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Financial Statements

for the Half Year Ended 31 December 2023

ACN 621 122 905

The Interim Financial Report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2023 and any announcements distributed to shareholders by Torque Metals Limited during the half year.



ASX:TOR
torquemetals.com

Corporate Directory

Board of Directors

Patrick Burke, Non-Executive Chairman (Resigned 22 December 2023)
Cristian Moreno, Managing Director
Tony Lofthouse, Non-Executive Director
Andrew Woskett, Non-Executive Chairman (Appointed Chairman 22 December 2023)
Imants Kins, Non-Executive Director (Appointed 18 January 2024)

Joint Company Secretary

Henko Vos
Jessamyn Lyons

Principal Place of Business

Unit 8, 16 – 18 Nicholson Road, Subiaco, WA, 6008
Postal Address: PO Box 27, West Perth, WA, 6872

Auditors

Hall Chadwick WA Audit Pty. Ltd.
283 Rokeby Road, Subiaco, WA, 6008

Share Register

Advanced Share Registry Services Pty. Ltd.
110 Stirling Highway, Nedlands, WA, 6010

Stock Exchange Listing

Australian Stock Exchange
Perth Exchange:
Code: TOR

Banker

ANZ
240 St Georges Terrace, Perth, WA, 6005

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Directors Report

The directors of Torque Metals Limited ("Torque" or "the Company") present their report on Torque for the half year ended 31 December 2023 ("the Half Year").

Directors

The names of the directors of the Company during the period are:

Andrew Woskett
Cristian Moreno
Tony Lofthouse
Patrick Burke (resigned 22 December 2023)

Directors have been in office since the start of the period to the date of this report unless otherwise stated.

Principal Activities

The principal activities during the half year were mineral exploration. There were no significant changes in the principal activities during the half year.

Review of Operations

The loss of the Company for the Half Year after providing for income tax, amounted to a loss of \$1,696,949 (31 December 2022 loss of \$616,815). The expenditure incurred during the half year related to corporate and administration expenditure.

Torque Metals expanded its operations during the period, focusing on building out the Penzance Exploration Camp with tenure acquisition surrounding the Paris project located in Western Australia. The company is confident about the potential of the broader project area and will continue drilling to define mineral deposits across its tenure. Torque Metals is committed to utilizing the latest technology and exploration techniques to unlock the full potential of the Penzance Exploration Camp and deliver long-term value for its shareholders.

Project Background

During the half-year ended 31 December 2023, Torque signed an exclusive, binding, conditional option agreement to acquire 100% of an extensive and strategic package of tenements adjacent to the Company's existing Paris Gold Camp, renamed the Penzance Portfolio¹.

The 800m² of tenements are situated in the heart of the West Australian Goldfields, comprising twelve wholly owned, development-ready, pre-native title mining, four prospecting and 26 exploration licences (7 under application).

The Penzance Portfolio displays regional consolidation, covering multiple assets, hosting the Paris Gold Project, New Dawn Lithium Project and the Penzance Nickel Project.

¹ ASX Announcement 5 September 2023 – Torque to Acquire Lithium and Gold Exposures in WA

