

Twenty Seven Co. Limited

(ABN 48 119 978 013)



Financial Report

Half-year ended

31 December 2019

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Twenty Seven Co. Limited

(ABN 48 119 978 013)

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Corporate Directory

Directors

Robert Scott - Non-executive Chairman
Mark Burchnall - Non-executive Director
Timothy Armstrong – Non-executive Director

Chief Executive Officer

Ian Warland

Chief Financial Officer / Company Secretary

Damien Connor

Registered Office & Administrative Office

Twenty Seven Co. Limited
ABN 48 119 978 013
Ground Floor, 28 Greenhill Road
Wayville, Adelaide
South Australia 5034
Telephone +61 (0)8 8274 2127
enquiries@twentysevenco.com.au

Website

www.twentysevenco.com.au

Share Registry

Computershare Investor Services Pty Ltd
Level 5, 115 Grenfell Street
Adelaide SA 5000
GPO Box 1903
Adelaide SA 5001
Investor Enquiries (within Australia):
Ph: 1300 556 161 Facsimile +61 8 8236 2305

Auditor

Grant Thornton Audit Pty Ltd
Grant Thornton House,
Level 3, 170 Frome Street
Adelaide SA 5000

Banker

National Australia Bank
Level 1, 22 King William Street
Adelaide SA 5000

Australian Securities Exchange

ASX code: TSC

Directors' Report

Your Directors present this report on Twenty Seven Co. Limited and its consolidated entities ('Group', 'Twenty Seven Co.', 'TSC' or 'Company') for the half-year ended 31 December 2019 ("half-year").

Directors

The names of each person who has been a Director during this half-year to the date of this report are:

Robert Scott (Non-Executive Chairman)

Mark Burchnall (Non-Executive Director)

Timothy Armstrong (Non-Executive Director)

Chief Executive Officer

Ian Warland

Company Secretary

Damien Connor

Principal Activities

During the financial half year, the principal activities of the Group consisted of;

- Field work at Rover Project in WA consisted of regional mapping, sampling and RC drilling at Creasy 1 and Creasy 2 prospects. The results of the drilling were highly encouraging with shallow, high grade gold intercepted at Creasy 1 including: 1m @ 51.2g/t Au from 54m.
- Subsequent to the half year the Company announced an MOU over the Perseus Project in NSW. The Perseus Project is within the Curnamona Province and is prospective for Broken Hill type lead, zinc, silver deposits and iron oxide copper gold deposits. The MOU was signed with Peel Mining Ltd and New Zinc Resource Pty Ltd to form a large tenement package for joint venture with a major company.
- The Company's Midas Project in NSW has drill ready IOCG targets. TSC is looking for a joint venture partner to advance Midas while focusing on the Rover Project in WA.

Consolidated results

During the half-year ended 31 December 2019 the Group incurred a loss of \$781,749 (2018: loss \$716,398).

The loss for the half-year ended 31 December 2019 includes an exploration impairment expense of \$311,452 (31 December 2018: \$401,131). The impairment expense represents the write-off of previously capitalised exploration expenditure on tenements which have been relinquished during the period.

Review of Operations

Exploration Activities

After a strategic review by senior management and the new Board appointed in April 2019, the Company decided to focus on the Rover Project in WA primarily for the gold potential. The Company divested of its South Australian tenements and Northern Territory Projects during the half year.

Rover Project (Co-Ni-Cu) - Rover (E57/1085), Bulga (E57/1120) and Elspoon (E57/1134)

During the half-year, E57/1120 was granted and E57/1134 was applied for. TSC now has around 461sq.km of tenure at the Rover Project. Rover Project is located 140km west of Leonora (WA) and covers an extensive Archean greenstone belt, prospective for gold and base metals. During the half the Company completed a regional soil sampling program over part of the Maynard hills greenstone belt collecting 517 soil samples and 169 rock chips.

