

Half Year Report – 31 December 2019

Date: 6 March 2020

ASX Code: MAN

Directors

Patrick Burke
Non-Executive Chairman

James Allchurch
Managing Director

Ben Phillips
Non-Executive Director

Lloyd Flint
Company Secretary

Contact Details

Ground Floor
24 Outram Street
West Perth WA 6005
Australia

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mandrakeresources.com.au

Please find attached the financial report for half year ended 31 December 2019 for Mandrake Resources Limited (ASX: MAN) (**Mandrake or Company**).

-Ends-

Enquires please contact:
James Allchurch
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About Mandrake Resources

Mandrake is a junior exploration company established with the purpose of exploring and developing gold, nickel, copper and other mineral opportunities. The Company owns a mineral exploration project located in the prolific Pine Creek Orogen of the Northern Territory and is focussed primarily on gold exploration.

For further information visit www.mandrakeresources.com.au

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MANDRAKE RESOURCES LIMITED

A.B.N. 60 006 569 124

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

31 December 2019

Table of Contents

CORPORATE DIRECTORY	3
DIRECTORS' REPORT	4
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
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	12
DIRECTORS' DECLARATION.....	19
INDEPENDENT AUDITOR'S REVIEW REPORT	20

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CORPORATE DIRECTORY

Directors

Patrick Burke – Non-Executive Chairman

James Allchurch – Non-Executive Director

Ben Phillips – Non-Executive Director

Company Secretary

Lloyd Flint

Registered office

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West Perth 6005

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Auditors

BDO Audit (WA) Pty Ltd

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38 Station Street

Subiaco WA 6008

Share Registry

Automatic Registry Services

Level 2, 267 St Georges Terrace

Perth WA 6000

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Bankers

National Australia Bank

1232 Hay Street

West Perth WA 6005

Securities Exchange Listing

Australian Securities Exchange Limited

ASX Code – MAN

DIRECTORS' REPORT

Your directors submit the financial report of the Group for the half-year ended 31 December 2019.

Directors

The names of directors who held office during or since the end of the half-year:

Name	Status	Appointed/Resigned
Mr Peter Wall	Non-Executive Chairman	Appointed 2 June 2017 – resigned 5 August 2019
Mr Graham Durtanovich	Non-Executive Director	Appointed 2 June 2017 – resigned 26 September 2019
Mr Ben Phillips	Non-Executive Director	Appointed 18 April 2018
Mr Patrick Burke	Non-Executive Chairman	Appointed 4 August 2019
Mr James Allchurch	Executive Director	Appointed 4 August 2019

Company Secretary

Mr Stephen Buckley (appointed 2 June 2017 – resigned 1 February 2020)

Mr Lloyd Flint (appointed 1 February 2020)

Review of Operations

Mandrake Resources Limited was reinstated to official quotation and commenced trading on 14th August 2019, following re-compliance with Chapters 1 and 2 of the ASX Listing Rules. The Company raised \$4,527,838 pursuant to the offer under its replacement prospectus dated 21 May 2019 by the issue of 226,391,900 shares at an issue price of \$0.02 per share and 113,195,950 free attaching options exercisable at \$0.03 per option on or before 14 July 2022. Peter Wall resigned as Non-Executive Chairman on the 5th August 2019 following the appointments of James Allchurch as Managing Director and Pat Burke as Non-Executive Chairman on the 4th August 2019.

Through its wholly owned subsidiary Focus Exploration Pty Ltd (Focus), the Company owns 100% of the Berinka Pine Creek Project which is situated on exploration licence (EL31710).

The Berinka gold exploration project is located within the Pine Creek Orogen of the Northern Territory, located 220km south southwest of Darwin.

