



ODIN
METALS_{LTD}

ODIN METALS LIMITED

Interim Financial Report

31 December 2019

ABN 32 141 804 104

odinmetals.com.au

For personal use only



CONTENTS

PAGE

Corporate Directory	1
Directors' Report	2
Auditor's Independence Declaration	7
Consolidated Statement of Profit or Loss and Other Comprehensive Income	8
Consolidated Statement of Financial Position	9
Consolidated Statement of Changes in Equity	10
Consolidated Statement of Cash Flows	11
Condensed Notes to the Consolidated Financial Statements	12
Directors' Declaration	19
Independent Auditor's Review Report	20

CORPORATE DIRECTORY

Directors and Officers

Jason Bontempo (Executive Director)
Justin Tremain (Non-Executive Director)
Aaron Bertolatti (Director & Company Secretary)
Simon Mottram (Chief Executive Officer)

Registered Office & Principal Place of Business

Ground floor
35 Richardson Street
WEST PERTH WA 6005

Share Registry

Computershare Investor Services Pty Ltd
Level 11
172 St Georges Terrace
PERTH WA 6000

Auditors

RSM Australia Partners
Level 32, Exchange Tower,
2 The Esplanade
PERTH WA 6000
Telephone: +61 8 9261 9160

Stock Exchange

Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
ASX Code: ODM

Website

odinmetals.com.au

For personal use only



The Directors present their report for Odin Metals Limited ("Odin Metals" or "the Company") and its subsidiaries ("the Group") for the half year ended 31 December 2019.

DIRECTORS

The persons who were directors of Odin Metals during the half year and up to the date of this report are:

- Jason Bontempo (Executive Director)
- Justin Tremain (Non-Executive Director)
- Aaron Bertolatti (Director & Company Secretary)

REVIEW OF OPERATIONS

Odin Metals is an Australian based resources company listed on the Australian Securities Exchange (ASX: ODM). The Company's principal focus during the half year was the Sturgeon Lake Project located in Ontario, Canada, where the Company is exploring for copper and zinc. The Company also holds exploration ground in Western Australia prospective for gold and nickel (Lignum Dam and Silver Swan Projects). The Sturgeon Lake Project is located 60km North of Ignace, Ontario on an all-weather paved highway. The Sturgeon Lake Project properties are strategically located in a proven mining camp with the potential for multiple satellite orebodies. The geology is representative of VMS style mineralization with the eastern extension of the volcanic complex largely underexplored.

Sturgeon Lake Project (100%)

On 4 February 2019 the Company announced the signing of an Earn-in Option Agreement with Glencore Canada Corporation ("Glencore") in further consolidation by Odin of the prospective Sturgeon Lake Cu, Zn, Pb, Ag District on the historical Mattabi Zinc-Copper Trend, Ontario, Canada. Under this Earn-in Option Agreement Glencore has granted the option to Odin to acquire a 50% interest in the Glencore Sturgeon Lake Properties ("Glencore Properties") (see Figure 1) and associated assets by expending not less than CAD 6.67m on them over a three-year period with Glencore to be Operator (CAD 2m in year 1, CAD 2m in year 2 and CAD 2.67m in year 3).

Upon satisfaction of these expenditure requirements and certain other conditions, Odin can enter into a joint venture with Glencore on the Glencore Properties. In addition to the Earn-in expenditure, Odin has granted to Glencore the option to acquire a 50% interest in adjacent and nearby properties owned (or which may be owned) by Odin ("Odin Properties") (see Figure 1).

