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ACN 148 966 545

**Interim Financial Report
for the Period Ended 31 December 2019**

AUROCH MINERALS LIMITED

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CORPORATE DIRECTORY

ABN	91 148 966 545
Directors	Mr Edward Mason (Non-Executive Chairman) Mr Aidan Platel (Managing Director) Mr Chris Hansen (Non-Executive Director)
Company Secretary	Mr James Bahen
Registered office	Suite 6, 295 Rokeby Road Subiaco WA 6008 Telephone +61 8 6555 2950 Facsimile +61 8 6166 0261
Principle Place of business	1A/1 Alvan Street Subiaco WA 6008
Website	www.aurochminerals.com
Share Registry	Automic Registry Services Level 3 50 Holt Street Surry Hills NSW 2010 Telephone 1300 288 664
Solicitors	GTP Legal Level 1, 28 Ord St West Perth WA 6005
Bankers	National Australia Bank Level 14, 100 St Georges Terrace Perth WA 6000
Auditors	BDO Audit (WA) Pty Ltd 38 Station Street Subiaco, WA 6008
Stock Exchange	Australian Securities Exchange Limited ASX Code: AOU

Your Directors present their report on Auroch Minerals Limited (**Auroch**, the **Company** or the **Group**) for the half-year ended 31 December 2019 (the **Period**).

1. DIRECTORS

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

Mr Edward Mason (Non-Executive Chairman) – appointed 9 October 2019
Mr Aidan Platel (Managing Director) – appointed 3 September 2019
Mr Chris Hansen (Non-Executive Director) – appointed 3 September 2019
Mr Glenn Whiddon – resigned 31 October 2019
Mr Ryan Gaffney – resigned 3 September 2019
Mr Adam Santa Maria – resigned 3 September 2019

All Directors were in office for the entire duration unless otherwise stated.

2. OPERATING RESULTS

The net loss after providing for income tax amounted \$799,436 (2018: \$855,098).

3. PRINCIPAL ACTIVITY

The principal activity of the Group is mineral exploration and development.

4. REVIEW OF OPERATIONS

The following is a summary of the activities of Auroch Minerals during the period 1 July 2019 to 31 December 2019. During the half year, the Company's primary focus was drilling and exploration programmes at its Saints Nickel Project and Leinster Nickel Project, two high-grade nickel sulphide projects in Western Australia.

COMPANY PROJECTS – WESTERN AUSTRALIA

SAINTS NICKEL PROJECT

During the period Auroch completed its acquisition of 100% of the tenements known as the Saints Nickel Project (Saints) and the Leinster Nickel Project (Leinster) from Minotaur Exploration Limited (ASX:MEP, Minotaur) on the terms as set out in the ASX announcement dated 11 July 2019.

Following the completion of the acquisition, the Company moved quickly, commenced and then completed its maiden 3,000m drilling programme at the Saints Nickel Project, located approximately 65km northwest of Kalgoorlie and 7km east of the Goldfields Highway. Results from semi-massive to massive sulphide mineralisation intersected in several of the diamond drill-holes returned extremely high-grade nickel, particularly at the Saint Patricks target area.

SNDD006 returned excellent high-grade results of **2.22m @ 4.84% Ni, 0.34% Cu and 0.15% Co¹** from 110.68m down-hole, including **0.90m @ 6.01% Ni, 0.31% Cu and 0.16% Co** (Photo 1).

¹ Refer to ASX announcement by the Company on 14/11/2019

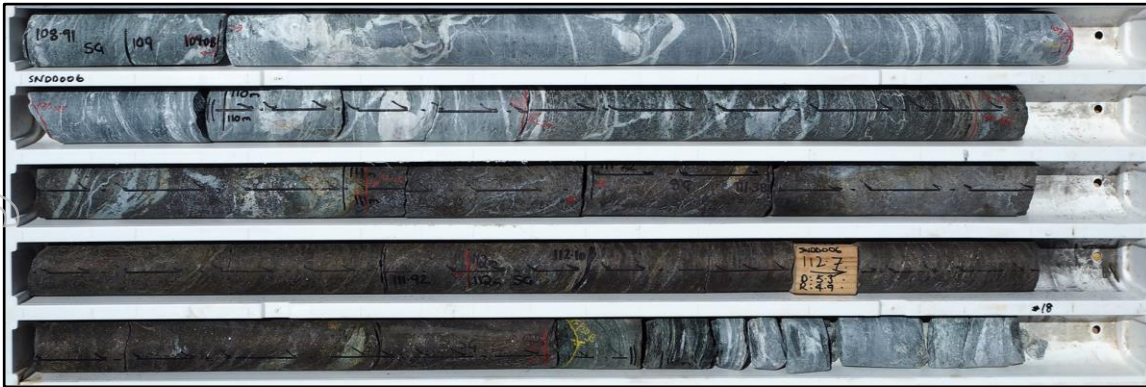


Photo 1: Massive pyrrhotite – pentlandite (nickel sulphide) – pyrite – chalcopyrite in drill-hole SNDD006 at Saint Patricks: 2.22m @ 4.84% Ni, 0.34% Cu and 0.15% Co from 110.68m down-hole.

These results followed on from the extremely high-grade result for drill-hole SNDD005 of **1.77m @ 6.72% Ni, 0.27% Cu and 0.13% Co** from 227.31m down-hole, including **0.50m @ 9.98% Ni, 0.24% Cu and 0.20% Co⁴** (Photos 2 and 3).



Photo 2 – 3: Massive pyrrhotite – pentlandite (nickel sulphide) – pyrite – chalcopyrite in drill-hole SNDD005 at Saint Patricks: 1.77m @ 6.72% Ni, 0.27% Cu and 0.13% Co from 227.31m down-hole.

Drill-hole SNDD003 targeted a DHEM target to the north of the existing nickel sulphide mineralisation at Saint Patricks and intersected **1.87m @ 1.09% Ni, 0.08% Cu and 0.04% Co** from 92.00m down-hole, including **0.47m @ 2.74% Ni, 0.26% Cu and 0.08% Co²**. The result added approximately 30m to the strike of known nickel sulphide mineralisation at Saint Patricks (Figure 1) and it remains open to the north.