In November and December 2019, the Company drilled 17 holes for 1482m over Creasy 1 gold and Creasy 2 VMS prospects. Creasy 1 gold prospect straddles the Rover and Bulga tenement on the Maynard Hills greenstone belt and was originally drilled by Mindax in 2005 with shallow gold mineralisation intersected up to 3m @ 1.94g/t Au from 53m.

The RC drilling was successful in intersecting significant gold mineralisation in several holes at Creasy 1 with grades up to 1m @ 51.2g/t Au from 54m. The RC drilling also intersected gold associated with silver and base metal anomalism at the newly named Harmonic VMS prospect located around 500m north of Creasy 1.

Encouraging zinc anomalism was intersected at Creasy 2 VMS prospect located to the south of Creasy 1. Two RC drill-holes attempted to drill under the Creasy 2 gossan, near the original rock chip sample RVR069, with RC drill-hole 19RVR016 successfully intersecting a thick zone of highly anomalous zinc including: **24m @ 1825ppm Zn from surface and grades up to 3020ppm Zn** in an individual 3m composite sample. Further zinc anomalism was found at depth in the same drill hole, including; **6m @ 2210ppm Zn from 33m**.

Midas Project (Cu-Au-Co) (EL8732) and (EL8904)

Midas is located around 50km to the east of Broken Hill in NSW. In the half-year, no field work was completed at Midas while the company searched for a joint venture partner to progress the Project. Midas is an iron oxide copper gold (IOCG) Project with drill ready targets at the Benco Prospect.

TSC first announced the Benco prospect in October 2018 with the discovery of previously unrecorded workings over a quartz iron oxide vein with anomalous Cu, Au and Co. Several narrow quartz iron oxide vein sets have now been mapped within an NE trending corridor ~ 1.6km long by 300m wide. In January 2019 TSC completed an IP survey over the Benco prospect that delineated compelling chargeability anomalies coincident with the copper anomalism at surface.

Perseus (Cu-Au-Co) (EL8778)

Perseus located in NSW ~ 30km west of Broken Hill was granted on 24 of July 2018. Desktop analysis of previous exploration and aeromagnetic data has highlighted 6 highly ranked Cu Au Co targets on the tenement for follow-up exploration. In January 2020 an MOU was signed with Peel Mining Ltd and New Zinc Resources Pty Ltd to form a large tenement package for potential joint venture to a major party.

Other Projects

During the half-year, the Group continued its divestment strategy of non-strategic assets with the following tenements allowed to expire:

South Australia: Kalanbi (EL6220).

Northern Territory: Pungalina (EL31761), Pear Tree (EL31788), Calvert Hills (EL31787).