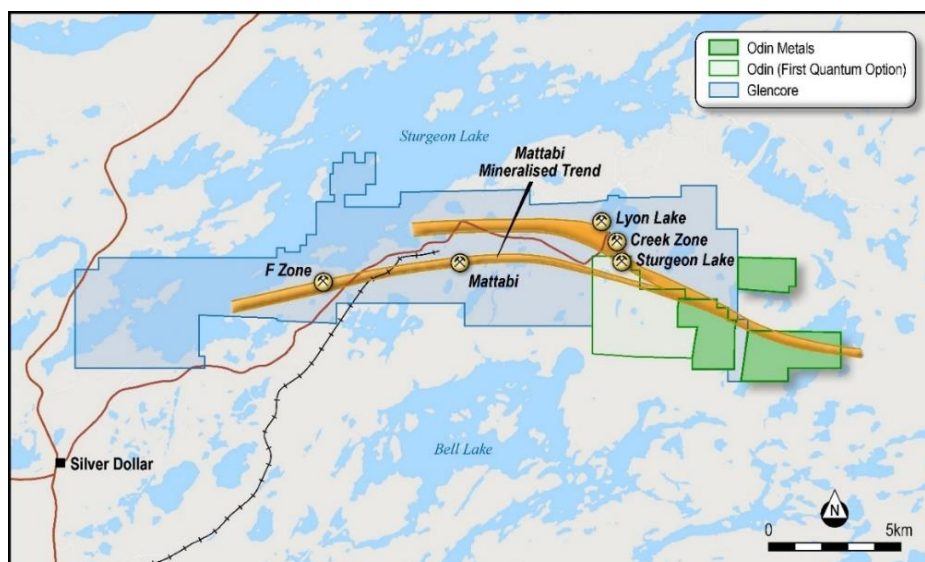


Figure 1 | Location of properties in Ontario comprising the Sturgeon Lake Project and locations of historical mineralised zones and trend



During the period Glencore completed a program consisting of an Electromagnetic Airborne Survey (VTEM) covering all properties and a programme of diamond drilling to test first priority targets generated from the VTEM airborne, in addition to a set of targets defined by previous work such as the Abitibi Zone. The budget for this work was CDN \$2 Million.

The 2019 diamond drilling program was completed on October 25th, 2019, with a total of 6,168m. During the 4th quarter an additional 4 diamond drill holes; F-19-164, 165, 166, and 167 were drilled for a further 2,025m. Following core logging, and winterizing of the exploration facilities, the "Sturgeon Lake Exploration Camp" was officially closed for winter in November 2019.

Highlights from the programme were from the Abitibi Zone which continued to deliver High-Grade Zinc, together with potentially economic levels of copper, lead, gold and silver. Drill Holes F-19-158, F-19-160 and F-19-166 showed continuity in the high-grade core of the Upper Zone at Abitibi, which remains open toward surface and at depth.

F-19-160	3.75m @ 27.2% Zn, 0.4% Cu, 1.9% Pb, 0.7g/t Au, 442g/t Ag from 412.1m
F-19-166	29.0m @ 5.4% Zn, 0.1% Cu, 0.9% Pb, 0.2g/t Au, 87g/t Ag from 389.5m
Including	8.5m @ 11.0% Zn, 0.1% Cu, 1.6% Pb, 0.4g/t Au, 142g/t Ag from 396.5m
Including	3.3m @ 18.0% Zn, 0.3% Cu, 2.1% Pb, 0.5g/t Au, 180g/t Ag from 398.0m
F-19-158:	8.5m @ 12.0% Zn, 0.2% Cu, 0.3g/t Au, 99g/t Ag from 485.5m
Including	3.0m @ 26.9% Zn, 0.3% Cu, 0.7g/t Au, 257g/t Ag from 485.5m

* Grades are uncut. Depths and widths are downhole

See ASX Announcement "Abitibi Continues to Deliver High-Grade Drilling Success", 9 December 2019, for complete results, Competent Person's consent, material assumptions, and technical parameters regarding drilling at the Abitibi Zone.

At Bell Lake West (See Figure 2) a new and previously unrecognized prospective VMS trend has been found. Ground reconnaissance over three strong VTEM anomalies at has identified outcropping prospective volcanic sediments and geology prospective for VMS mineralisation. Outcrop contains visible sulphides, including visible chalcopyrite (primary copper). See ASX Announcement "New VMS Trend at Sturgeon Lake", 21 October 2019, for further information regarding the Bell Lake West targets.

