



OAKDALE RESOURCES LIMITED

OAKDALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

ACN 009 118 861

HALF YEAR REPORT

31 DECEMBER 2019

For personal use only

OAKDALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES - HALF YEAR REPORT FOR THE PERIOD ENDED 31 DECEMBER 2019

INDEX

Corporate Directory	1
Review of Operations	2
Directors' Report	9
Consolidated Statement of Profit or Loss and Other Comprehensive Income	11
Consolidated Statement of Financial Position	12
Consolidated Statement of Changes in Equity	13
Consolidated Statements of Cash Flows	14
Notes to the Consolidated Financial Statements	15
Directors' Declaration	24
Auditor's Independence Declaration	25
Independent Auditor's Report	26

For personal use only

CORPORATE DIRECTORY

Board of Directors

Mr Christopher Gale
Mr David Vilensky
Mr Joseph van den Elsen

Company Secretary

Mr Hemant Amin
Mr Yugi Gouw

Auditors

Hall Chadwick Audit (WA) Pty Ltd
283 Rokeby Road
SUBIACO WA 6008

Registered & Principal Office

Unit 3, 32 Harrogate Street
West Leederville, WA 6007

Telephone: (08) 6117 4797

Stock Exchange Listing

Australian Securities Exchange
Code: OAR
OARO

Share Registry

Automic Group Pty Ltd
Level 2
267 St Georges Terrace
Perth WA 6000

Telephone
P: 1300 288 664 (within Australia)
P: +61 (0) 2 9698 5414 (International)

REVIEW OF OPERATIONS

COMPANY OVERVIEW

Oakdale Resources is an ASX listed junior explorer and aspiring gold producer. Oakdale has recently signed an option agreement to acquire 100% of Alpine Resources which controls three gold exploration projects in the highly prospective gold province of Nevada, United States, ranked the third best mining jurisdiction in the world. The three projects are in an area that hosts several multi-million ounce deposits. Oakdale will fund Alpine's exploration strategy to discover and define a gold resource. The Company, through its 100% owned Peruvian subsidiary Ozinca Peru SAC, is also the owner of a CIP Gold lixiviation plant in Southern Peru. The plant is strategically located in a highly mineralised area, with thousands of small gold miners in the immediate vicinity, all of whom are potential customers for an Ozinca toll processing business.

NEVADA – USA

On 27 June 2019 the Company signed a Binding Option Term Sheet with Alpine Resources (USA) Pty Ltd ("**Alpine**") for the acquisition of its' Alpine Project incorporating the Tonopah North, Douglas Canyon and Lambarson Canyon Projects in Nevada, USA ("**the Projects**"). The Projects are targeting Carlin and epithermal type million plus ounce gold deposits in northern and southern Nevada, USA.

The Stage One Exploration Program has been initiated and is focussed on obtaining the necessary drill permits and drilling contractor selection. A program of IP geophysics was also included in Stage One which began during the December 2019 Quarter. Stage Two involving diamond core drilling commenced immediately after Stage One and is still in progress.

Tonopah North

On 1 October 2019, Oakdale announced that it had received the drill permit to commence drilling on the Tonopah North project and drilling began on 30 October 2019, with up to four initial drill holes planned for a total of 900m, targeting structurally controlled epithermal gold mineralization in Tertiary andesite rocks.

Results – TND-01

TND-01 was drilled at the southern end of the targeted structural corridor which is over 1.2 km in total strike length and it comprises multiple structures with many old gold prospect pits along them.

Assay results from TND-01 indicated no significant gold or silver values. The drill hole was stopped at 152m after testing a wide zone of fractured andesite. Some of the more intense fracture zones can be correlated with surface gold workings but the lack of quartz veining over these intervals is interpreted as the reason for the low gold values in the drill core.

Results – TND-02

TND-02 is testing the central part of the 1.2km strike length structural corridor. The host rock is Mizpah Andesite which is the host to silver-gold mineralisation in the central Tonopah area. The Mizpah Andesite undergoes brittle fracturing during deformation, and it has the potential to produce wide quartz-filled zones of vein style gold-silver mineralisation. The Company remains confident that if quartz veining is hit in the main structural target zone there is more potential for gold mineralisation.

DRILL HOLE COORDINATES (holes completed or in progress)

Hole No.	mEast	mNorth	Elevation	Inclination	Azimuth	Final Depth
TND-01	481,640	4,219,262	1612	-50°	270°	152m
TND-02	481,183	4,219,525	1600	-55°	058°	300m*

*In progress (all coordinates in NAD83 Zone 11 UTM)

Plans

Following completion of TND-02, Oakdale will evaluate progress from assays at Tonopah North to determine if further drilling is warranted at Tonopah.

About Tonopah North

Tonopah North project is located 5 km north of the historic silver and gold mining town of Tonopah with historic production of 180 million ounces of silver and 1.8 million ounces of gold. Tonopah North is hosted by the same stratigraphy as at the historic Tonopah mine (Mizpah Andesite). Figure 1 shows the location of the Tonopah North property approximately 10km north of the historic mining town.

