Lease Liabilities | | |
| Opening Balance - Current | 22,071 | - |
| Opening Balance - Non-Current | 61,250 | - |
| Opening Balance - Total | 83,321 | - |
| Add : Interest | 2,543 | - |
| Less : Payments | (14,940) | - |
| Closing balance - Total | 70,924 | - |
| Closing Balance - Current | 27,913 | - |
| Closing Balance - Non-Current | 43,011 | - |
| a. Amounts recognised in the balance sheet | | |
| Depreciation of right of use asset | 10,315 | - |
| Interest expense on lease liabilities | 2,543 | - |

c. Leasing Activities

The Company entered into an office lease for the premises at Unit 8, 16 - 18 Nicholson Road, Subiaco, WA.

The WA. The lease commenced on 15 May 2021 with an option to extend for a further 36 months ending 14 May 2025. The Company intends to exercise the option to extend

The lease is recognised as a right of use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right of use asset is amortised over the shorter of the asset's useful life and the lease term on a straight line basis.

Initial measurement

Assets and liabilities from a lease are initially measured on a present value basis. The lease liability included the present value of the fixed payments and variable lease payments that depend on an index, initially measured using the index as at the commencement date (reconciled and adjusted for actual index each year). The lease payments are discounted using the Company's incremental borrowing rate of 6%.

The right of use asset is measured at cost comprising of the initial measurement of the lease liability.

Subsequent measurement

The right of use asset is subsequently measure at cost less any accumulated amortisation and any accumulated impairment losses and adjusted for any re-measurement of the lease liability.
accumulated impairment losses and adjusted for any re-measurement of the lease liability.

The lease liability is subsequently measured to reflect the interest on the lease liability, the lease payments made and any reassessment of the variable payments

| | 31 December 2021 \$ | 30 June 2021 \$ |
|--|---------------------------|-----------------------|
| 7. Tenements | | |
| Tenement Acquisition | 2,580,452 | 2,491,079 |
| Represented by: | | |
| Acquisition of Bullfinch Project From Talga Resources Ltd. | 397,493 | 397,493 |
| Acquisition of Bullfinch Project From Tribal Mining Pty. Ltd. | 51,045 | 52,090 |
| Acquisition of Paris Gold Project from Austral Pacific Pty. Ltd. | 2,091,307 | 2,031,306 |
| Joint Venture from Jindalee Resources Ltd. | 40,607 | 10,190 |
| | 2,580,452 | 2,491,079 |
| Exploration and evaluation expenditure | | |
| Opening Balance | 1,203,944 | 321,500 |
| Expenditure for the period | 1,906,292 | 882,444 |
| Closing Balance | 3,110,236 | 1,203,944 |
| Total Exploration and Expenditure | 5,690,688 | 3,695,023 |

Paris 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 followed by a further \$80,000 within 14 days of signing the Option Agreement. as amended 9 April 2020. The Option was exercised 29 July 2020.

An amended Option Agreement of 9 April 2020 included:

Milestone/Performance Payments as disclosed in Austal Option Agreement dated 1 November 2019 were confirmed.

| Torque to make a payment to Austral | Total | Cash | Shares |
|--|-------------|-----------|-----------|
| First 25,000 ozs in excess of 24,558 ozs | \$50,000 | \$25,000 | \$25,000 |
| Next 25,000 ozs | \$50,000 | \$25,000 | \$25,000 |
| Next 50,000 ozs | \$200,000 | \$100,000 | \$100,000 |
| Next 100,000 ozs | \$400,000 | \$200,000 | \$200,000 |
| Next 300,00 ozs | \$1,000,000 | \$500,000 | \$500,000 |
| There after ½% on each ounce | | 50% | 50% |

At the request of Austral, Torque may offer to purchase the milestone/performance payments and the ½% right (which Torque may purchase for \$1,000) at any time after 3 months of the final milestone/ performance payment being paid.

Upon commencement of mining at the HHH/Paris deposits, Torque will pay Austral \$100,000.

Royalties

The Net Smelter Royalty was amended to reflect a staged NSR payment of an unchanged \$2.9 million royalty with a right for Torque to purchase the Royalty for \$1,000 at any time after the payment of \$2.9 million

On 9 August 2021 the Company entered into an Option Deed, as amended 13 December 2021, with Austral Pacific to purchase the Paris Tailings within ML15/497, a tenement owned by the Company. Whereby the Company has the right to conduct a due diligence until 31 March 2022 at which time it may exercise the option for \$1,000,000 consisting of \$300,000 cash, shares to the value of \$200,000 calculated at VWAP and \$500,000 of gold bullion valued at the date of deposit.

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

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 as follows:

- 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

By letter agreement dated 13 May 2021 Torque agreed to the assignment of the Maynard Dam Farm-In Agreement to Sensore Yilgarn Ventures Pty. Ltd. a wholly owned subsidiary of Sensore Ltd.