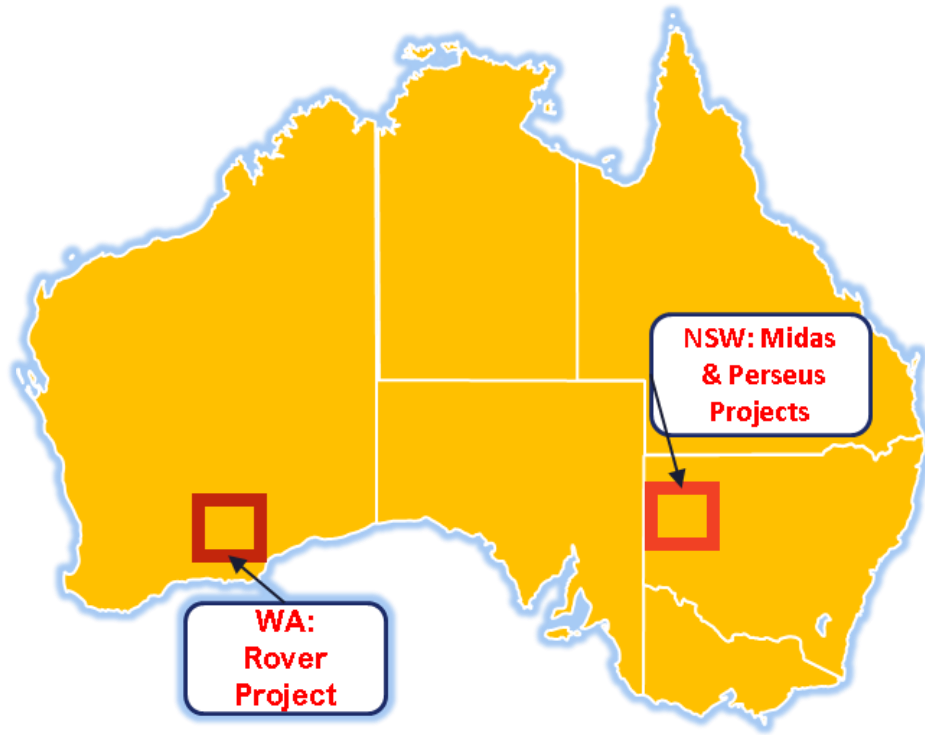


Figure 1: Project location map

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Significant changes to the state of affairs

There have been no significant changes to the state of affairs of the Company during the period.

Changes in equity

The following changes in equity took place during the half-year period:

Shares

The number of shares on issue increased from 981,061,284 (1 July 2019) to 1,219,243,934 (31 December 2019) primarily as a result of a successful share placement and share purchase plan (SPP).

During the half-year:

- 75,000,000 shares were issued in respect of a share placement to professional sophisticated investors, raising \$300,000 (before costs).
- 139,500,000 shares were issued to eligible shareholders who participated in the Company's Share Purchase Plan, raising \$558,000 (before costs).
- 995,250 shares were issued to a third-party as consideration for providing advisory services to the Company.
- 4,687,400 shares were issued to the Company's CEO, Ian Warland, in lieu of cash payments for salary owing.
- 18,000,000 shares (in aggregate) were issued to Directors (6,000,000 shares to each Director), in lieu of cash director fees owing to them for their services for the period to 30 June 2019. Shareholder approval was received at the Company's Extraordinary General Meeting held on 26 July 2019.

Unlisted Options (Options)

The number of Options on issue increased from 87,000,000 (1 July 2019) to 197,000,000 (31 December 2019).

During the half-year:

- 35,000,000 Options previously granted to professional and sophisticated investors as part of a placement, lapsed, unexercised. The Options had an exercise price of \$0.012 and expired on 22 August 2019.
- 45,000,000 Options (in aggregate) were granted to Directors (15,000,000 Options to each Director). The Options are exercisable at \$0.007 (0.7 cents) each on or before 30 June 2022. Shareholder approval was received at the Company's Extraordinary General Meeting held on 26 July 2019.
- 75,000,000 Options were granted as part of a share placement to professional sophisticated investors. Placement subscribers were granted one (1) free attaching Option for every one (1) share subscribed for under the placement. The Options are exercisable at \$0.007 (0.7 cents) each on or before 30 June 2022.
- 10,000,000 Options (in aggregate) were granted to the Company's CEO, Ian Warland under the Company's Incentive Option Plan. The Options are exercisable at \$0.007 (0.7 cents) each on or before 30 June 2022. 5,000,000 Incentive Options vest immediately and 5,000,000 vest 12 months from the date of grant.
- 15,000,000 Options were granted to a third-party advisor as consideration for providing advisory services to the Company. The Options are exercisable at \$0.007 (0.7 cents) each on or before 30 June 2022.

Performance Rights (Rights)

No changes during the half-year ended 31 December 2019. The number of Rights remains at 280,000,000.

Events subsequent to the end of reporting date

- On 14 January 2020, the Company issued 21,000,000 shares following the exercise of Options. The Company received \$147,000 from the exercise of the Options which were exercisable at \$0.007 (0.7 cents) each on or before 30 June 2022.
- On 6 February 2020, the Company announced it had raised \$1.6 million (before costs) via a successful share placement. On 11 February 2020, the Company issued 246,076,944 shares pursuant to the placement.
- On 11 February 2020, the Company issued 15,000,000 unlisted options exercisable at \$0.015 each on or before 31 December 2022 (Broker Options). Broker Options were issued in respect of the share placement announced by the Company on 6 February 2020. The fair value of the Broker Options on the date of grant was \$66,000.