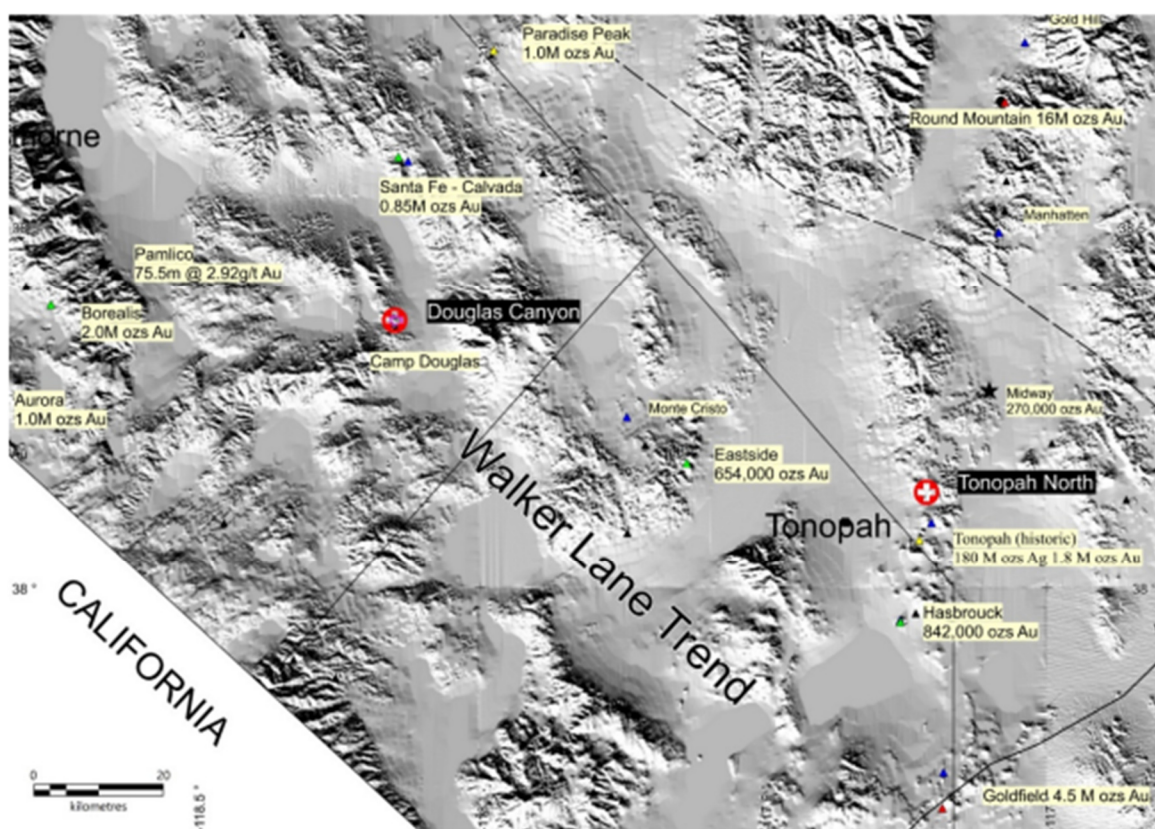


Figure 1: Location of the Tonopah Gold Project and other mines/prospects

Lambarson Canyon

On 9 December 2019, Oakdale announced the results of an Induced Polarisation (IP) survey carried out at the Lambarson Canyon Project in East Pershing County, Nevada. A potentially significant IP anomaly was generated which is spatially separate to the area of gold mineralised outcrop already targeted for drilling in 2020.

OAKDALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
ACN 009 118 861

Lambarson Canyon is one of several targets within Oakdale's tenement package in Nevada which has been selected specifically for its potential for big disseminated gold deposits.

The project is in proximity to the 80 million oz Battle Mountain mining district, which typically hosts a disseminated mineralisation-style of gold deposit. Proximity to granitic intrusions and porphyries are key attributes to the targets identified by Oakdale's IP survey and many of the large gold deposits in this Nevada region.

The IP results indicate a shallow chargeable and resistive anomaly 300m south of the outcropping gold mineralisation.

Two separate Pole-dipole (2DIP, n=10) arrays were completed at Lambarson Canyon. The arrays were read South-North consisting of a single receiver in-line with the transmitter that followed 50m behind. Electrodes had a 50m separation and the lines were gridded using the NAD83 datum.