Gold mineralisation at the project is associated with >10km strike of poorly tested structurally controlled Berinka Volcanics of the Proterozoic Pine Creek Orogen. Previous reverse circulation (RC) drilling has intersected gold mineralisation associated with sulphide rich veins and is open at depth and along strike at the Terrys prospect with a best intersection of 4m @ 6.56g/t from 32m (TRP-018). A complete list of all historic drill intercepts is contained in the Mandrake Resources prospectus dated 21 May 2019.

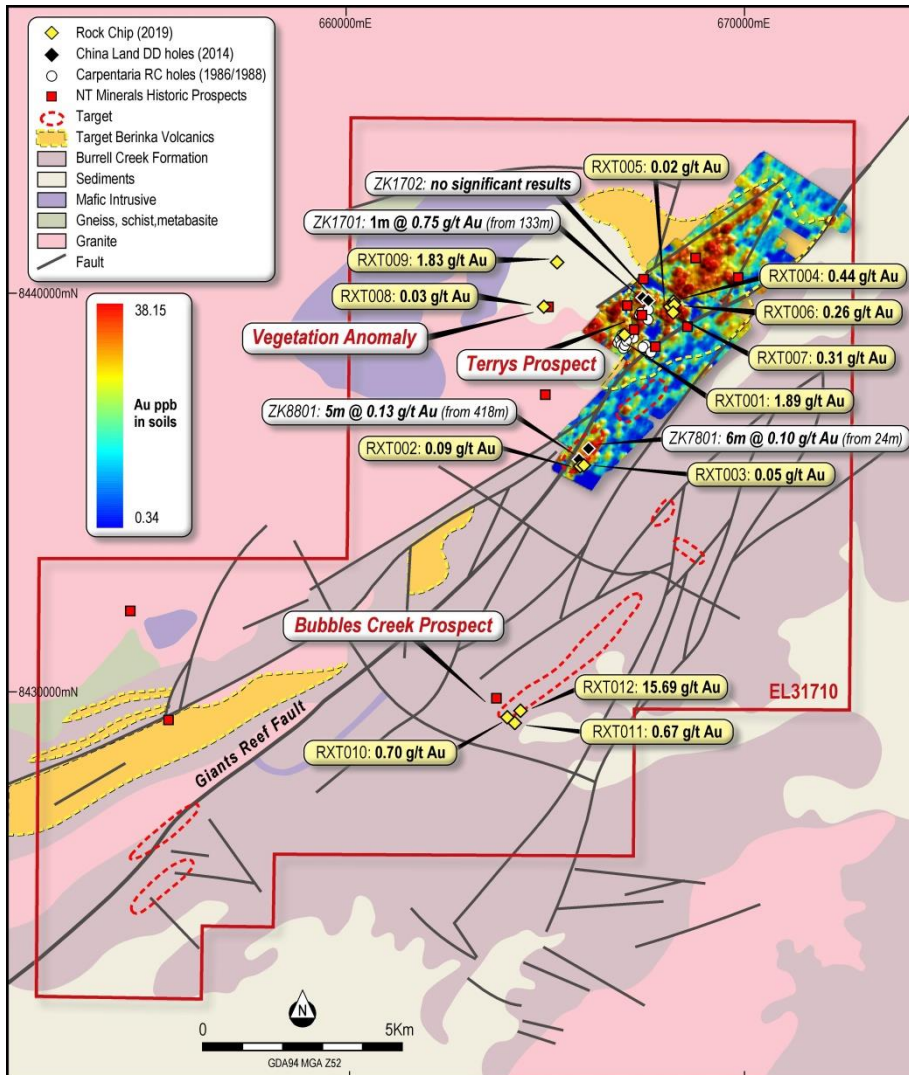
Investigations into previous exploration work conducted at the project revealed the existence of 4 diamond drill holes (ZK1701, ZK1702, ZK7801 and ZK8801) drilled by China Australia Land Resources which had not been submitted for assay.

The NQ2 diamond core totaled approximately 1,161m with zones prospective for mineralisation of approximately 189m submitted for assay with the following significant results.