² Refer to ASX announcement by the Company on 14/11/2019

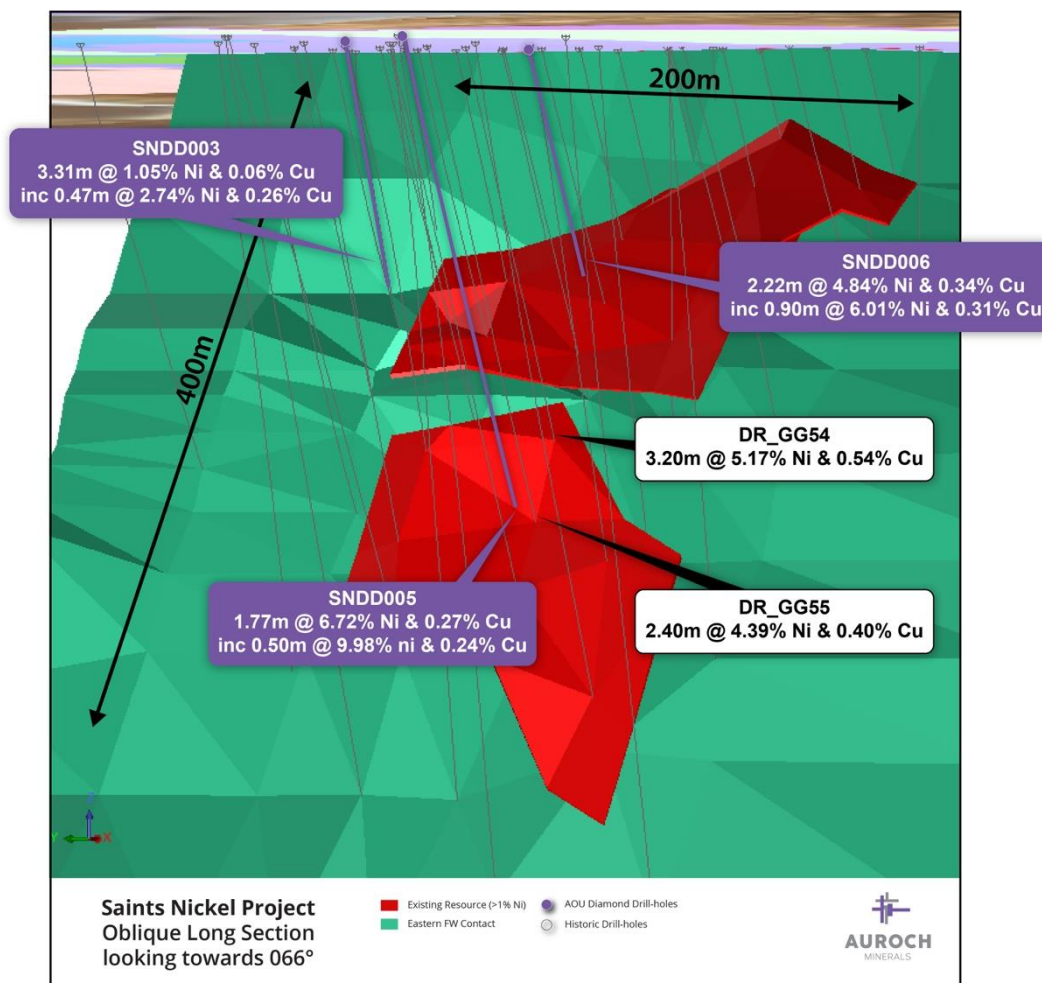


Figure 1 – Oblique long-section (looking towards 066°) of the Eastern Footwall Contact of the Saints Nickel Project showing the locations of drill-holes, SNDD005 and SNDD006 at Saint Patricks (1.0% nickel cut-off wireframes shown in dark red).

Similarly, drill-hole SNDD002 targeted a DHEM plate down-plunge of the existing nickel sulphide mineralisation at the Western Contact (Figure 2) and intersected **3.31m @ 1.05% Ni, 0.06% Cu and 0.03% Co³**.

Drill-holes SNDD007 and SNDD008, were drilled to test possible extensions to the south of the known mineralisation at Saint Andrews and the Western Contact.

SNDD007 returned encouraging results of **6.87m @ 0.77% Ni and 0.02% Cu** from 145.00m down-hole, including **1.87m @ 1.47% Ni and 0.03% Cu⁴**. The interval contained blebby nickel sulphide mineralisation throughout, which is often observed stratigraphically above massive sulphide mineralisation, and terminated in 1.53m of core loss, and hence remains a very interesting zone that needs to be tested further (Figure 2).