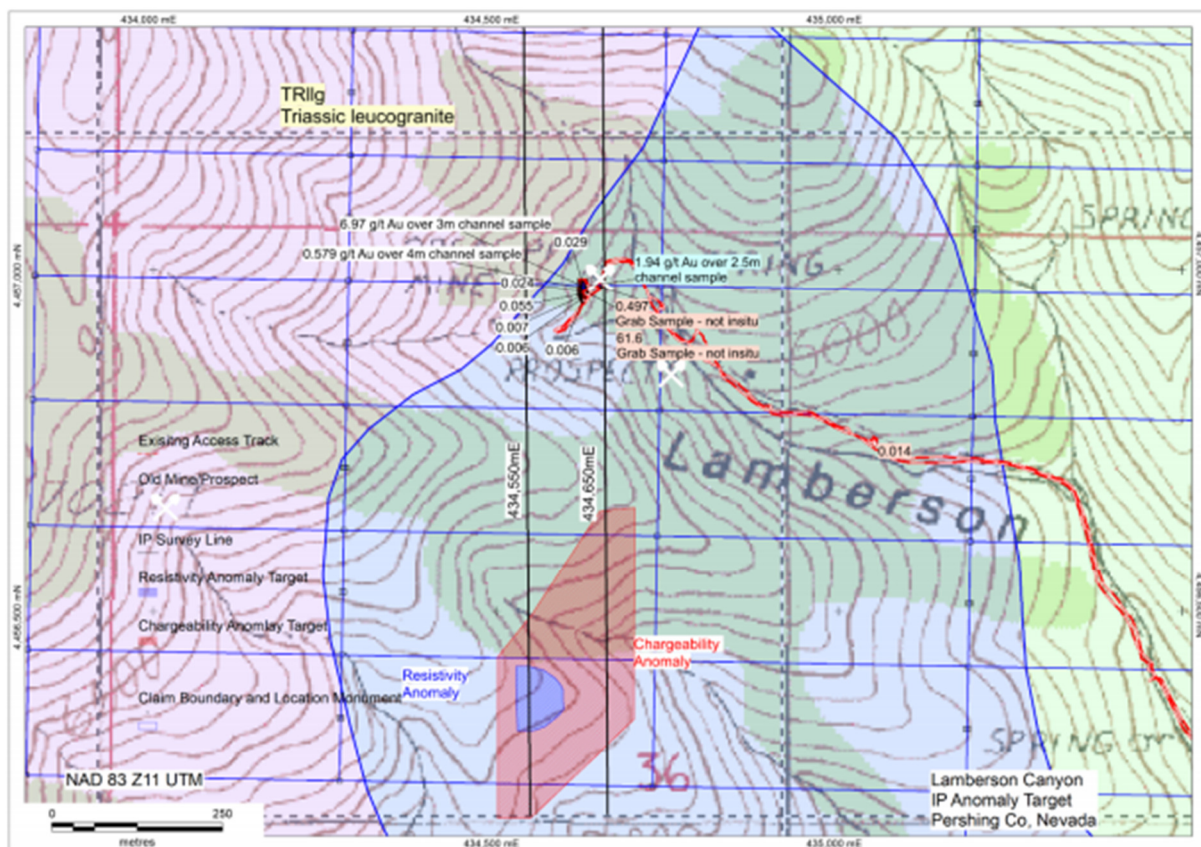


Figure 2: 2D IP Survey Lines 434,550mN and 434,650mN showing surface projection of the IP anomaly (note: gold sample results previously disclosed in ASX release of 26 July, 2019)

Chargeability anomalies may be caused by disseminated sulphides within a generally resistive rock, such as a porphyry intrusion. In the Lambarson Canyon area there are a number of porphyry type intrusions including a Triassic age granite to the west and a Tertiary age rhyolite porphyry to the east. The prospect area is located between these two intrusions. It is therefore interpreted that the IP response may be due to disseminated sulphides in a porphyry intrusion at shallow depth.

The anomaly is open to the east and to the west. In addition to this combined chargeability-resistivity anomaly there are a number of potentially important structures that are indicated in proximity to the gold prospect.

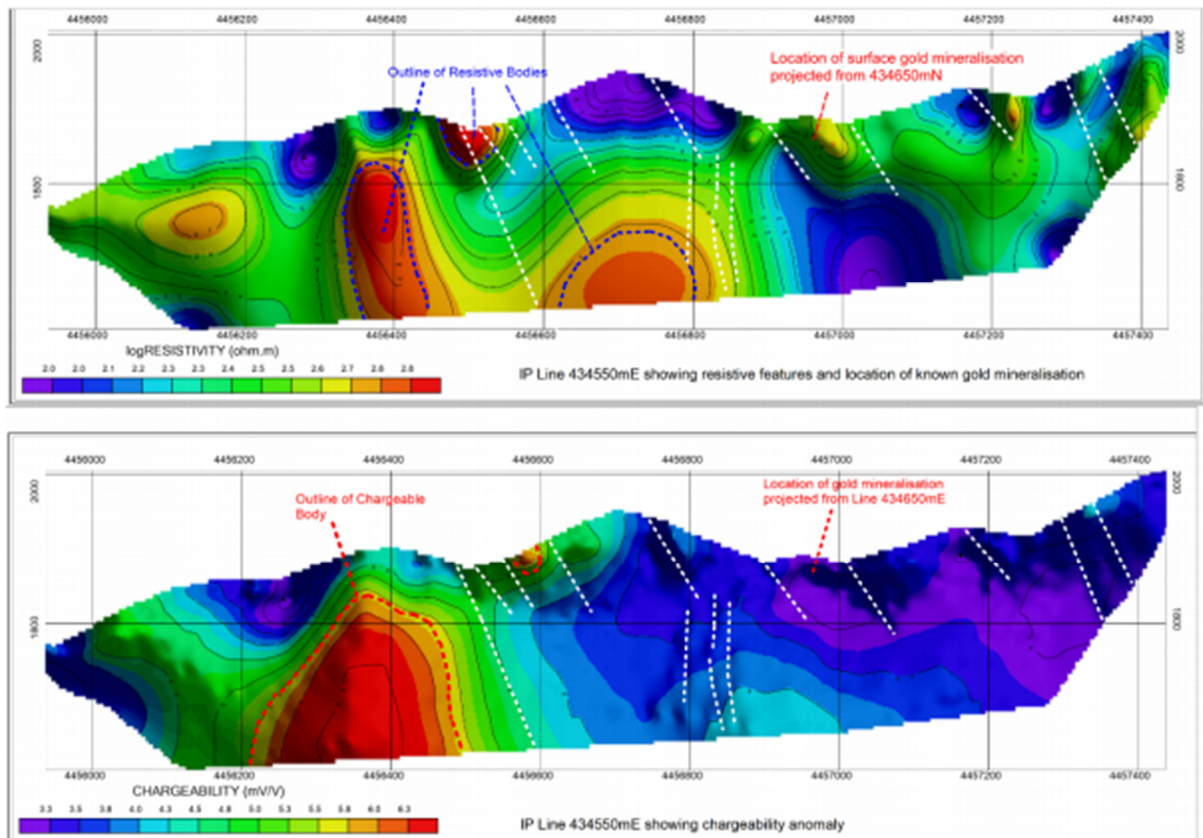


Figure 3: IP Chargeability and Resistivity Sections for Line 434550mE (sections looking west)