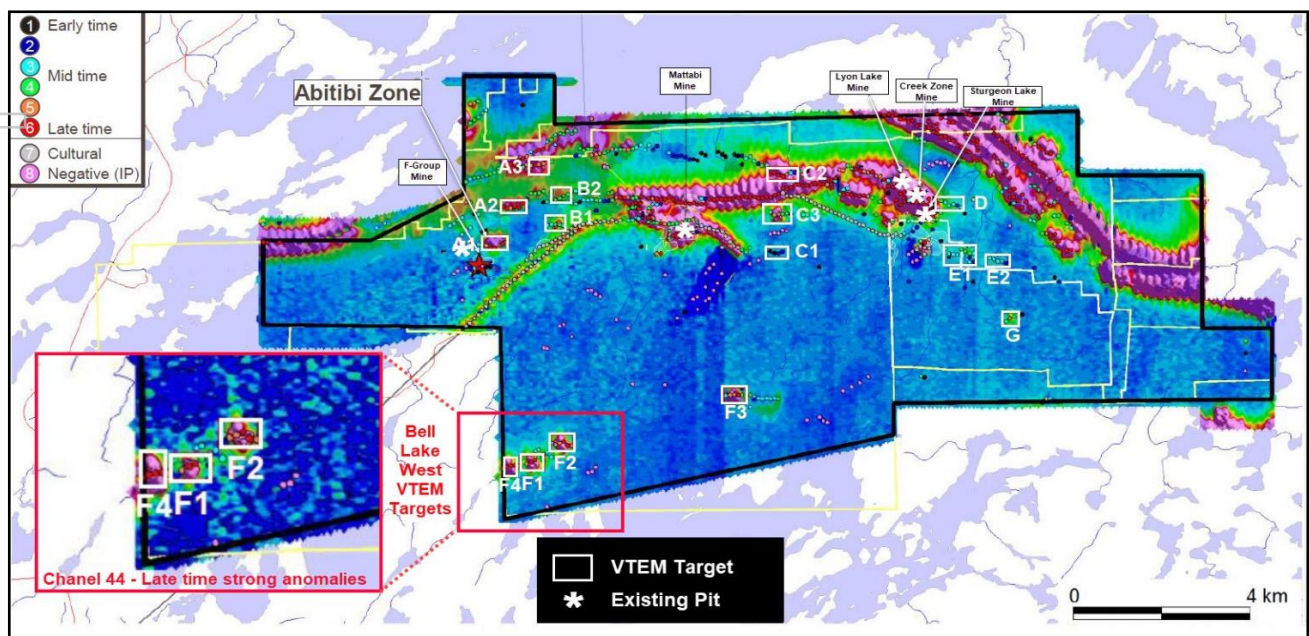


Figure 2 | VTEM Geophysical Survey Image (Chanel 35, Mid-time) Showing Significant EM Anomalies and Existing Pits



Australian Projects

The Silver Swan North Joint Venture with Moho Resources Ltd (ASX: MOH) encompasses Mining Lease M27/263 and Exploration Licence E27/345 located in the world-class Kalgoorlie, nickel and gold mining district. Moho Resources has previously satisfied the stage one and stage two earn-in requirements under the farm-in joint venture agreement with Odin and has earned a 51% interest in the tenements M27/263 and E27/345.

During the period Moho reported that 21 Auger holes for 1,553m were completed on E27/345 to test gravity lows with coincident elevated nickel in historic work for potential Black Swan style mineralisation. Subsequent to this work the joint venture agreed that E27/345 has been exhaustively explored and was relinquished. At the East Sampson Dam target (M27/263) Moho has reported that Investigations were underway for potential gold mining. See Moho Resources Ltd. ASX Announcement "Investigations Underway at East Sampson Dam for Potential Gold Mining", 29 November 2019, for further information.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

Monte Azul Acquisition

In February 2020, the Company announced that it had signed an option agreement to acquire 100% of the Monte Azul Zinc Project in Brazil ("Monte Azul" or the "Project") from Vale S.A. ("Acquisition"). The Project provides Odin with exposure to a near term base metals development asset with significant resource upside at depth and along strike, along with a significant 40km magnetic anomaly that remains underexplored.



Figure 3: Location of the Monte Azul Project

For personal use only



The Project is located in the established mining state of Minas Gerais, in an agriculture-based region in proximity to other operating mines and only 6km off national highway BR122. The Project is contained within a single freehold farm with drilling access in place.

The Project reports a Foreign Resource Estimate with significant Resource upside at depth and along strike. Drilling to date comprises of 57 diamond holes and 6 RC holes for 17,300m, over a strike length of approximately 1.4km. The deposit is a relatively new discovery (c.2000) and has never been mined previously or disturbed.

In addition to near term potential to grow the existing Foreign Resource Estimate, the Company has expanded its regional land holding to cover the vast majority of the belt through two separate deals, which includes the highly prospective Alto Alegre Zinc prospect to the northeast where zinc mineralisation again outcrops at surface.