³ Refer to ASX announcement by the Company on 14/11/2019

⁴ Refer to ASX announcement by the Company 8/1/2020

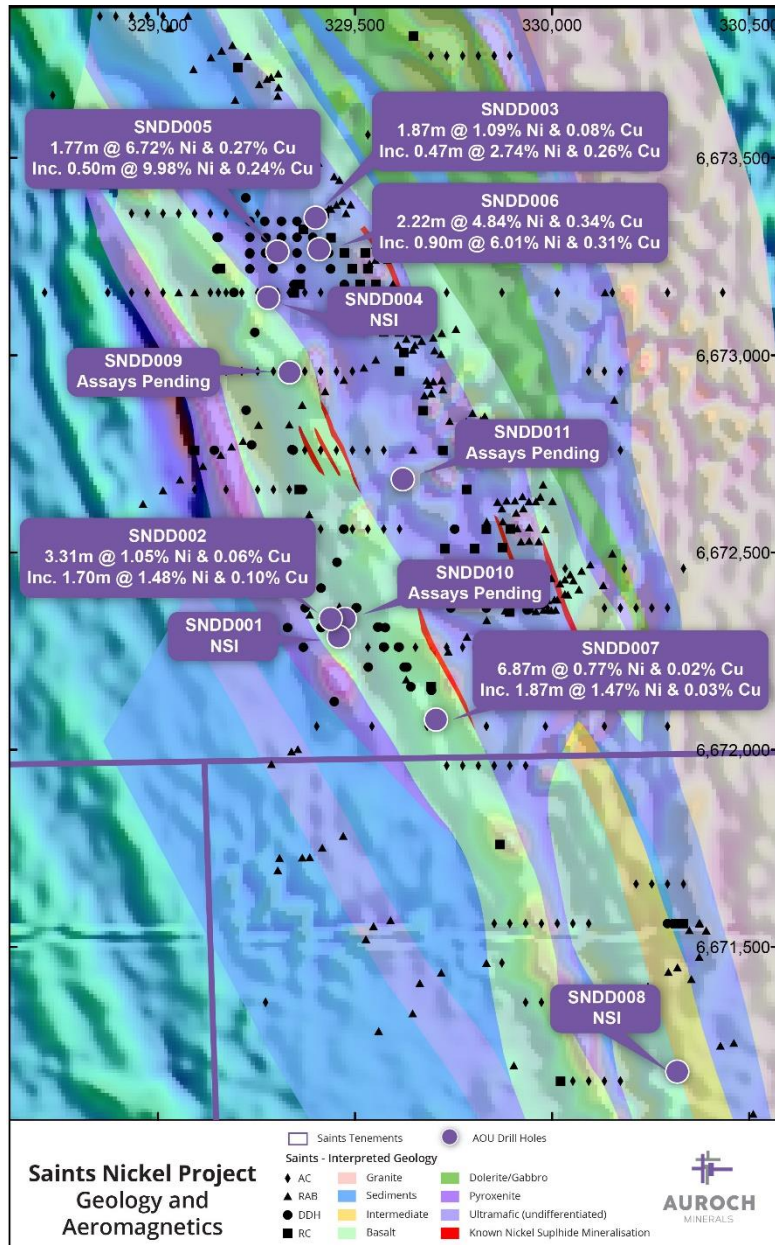


Figure 2 – Plan map of the Saints Nickel Project showing the locations of the eleven drill-holes in relation to geology and aeromagnetics (RTP-1VD)

LEINSTER NICKEL PROJECTS

During the period, the Company undertook a detailed review of all historic data and it confirmed thick high-grade massive nickel sulphide mineralisation at its Leinster Project, near the town of Leinster in WA.

Significant intersections ($\geq 1\%$ Ni) were calculated for all historic drill-holes at the Horn. Several intersections demonstrated thick zones of high-grade nickel sulphide mineralisation, including:

- 08BWDD0015: **14.66m @ 2.19% Ni, 0.48% Cu and 0.12% Co** from 132.6m down-hole⁵
- 08BWDD0039: **7m @ 2.58% Ni, 0.63% Cu and 0.14% Co** from 158.6m down-hole⁵
- 08BWDD0074: **10.8m @ 2.21% Ni, 0.53% Cu and 0.12% Co** from 143.97m down-hole⁵

A review of the modelled mineralisation in long section at the Horn Prospect demonstrates that thick high-grade nickel mineralisation occurs at relatively shallow depths, and remains open along strike and down plunge (Figure 3).

⁵ Refer to ASX Announcement by the Company on 5/12/2019

The logged geology confirms that the nickel sulphide mineralisation occurs within an ultramafic host rock and appears to have been structurally thickened.

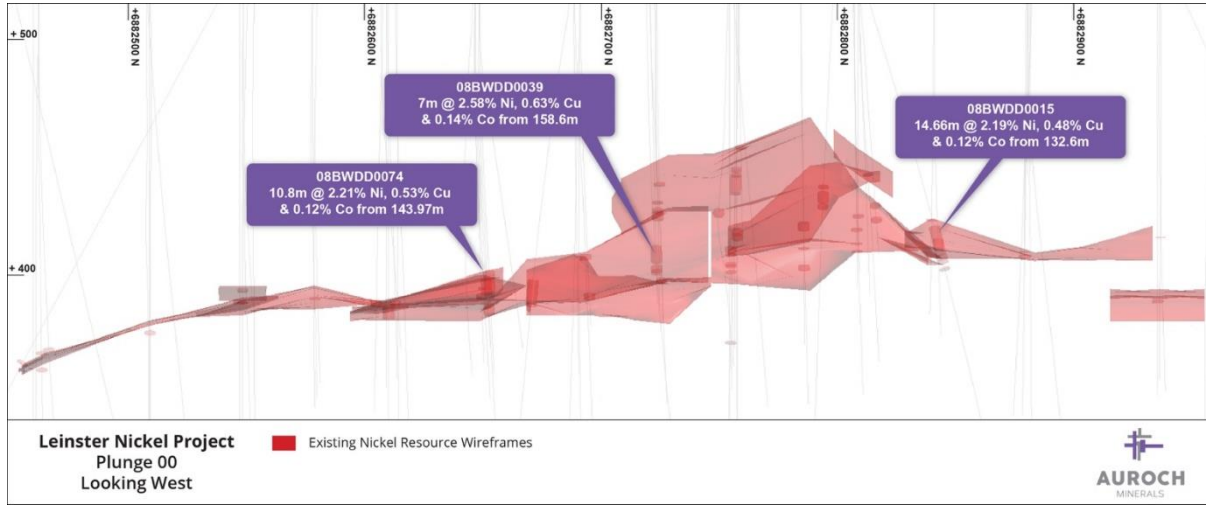


Figure 3 – Long-section of the known nickel sulphide mineralisation at the Horn Prospect within the Leinster Project

Reprocessing of the high-resolution aeromagnetic data at the Leinster Project was completed and it demonstrates a strong correlation between the known nickel sulphide mineralisation and magnetic highs (Figure 4).