The Directors are not aware of any other matter or circumstance that has arisen since 31 December 2019 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Auditor's Declaration

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 7 and forms part of the director's report for the financial half-year ended 31 December 2019.

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

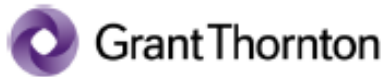


Robert Scott
Chairman

Adelaide

Dated this 28th day of February 2020

Auditors Independence Declaration



Level 3, 170 Frome Street
Adelaide SA 5000

Correspondence to:
GPO Box 1270
Adelaide SA 5001

T +61 8 8372 6666

Auditor's Independence Declaration

To the Directors of Twenty Seven Co Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Twenty Seven Co Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

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

Grant Thornton.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B K Wundersitz
Partner – Audit & Assurance

Adelaide, 28 February 2020

Grant Thornton Audit Pty Ltd ACN 130 913 594
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Statement of Profit or Loss and Other Comprehensive Income

(For the half-year ended 31 December 2019)

	Note	CONSOLIDATED GROUP	
		31-Dec 2019	31-Dec 2018
		\$	\$
INCOME			
Income	2	15,379	26,842
EXPENSES			
Depreciation and amortisation expense		(1,827)	(1,047)
Employee benefits expense		(220,453)	(198,915)
Occupancy expense		(22,490)	(18,673)
Corporate consultants / public relations expense		(98,707)	(473)
ASX listing and share registry expense		(68,379)	(59,369)
Impairment of exploration assets		(311,452)	(401,131)
Exploration expenditure expensed		(11,191)	(2,464)
Other corporate expenses from ordinary activities		(62,629)	(61,168)
LOSS BEFORE INCOME TAX		(781,749)	(716,398)
Income tax benefit		-	-
LOSS FOR PERIOD		(781,749)	(716,398)
LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY		(781,749)	(716,398)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(781,749)	(716,398)
TOTAL COMPREHENSIVE INCOME ATTRIBUTED TO MEMBERS OF THE PARENT ENTITY		(781,749)	(716,398)
Earnings per Share		<i>Cents</i>	<i>Cents</i>
Basic and diluted loss per share		(0.07)	(0.09)

The accompanying notes form part of the financial statements

Statement of Financial Position

(As at 31 December 2019)

	Note	CONSOLIDATED GROUP	
		31-Dec 2019	30-Jun 2019
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	478,105	318,723
Trade and other receivables		61,255	30,282
Other current assets		25,930	9,482
Total current assets		565,290	358,487
NON-CURRENT ASSETS			
Property, plant and equipment		9,883	11,710
Exploration and evaluation expenditure	4	3,608,438	3,505,774
Total non-current assets		3,618,321	3,517,484
TOTAL ASSETS		4,183,611	3,875,971
CURRENT LIABILITIES			
Trade and other payables		155,256	97,506
Provisions		1,217	3,552
Total current liabilities		156,473	101,058
NON-CURRENT LIABILITIES			
Provisions		1,488	469
Total non-current liabilities		1,488	469
TOTAL LIABILITIES		157,961	101,527
NET ASSETS		4,025,650	3,774,444
EQUITY			
Issued capital	5	17,635,021	16,740,774
Reserves		775,458	636,750
Retained losses		(14,384,829)	(13,603,080)
TOTAL EQUITY		4,025,650	3,774,444

The accompanying notes form part of the financial statements

Statement of Changes in Equity

(For the half-year ended 31 December 2019)

	Issued Capital \$	Share Based Payments Reserve \$	Retained Losses \$	Total \$
BALANCE AT 1 JULY 2018	13,275,443	-	(12,470,303)	805,140
Shares issued during the period (net of costs)	3,289,850	-	-	3,289,850
Fair value of unlisted options issued during the period	-	24,250	-	24,250
Fair value of performance rights issued during the period	-	612,500	-	612,500
Total comprehensive income for the period	-	-	(716,398)	(716,398)
BALANCE AT 31 DECEMBER 2018	16,565,293	636,750	(13,186,701)	4,015,342
BALANCE AT 1 JULY 2019	16,740,774	636,750	(13,603,080)	3,774,444
Shares issued during the period (net of costs)	894,247	-	-	894,247
Fair value of unlisted options issued during the period	-	138,708	-	138,708
Total comprehensive income for the period	-	-	(781,749)	(781,749)
BALANCE AT 31 DECEMBER 2019	17,635,021	775,458	(14,384,829)	4,025,650