Monte Azul Acquisition - Key Terms

1. Vale grants Odin an exclusive option to purchase the Project until the later of 30 days from the date of execution of the sale and purchase agreement ("SPA") and 28 February 2020
2. Within 15 days of Odin notifying Vale that it wishes to exercise its option to purchase the Project, Odin shall pay Vale US\$500,000
3. Within 1 year after the payment in point 2 Odin to pay VALE US\$1,500,000 and the Project will be transferred to Odin
4. Within 2 years after the payment in point 2 Odin to pay VALE US\$2,000,000
5. Within 4 years after the payment in point 2 Odin to pay VALE US\$3,000,000
6. Odin to pay Vale 1% NSR on any zinc and lead production over and above the contained zinc metal equivalent of 470,000t as per the Foreign Resource Estimate

For further details regarding the Monte Azul Acquisition, refer to the Company's ASX release "Odin to Acquire Zinc Deposit from Vale S.A" dated 20 February 2020.

Board Changes

The Board of Odin will be strengthened with the proposed appointment of Mr Simon Mottram (current CEO) and Mr Luis Azevedo as Executive Directors, both previously Executive Directors of Brazilian focussed copper producer Avanco Resources Ltd that was acquired by Oz Minerals in 2018 for c.\$440m.

Placement and Option Awards

The Company received commitments for a placement of A\$4.25m at a price of A\$0.040 per share for a total of approximately 106.3m shares. The placement will be completed in two tranches.

1. Tranche 1 raised approximately \$922,000, excluding costs, through the issue of approximately 23.1 million ordinary shares. This placement was completed on 27 February 2020; and
2. Tranche 2 will raise the remaining \$3,328,000 through the issue of approximately 83.2 million ordinary shares. Tranche 2 remains subject to shareholder approval with a meeting scheduled for mid-April 2020.

Discovery Capital Partners in their capacity as Lead Manager and Corporate advisor, together with a syndicate of nominated brokers are to receive up to a total of 10m Advisor / Broker Facilitation Options on the following terms:

- 3.50m Options with a strike price of A\$0.080 per Option expiring 31 December 2022;
- 3.25m Options with a strike price of A\$0.100 per Option expiring 31 December 2022; and
- 3.25m Options with a strike price of A\$0.120 per Option expiring 31 December 2022.



Directors' Report

Subject to shareholder approval, Odin is to issue 30m Performance Options to Directors, Management and Advisors that will align key personnel to the successful progression of Monte Azul. The Performance Options are valid for 4 years from the date of issue with a strike price of A\$0.0001 per Option.

The Performance Options will be subject to a number of vesting conditions as follows:

- 7.5m Options (25%) to vest immediately upon shareholder approval;
- 7.5m Options (25%) vest upon the announcement of a JORC 2012 Inferred Resource on the Monte Azul Project; and
- 15.0m Options (50%) vest 24 months from the date of issue, subject to the 15-day VWAP of Odin exceeding A\$0.20.

Sturgeon Lake

Subsequent to the reporting period, the Sturgeon Lake management committee (Odin and Glencore) agreed to relinquish the First Quantum Option from the "Odin Properties" (see Figure 1). First Quantum have been advised as per the Option Agreement.

Except for the matters disclosed above, there are no other significant events subsequent to the end of the financial period to the date of this report.

Australian Projects

The Company advised on 3 March 2020 that Moho Resources completed its stage three commitment as per the Mining Farm-In and Joint Venture Agreement, to earn an additional 19% in M27/263. This completed the farm-in phase of the agreement, whereby Moho Resources has now reached 70% ownership in M27/263.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, to provide the Directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 7 and forms part of this Directors' report for the half-year ended 31 December 2019.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to section 306(3) of the Corporations Act 2001.

Jason Bontempo
Executive Director

Perth, WA
5 March 2020

RSM Australia Partners

Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 92619100
F +61 (0) 8 92619111

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Odin Metals Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

RSM
RSM AUSTRALIA PARTNERS


ALASDAIR WHYTE
Partner

Perth, WA
Dated: 5 March 2020

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

For personal use only



Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the half-year ended 31 December 2019

	Note	31-Dec-19 \$	31-Dec-18 \$
Continuing Operations			
Interest received		3,291	44,272
Professional and consulting fees		(212,201)	(99,133)
Director and employee costs		(243,480)	(80,244)
Other expenses		(112,910)	(45,504)
Impairment expense	3	(306,999)	-
Share based payments expense	7	(232,420)	(44,162)
Loss before income tax		(1,104,719)	(224,771)
Income tax expense		-	-
Net loss for the year		(1,104,719)	(224,771)
Other comprehensive income			
Items that may be reclassified to profit and loss		51	-
Other comprehensive income for the year net of tax		51	-
Total comprehensive loss for the year		(1,104,668)	(224,771)
Loss per share			
Loss per share (cents)		(0.72)	(0.14)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