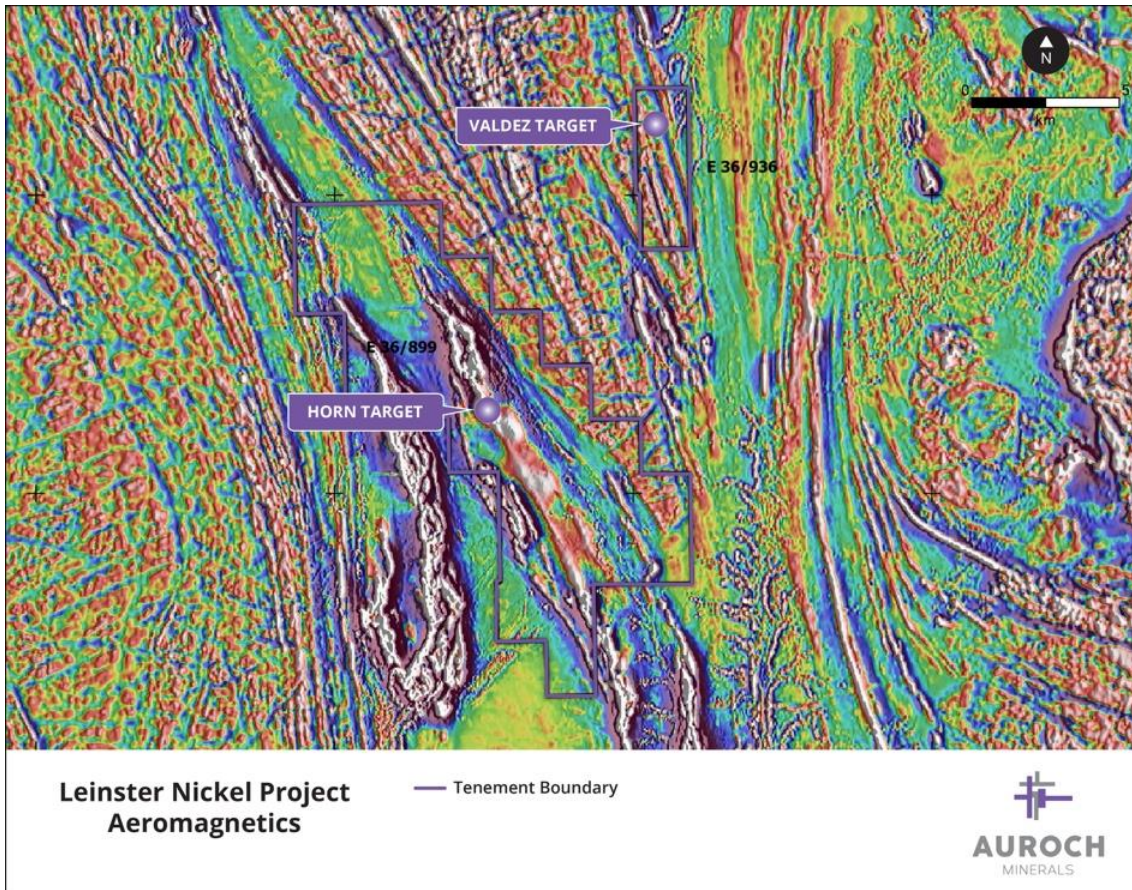


Figure 4 – Reprocessed aeromagnetics showing the location of the Horn nickel sulphide mineralisation in relation to magnetic highs (RTP 1VD East Shade Non-linear).

Reprocessing and modelling also commenced on the significant amount of down-hole electromagnetic (DHEM) data and surface moving-loop EM (MLEM) data at both the Horn and Valdez target areas of the Leinster Project, in order

to confirm the conductivity and location of the modelled EM plates that will be the focus of an RC drilling programme.

One of the main aims of the RC drilling is to acquire enough information to upgrade the historic JORC (2004) Mineral Resource estimate at the Horn Prospect to comply with the current JORC (2012) reporting guidelines.

Another main focus of the drilling programme will be to test the strong EM conductor at the Valdez Prospect, a modelled 1,200m long by 450m deep EM plate located within nickeliferous ultramafic lithologies that has not yet been drill-tested (Figure 5).