The area in which the IP anomaly and the gold prospect occur is dominated by volcanic rocks of the Permian Havallah Group. This is the same host rock that occurs at Trenton Canyon, Marigold and the Cove-McCoy gold deposits in northern Nevada.

In light of the recent positive IP survey results Oakdale has decided to prioritise drilling at Lambarson Canyon ahead of Douglas Canyon (in southern Nevada). As such the drill rig will demobilise from the Tonopah North property on completion of the program there but it can be engaged for the drilling at Lambarson Canyon. A Spring drilling program would likely commence in April, following the completion of permitting procedures.

Plans

Fieldwork will recommence at Lambarson Canyon post-reporting period with the objective of permitting a drilling program ready for implementation in April 2020. This drilling will be designed to test the outcropping gold mineralisation and the targets generated by the recent Induced Polarisation survey (ASX release 9 December 2019).

Douglas Canyon

Permitting of this project has been completed.

For personal use only

OAKDALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

ACN 009 118 861

PERU – SOUTH AMERICA

Chimu Gold Plant, Peru, South America

On 1 October 2019, Oakdale advised that the licensing and permitting process at Chimu including Environmental Impact Study (EIS) and the Technical Study for the construction of the new Tailings Dam had been completed. The Company has also executed a new lease for the land which houses the plant and initiated the plant upgrade work required to commence gold processing operations.

The initial work will be focused on the Tailings Dam, the Weighbridge and the very substantial Ball Mill slabs and footings.

Through the design phase, the Company identified significant cost and time savings. Price quotations for all Plant & Equipment continue to be within the parameters of the original budgets, and this pattern is expected to continue.

All previously held permits and licence applications which were in the vendors' name (Minera Aurifera Chimu) have now been transferred to Ozinca Peru SAC, our wholly owned subsidiary in Peru. The licensing and permitting process is complete, save for time expiry on newspaper advertising and the issue of the Stage 2 Building Licence (to 120 tonnes per day). The Detailed Engineering Study revealed some Tailings Dam and water supply issues, which are now resolved by increased well capacity and flow rates – the Tailings Dam has been modified to comply with published drawings and the partially approved application.

All the data and associated reports of the Detailed Engineering Study have now been uploaded onto the Mines Department (DREM) Extranet facility – newspaper advertising has been done, and the final step in the entire permitting operation is the application for, and issue of, the 120 tonne per day building licence – this process is expected to be completed shortly.

It was deemed prudent, through the findings of the Detailed Engineering Reports, that the water supply well be increased in depth & diameter to ensure adequate rates of supply. Quotes have been obtained for this work, and progress will ensue once the Plant upgrade works commence.

Land purchase negotiations with the Chaipi Community continue to progress well, and a final sale contract is expected to be executed in the coming months. The land parcel will be stepped up to 72 hectares, which is much more than the current leasehold area of 20 hectares.

Hanai Gold Mine & the Burpar Gold Concessions

Following detailed work, field trips and on site sampling, Due Diligence on the Hanai Gold Mine and the Burpar concessions revealed that they did not fit our acquisition strategy and exploration criteria, and it was therefore decided to relinquish the properties. The owners have been notified and no fees are payable as a result of this action.

COMMUNITY & ENVIRONMENTAL ISSUES

The Company has now completed all aspects of the Environmental Impact Study and have received an approval from DREM – the Peruvian Mines Department. Intrinsic to the whole approvals and permitting process, is the core acceptance by local communities and compliance with legislative bodies. The Company continues to organise and attend various Community meetings and lengthy consultative workshops. These meetings have been invaluable in terms of establishing and fostering further binding relationships between Oakdale (Ozínca) and the local mining fraternity. The local community including the Mayor, are in full support of our activities, as we will be a consumer of local goods and services, and potentially a valuable source of employment for many of the local towns' inhabitants.



Photo 1: Haul Road entrance to existing Chimu Gold Plant



Photo 2: Leach tanks, ball mill & Switch-room: with accommodation block & Laboratory in the background: Chimu Gold Plant

Oakdale management in Peru continues to spend an increasing amount of time in identifying and assessing other business opportunities, including regular sources and grades of feed material which will be fundamental to maximising plant operational consistencies and efficiencies.

SOUTH AUSTRALIA

Graphite Project - Eyre Peninsula, South Australia

No progress during the period.

Bramfield Iron Ore project, South Australia

The Oakdale Resources management has recently reviewed its projects in South Australia that were explored and drilled by its 100% owned subsidiary Lymex Limited. The company believes the Bramfield Iron ore project could prove to be an attractive proposition for either an outright sale or joint venture taking into account current Iron Ore prices. It is the intention that Oakdale put the project out for Registration of Interest over the next month.