The accompanying notes form part of the financial statements

Statement of Cash Flows

(For the half-year ended 31 December 2019)

	CONSOLIDATED GROUP	
	31-Dec 2019	31-Dec 2018
CASH FLOWS FROM OPERATING ACTIVITIES	\$	\$
Receipts from operations	14,232	23,835
Payments to suppliers and employees	(365,596)	(417,689)
Interest received	1,860	5,167
NET CASH USED IN BY OPERATING ACTIVITIES	(349,504)	(388,687)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration expenditure	(331,114)	(297,440)
Payments for property, plant and equipment	-	(12,229)
NET USED IN INVESTING ACTIVITIES	(331,114)	(309,669)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issue of ordinary shares	858,000	920,500
Payments for costs associated with the issue of ordinary shares	(18,000)	(52,650)
NET CASH PROVIDED BY FINANCING ACTIVITIES	840,000	867,850
Net increase / (decrease) in cash held	159,382	169,494
Cash at beginning of period	318,723	373,172
CASH AT END OF PERIOD	478,105	542,666

The accompanying notes form part of the financial statements.

Notes to the Financial Statements

(For the half-year ended 31 December 2019)

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICES

Basis of Preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2019 have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Twenty Seven Co. Limited and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2019, together with any public announcements made during the half-year.

Significant Accounting Policies

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2019, except as described below. Note that the changes in accounting policies specified below only apply to the current period. The accounting policies included in the Group's last annual financial statements for the year ended 30 June 2019 are the relevant policies for the purposes of comparatives.

AASB 16 Leases became effective for periods beginning on or after 1 January 2019. Accordingly, the Group applied, AASB 16 for the first time for the interim period ended 31 December 2019. Changes to the Group's accounting policies arising from these standards are summarised below:

New standards adopted as at 1 July 2019

AASB 16 Leases

AASB 16 supersedes AASB 117 Leases and Interpretation 4 Determining whether an Arrangement contains a Lease and became effective for reporting periods beginning on or after 1 January 2019. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Accordingly, the Group applied AASB 16 for the first time for the period ended 31 December 2019.

AASB 16 Leases became effective for period beginning on or after 1 January 2019. Accordingly, the Group applied AASB 16 for the first time for the interim period 31 December 2019. Changes to the Group's accounting policies arising from these standards are summarised below.

Total operating lease commitments to 30 June 2019 was \$nil as the Group currently leases its office space on a month by month contractual basis. As a result, the leases held by the Group satisfied the relevant criteria of a short-term lease under AASB 16, therefore this standard has no impact on the Group.

NOTE 2 – INCOME	6 months to 31-Dec 2019	6 months to 31-Dec 2018
	\$	\$
Interest income	1,908	5,176
Serviced office space	13,471	21,666
TOTAL INCOME	15,379	26,842

NOTE 3 – CASH AND CASH EQUIVALENTS	31-Dec 2019	30-Jun 2019
	\$	\$
Cash at bank and on hand	452,865	303,488
Short-term deposit	25,240	15,235
	478,105	318,723

The effective interest rate on short term deposit at 31 December 2019 is 2.00%. This deposit has a maturity term of 90 days.

NOTE 4 – EXPLORATION AND EVALUATION EXPENDITURE	31-Dec 2019	30-Jun 2019
	\$	\$
Exploration and evaluation phase at cost	3,608,438	3,505,774
	3,608,438	3,505,774

Movements in carrying values

Balance at the beginning of the period	3,505,774	413,476
Amounts capitalised during the period	160,682	8,414
Amounts capitalised to previously acquired assets during the period	253,434	3,664,804
Impairment expense during the period	(311,452)	(580,920)
Balance at end of period	3,608,438	3,505,774

The impairment expense represents the write-off of previously capitalised exploration expenditure on tenements which have been relinquished by the Company during the period.