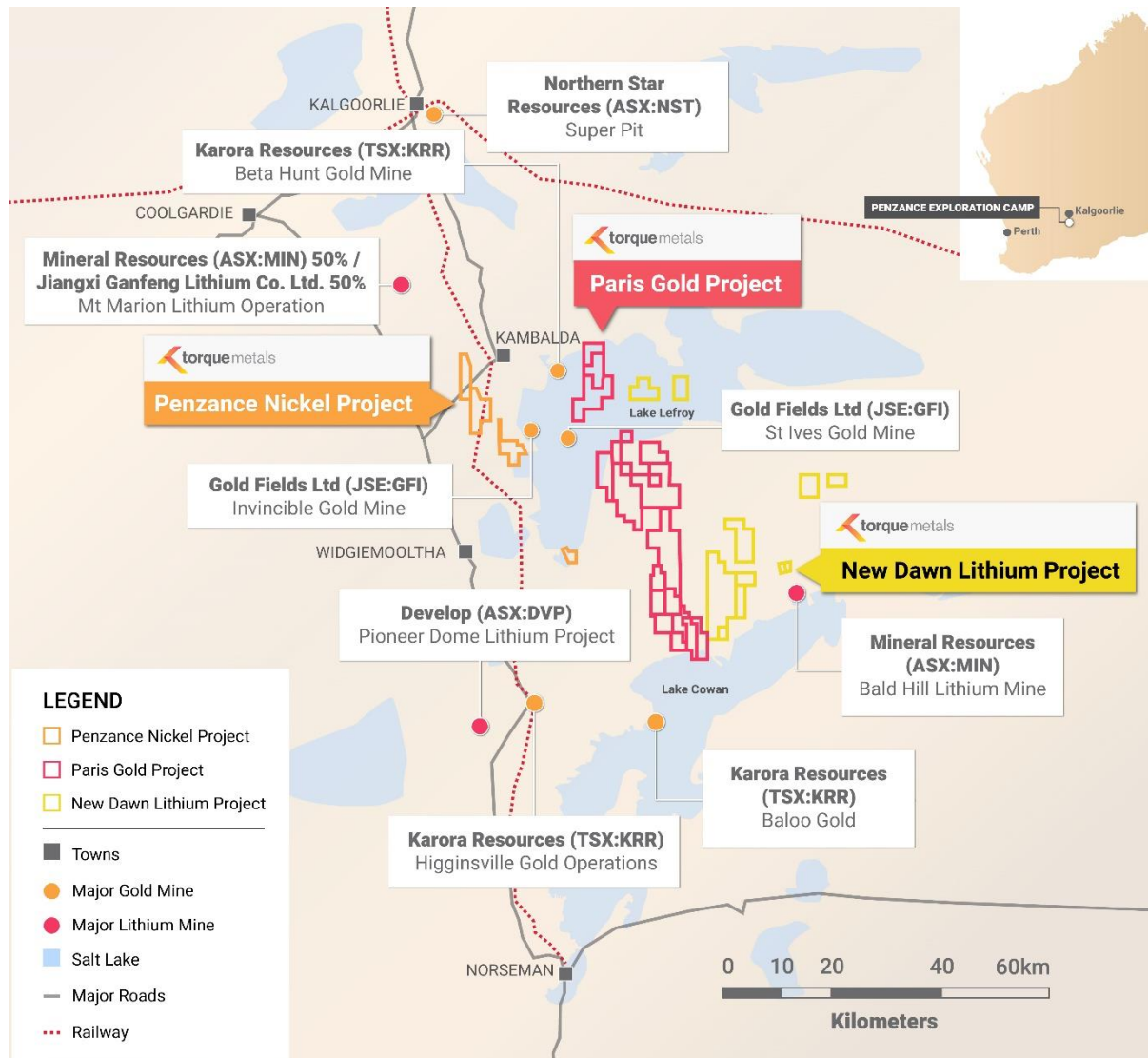


Figure 1 Penzance Exploration Camp.

New Dawn Project Initial Exploration^{2,3}

New Dawn is considered highly prospective for spodumene bearing lithium, located a mere 600m along strike to the 26.5Mt @ 1% Li₂O spodumene Bald Hill Lithium Tantalum mine (Figure 2).