Diamond drill hole ZK1701 returned the following intercept:
1m @ 0.75g/t Au (from 133m)

Diamond drill hole ZK7801 returned the following intercept:
6m @ 0.1g/t Au (from 24m)

Diamond drill hole ZK8801 returned the following intercept:
5m @ 0.13g/t Au (from 418m)



Berinka Pine Creek – Rock Chip and Core Assay Results with Historical Geochem

The identification of the core derived from the Terrys Prospect is fortuitous for Mandrake as it has provided, at very low cost to the Company, the opportunity to sample and assay various zones prospective for mineralisation as well as providing important structural and lithological information.

Field Work – Rock Chip Results

A detailed site visit was undertaken at the Berinka Project in October 2019 targeting the Terrys Prospect as well as several other prospects in the vicinity including the Vegetation Anomaly (identified by Carpentaria Exploration Company (CEC) in the mid-1980s). The primary objectives were to establish access and conduct geological mapping and rock chip sampling.

Field work was also undertaken at the Bubbles Creek Prospect, discovered by CEC in 1986. Historic CEC reports describe anomalous gold values in rock (exposed veins) and float within the Burrell Creek Sediments along a 1.3km belt in the valley of Bubbles Creek.

Three rock chip samples were collected at the Bubbles Creek Prospect with RXT0012 targeting a dolerite unit exposed in the creek bank overlain by an alluvial terrace. A set of steep south east dipping grey quartz-FeO veins was located in the dolerite, spaced some 2-3m apart with individual veins up to 10cm in width. The vein material was sampled returning a high grade gold value of 15.7g/t Au.

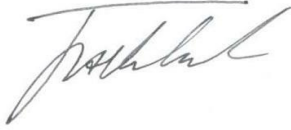
At the Terrys Prospect, the weathered stockwork veined brecciated granite that potentially forms part of the gold lode was sampled returning a gold grade of 1.9g/t Au, indicating continuity along strike from RC holes drilled by CEC at The Terry's A Prospect.

MANDRAKE RESOURCES LTD (ABN 60 006 569 124)
and Controlled Entity

Auditor's Independence Declaration

The lead auditor's independence declaration under s 307C of the *Corporations Act 2001* is set out on page 5 for the half-year ended 31 December 2019.

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



Director

James Allchurch

Dated 6 March 2020

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DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF MANDRAKE RESOURCES LIMITED

As lead auditor for the review of Mandrake Resources Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Mandrake Resources Limited and the entity it controlled during the period.



Jarrad Prue
Director

BDO Audit (WA) Pty Ltd
Perth, 6 March 2020

MANDRAKE RESOURCES LTD (ABN 60 006 569 124)
and Controlled Entity

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME**

FOR THE HALF-YEAR ENDED
31 DECEMBER 2019

	Note	Half-year	
		31.12.19	31.12.18
		\$	\$
Interest income		16,716	14
Administration, accounting and audit		(95,967)	(25,692)
Corporate Costs		(30,942)	(96,909)
Legal, compliance and professional fees		(133,134)	(28,662)
Share based payments	4	(364,880)	-
Travel		(1,005)	-
Other expenses		(5,850)	(1,548)
Loss before income tax		(615,062)	(152,797)
Income tax expense		-	-
Net (Loss) for the period		(615,062)	(152,797)
Other comprehensive income:			
Items that may be reclassified to profit or loss		-	-
Items that will not be reclassified to profit or loss		-	-
Total comprehensive loss for the period		(615,062)	(152,797)
Loss is attributable to:			
Members of the parent entity		(615,062)	(152,797)
		(615,062)	(152,797)
Total comprehensive income for the half-year is attributable to:			
Members of the parent entity		(615,062)	(152,797)
		(615,062)	(152,797)
Loss per share from continuing operations:			
- basic loss per share (cents)		(0.3)	(4.7)
- diluted earnings per share (cents)		n/a	n/a

As a result of the loss for the period, the potential ordinary shares are anti-dilutive and therefore a diluted loss per share is not disclosed.