For personal use only

**Consolidated Statement of Financial Position***as at 31 December 2019*

	Note	31-Dec-19 \$	30-Jun-19 \$
Current Assets			
Cash and cash equivalents		595,092	1,379,172
Trade and other receivables		8,961	7,952
Total Current Assets		604,053	1,387,124
Non-Current Assets			
Deferred exploration and evaluation expenditure	3	5,593,675	5,721,107
Total Non-Current Assets		5,593,675	5,721,107
Total Assets		6,197,728	7,108,231
Current Liabilities			
Trade and other payables		47,825	86,080
Total Current Liabilities		47,825	86,080
Total Liabilities		47,825	86,080
Net Assets		6,149,903	7,022,151
Equity			
Issued capital	4	12,595,418	12,595,418
Reserves	5	1,096,732	864,261
Accumulated losses	6	(7,542,247)	(6,437,528)
Total Equity		6,149,903	7,022,151

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.



Consolidated Statement of Changes in Equity
for the period ended 31 December 2019

	Issued capital	Accumulated losses	Foreign exchange translation reserve	Share option reserve	Total \$
Balance at 1 July 2018	12,595,418	(5,603,776)		69,105	7,060,747
Total comprehensive loss for the					
Loss for the period	-	(224,771)		-	(224,771)
Total comprehensive loss for the	-	(224,771)		-	(224,771)
Transactions with owners in their capacity					
Options issued during the period	-	-		40	40
Share-based payments expense	-	-		44,162	44,162
Balance at 31 December 2018	12,595,418	(5,828,547)		113,307	6,880,178
Balance at 1 July 2019	12,595,418	(6,437,528)	-	864,261	7,022,151
Total comprehensive loss for the year					
Loss for the year	-	(1,104,719)	-	-	(1,104,719)
Foreign currency translation	-	-	51		
Total comprehensive loss for the year	-	(1,104,719)	51	-	(1,104,668)
Transactions with owners in their capacity as owners					
Share-based payments expense	-	-	-	232,420	232,420
Balance at 31 December 2019	12,595,418	(7,542,247)	51	1,096,681	6,149,903

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



Consolidated Statement of Cash Flows
for the period ended 31 December 2019

	Note	31-Dec-19 \$	31-Dec-18 \$
Cash flows from operating activities			
Payments to suppliers and employees		(600,765)	(234,682)
Interest received		3,291	44,272
Net cash used in operating activities		(597,474)	(190,410)
Cash flows from investing activities			
Payments for exploration expenditure		(186,657)	(195,203)
Net cash used in investing activities		(186,657)	(195,203)
Cash flows from financing activities			
Proceeds from issue of options		-	40
Net cash provided by financing activities		-	40
Net increase in cash and cash equivalents		(784,131)	(385,573)
Cash and cash equivalents at the beginning of the year		1,379,172	4,328,619
Effect of exchange rate fluctuations on cash		51	(83)
Cash and cash equivalents at the end of the year		595,092	3,942,963

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.



1. Corporate Information

The financial report of Odin Metals Limited ("Odin Metals" or "the Company") for the half-year ended 31 December 2019 was authorised for issue in accordance with a resolution of the Directors on 5 March 2020. Odin Metals is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and the principal activities of the Company are described in the Directors' Report.

2. Summary of Significant Accounting Policies

(a) Basis of Preparation

These general purpose financial statements for the half-year reporting period ended 31 December 2019 have been prepared in accordance with applicable accounting standards including AASB 134 "Interim Financial Reporting" and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with IAS 34 "Interim Financial Reporting".

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2019 and any public announcements made by Odin Metals Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The half-year report has been prepared on an accruals basis and is based on historical costs. For the purpose of preparing the half-year financial report the half-year has been treated as a discrete reporting period.

(b) Going Concern

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

As disclosed in the financial statements, the Group incurred a loss of \$1,104,719 and had net cash outflows from operating and investing activities of \$597,474 and \$186,657 respectively for the half year ended 31 December 2019. As at that date, the Group had net current assets of \$556,228.