NOTE 5 – ISSUED CAPITAL

31 DECEMBER 2019 **No. shares** **31-Dec 2019**
\$

Issued and paid up capital

Fully paid ordinary shares	1,219,243,934	17,635,021
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Movements in fully paid ordinary shares

Balance as at 1 July 2019	981,061,284	16,740,774
Shares issued - Director fees (2 Aug 2019)	18,000,000	36,000
Shares issued - Placement (30 Aug 2019)	75,000,000	282,000
Shares issued - Advisor (30 Aug 2019)	995,250	3,981
Shares issued - Employee in Lieu of salary (26 Sept 2019)	4,687,400	14,266
Shares issued - Share Purchase Plan (1 Oct 2019)	139,500,000	558,000

Balance as at 31 December 2019	1,219,243,934	17,635,021
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30 JUNE 2019 **No. shares** **30-Jun 2019**
\$

Issued and paid up capital

Fully paid ordinary shares	981,061,284	16,740,774
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Movements in fully paid ordinary shares

Balance as at 1 July 2018	414,561,284	13,275,443
Shares issued - Placement (2 Aug 2018)	131,500,000	867,850
Shares issued - Nomad shareholders (2 Aug 2018)	16,000,000	112,000
Shares issued - Advisor (2 Aug 2018)	30,000,000	210,000
Shares issued - Nomad shareholders (13 Aug 2018)	180,000,000	1,260,000
Shares issued - Nomad shareholders (13 Aug 2018)	120,000,000	840,000
Shares issued - Nomad shareholders (14 June 2018)	89,000,000	175,481

Balance as at 30 June 2019	981,061,284	16,740,774
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NOTE 6 – SHARE BASED PAYMENTS

a) Unlisted Options

	31-Dec 2019	31-Dec 2018
	Number of	Number of
	unlisted Options	unlisted Options
Balance at the beginning of the period	7,500,000	-
Granted during the period	70,000,000	7,500,000
Vested during the period	-	-
Forfeited/cancelled during the period	-	-
Balance at the end of the period	77,500,000	7,500,000

Unlisted Options (Options) Granted during the period

On 2 August 2019, 45,000,000 Options (in aggregate) were issued to Directors (15,000,000 Options to each Director), at no cost. Shareholder approval was received at the Company's Extraordinary General Meeting held on 26 July 2019. The Options vested on the date of issue and had a fair value at the grant of \$46,500.

On 26 September 2019, 10,000,000 Options were issued, at no cost, to the Company's Chief Executive Officer, Ian Warland, under the Company's Incentive Option Plan. 5,000,000 Options vest immediately and 5,000,000 Options vest 12 months from the date of issue. The fair value of the 10,000,000 Options at the grant date was \$32,000 (in aggregate). The fair value of the 5,000,000 Options that vest 12 months from the date of issue are being expensed to the Statement of Profit or Loss and Other Comprehensive Income over the 12 month vesting period.

On 8 October 2019, 15,000,000 Options were issued to a third-party advisor as consideration for providing advisory services to the Company. The Options vested on the date of issue and had a fair value at the grant of \$72,000.

The details of the Options issued during the half-year ended 31 December 2019 were as follows:

Issued to	Grant Date	Issue Date	Number of Options	Vesting Date	Exercise Price	Expiry Date
Directors	26 Jul 2019	2 Aug 2019	45,000,000	2 Aug 2019	\$0.007	30 June 2022
CEO	11 Sept 2019	26 Sept 2019	5,000,000	26 Sept 2019	\$0.007	30 June 2022
CEO	11 Sept 2019	26 Sept 2019	5,000,000	26 Sept 2020	\$0.007	30 June 2022
Advisors	8 Oct 2019	8 Oct 2019	15,000,000	8 Oct 2019	\$0.007	30 June 2022

The fair value of the Options issued during the period was calculated by using a Black-Scholes option pricing model. The fair value of the Options was estimated on the date of the grant using the following assumptions:

Assumption	Director Options	CEO Options	Advisors Options
Share price at date of grant (\$)	0.003	0.005	0.005
Historic volatility (%)	115.2	119.4	117.2
Risk free interest rate (%)	0.85	0.87	0.56
Expected life of Options (days)	1070	1023	996

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future tender, which may not eventuate.