The accompanying notes form part of these financial statements.

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MANDRAKE RESOURCES LTD (ABN 60 006 569 124)
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	31.12.19	30.06.19
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		3,612,409	84,115
Trade and other receivables		50,004	77,854
TOTAL CURRENT ASSETS		3,662,413	161,969
NON-CURRENT ASSETS			
Exploration and Evaluation expenditure		403,353	-
TOTAL NON-CURRENT ASSETS		403,353	-
TOTAL ASSETS		4,065,766	161,969
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		40,459	651,556
TOTAL CURRENT LIABILITIES		40,459	651,556
TOTAL NON-CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		40,459	651,556
NET ASSETS/(LIABILITIES)		4,025,307	(489,586)
EQUITY			
Issued capital		17,468,199	13,011,070
Convertible Loan Note Reserves		-	220,000
Option Reserve		893,111	285
Accumulated losses		(14,336,003)	(13,720,941)
TOTAL EQUITY/(DEFICIENCY IN EQUITY)		4,025,307	(489,586)

The accompanying notes form part of these financial statements.

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MANDRAKE RESOURCES LTD (ABN 60 006 569 124)
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED
31 DECEMBER 2019

	Note	Issued Capital \$	Convertible Loan Note Reserve	Option Reserve	Accumulated losses \$	Total \$
Balance at 1.7.18		13,011,070	-	285	(13,173,835)	(162,479)
Loss attributable to members of parent entity		-	-	-	(152,797)	(152,797)
Transactions with owners:		-	-	-	-	-
Option Reserve		-	-	-	-	285
Shares issued during the period	-	-	-	-	-	-
Balance at 31.12.18		13,011,070	-	285	(13,326,631)	(315,276)
Balance at 1.7.19		13,011,070	220,000	285	(13,720,941)	(489,586)
Loss attributable to members of parent entity		-	-	-	(615,062)	(615,062)
Transactions with owners:						
Option Reserve		-	-	892,826	-	892,826
Shares issued during the period net of transaction costs		4,457,129	(220,000)	-	-	4,237,129
Balance at 31.12.19		17,468,199	-	893,111	(14,336,003)	4,025,307

The accompanying note form part of the financial statements

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MANDRAKE RESOURCES LTD (ABN 60 006 569 124)
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CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED
31 DECEMBER 2019

	Half-year	
	31.12.19	31.12.18
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers	(586,128)	(48,373)
Interest received	16,716	14
Net cash (used in) operating activities	(569,412)	(48,359)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquired through acquisition of Focus Exploration Pty Ltd	100	-
Exploration and evaluation expenditure	(153,453)	-
Net cash (used in) investing activities	(153,353)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	4,527,838	-
Share issue costs	(276,778)	-
Net cash provided by financing activities	4,251,060	-
Net increase/(decrease) in cash held	3,528,294	(48,359)
Cash and cash equivalents at beginning of period	84,115	50,334
Cash and cash equivalents at end of period	3,612,409	1,976

The accompanying notes form part of these financial statements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

These general purpose interim financial statements for half-year reporting period ended 31 December 2019 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Mandrake Resources Limited (the Company) and its subsidiary (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 following half-year.

These interim financial statements were authorised for issue on 6 March 2020.

b. Adoption of new and revised standards

Early adoption of accounting standards

The Group has not elected to apply any pronouncements before their operative date in the annual reporting year beginning 1 July 2019.

New and amended standards adopted by the Group

New or amended standards that became applicable for the current reporting period for which the Group has adopted:

- AASB 16 Leases

The new accounting policies are disclosed below. There is no impact on the Group for the period ended 31 December 2019.

AASB 16 Leases

The impact of the adoption of the standard and the new accounting policies are disclosed below. The impact of the standards, and the other new and amended standards adopted by the Group, has not had a material impact on the amounts presented in the Group's financial statements.