Bramfield is a course grade magnetite iron deposit that had significant exploration work including drilling carried out by Oakdale in 2014/15. The project is 9km from Anxious Bay near the township of Elliston and ~170 km from Port Lincoln (via sealed highway)

- A reconnaissance diamond drill-hole to test the western contact of the iron formation returned 37.8m @ 40.4% Fe with low P (865ppm).
- A large magnetic anomaly in excess of 2,500m in length is confirmed by a low level heli-magnetics survey.
- Preliminary metallurgical test work suggests excellent metallurgical properties with low Al, P, S and Si in the concentrate.
- The concentrate would contain ~ 68% Fe.
- The mineralisation is capped by goethite-hematite which would contribute a significant high-grade component to the project.
- Magnetite is replaced by goethite and hematite in this supergene weathering zone upgrading the deposit.
- Good metallurgy with a secondary product (hedenbergite) that will value add to the project. Very low P, S, Al and Si in the concentrate
- Close to the coast (~9km), the major Ceduna to Port Lincoln highway and the township of Elliston

Competent person statements

The information in this Report for Oakdale Resources Limited on Alpine Resources projects was compiled by Mr. Geoff Balfe, a Competent Person, who is a member of the Australasian Institute of Mining and Metallurgy. Geoff Balfe is a director and a shareholder of Alpine Resources (USA) Pty Ltd. Geoff Balfe has sufficient experience, which is relevant to the styles of mineralisation and types of deposits under consideration and to the activity to which he is undertaking to qualify as a "Competent Person" as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Geoff Balfe consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this Report for Oakdale Resources Limited was compiled by Mr. John Lynch, a Competent Person, who is a member of the Australasian Institute of Geoscientists and Fellow of the Australasian Institute of Mining and Metallurgy. John Lynch has sufficient experience, which is relevant to the styles of mineralisation and types of deposits under consideration and to the activity to which he is undertaking to qualify as a "Competent Person" as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' John Lynch consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

For personal use only

OAKDALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

ACN 009 118 861

DIRECTORS' REPORT

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

Directors

The names and details of the Company's directors at any time during or since the end of the financial period are as follows:

Christopher Gale – Executive Chairman
David Vilensky – Non-Executive Director
John Lynch – Non-Executive Director (resigned 6 March 2020)
Joseph van den Elsen - Non-Executive Director (appointed 6 March 2020)

Company Secretary

The following person held the position of Company Secretary at the end of the financial period:

Hemant Amin - Certified Practicing Accountant.

Dividends paid or recommended

There were no dividends paid or declared by the Company during the financial period.

Principal Activities

The principal activities of the Group during the course of the half-year were mineral exploration and project development. There were no significant changes in the nature of the principal activities during the financial period.

Review and Results of Operations

Over the past six months, the Group is pursuing the construction of a gold processing plant in Chimu Peru, and following the execution of a Binding Option Term Sheet to acquire Alpine Resources (USA) Pty Ltd where the Company intends to target highly prospective yet under-explored trends in the Carlin deposit in Nevada USA.

Highlights of the reported progress during the period include:

NEVADA – (USA)

- *Commencement of drilling program at Tonapah North*
- *Induced Polarisation (IP) Survey undertaken at Lambarson Canyon to identify prospective drilling target*

PERU – (SOUTH AMERICA)

- *All permits and applications now transferred to Ozinca Peru SAC for the Chimu Gold Plant*
- *Publication completed for the issue of the Beneficiation Concession*
- *Construction permit for major infrastructure work has been obtained for the stage 1 upgrade*

OAKDALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

ACN 009 118 861

DIRECTORS' REPORT (CONT'D)

Results of Operations

The financial result for the half year ended 31 December 2019 was a loss of \$1,041,164 (2018: loss of \$306,895).

Significant Events After Balance Date

Apart from matters contained within Note 16: Events Subsequent to Reporting Date, Directors are not aware of any matters or circumstances not otherwise dealt with in this report that has significantly, or may significantly affect, the operations or the state of affairs of the Consolidated entity in future financial periods.

Auditor's independence declaration

The Auditor's Independence Declaration under s 307C of the Corporations Act 2001 for the half year ended 31 December 2019 has been received and can be found on page 25 of the half year report.

Signed on 13 March 2020 in accordance with a resolution of the Board of Directors.



Christopher Gale

Director

Perth, 13 March 2020

For personal use only

OAKDALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
ACN 009 118 861

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

	Note	31 Dec 2019 \$	31 Dec 2018 \$
<i>Continuing operations</i>			
Other income	2	1,008	6,253
		1,008	6,253
Administrative expenses		(240,555)	(131,331)
Depreciation and amortisation		(37)	-
Finance costs		(42,195)	(228)
Occupancy costs		(30,935)	(18,330)
Employment costs		(112,200)	(51,211)
Development expenses		(481,273)	(6,938)
Provision for expected credit losses		(10,762)	-
Net foreign exchange gain / (loss)		(797)	(9,794)
Other expenses from ordinary activities		(123,418)	(95,316)
Loss before income tax		(1,041,164)	(306,895)
Income tax benefit / (expense)		-	-
Net profit / (loss) for the year		(1,041,164)	(306,895)
<i>Other comprehensive income, net of income tax</i>			
■ Items that will not be reclassified subsequently to profit or loss		-	-
■ Items that may be reclassified subsequently to profit or loss		-	-
□ Foreign currency movement		20,200	3,953
Other comprehensive income for the year, net of tax		20,200	3,953
Total comprehensive income attributable to members of the parent entity		(1,020,964)	(302,942)
Earnings per share			
Basic and diluted loss per share (cents per share)		0.28	0.69