The life of the Options is based on the historical exercise patterns, which may not eventuate in the future.

An amount of \$92,208 has been included in the Statement of Profit or Loss and Other Comprehensive Income under 'employee benefits expense' for the half-year ended 31 December 2019 (31 December 2018: \$24,250).

A further amount of \$46,500 relating to the fair value of the Options issued to a third-party as consideration for providing advisory services to the Company, has been included in the Statement of Profit or Loss and Other Comprehensive Income under 'Corporate consultants / public relations expense' for the half-year ended 31 December 2019 (31 December 2018: Nil).

Options exercised during the period

No Options issued as remuneration or as payment for services provided to the Company, have been exercised during the half-year ended 31 December 2019 (31 December 2018: Nil), or as at the date of this report.

Options lapsed/forfeited during the period

No Options issued as remuneration or as payment for services provided to the Company, have lapsed or been forfeited during the half-year ended 31 December 2019 (31 December 2018: Nil), or as at the date of this report.

Options outstanding at 31 December 2019 have a weighted average exercisable price of \$0.0078 (0.78 cents) and a weighted average remaining contractual life of 3.14 years.

b) Performance Rights	31-Dec 2019	31-Dec 2018
	Number of Performance Rights	Number of Performance Rights
Balance at the beginning of the period	280,000,000	-
Granted during the period	-	400,000,000
Converted during the period	-	(120,000,000)
Forfeited/cancelled during the period	-	-
Balance at the end of the period	280,000,000	280,000,000

On 13 August 2018, a total of 400,000,000 Performance Rights (Rights) were granted to Nomad shareholders, at no cost, as part consideration for the acquisition of Nomad Explorations Pty Ltd (Nomad). The Nomad acquisition completed on 13 August 2018.

The Rights were granted in accordance with the Share Sale and Purchase Agreement (SSPA) for the Company's acquisition of Nomad and approved by Shareholders at the Extraordinary General Meeting (EGM) held on 27 July 2018.

During the prior period ending 31 December 2018, 120,000,000 Rights were converted into an equivalent number of shares in the Company, following the satisfaction of the conversion event.

Details of the remaining 280,000,000 Rights on issue at 31 December 2019, consist of:

Class	Issue Date	No. of Rights	Vesting Period	Expiry Date	Conversion Event
Class A	13 Aug 2018	140,000,000	18 months from date of issue	13 Aug 2021	The Company announcing to the ASX a drill intercept on any of the tenements acquired as part of the acquisition of Nomad, of at least 7m @500ppm cobalt in at least two drill holes at least 100m apart.
Class B	13 Aug 2018	140,000,000	18 months from date of issue	13 Aug 2023	The Company announcing to the ASX a mineral resource in either the inferred, indicated or measured category (reported in accordance with the JORC Code, 2012 Edition), on any of the tenements acquired as part of the acquisition of Nomad, of at least 10Mt at 750ppm cobalt with a 500ppm cut-off.

A Monte Carlo Simulation valuation method was used to determine the fair value of the Class A and Class B Rights.

The valuation considered various probabilities associated with each of the respective conversion events being realised prior to expiry of the Rights.

During the prior period ending 31 December 2018, an amount of \$1,452,500, representing the fair value of the Rights granted, was capitalised to the exploration assets acquired as part of the acquisition of Nomad.

The 120,000,000 Rights that were converted into fully paid ordinary shares during the prior period ending 31 December 2019, were valued using the closing share price on the day the Rights were converted into shares, as the conversion event occurred on the same day that the 120,000,000 Rights were issued.