AASB 16 Leases – Impact of Adoption

The Group has adopted AASB 16 Leases from 1 July 2019, under the modified retrospective method which resulted in changes to accounting policies. Adjustments to the amounts have been recognised in the financial statements.

AASB 16 Leases – Accounting policies

Group has reviewed contracts to assess whether the contract is or contains a lease. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred.

The Group leases its office space. The lease is on a month to month basis and is short term in nature. Management is of the opinion that the lease is an exception and not a right of use asset.

Initial recognition

There is no impact on the financial statements. Lease payments will continue to be expensed as and when incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

c. **Going Concern**

The financial statements have been prepared on the going concern basis, which assumes the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The net loss after income tax for the Group for the six months to 31 December 2019 was \$615,062 (31 December 2018: loss of \$152,797). As at 31 December 2019, the Group has a net asset position of \$4,025,307 (30 June 2019: net liability of \$489,586) and cash and cash equivalent of \$3,612,409 (30 June 2019: \$84,115).

The Directors believe the Group will continue as a going concern and able to pay its debts as and when they fall due. Forecast cashflows demonstrate that the Group can operate on a Going Concern basis.

d. **Segment information**

Management has determined the operating segments based on the reports reviewed by the board of directors that are used to make strategic decisions. The Group does not have any material operating segments with discrete financial information. The Group does not have any customers and all its' assets and liabilities are primarily related to the corporate office and are located within Australia. The Board of Directors review internal management reports on a regular basis that is consistent with the information provided in the statement of profit or loss and other comprehensive income, statement of financial position and statement of cash flows. As a result, no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

e. **Exploration and evaluation expenditure**

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

f. **Share-based payments**

The Group provides benefits to employees (including Directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or options over shares ("equity-settled transactions").

The fair value of options is recognised as an expense with a corresponding increase in equity (share-based payments reserve). The fair value is measured at grant date and recognised over the period during which the holder becomes unconditionally entitled to the options. Fair value is determined using a Black-Scholes option pricing model. In determining fair value, no account is taken of any performance conditions other than those related to the share price of Mandrake Resources ("market conditions").

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

Significant Estimates & Judgements

g. Acquisition of Focus Exploration Pty Ltd

As described in Note 5 below, during the period, the parent company acquired Focus Exploration Pty Ltd for 12,500,000 shares. This transaction has been accounted for as an asset acquisition, not a Business Combination. In these circumstances, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction, and no goodwill will arise on the transaction.

In determining whether an acquisition is a business combination or an asset acquisition, management apply significant judgement to assess whether the net assets acquired constitute a "business" in accordance with AASB 3. Under that standard, a business is an integrated set of activities and assets that is capable of being conducted or managed for the purpose of providing a return, and necessarily consists of inputs, processes, which when applied to those inputs, have the ability to create outputs.

h. Share-based payments

The measurement of fair value requires the Group to make certain significant estimates and judgements as disclosed in the relevant note to the financial statements. The accounting estimates and judgements relating to equity-settled share based payments impact amounts recorded as assets and liabilities, and profit and loss. Please refer to Note 4 for further information.

i. Exploration and evaluation expenditure

The consolidated group capitalises expenditure relating to exploration and evaluation costs where they are considered to be likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of economically recoverable resources. Capitalisation of expenditure requires the consolidated group to make a judgement on the extent that expenditure on exploration and evaluation assets will likely be recovered in the future through mineral extraction or some other form of commercialisation of the exploration and evaluation stage assets.