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 2021 \$ | 30 June 2021 \$ |
|--------------------------------------|---------------------------|-----------------------|
| 8. Trade and other payables | | |
| Trade Creditors | 554,601 | 555,000 |
| Other creditors and accrued expenses | 111,110 | 214,920 |
| | 665,711 | 769,920 |

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

| 9. Issued Capital | 6 Mths ended 31 December 2021 | | Year ended 30 June 2021 | |
|--------------------------------|--|------------------|--|------------------|
| | No. | \$ | No. | \$ |
| Ordinary Shares | | | | |
| Opening balance for the period | 62,818,519 | 9,041,144 | 31,824,876 | 1,161,404 |
| Placement at \$0.067 | - | - | 16,346,506 | 1,095,216 |
| Convertible Note at \$0.067 | - | - | 1,167,164 | 91,792 |
| Placement at \$0.05 | - | - | 9,000,000 | 450,000 |
| Placement to Vendor | - | - | 12,000,000 | 1,200,000 |
| 2 for 1 share consolidation | - | - | (35,169,280) | - |
| Issued to Financier | - | - | 149,253 | 20,000 |
| Placement @ 20 cents | - | - | 27,500,000 | 5,500,000 |
| Cost relating to share issue | - | - | - | (477,268) |
| | 62,818,519 | 9,041,144 | 62,818,519 | 9,041,144 |

10. Unlisted Options

| | 31 December 2021 \$ | 30 June 2021 \$ |
|---|---------------------------|-----------------------|
| Unlisted Entitlement Options issued to Shareholders at \$0.01 cent each 1 December 2021 | 126,341 | - |

Pro rata non-renounceable entitlement offer of 12,634,092 Options to eligible shareholders to acquire one (1) option for every four (4) shares held by those Shareholders at an issue price of \$0.01 per Option. The Options have an exercise price of \$0.30 each and an expiry date of 30 November 2023

11. Performance Rights

| | 31 December 2021 | | 30 June 2021 | |
|--|-------------------------|----------------|---------------------|----------------|
| | No. | \$ | No. | \$ |
| Balance at beginning of reporting period | - | 354,015 | 5,000,000 | 183,060 |
| Performance rights issued/ (cancelled) | - | - | (5,000,000) | 170,955 |
| Performance rights issued to directors | 10,000,000 | 25,600 | - | - |
| | 10,000,000 | 379,615 | - | 354,015 |

Notes to the financial statements (Continued)

The Company issued 10,000,000 performance rights to the Directors on 23 November 2021. The share rights are divided into two classes of 5,000,000 each, 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.

| Class | Number of Performance Rights | Grant Date | Milestone | Expiry Date | Share based payment |
|-------|------------------------------|------------------|---|----------------------------|---------------------|
| A | 5,000,000 | 23 November 2021 | The VWAP of the Company's shares over a consecutive period of 20 trading days being not less than \$0.40. | 3 years from date of issue | 25,600 |
| B | 5,000,000 | 23 November 2021 | The Company delineates a JORC 2012 Compliant Mineral Resource of not less than 250,000 oz of Au | 3 years from date of issue | - |
| | | | | | \$25,600 |

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

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:

| Class | Grant Date | Period (years) | Valuation Per right | Expected Volatility | Risk Free Interest Rate | Dividend Yield |
|-----------|------------|--------------------|---------------------|---------------------|-------------------------|----------------|
| 5,000,000 | Class A | Performance Rights | | | | |
| | 23-Nov-21 | 3 | \$0.140 | 75% | 1.01% | - |
| 5,000,000 | Class B | Performance Rights | | | | |
| | 23-Nov-21 | 3 | \$0.215 | 75% | 1.01% | - |

12. Options Reserve

| | | 31 December 2021 | 30 June 2021 |
|------------------------|-------------------|------------------|------------------|
| (a) Corporate Advisors | | | |
| Date of Issue | Number | \$ | \$ |
| 28/07/20 | 1,000,000 | 106,857 | 106,857 |
| 2/06/21 | 3,875,000 | 426,939 | 426,939 |
| 2/06/21 | 5,500,000 | 586,576 | 586,576 |
| | 10,375,000 | 1,120,372 | 1,120,372 |

(b) Seed Capital Options

2,250,000 options with an expiry date of 22 December 2023 were issued on 23 December 2020 pursuant to a 1 for 2 free attaching option to raise \$450,000 to sophisticated Investors on 22 December 2020 at an exercise price of \$0.25 each

13. Operating Segments

The Company operates in one geographical area being Australia and one industry, being exploration, for the half year ended 31 December 2021 which was the same as reported in the financial report for the year ended 30 June 2021. 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.

14. Contingencies

The directors are not aware of any contingent liabilities or assets as at 31 December 2021.

15. 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 2021 | 30 June 2021 |
|---|---------------------|------------------|
| Tenement Commitments | | |
| Not longer than one year | 918,479 | 1,010,534 |
| Longer than one year but not longer than five years | 3,152,888 | 3,280,468 |
| Longer than five years | 3,865,605 | 4,138,600 |
| | 7,936,972 | 8,429,602 |

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:

On 18 February 2022 the Company allotted 2,000,000 unlisted options exercisable at 30 cents to Euroz Harley Limited as approved by Shareholders at the Annual General Meeting of 23 November 2021.

Directors' Declaration

The Directors' of the Company declare that:

(a) the financial statements and notes as set out on pages 23 to 35 are in accordance with the Corporations Act 2001 and:

- (i) giving a true and fair view of the Company's financial position as at 31 December 2021 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) In the Director's 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.

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



Ian D. Finch
Executive Chairman
Perth
Dated 14 March 2022

Auditor's Independence Declaration



To the Board of Directors

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead audit Director for the review of the financial statements of Torque Metals Limited for the half year ended 31 December 2021, 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,

Hall Chadwick
HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis
MARK DELAURENTIS CA
Director

Dated in Perth, Western Australia this 14th day of March 2022

Independent Auditor's Review Report



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 2021, 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 2021 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(g) in the financial report, which indicates that the Company incurred a net loss of \$511,499 during the half year ended 31 December 2021. As stated in Note 1(g), these events or conditions, along with other matters as set forth in Note 1(g), indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.



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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 2021 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.

Hall Chadwick
HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis
MARK DELAURENTIS CA
Director

Dated in Perth, Western Australia this 14th day of March 2022