No Rights have been converted into fully paid ordinary shares during the period, or as at the date of this report.

No Rights have expired or been forfeited during the period, or as at the date of this report.

No amount has been included in the Statement of Profit or Loss and Other Comprehensive Income for the half year ended 31 December 2019 (31 December 2018: Nil).

NOTE 7 – OPERATING SEGMENTS

Segment Information

The Directors have considered the requirements of AASB 8 - Operating Segments and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources have concluded at this time there are no separately identifiable segments.

NOTE 8 – CASH FLOW INFORMATION

	31-Dec 2019	31-Dec 2018
	\$	\$
Reconciliation of cash flows from operations with Loss after income tax		
Loss after income tax	(781,749)	(716,398)
Non cash flows included in loss;		
- Depreciation expense	1,827	1,047
- Share based payments – unlisted options	138,708	24,250
- Shares issued in lieu of cash Director fees and CEO Salary	50,266	-
- Shares issued to third party for services rendered	3,981	-
Other		
- Exploration expenditure expensed	11,191	2,464
- Impairment of exploration assets	311,452	401,131
Changes in assets and liabilities;		
- Increase in trade and other receivables	(47,421)	(22,952)
- Decrease in trade and other payables	(36,443)	(85,139)
- (Decrease) / Increase in provisions	(1,316)	6,910
Net cash used in operating activities	(349,504)	(388,687)

NOTE 9 - CONTINGENT LIABILITIES & COMMITMENTS

The Group did not have any contingent liabilities as at 31 December 2019 (31 December 2018: Nil). The Group has minimum expenditure commitments on exploration licences as per the terms of the exploration licences. Unexpended commitment for a particular year can be deferred or rolled over to subsequent years of the licence term.

NOTE 10 – EVENTS SUBSEQUENT TO REPORTING DATE

- On 14 January 2020, the Company issued 21,000,000 shares following the exercise of Options. The Company received \$147,000 from the exercise of the Options which were exercisable at \$0.007 (0.7 cents) each on or before 30 June 2022.
- On 6 February 2020, the Company announced it had raised \$1.6 million (before costs) via a successful share placement. On 11 February 2020, the Company issued 246,076,944 shares pursuant to the placement.
- On 11 February 2020, the Company issued 15,000,000 unlisted options exercisable at \$0.015 each on or before 31 December 2022 (Broker Options). Broker Options were issued in respect of the share placement announced by the Company on 6 February 2020. The fair value of the Broker Options on the date of grant was \$66,000.

Other than those contained within this report, there has been no other matter or circumstance that has arisen since 31 December 2019 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Directors' Declaration

The Directors of the Company declare that:

1. The Financial Statements and Notes, as set out on pages 8 to 18, are in accordance with the *Corporations Act 2001*, including:
 - a) complying with Accounting Standard AASB 134 Interim Financial Reporting, and
 - b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date.
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.

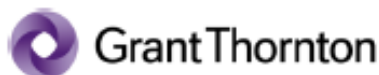
This declaration is made in accordance with a resolution of the Board of Directors.



Robert Scott
Chairman

Adelaide
Dated this 28th day of February 2020

Independent Auditor's Review Report



Level 3, 170 Frome Street
Adelaide SA 5000

Correspondence to:
GPO Box 1270
Adelaide SA 5001

T +61 8 8372 6666

Independent Auditor's Report

To the Members of Twenty Seven Co Limited

Report on the review of the half year financial report

Opinion

We have reviewed the accompanying half year financial report of Twenty Seven Co Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Twenty Seven Co Limited does not give a true and fair view of the financial position of the Group as at 31 December 2019, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

Directors' responsibility for the half year financial report

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

Auditor's responsibility

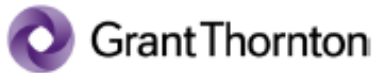
Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Twenty Seven Co Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Grant Thornton.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A handwritten signature in blue ink, appearing to read "B K Wundersitz".

B K Wundersitz
Partner – Audit & Assurance

Adelaide, 28 February 2020

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