The Directors believe that it is reasonably foreseeable that the Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The ability to issue additional shares under the *Corporations Act 2001* to raise further working capital;
- As disclosed in Note 11, on 20 February 2020, the Group announced that it had received commitments for a placement of \$4,250,000 at a price of \$0.040 per share for a total of approximately 106.3m shares. The placement will be completed in two tranches.
 - Tranche 1 raised approximately \$922,000, excluding costs, through the issue of approximately 23.1 million ordinary shares. This placement was completed on 27 February 2020.
 - Tranche 2 will raise the remaining \$3,328,000 through the issue of approximately 83.2 million ordinary shares. Tranche 2 remains subject to shareholder approval with a meeting scheduled for mid-April 2020; and
- The Company has the ability to scale down its operations in order to curtail expenditure, in the event insufficient cash is available to meet projected expenditure.

**(c) Compliance Statement**

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS). The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The impact on the financial performance and position of the Group from the adoption of the new or amended Accounting Standards and Interpretations was not material. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

3. Deferred Exploration & Evaluation Expenditure**Exploration and Evaluation phase - at cost**

	31-Dec-19 \$	30-Jun-19 \$
Opening balance	5,721,107	2,662,845
Acquisition of exploration tenements	-	550,000 ²
Exploration expenditure written off	(306,999) ¹	(65,646)
Exploration and evaluation expenditure incurred during the year	179,567	2,477,378 ³
Movements in prepayments	-	96,530
Closing balance	5,593,675	5,721,107

¹ The Sturgeon Lake management committee (Odin and Glencore) agreed to relinquish the First Quantum Option from the "Odin Properties". As a result, exploration and evaluation expenditure in relation to the First Quantum Option was written down to nil. The impairment expense recognised was \$306,999.

² The Company issued 50,000,000 unlisted options exercisable at \$0.40 pursuant to the terms of an Earn-in Option Agreement signed with Glencore Canada Corporation to consolidate the highly prospective Sturgeon Lake Base Metals District on the historical Mattabi Zinc-Copper Trend, Ontario, Canada.

³ At 30 June 2019 the deferred exploration and evaluation balance included approximately \$2,003,749 of Project expenditures under an Earn-in Option Agreement to acquire a 50% interest in the Glencore Sturgeon Lake Properties.

4. Issued Capital**(a) Issued and paid up capital**

	31-Dec-19 \$	30-Jun-19 \$
Issued and fully paid	12,595,418	12,595,418

	31-Dec-19		30-Jun-19	
	Number of shares	\$	Number of shares	\$
(b) Movements in ordinary shares on issue				
Opening Balance	153,719,335	12,595,418	153,719,335	12,595,418
Closing Balance	153,719,335	12,595,418	153,719,335	12,595,418

**Notes to the Consolidated Financial Statements for the period ended 31 December 2019**

	31-Dec-19 \$	30-Jun-19 \$
5. Reserves		
Share option reserve	1,096,681	446,501
Foreign exchange translation reserve	51	-
	1,096,732	446,501

	31-Dec-19 \$	30-Jun-19 \$
Movements in Reserves		
<i>Share option reserve</i>		
Opening balance	864,261	69,105
Share-based payments expense	232,420	795,116
Proceeds from option issue	-	40
Closing balance	1,096,681	864,261

The share option reserve is used to record the value of equity benefits provided to Directors and executives as part of their remuneration and non-employees for their goods and services. This reserve also includes subscription proceeds from options. Refer to note 7 for further details of the securities issued during the financial period ended 31 December 2019.

<i>Foreign exchange translation reserve</i>		
Opening balance	-	-
Foreign exchange translation difference	51	-
Closing balance	51	-

The foreign exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve.

6. Accumulated Losses		
Movements in accumulated losses were as follows:		
Opening balance	(6,437,528)	(5,603,776)
Loss for the period	(1,104,719)	(833,752)
Closing balance	(7,542,247)	(6,437,528)

7. Share-based payments**(a) Recognised share-based payment transactions**

Share-based payment transactions recognised either as operational expenses in the statement of profit or loss and other comprehensive income or as capital raising costs in the equity during the period were as follows:

	31-Dec-19 \$	31-Dec-18 \$
Employee and Director share-based payments (note 7 (b))	159,840	5,976
Share-based payments to suppliers (note 7 (c))	72,580	38,186
	232,420	44,162

(b) Employee and Director share-based payments

The Company has established an employee share option plan (ESOP). The objective of the ESOP was to assist in the recruitment, reward, retention and motivation of employees and contractors of Odin Metals Limited. An individual may receive the options or nominate a relative or associate to receive the options. The plan is

For personal use only



Notes to the Consolidated Financial Statements for the period ended 31 December 2019

open to executive officers, employees and eligible contractors of the Company. There were no unlisted options issued to Employee's and Director's during the half-year ended 31 December 2019. The expense recognised during the half-year on options granted in prior periods was \$159,840.