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

For personal use only

OAKDALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
ACN 009 118 861

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	31 Dec 2019 \$	30 June 2019 \$
<i>Current assets</i>			
Cash and cash equivalents	4	537,651	9,598
Trade and other receivables	5	62,094	58,462
Other assets	6	866,526	149,614
Total current assets		1,466,271	217,674
<i>Non-current assets</i>			
Plant and equipment	8	650,138	633,868
Exploration and evaluation costs	9	11,580	-
Right-of-use asset	10	31,865	-
Total non-current assets		693,583	633,868
Total assets		2,159,854	851,542
<i>Current liabilities</i>			
Trade and other payables	11	569,042	1,136,676
Provisions	12	10,922	5,327
Borrowings	13	500,000	165,500
Lease liabilities	14	16,314	-
Total current liabilities		1,096,278	1,307,503
<i>Non-current liabilities</i>			
Provisions	12	211,152	210,846
Lease liabilities	14	15,551	-
Total non-current liabilities		226,703	210,846
Total liabilities		1,322,981	1,518,349
Net assets/(liabilities)		836,873	(666,807)
<i>Equity</i>			
Issued capital	15	3,856,619	1,467,275
Reserves		173,114	17,614
Accumulated losses		(3,192,860)	(2,151,696)
Total equity		836,873	(666,807)

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

For personal use only

OAKDALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
ACN 009 118 861

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2019

Note	Issued Capital \$	Accumulated Losses \$	Foreign Exchange Translation Reserve \$	Share- Based Payment \$	Total \$
<i>Balance 1 July 2018</i>	535,321	(705,539)	(6,284)	-	(176,502)
Loss for the period	-	(306,895)	-	-	(306,895)
Other comprehensive income for the period	-	-	3,953	-	3,953
Total comprehensive income for the period	-	(306,895)	3,953	-	(302,942)
<i>Transactions with owners, directly in equity</i>					
Share application	226,000	-	-	-	226,000
Transaction costs	(16,121)	-	-	-	(16,121)
Balance 31 December 2018	745,200	(1,012,434)	(2,331)	-	(269,565)
<i>Balance at 1 July 2019</i>	1,467,275	(2,151,696)	17,614	-	(666,807)
Loss for the period	-	(1,041,164)	-	-	(1,041,164)
Other comprehensive income for the period	-	-	20,200	-	20,200
Total comprehensive income for the period	-	(1,041,164)	20,200	-	(1,020,964)
<i>Transactions with owners, directly in equity</i>					
Options Issued during the period	-	-	-	135,300	135,300
Share application	2,813,223	-	-	-	2,813,223
Transaction costs	(423,879)	-	-	-	(423,879)
Balance at 31 December 2019	3,856,619	(3,192,860)	37,814	135,300	836,873

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

For personal use only

OAKDALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
ACN 009 118 861

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

	Note	31 Dec 2019 \$	31 Dec 2018 \$
<i>Cash flows from operating activities</i>			
Payments to suppliers and employees		(1,193,457)	(243,572)
Interests received		313	-
Interests and other charges paid		(34,695)	-
Net cash outflows from operating activities		(1,227,839)	(243,572)
<i>Cash flows from investing activities</i>			
Payments for Alpine Option Fee		(731,165)	-
Payments for exploration and evaluation activity		(11,580)	-
Payments for property, plant and equipment		(10,007)	(126,886)
Net cash (used in)/provided by investing activities		(752,752)	(126,886)
<i>Cash flows from financing activities</i>			
Proceeds from issue of shares		1,997,223	226,000
Fundraising Costs		(288,579)	(16,121)
Proceeds from borrowings		950,000	156,819
Repayment of borrowings		(150,000)	-
Net cash provided by financing activities		2,508,644	366,698
Net increase (decrease) in cash held		528,053	(3,760)
Cash and cash equivalents at beginning of the period		9,598	6,855
Cash and cash equivalents at the end of the period		537,651	3,095

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

For personal use only

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The interim financial report is a general-purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The interim report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the interim financial report are consistent with those adopted and disclosed in the company's 2019 annual financial report for the financial year ended 30 June 2019, except for the impact of the Standards and Interpretations described below, and the change in accounting policy as described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Accounting Standards that are mandatorily effective for the current reporting period

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 January 2019.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include the following:

AASB 16: Leases

- a) 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 (i.e. a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as 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.

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

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 transfer 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 Company 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. 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

The Group has adopted AASB 16: Leases retrospectively with the cumulative effect of initially applying AASB 16 recognised at 1 January 2019. In accordance with AASB 16 the comparatives for the 2018 reporting period have not been restated. The Group has 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. The Group's incremental borrowing rate as at 1 January 2019 was used to discount the lease payments. The right-of-use assets for the leases have been measured and recognised in the statement of financial position as at 1 January 2019 by taking into consideration the lease liability and the prepaid and accrued lease payments previously recognised as at 1 January 2019 (that are related to the lease).