The future recoverability of capitalised exploration and evaluation costs are dependent on a number of factors, including whether the consolidated group decides to exploit the related lease 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, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

NOTE 2: EXPLORATION AND EVALUATION EXPENDITURE

	31.12.19	30.6.19
	\$	\$
Opening balance at beginning of the period	-	-
Capitalised mineral exploration and evaluation	153,453	-
Consideration for mineral exploration acquisitions (see Note 5)	249,900	-
Closing balance	403,353	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 3: ISSUED CAPITAL

a. Share Capital

	31.12.19		30.6.19	
	Number	\$	Number	\$
Period opening balance	3,248,883	13,011,070	64,971,877	13,011,070
Consolidation 12/6/19	-	-	(61,723,283)	-
Rounding adjustment on consolidation	-	-	289	-
Re-compliance issues:				
Converting loan shares	11,000,000	220,000	-	-
Conversion of debts to equity	13,200,727	264,015	-	-
Focus Exploration Pty Ltd acquisition	12,500,000	250,000	-	-
Capital raising	226,391,900	4,527,838	-	-
Share issue costs	-	(804,724)	-	-
Period closing balance	266,341,510	17,468,199	3,248,883	13,011,070

b. Convertible Loan Note Reserves

	31.12.19	30.6.19
	\$	\$
Period opening balance	220,000	-
Conversion of convertible notes	-	220,000
Issue of Converting loan shares	(220,000)	-
Period closing balance	-	220,000

c. Option Reserve

	31.12.19		30.6.19	
	Number	\$	Number	\$
Period opening balance	3,000,001	285	60,000,000	285
Consolidation 12/6/19	-	-	(56,999,999)	-
Converting loan options	11,000,000	-	-	-
Conversion of debts to equity	13,200,727	153,920	-	-
Capital raising	113,195,950	-	-	-
Broker options	45,278,400	527,946	-	-
Director options	24,000,000	210,960	-	-
Period closing balance	209,675,078	893,111	3,000,001	285

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MANDRAKE RESOURCES LTD (ABN 60 006 569 124)
and Controlled Entity

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

Grant date	Expiry date	Period opening balance	Granted during the period	Exercise Price	Exercised during the period	Expired during the period	Balance at the end of the period
				\$			
14/07/2017	14/07/2021	2,250,001		0.4000	-	-	2,250,001
30/11/2017	14/07/2021	750,000		0.4000	-	-	750,000
12/08/2019	14/07/2022		11,000,000	0.0300	-	-	11,000,000
12/08/2019	14/07/2022		13,200,727	0.0300	-	-	13,200,727
12/08/2019	14/07/2022		113,195,950	0.0300	-	-	113,195,950
12/08/2019	14/07/2022		45,278,400	0.0300	-	-	45,278,400
12/08/2019	28/11/2022		24,000,000	0.0300	-	-	24,000,000
		3,000,001	206,675,077		-	-	209,675,078

NOTE 4: OPTIONS

The fair value of the options issued was calculated using Black-Scholes modelling. A fair value of 1.166c and 0.879c respectively for re-compliance and director's options were calculated. The following inputs were used in the calculation:

	Options issued on re-compliance	Directors options
Valuation date (equal to grant date under AASB 2)	12 August 2019	28 November 2019
Exercise price	3 cents	3 cents
Expiration date	14 July 2020	28 November 2022
Share price at valuation date	\$0.020	\$0.016
Risk free rate of interest	0.7% p.a.	0.62% p.a.
Company share price volatility	110% p.a.	110% p.a.
Fair value	\$0.01166	\$0.00879

The value recognised on issue of options is as follows:

Name	Quantity	AUD\$
Re-compliance options		
Broker options	45,278,400	527,946
Debts to equity options	13,200,727	153,920
Total	58,479,127	681,867
Directors options		
James Allchurch	12,000,000	105,480
Patrick Burke	6,000,000	52,740
Ben Phillips	6,000,000	52,740
Total	24,000,000	210,960

The Broker options were considered to be capital raising costs, the expense recorded was deducted against share capital. The debt-to-equity options were (along with 13,200,727 ordinary shares) issued to creditors to extinguish certain liabilities, and the excess of the fair value of the shares and options issued to the book value

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

of the liabilities extinguished was expensed to profit and loss. The options issued to Directors were expensed in accordance with AASB 2.