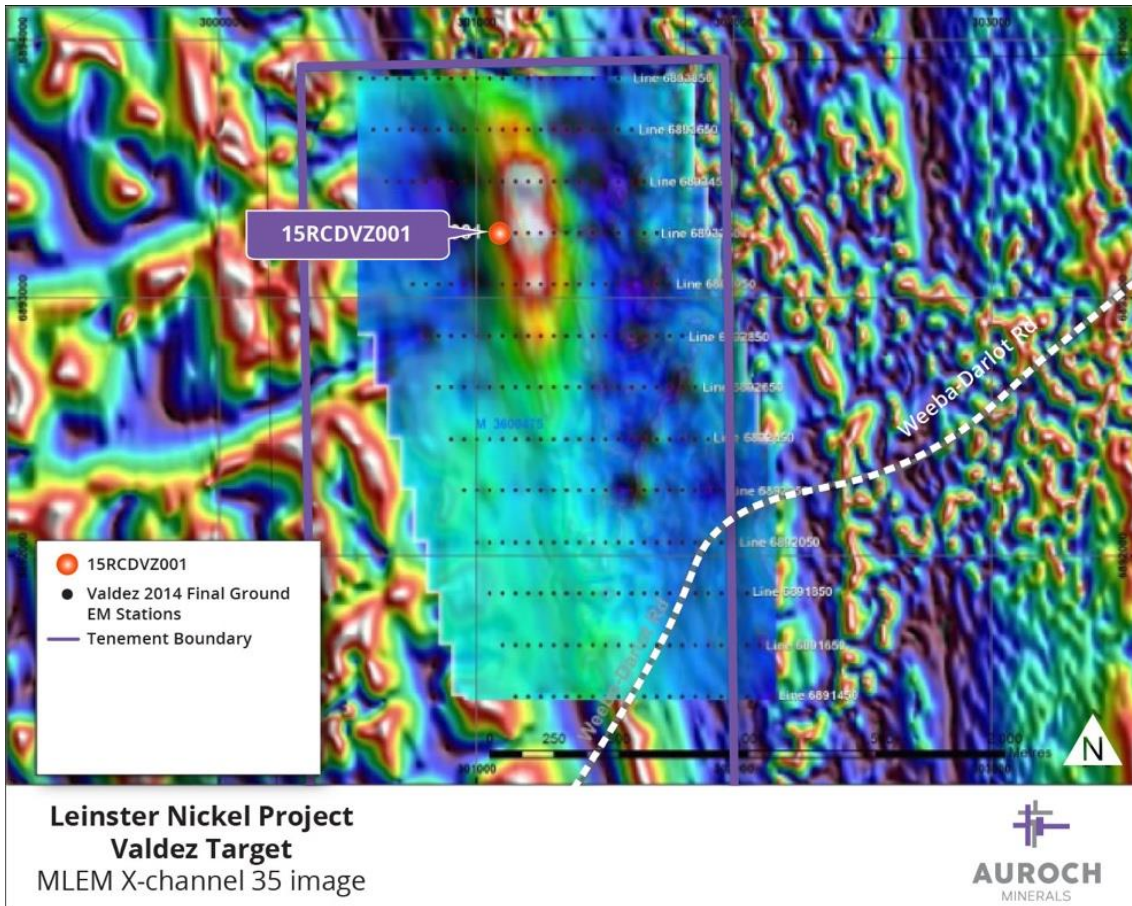


Figure 5 – 1,200 long surface EM anomaly at the Valdez Prospect

COMPANY PROJECTS – SOUTH AUSTRALIA

ARDEN PROJECT

During the period limited exploration was undertaken on the Arden Project (located some 3.5 hours' drive north from Adelaide) due to the company prioritizing the Saints and Leinster Nickel Projects however the Company remains confident in the prospects of the Arden Project due to the completion of a detailed ground-gravity survey.

The Arden Project boasts a large relatively-unexplored area of 1,664km² considered highly-prospective for sedimentary-exhalative (SEDEX) mineralisation, as well as high-grade zinc silicate mineralisation. Results from initial exploration at the Ragless Range, Kanyaka and Radford Creek prospects suggest the project has good potential for hosting large-scale zinc and/or copper mineralisation.

The survey successfully delineated an intense gravity anomaly extending over 2km at the Ragless Range prospect. The anomaly may be indicative of thickened mineralised horizons of the high-grade zinc mineral smithsonite that was identified in drill-hole RRDD007, which has a very high density and hence contrasts greatly with the relatively low-density sedimentary host rocks of the area.

2D and 3D modelling of the processed gravity survey data shows a significant thickening of very dense layers in the hinge zone of the Ragless Range syncline. These thickened dense horizons are the likely cause of the strong gravity anomaly which extends over 2km NNE-SSW along the fold hinge and remains open to the NNE. The horizons of very dense material may represent high-grade zinc minerals smithsonite ($ZnCO_3$) and/or willemite (Zn_2SiO_4), as intersected in drill-hole RRDD007 (3.65m @ 15.47% Zn from within 12.80m @ 4.96% Zn from 53.00m downhole⁶) and which comprise other known high-grade zinc deposits in the region (e.g. the Beltana Zinc Mine: 972kt at 29.8% Zn⁷). This model is supported by the surface zinc anomalies mapped by portable XRF (pXRF) surface sampling⁸, which extend along both limbs of the Ragless Range syncline where the mineralised zinc horizons are interpreted to approach the surface (see Figure 6). The thickened zone along the fold hinge is a compelling drill target that the Company will test with the next phase of drilling at Arden.

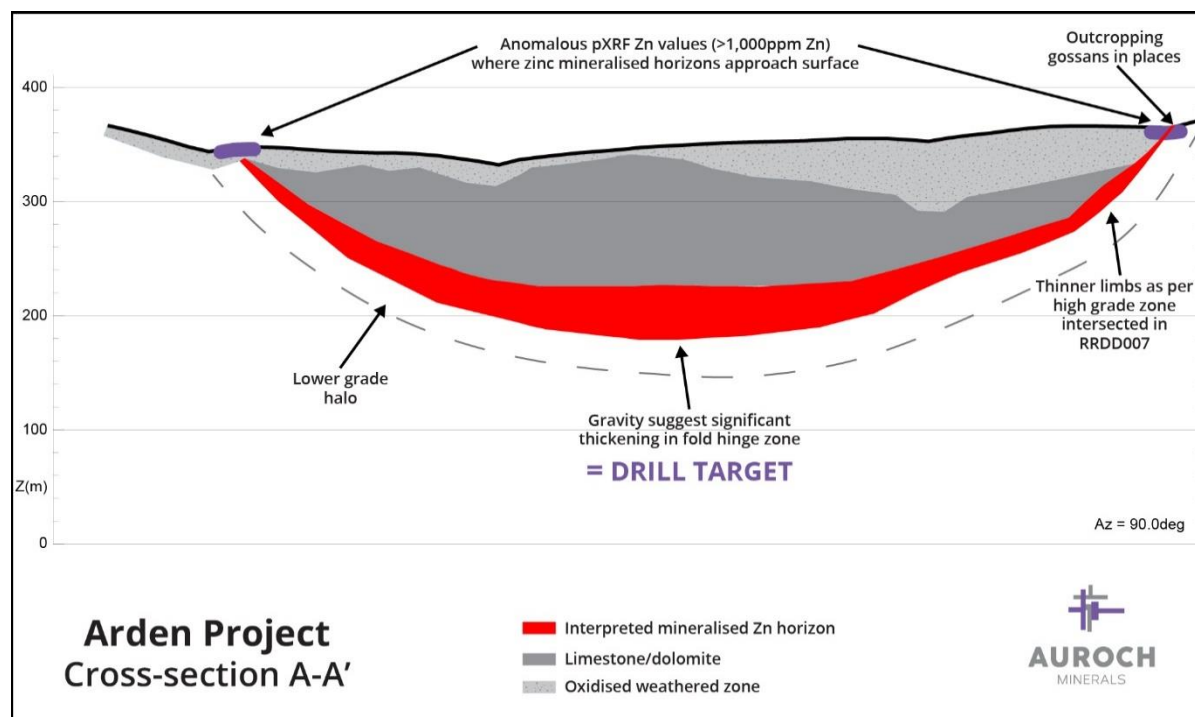


Figure 6 - Modelled cross-section 6438900mN showing the mineralised zone intersected in drill-hole RRDD007, interpreted to be significantly thickened in the fold hinge zone as suggested by the gravity survey results.