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

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.
- leases that have remaining lease term of less than 12 months as at 1 January 2019 have been accounted for in the same way 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.

The Group's weighted average incremental borrowing rate on 1 January 2019 applied to the lease liabilities was 12%.

Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the financial period are discussed below.

Impairment of Assets

At the end of each reporting period the Group assesses whether there is any indication that an asset may be impaired. Where an indication of impairment exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the consolidated statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

Going concern

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

The Group incurred a loss for the period of \$1,041,164 (2018: \$306,895) and net operating cash outflow of \$1,227,839 (2018: \$243,572). As at 31 December 2019, the Group's cash and cash equivalents increased to \$537,651 (2019: \$9,598) and had a working capital position of \$369,993.

During the period, the Group raised \$1,997,223 with the issue of 236,475,224 shares and \$615,500 through the conversion of convertible notes. A further \$110,000 was raised through conversion of convertible notes in January 2020.

The directors have prepared a cash flow forecast, which indicates that the Consolidated 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 report. The ability of the Group to continue as a going concern is principally dependent upon the ability of the Group to secure funds by raising capital from equity markets and managing cash flow in line with available funds. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Group to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Based on the cash flow forecast and other factors referred to above, the Directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Group's history of raising capital to date, the directors are confident of the Group's ability to raise additional funds as and when they are required.

Should the Company be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019***Reverse acquisition***

The Group completed the legal acquisition of Ozinca Australia Pty Ltd and its controlled entities (Ozinca Group) on 19 March 2019.

Ozinca Australia Pty Ltd (the legal subsidiary) was incorporated on 1 February 2017 and deemed to be the acquirer for accounting purposes as it has obtained control over the operations of the legal acquirer Oakdale Resources Limited (accounting subsidiary). Accordingly, the consolidated financial statements of Oakdale Resources Limited have been prepared on a continuation of the financial statements of Ozinca Australia Pty Ltd. Ozinca Australia Pty Ltd (as the deemed acquirer) has accounted for the acquisition of Oakdale Resources Limited from 19 March 2019.

The impact of the reverse acquisition on each of the primary statements is as follows:

- The consolidated statement of profit or loss and other comprehensive income:
 - for the half-year ended 31 December 2019 comprises six months of both Ozinca Group and Oakdale Group; and
 - for the comparative period comprises 1 July 2018 to 31 December 2018 of Ozinca Group.
- The consolidated statement of financial position:
 - as at 31 December 2019 represents both Ozinca Group and Oakdale Group as at that date; and
 - as at 30 June 2019 represents both Ozinca Group and Oakdale Group as at that date.
- The consolidated statement of changes in equity:
 - for the half-year ended 31 December 2019 comprises both Ozinca Group and Oakdale Group's balance at 1 July 2019, and changes in equity for both Groups for the six months. The number of shares on issue at the end of the half-year represent those of Oakdale Resources Limited only.
 - for the comparative period comprises 1 July 2018 to 31 December 2018 of Ozinca Group's changes in equity.
- The consolidated statement of cash flows:
 - for the half-year ended 31 December 2019 comprises the cash balance of both Ozinca Group and Oakdale Group as at 1 July 2019, the cash transactions of both Groups for the six months and the cash balances of Ozinca Group and Oakdale Group at 31 December 2019;
 - for the comparative period comprises 1 July 2018 to 31 December 2018 Ozinca Group's cash transactions.

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

Note 2 Revenue and other income

	31 Dec 2019 \$	31 Dec 2018 \$
a. Other Income		
Interest income	1,008	-
Other income	-	6,253
	<u>1,008</u>	<u>6,253</u>

Note 3 Segmental Reporting

For management's purposes, the Group is organised into one main operating segment, which involves the exploration and development of minerals in Australia. All of the Group's activities are interrelated, and discrete financial information is reported to the Board as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole. The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of these financial statements.

The Group has subsidiaries in Australia and Peru and operates in two principal geographic areas, Peru and Australia.

Note 4 Cash and cash equivalents

	31 Dec 2019 \$	30 June 2019 \$
Reconciliation of cash		
Cash at bank	537,251	9,289
Petty Cash	400	309
	<u>537,651</u>	<u>9,598</u>

Note 5 Trade and other receivables

	31 Dec 2019 \$	30 June 2019 \$
<i>Current</i>		
GST receivable	36,610	20,729
Other receivables	36,246	37,733
Less provision for expected losses	(10,762)	-
	<u>62,094</u>	<u>58,462</u>

Note 6 Other assets

	31 Dec 2019 \$	30 June 2019 \$
<i>Current</i>		
Prepayments	32,504	54,700
Tax credits	102,857	94,914
Alpine Option Fee ¹	731,165	-
	<u>866,526</u>	<u>149,614</u>

¹ The amount constitutes funding provided to Alpine Resources (USA) Pty Ltd in accordance with the Binding Option Term Sheet (refer to ASX Announcement dated 27 June 2019) which is in progress. The Group has not exercised the Option as at the date of this report.

For personal use only

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

Note	Financial assets	Note	31 Dec 2019 \$	30 June 2019 \$
a.	<i>Current</i>			
	Loan – other parties	7a.i	93,909	93,909
	Provision for impairment	7b	(93,909)	(93,909)
			-	-

i. The loan term is for 3 months, with an 8% interest rate per annum and secured over specific assets of the borrower.