The options that attached to the shares issued as part of the capital raising, and the options that attached to the conversion of the convertible note, have been treated as freely attaching to the underlying issue of ordinary shares, and therefore have not been assigned any additional value.

NOTE 5: ACQUISITION OF FOCUS EXPLORATION PTY LTD

Summary of acquisition

During the period, Mandrake Resources Ltd acquired 100% of the issued share capital of Focus Exploration Pty Ltd (Focus) by way of the issue of 12,500,000 Mandrake shares to the shareholders of Focus. Focus is a Proprietary limited company which holds the Berinka Project in the Northern Territory.

The assets and liabilities recognised as a result of the acquisition are as follows:

Fair value	\$
Cash	100
Exploration and evaluation expenditure	249,900
Trade and other payables	-
Fair Value of the Net Assets acquired	<u>250,000</u>

The Company gained control of Focus on 12 August 2019 with a shareholding of 100% pursuant to the completion of the re-compliance work articulated in the Prospectus dated 21 May 2019.

Total cash outflows relating to the acquisition of Focus was nil. The purchase of Focus shares was funded entirely by the issue of Mandrake shares. Cash received on the acquisition of Focus was \$100, resulting in a net cash inflow in investing activities in the statement of cash flows of \$100. The only liabilities originally sitting in that company were Director's loans, which had been forgiven in full prior to the acquisition.

NOTE 6: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting period.

NOTE 7: COMMITMENTS

The minimum expenditure on the granted license is \$32,000 in the first operational year and \$37,000 in the second operational year and thereafter. There has been no other change in commitments since the last annual reporting period.

NOTE 8: RELATED PARTY TRANSACTIONS

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

The following transactions occurred with related parties:

James Allchurch is one of the Focus Shareholders and received 2,500,000 consideration shares pursuant to the acquisition of Focus Exploration Pty Ltd.

Connected Energy Solutions, and entity associated with Graham Durtanovich was issued 3,250,500 shares and 3,250,000 free attaching options in lieu of debts owed to Chaperon Corporate, an entity also associated with Mr Durtanovich. Chaperone Corporate received payments totalling \$56,392 (incl GST) for financial and corporate advisory services provided to the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

Ben Phillips participated in a Convertible Loan Agreement with the company to the value of \$20,000. On conversion, 1,000,000 Shares and 1,000,000 options were issued to Deep36 Pty Ltd ATF Deep Super, (an entity controlled by Mr Phillips). 1,710,500 shares and 1,710,500 options were issued to Bob Alfred Pty Ltd ATF the Bob Alfred Trust (an entity controlled by Mr Phillips) in lieu of debts owed to Mr Phillips by the Company. Ironside Capital Pty Ltd, an entity associated with Ben Phillips, has a corporate mandate for monthly services at \$7,700 (incl GST). Payments totalling \$77,707 including GST from the Company were received by Ironside Capital.

10,305,000 shares and 7,805,000 options were issued to Pheakes Pty Ltd and the Wall Family superannuation fund, both entities controlled by Mr Wall, on re-compliance by the company and in lieu of debts owed to Mr Wall. Steinepreis Paganin, an entity associated with Mr Peter Wall, received payments totalling \$148,961 (incl GST) in relation to legal services provided to the Company.

In addition to the above, refer to Note 4 for details of options granted to Directors.

There were no other transactions with KMP and their related parties other than what is disclosed above.

NOTE 8: EVENTS AFTER THE END OF THE INTERIM PERIOD

The directors are not aware of any significant events since the end of the interim period.

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DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Mandrake Resources Limited, 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.



James Allchurch
Executive Director
Dated 6 March 2020

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Mandrake Resources Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Mandrake Resources Limited (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, 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 the Group is not in accordance with the Corporations Act 2001 including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial 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.

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 Group's financial position as at 31 December 2019 and its financial 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 the Group, 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.

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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 the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd

BDO
J Prue

Jarrad Prue

Director

Perth, 6 March 2020