The table below summarises options granted during the year ended 30 June 2019. The fair value at grant date of options granted was determined using a combination of the Parisian barrier and share price barrier option pricing models that take into account the exercise price, the term of the option, the share price at grant date, the expected price volatility of the underlying share, the risk-free interest rate for the term of the option and the market performance condition.

Grant Date	Expiry date	Exercise price per option	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
28/11/2018	03/04/2022	\$0.001	-	2,800,000	-	-	2,800,000	- ¹
19/02/2019	26/02/2022	\$0.001	-	5,200,000	-	-	5,200,000	- ¹
17/05/2019	20/05/2020	\$0.001	-	1,000,000	-	-	1,000,000	- ¹
			-	9,000,000	-	-	9,000,000	- ¹

¹ The Options will vest on the earlier of:

- a) the Company's share price being equal to or greater than a volume weighted average price of \$0.40 or more for 20 consecutive trading days on the ASX; and
- b) the occurrence of a Change of Control Event.

The model inputs, not included in the table above, for options granted during the year ended 30 June 2019 included:

- a) options were granted for consideration ranging from nil to \$0.0001;
- b) expected life of the options ranged from 1.0 to 3.4 years;
- c) share price at grant date ranged from \$0.11 to \$0.15;
- d) expected volatility of 100%;
- e) expected dividend yield of nil; and
- f) a risk-free interest rate ranged from 1.21% to 2.09%

(b) Share-based payment to suppliers

There were no unlisted options issued to suppliers during the half-year ended 31 December 2019. The expense recognised during the half-year on options granted in prior periods was \$72,580. There were no unlisted options issued to suppliers during the year ended 30 June 2019.

8. Dividends

No dividends have been paid or provided for during the half-year.

9. Contingent Assets and Liabilities

The Directors are not aware of any new contingent liabilities or assets as at 31 December 2019. There has been no change in contingent liabilities or assets since the last annual reporting date.

10. Segment Information

The Group has identified its operating segments based on the internal reports that are reported to Executives (the chief operating decision makers) in assessing performance and in determining the allocation of resources. The Board as a whole will regularly review the identified segments in order to allocate resources to the segment and to assess its performance.

For personal use only



Notes to the Consolidated Financial Statements for the period ended 31 December 2019

The Group operates predominately in one industry, being the exploration of mineral resources. The main geographic areas that the entity operates in are Australia, Canada. The parent entity is registered in Australia. The Group's exploration assets are located in both Australia and Canada. The following table presents revenue, expenditure and certain asset and liability information regarding geographical segments for the half-years ended 31 December 2019 and 2018:

	Australia \$	Canada \$	Total \$
31 December 2019			
Revenue			
Interest income	3,291	-	3,291
Segment revenue	3,291	-	3,291
Result			
Loss before tax	(1,104,719)	-	(1,104,719)
Income tax expense	-	-	-
Loss for the period	(1,104,719)	-	(1,104,719)
Asset and liabilities			
Segment assets	604,053	5,593,675	6,197,728
Segment liabilities	(47,825)	-	(47,825)
31 December 2018			
Revenue			
Interest income	44,272	-	44,272
Segment revenue	44,272	-	44,272
Result			
Loss before tax	(224,771)	-	(224,771)
Income tax expense	-	-	-
Loss for the period	(224,771)	-	(224,771)
Asset and liabilities			
Segment assets	4,071,418	2,854,736	6,926,154
Segment liabilities	(45,976)	-	(45,976)

11. Significant Events after the Reporting Date

Monte Azul Acquisition

In February 2020, the Company announced that it had signed an option agreement to acquire 100% of the Monte Azul Zinc Project in Brazil ("Monte Azul" or the "Project") from Vale S.A. ("Acquisition"). The Project provides Odin with exposure to a near term base metals development asset with significant resource upside at depth and along strike, along with a significant 40km magnetic anomaly that remains underexplored.

The Project is located in the established mining state of Minas Gerais, in an agriculture-based region in proximity to other operating mines and only 6km off national highway BR122. The Project is contained within a single freehold farm with drilling access in place. The Project reports a Foreign Resource Estimate with significant Resource upside at depth and along strike. Drilling to date comprises of 57 diamond holes and 6 RC holes for 17,300m, over a strike length of approximately 1.4km. The deposit is a relatively new discovery (c.2000) and has never been mined previously or disturbed.