The Company has built up a large geological database at Arden by systematically mapping and collecting closely-spaced pXRF surface geochemistry data at each of the key prospect areas of the project. At the Ragless Range prospect, the data delineated two highly-anomalous areas over 1,000ppm Zn⁹ that follow the prospective geological formation over several kilometres of strike. Importantly the two anomalous areas are on both limbs of the mapped syncline in close proximity to RRDD007 and may represent possible extensions to the high-grade zinc mineralisation intersected in that drill-hole. Due to the strong geological similarities with the Flinders Project, the highly-anomalous surface geochemistry and the proximity to the high-grade zinc mineralisation encountered in drill-hole RRDD007, these areas were considered priority for the completed ground-gravity survey.

⁶ ASX Announcement - INFILL SAMPLING EXTENDS MINERALISATION AT RAGLESS RANGE - ARDEN ZN PROJECT
<https://www.investi.com.au/api/announcements/aou/408f546e-9fa.pdf>

⁷ Department of State Development's "South Australia's Major Operating/Approved Mines – Resource Estimates and Production Statistics" 19/02/2018

⁸ ASX Announcement - GROUND GRAVITY SURVEY COMMENCES AT ARDEN
<https://www.asx.com.au/asxpdf/20190508/pdf/444y58fkx5lv01.pdf>

⁹ Zinc values were taken with a pXRF machine and hence are semi-quantitative, intended to be used as an exploration tool only

BONAVENTURA PROJECT

The Bonaventura Project comprises two large exploration licences (415km²) in the northern part of Kangaroo Island and covers highly prospective geology and historic mines along 55km of strike of the regional scale Cygnet-Snelling Fault. Thus far the Company has identified and undertaken exploration on four high-priority base and precious-metal prospects at Bonaventura: Dewrang, Vinco, Grainger and Kohinoor.

During the period limited exploration was undertaken on the Bonaventura Project due to the company prioritizing the Saints and Leinster Nickel Projects. The Company notes that bushfires affected the Bonaventura Project tenements on Kangaroo Island. The Company is looking to work with the community to assist in rehabilitating the damaged areas and intends to undertake field and soil mapping exploration once the area is considered safe during the year.

Torrens East Copper Project

The Torrens East Copper Project comprises one Exploration Licence (**EL 6331**) and one Exploration Application (**ELA 00159**) covering a combined area of 1,622km² and is considered prospective for IOCG (Iron Oxide – Copper – Gold) mineralisation.

During the period limited exploration was undertaken on the Torrens East Copper Project due to the company prioritizing the Saints and Leinster Nickel Projects.

CORPORATE

A\$630,000 PLACEMENT

During the period, the Company completed a placement of 9,000,000 shares at \$0.07 per share to raise a total of A\$630,000 (before costs).

Golden Triangle Pty Ltd was Lead Manager to the placement and received a fee of 6% on all funds raised and 3,000,000 unlisted options each exercisable at \$0.10 and expiring on 30 November 2021 for providing these services. The shares and options were issued within the Company's placement capacity under ASX Listing Rule 7.1.

APPOINTMENT OF MANAGING DIRECTOR AND BOARD CHANGES

Mr. Aidan Platel accepted the position of Managing Director of the Company. Since taking on the position as CEO, Mr. Platel has been instrumental in identifying and refocusing the Company towards building an Australian base metals portfolio, with a focus on nickel and zinc exploration.

Mr. Chris Hansen and Mr. Edward Mason also joined the Board as a Non-Executive Director and Non-Executive Chairman respectively, replacing Mr. Adam Santa Maria who has stepped down as planned and Mr Glenn Whiddon and Mr Ryan Gaffney who resigned from the Board.

EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 28 February 2020, the Company announced a placement to raise \$1,062,454 (before costs) (Placement) through the issue of 19,317,344 fully paid ordinary shares at \$0.055 per share (Placement Shares). The Placement settled and Placement shares were allotted on 5 March 2020.

The Placement Shares attract a 1 for 2 free attaching option with an exercise price of \$0.10 and expiry date of 30 November 2021 (Options), totalling 9,658,672 Options.

Auroch will seek shareholder approval at a general meeting in April 2020 for the issue of the Options and for the participation of related parties, including Managing Director, Aidan Platel, in the Placement for a total of 1,090,000 Placement Shares and 545,000 Options.

AUROCH MINERALS LIMITED

DIRECTORS' REPORT

Other than noted above, there has been no additional matter or circumstance that has raised after balance date that significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future reporting periods.

5. AUDITOR'S DECLARATION

A copy of the independence declaration by the lead auditor under section 307C of the Corporations Act 2001 is included on page 11 of this half-year financial report.

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



Aidan Platel
MANAGING DIRECTOR

Dated this 9th Day of March 2020

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF AUROCH MINERALS LTD

As lead auditor for the review of Auroch Minerals Ltd 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 Auroch Minerals Ltd and the entities it controlled during the period.



Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 9 March 2020

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AUROCH MINERALS LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	31 December 2019	31 December 2018
	\$	\$
Revenue	4,989	14,944
Gain/Loss on disposal of Financial Asset	-	-
Foreign exchange gain/(loss)	629	32,099
Less Expenses:		
Employee benefits expenses	(224,652)	(245,257)
Accounting and professional fees	(33,445)	(18,706)
Consulting fees	(51,300)	(132,400)
Directors expense	(112,832)	(210,387)
Corporate and regulatory fees	(39,623)	(5,737)
Project Evaluation	(155,976)	(76,138)
Travel & accommodation	(23,930)	(20,576)
Other expenses	(163,296)	(192,940)
(Loss) before income tax	(799,436)	(855,098)
Income tax expense	-	-
(Loss) after income tax for the period	(799,436)	(855,098)
Total comprehensive loss for the period attributable to the owners of Auroch Minerals Limited	(799,436)	(855,098)
Loss per share for the period attributable to the members of Auroch Minerals Limited		
Basic loss per share (cents per share)	(0.65)	(0.86)
Diluted loss per share (cents per share)	(0.65)	(0.86)