	31 Dec 2019 \$	30 June 2019 \$
b. Movements in the impairment provision		
Balance at beginning of period	93,909	93,909
Provision for impairment recognised during the period	-	-
Balance at the end of period	93,909	93,909

Note	Plant and equipment	31 Dec 2019 \$	30 June 2019 \$
	<i>Current</i>		
	Balance at the beginning of the period	633,868	-
	Additions during the period	16,307	633,868
	Depreciation	(37)	
	Balance at the end of period	650,138	633,868

Note	Exploration and Evaluation Costs	31 Dec 2019 \$	30 June 2019 \$
	<i>Non-Current</i>		
	Costs carried forward in respect of areas of interest in:		
	- Exploration and evaluation phases	11,580	7,495,243
	Provision for tenements	-	(7,495,243)
		11,580	-

Note	Rights of Use Assets	31 Dec 2019 \$	30 June 2019 \$
	Leased office building	31,865	-
	Accumulated Depreciation	-	-
		31,865	-

Movement in carrying amounts:

	31 Dec 2019 \$	30 June 2019 \$
<i>Lease office building</i>		
Recognised on initial application of AASB 16 (previously classified as operating leases under AASB 117)	-	-
Addition to right-of-use assets	31,865	-
Depreciation expensed	-	-
Net Carrying amount	31,865	-

The statement of Profit and Loss shows the following amounts relating to leases:

Depreciation charged related to rights-of-use assets	-	-
Interest expense on lease liabilities	-	-
Short-term leases expense	-	-
Low-value asset leases expense	-	-

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

Note 11 Trade and other payables

	31 Dec 2019	30 June 2019
	\$	\$
<i>Current</i>		
Trade payables	401,163	583,608
Accruals	101,610	253,249
Employment related payables	3,951	12,412
Payable to a shareholder/director	42,343	217,656
Others	19,975	69,751
	569,042	1,136,676

Note 12 Provisions

	31 Dec 2019	30 June 2019
	\$	\$
<i>Current</i>		
Employee entitlements	10,922	5,327
<i>Non-Current</i>		
Deferred payments	211,152	210,846

Note 13 Borrowings

	31 Dec 2019	30 June 2019
	\$	\$
<i>Current</i>		
Convertible notes	500,000	165,500

Note 14 Lease Liability

	31 Dec 2019	30 June 2019
	\$	\$
Gross lease liabilities – minimum lease payments:		
Less than one year	19,500	-
Between one and five years	16,500	-
More than five years	-	-
	36,000	-
Future finance charges on leases	(4,135)	-
	31,865	-
The present value of lease liabilities classified as:		
<i>Current</i>	16,314	-
<i>Non-Current</i>	15,551	-
	31,865	-

For personal use only

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

Note 15 Issued capital

	No of Shares	Total \$
a. Ordinary shares		
Balance at beginning of reporting period	198,355,364	1,467,275
Incentive Shares to convertible note holder	375,000	7,500
Share Purchase Plan	56,619,109	497,223
Placement	179,856,115	1,500,000
Repayment of expense/loan	16,403,401	193,000
Convertible notes conversion	70,811,187	615,500
Transaction costs in relation to share issues	-	(423,879)
Balance at end of reporting period	522,420,176	3,856,619
b. Options		
Balance at beginning of reporting period	-	-
OARO Options issued to SPP Participants	119,709,817	-
OARO Options issued to sub underwriter & broker	41,000,000	135,300
Balance at end of reporting period	160,709,817	135,300

Note 16 Events Subsequent to Reporting Date

There has been no significant event after reporting date.

Note 17 Contingent Liabilities

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

For personal use only

DIRECTORS' DECLARATION

The Directors of Oakdale Resources Limited declare that:

- the attached financial statements and notes thereto comply with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Act 2001*,
- the attached financial statements and notes thereto give 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;
- there are reasonable grounds to believe that the Consolidated entity will be able to pay its debts as and when they become due and payable;

Signed in accordance with a resolution of the Board of Directors.



Christopher Gale
Chairman

Perth, 13 March 2020

For personal use only



**AUDITOR'S INDEPENDENCE DECLARATION
OAKDALE RESOURCES LIMITED**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Oakdale Resources Limited.

As lead audit partner for the review of the financial report of Oakdale Resources 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:

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

A handwritten signature in black ink that reads "Hall Chadwick".

Hall Chadwick Audit (WA) Pty Ltd
ABN 42 163 529 682

A handwritten signature in black ink that reads "Nikki Shen".

Nikki Shen
Director

Dated 13 March 2020

For personal use only

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF OAKDALE RESOURCES LIMITED

Report on the half-year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Oakdale Resources Limited (the Company) and its controlled entities (collectively 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 consolidated 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.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the Corporations Act 2001, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Emphasis of matter – Material uncertainty related to going concern

We draw attention to Note 1 – Going Concern in the half-year financial report which describes the principal conditions that raised doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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, anything has come to our attention that causes us to 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 consolidated financial position as at 31 December 2019 and its consolidated 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.

For personal use only

INDEPENDENT AUDITOR'S REPORT (CONT'D)



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

Independence

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

A handwritten signature in black ink that reads "Hall Chadwick".

Hall Chadwick Audit (WA) Pty Ltd
ABN 42 163 529 682

A handwritten signature in black ink that reads "NS".

Nikki Shen
Director

Dated 13 March 2020

For personal use only