In addition to near term potential to grow the existing Foreign Resource Estimate, the Company has expanded its regional land holding to cover the vast majority of the belt through two separate deals, which includes the highly prospective Alto Alegre Zinc prospect to the northeast where zinc mineralisation again outcrops at surface.



Monte Azul Acquisition - Key Terms

1. Vale grants Odin an exclusive option to purchase the Project until the later of 30 days from the date of execution of the sale and purchase agreement ("SPA") and 28 February 2020
2. Within 15 days of Odin notifying Vale that it wishes to exercise its option to purchase the Project, Odin shall pay Vale US\$500,000
3. Within 1 year after the payment in point 2 Odin to pay VALE US\$1,500,000 and the Project will be transferred to Odin
4. Within 2 years after the payment in point 2 Odin to pay VALE US\$2,000,000
5. Within 4 years after the payment in point 2 Odin to pay VALE US\$3,000,000
6. Odin to pay Vale 1% NSR on any zinc and lead production over and above the contained zinc metal equivalent of 470,000t as per the Foreign Resource Estimate

Board Changes

The Board of Odin will be strengthened with the proposed appointment of Mr Simon Mottram (current CEO) and Mr Luis Azevedo as Executive Directors, both previously Executive Directors of Brazilian focussed copper producer Avanco Resources Ltd that was acquired by Oz Minerals in 2018 for c.\$440m.

Placement and Option Awards

The Company received commitments for a placement of A\$4.25m at a price of A\$0.040 per share for a total of approximately 106.3m shares. The Company received commitments for a placement of A\$4.25m at a price of A\$0.040 per share for a total of approximately 106.3m shares. The placement will be completed in two tranches.

1. Tranche 1 raised approximately \$922,000, excluding costs, through the issue of approximately 23.1 million ordinary shares. This placement was completed on 27 February 2020; and
2. Tranche 2 will raise the remaining \$3,328,000 through the issue of approximately 83.2 million ordinary shares. Tranche 2 remains subject to shareholder approval with a meeting scheduled for mid-April 2020.

Discovery Capital Partners in their capacity as Lead Manager and Corporate advisor, together with a syndicate of nominated brokers are to receive up to a total of 10m Advisor / Broker Facilitation Options on the following terms:

- 3.50m Options with a strike price of A\$0.080 per Option expiring 31 December 2022;
- 3.25m Options with a strike price of A\$0.100 per Option expiring 31 December 2022; and
- 3.25m Options with a strike price of A\$0.120 per Option expiring 31 December 2022.

Subject to shareholder approval, Odin is to issue 30m Performance Options to Directors, Management and Advisors that will align key personnel to the successful progression of Monte Azul. The Performance Options are valid for 4 years from the date of issue with a strike price of A\$0.0001 per Option.

The Performance Options will be subject to a number of vesting conditions as follows:

- 7.5m Options (25%) to vest immediately upon shareholder approval;
- 7.5m Options (25%) vest upon the announcement of a JORC 2012 Inferred Resource on the Monte Azul Project; and
- 15.0m Options (50%) vest 24 months from the date of issue, subject to the 15-day VWAP of Odin exceeding A\$0.20.

Sturgeon Lake

Subsequent to the reporting period, the Sturgeon Lake management committee (Odin and Glencore) agreed to relinquish the First Quantum Option from the "Odin Properties" (see Figure 1). First Quantum have been advised as per the Option Agreement.

For personal use only



Australian Projects

The Company advised on 3 March 2020 that Moho Resources completed its stage three commitment as per the Mining Farm-In and Joint Venture Agreement, to earn an additional 19% in M27/263. This completed the farm-in phase of the agreement, whereby Moho Resources has now reached 70% ownership in M27/263.

Except for the matters disclosed above, there are no other significant events subsequent to the end of the financial period to the date of this report.

For personal use only



Directors' Declaration

In the opinion of the Directors of Odin Metals Limited ('the Company'):

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - a. complying with Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half-year then ended; and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.

Jason Bontempo
Executive Director

Perth, WA
5 March 2020

For personal use only

RSM Australia Partners

Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100
F +61 (0) 8 9261 9111

www.rsm.com.au

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
ODIN METALS LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Odin Metals Limited, which comprises the statement of financial position as at 31 December 2019, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that 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 consolidated entity'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 Odin Metals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

For personal use only

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Odin Metals Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 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*.

Perth, WA
Dated: 5 March 2020

RSM
RSM AUSTRALIA PARTNERS


ALASDAIR WHYTE
Partner

For personal use only