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

AUROCH MINERALS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	31 December 2019 \$	30 June 2019 \$
ASSETS			
Current Assets			
Cash and cash equivalents		834,264	1,733,184
Trade and other receivables	3	98,816	35,728
Total Current Assets		933,080	1,768,912
Non-current Assets			
Property, Plant and Equipment		330	496
Mineral exploration and evaluation expenditure	4	6,092,619	3,408,056
Total Non-Current Assets		6,092,949	3,408,056
TOTAL ASSETS		7,026,029	5,177,464
LIABILITIES			
Current			
Trade and other payables	5	275,891	126,490
Provision		21,057	-
Total Current Liabilities		296,948	126,490
TOTAL LIABILITIES		296,948	126,490
NET ASSETS		6,729,081	5,050,974
EQUITY			
Contributed equity	6	14,489,951	11,831,619
Reserves		1,277,868	1,458,656
Accumulated losses		(9,038,738)	(8,239,302)
TOTAL EQUITY		6,729,081	5,050,974

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

AUROCH MINERALS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	31 December 2019 \$	31 December 2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(599,460)	(710,583)
Interest received	6,110	11,902
Interest paid	-	-
Other Payments GST	-	-
Net cash outflow from operating activities	(593,350)	(698,682)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration expenditure	(895,042)	(2,117,390)
Proceeds from sale of property, plant and equipment	-	4,926
Proceeds from financial assets	-	-
Net cash outflow from investing activities	(895,042)	(2,112,464)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issue of shares and options	630,000	658,352
Capital raising costs	(41,180)	-
Net cash inflow from financing activities	588,820	658,352
Net increase/(decrease) in cash and cash equivalents	(899,572)	(2,152,793)
Foreign exchange movement on cash and cash equivalents	652	30,760
Cash and cash equivalents at the beginning of the period	1,733,184	4,530,142
NET CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	834,264	2,408,108

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

AUROCH MINERALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In order to assist in the understanding of the accounts, the following summary explains the material accounting policies that have been adopted in the preparation of the accounts.

Basis of Preparation

This consolidated interim financial report for the half-year reporting period ended 31 December 2019 has been prepared in accordance with the Accounting Standards 134 Interim Financial Reporting and the Corporations Act 2001.

This consolidated interim financial report does not include all the notes of the type normally included in an annual report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by Auroch Minerals Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies applied are the same as those applied by Auroch Minerals Limited in its annual financial report for the year ended 30 June 2019.

New or Revised Standards and Interpretations that are First Effective in the Current Reporting Period

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

- AASB 16: Leases

The impact of the adoption of this Standard and the respective accounting policies is disclosed in Note 2.

New Accounting Standards for Application in Future Periods

There are no new and revised standards and amendments thereof and interpretations effective for future reporting periods issued during the current reporting period that are relevant to the Group.

Going Concern

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

The group incurred a loss for the half year of \$799,436 (31 December 2018: \$855,098) and net cash outflow from operating activities of \$593,350 (31 December 2018: \$698,682).

Subsequent to 31 December 2019, refer to note 9, the Group had raised \$1,062,454 (before costs) (Placement) through the issue of 19,317,344 fully paid ordinary shares at \$0.055 per share (Placement Shares).

The directors have prepared a cash flow forecast, which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report.

Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Company's history of raising

AUROCH MINERALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

capital to date, the directors are confident of the Company's ability to raise additional funds as and when they are required.

2. CHANGES IN ACCOUNTING POLICIES

This note describes the changes in accounting policy due to the adoption of AASB 16: Leases. Based on the assessment by the Group, it was determined that the impact of adoption is not material to the financial statements.

As a result of the changes in the Group's accounting policies, prior year financial statements have not been restated.

a. Leases

The Group as lessee

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

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

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

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

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

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

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

AUROCH MINERALS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

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

The Group as lessor

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

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

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

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

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

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

b. Initial Application of AASB 16: Leases

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

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

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

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

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

The following practical expedients have been used by the Group in applying AASB 16 for the first time:

- for a portfolio of leases that have reasonably similar characteristics, a single discount rate has been applied.

AUROCH MINERALS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

- leases that have remaining lease term of less than 12 months as at 1 July 2019 have been accounted for in the same was as short-term leases.
- the use of hindsight to determine lease terms on contracts that have options to extend or terminate.
- applying AASB 16 to leases previously identified as leases under AASB 117: Leases and Interpretation 4: Determining whether an arrangement contains a lease without reassessing whether they are, or contain, a lease at the date of initial application.
- not applying AASB 16 to leases previously not identified as containing a lease under AASB 117 and Interpretation 4.

3. TRADE AND OTHER RECEIVABLES

	December 2019	June 2019
	\$	\$
Prepayments	16,572	1,693
Other receivables	82,244	34,035
	98,816	35,728

4. EXPLORATION AND EVALUATION EXPENDITURE

	December 2019	June 2019
	\$	\$
Balance at beginning of the period	3,408,056	1,005,718
Exploration expenditure incurred	869,563	2,402,338
Exploration incurred from acquisition – refer below	1,815,000	-
Exploration expenditure written off	-	-
Balance at the end of the period	6,092,619	3,408,056

The balance carried forward represents projects in the exploration and evaluation phase. Ultimate recoupment of exploration expenditure carried forward is dependent on successful development and commercial exploitation, or alternatively, sale of respective areas.

On the 22 August 2019, shareholders approved the consideration to complete the acquisition of Minotaur Gold Solutions Pty Ltd, which holds the Saints Nickel and Leinster Nickel Project. The acquisition of this company occurred on 29 August 2019, which was the day the consideration was issued. The acquisition has been treated as an asset acquisition via the issue of equity under AASB 2 Share Based Payments (“AASB 2”).

The below outlines the consideration and identifiable assets and liabilities acquired:

	\$
Consideration:	
18,333,333 Ordinary Shares – Consideration	1,650,000
1,833,333 Ordinary Shares – Acquisition costs	165,000
Total Consideration	1,815,000
Assets and Liabilities acquired:	
Exploration Assets	1,815,000
Closing Balance	1,815,000

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5. TRADE AND OTHER PAYABLES

	December 2019	June 2019
	\$	\$
Trade Payables	262,891	82,325
Accruals	13,000	44,165
Balance at the end of the period	275,891	126,490

All current liabilities are expected to be settled within 12 months

6. CONTRIBUTED EQUITY

(a) Share Capital

	December 2019	June 2019	December 2019	June 2019
	Shares	Shares	\$	\$
Fully paid	132,920,206	100,503,540	14,601,619	11,831,619
Equity raising costs	-	-	(111,668)	-
	132,920,206	100,503,540	14,489,951	11,831,619

(b) Movements in ordinary shares December 2019

Date	Details	Note	Number of shares	Issue Price	\$
01/07/19	Balance at 01 July		100,503,540		11,831,619
05/08/19	Issue of Placement Shares		9,000,000	\$0.07	630,000
29/08/19	18,333,333 Ordinary Shares – Consideration		18,333,333	\$0.09	1,650,000
29/08/19	1,833,333 Ordinary Shares – Advisor Shares		1,833,333	\$0.09	165,000
29/08/19	Conversion of performance rights		1,750,000	\$0.10	175,000
31/10/19	Conversion of performance rights		1,500,000	\$0.10	150,000
	Capital Raising Costs				(111,668)
31/12/19	Balance at 31 December		132,920,206		14,489,951

June 2019

Date	Details	Note	Number of shares	Issue Price	2019 \$
01/07/18	Balance at 01 July		98,753,540		11,656,620
19/12/18	Conversion of performance rights		1,750,000	\$0.10	175,000
30/06/19	Balance at 30 June		100,503,540		11,831,619

AUROCH MINERALS LIMITED

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7. SHARE BASED PAYMENTS

During the current and previous periods, performance rights have been granted to Directors and others, and which vest based on certain performance obligations.

During the period, 3,250,000 rights vested and were exercised, resulting in a transfer of \$325,000 from the Share Based Payments reserve, to Contributed Equity.

As the performance rights vest, their fair value is expensed over the vesting period, and credited to the share based payments reserve. During the half-year period, an expense of \$73,723 was recognised in respect of the vesting of these instruments. This amount is included in the following line items on the Statement of Profit or Loss and Other Comprehensive Income:

	December 2019 \$	December 2018 \$
Directors	60,817	162,387
Employees	12,906	97,432
	<u>73,723</u>	<u>259,819</u>

Other share based payments, included issue of shares for Minotaur Gold Solutions Pty Ltd as outlined in note 4. Advisor options were granted during the period, which were related to capital raising and have been valued at \$70,489.

Black and Scholes Model

Terms and conditions upon which the options were granted options granted during the period.

	3,000,000 Advisor Options	3,250,000 Class A Incentive Options	3,500,000 Class B Incentive Options	2,125,000 Class A Performance Rights	2,175,000 Class B Performance Rights
Grant Date	8/11/2019	8/11/2019	8/11/2019	8/11/2019	8/11/2019
Dividend yield	0%	0%	0%	0%	0%
Expected Volatility	86.6%	75.0%	86.6%	86.6%	86.6%
Risk Free interest rate %	0.89%	0.89%	0.89%	0.89%	0.89%
Expected Life of options	2	4	4	5	5
Option Exercise Price (\$)	0.10	0.16	0.20	-	-
Share price at measurement date (\$)	0.065	0.065	0.065	0.065	0.065
Valuation per option (\$)	0.0235	0.0228	0.0256	0.065	0.065
Vesting period	N/A	12 months	24 Months	12 months	24 Months

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During the period, Managing Director Mr Aiden Platel was granted 1,125,000 Class A performance rights, 1,125,000 Class B performance rights, 3,250,000 Class A incentive options and 3,500,000 Class B incentive Options. Non-Executive Director Mr Chris Hansen was granted 400,000 Class A performance rights and 400,000 Class B performance rights and Non-Executive Chairman Mr Edward Mason was granted 400,000 Class A performance rights and 400,000 Class B performance rights.

8. SEGMENT INFORMATION

The Group is organised into one operating segment, being exploration in Australia. This is based on the internal reports that are being reviewed and used by the Board of Directors (who are identified as the Chief Operation Decision Makers (CODM)) in assessing performance and in determining the allocation of resources. As a result, the operating segment information is as disclosed in the statements and notes to the financial statements throughout the report.

This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Group and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date.

9. EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Subsequent to end of the period:

- During February 2020 the Company had raised \$1,062,454 (before costs) (Placement) through the issue of 19,317,344 fully paid ordinary shares at \$0.055 per share (Placement Shares).
- The Placement Shares attract a 1 for 2 free attaching option with an exercise price of \$0.10 and expiry date of 30 November 2021 (Options), totalling 9,658,672 Options.
- Auroch will seek shareholder approval at a general meeting in April 2020 for the issue of the Options and for the participation of related parties, including Managing Director, Aidan Platel, in the Placement for a total of 1,090,000 Placement Shares and 545,000 Options.

Other than noted above, there has been no additional matter or circumstance that has raised after balance date that significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future reporting periods.

10. CONTINGENCIES AND COMMITMENTS

There has been no material change to commitments or contingencies since 30 June 2019.

11. RELATED PARTY TRANSACTIONS

On 4 September 2019, Mr Aidan Platel was appointed Managing director with a base salary of \$240,000 per annum (exclusive of superannuation). On the 4 September 2019, Mr Chris Hansen was appointed Non-Executive Director, with a director fee of \$36,000 per annum. On 9 October 2019 Mr Edward Mason was appointed Non-Executive Director then on 31 October 2019 appointed to Non-Executive Chairman, with a director fee of \$36,000 per annum. Director options and performance rights granted during the period are disclosed in note 7.

Other than the above, there has been no material changes in related party transactions since 30 June 2019.

DECLARATION BY DIRECTORS

The Directors of the Group declare that:

1. The financial statements, comprising the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity and accompanying notes, are in accordance with the Corporations Act 2001 and:
 - a) comply with AASB 134 Interim Financial Reporting and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b) give a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date.
2. In the Directors' opinion, there are reasonable grounds to believe that the Group 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 and is signed for and on behalf of the directors by:

Dated this 9th day of March 2020



Aidan Platel
Managing Director

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Auroch Minerals Ltd

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Auroch Minerals Ltd (the Company) and its subsidiaries (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

A handwritten signature in black ink, appearing to read 'J Prue', is written below the printed name.

Jarrad Prue

Director

Perth, 9 March 2020

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