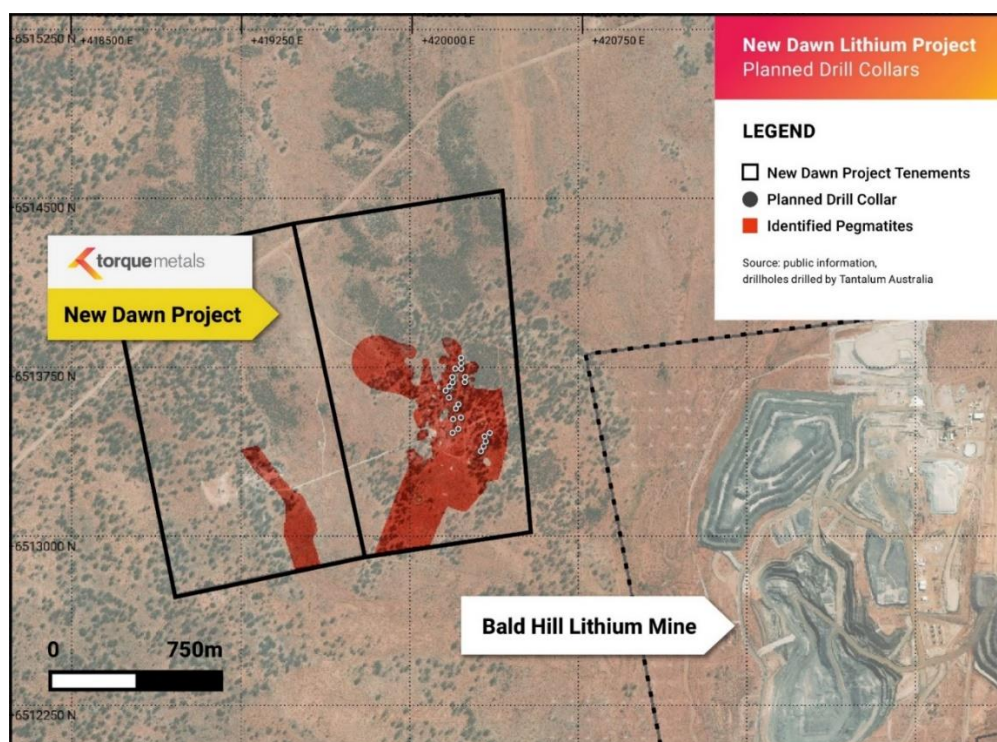


Figure 2 Mining Licences, pre-Native title tenements in relation to Bald Hill Lithium Mine.

Upon acquiring the New Dawn Lithium Project, Torque conducted desktop study which identified multiple outcropping pegmatites. The Company then collected multiple rock chip samples from the project site, returning impressive assay grades up to 6% Li₂O.

A 3D model of the pegmatites bodies was generated from historical drill data (Figure 3), positioning the company to conduct a first-pass diamond drill (DD) programme for determination of lithium and tantalum values for an initial 22 RC and DD holes for approximately 2,700m.

² For details on the Bald Hill Lithium and Tantalum Mine MRE, refer to TAW ASX Announcement 6 June 2018: Lithium Ore Reserve Increase at Bald Hill

³ ASX Announcement 21 September 2023 – Drilling Commences at New Dawn Lithium Project

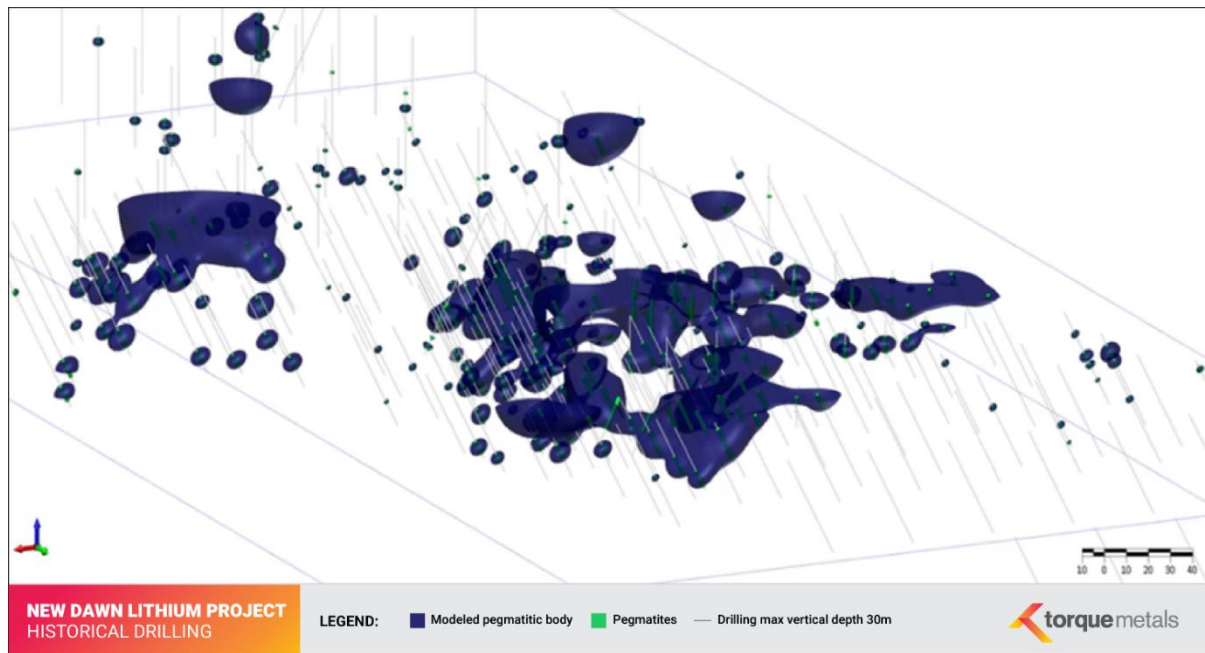


Figure 3 Torque's 3D geological model using historic drill data of pegmatitic Tantalum bodies.

Due Diligence Drill Program^{4,5,6}

The RC drill rig focused on the extensional systems in the eastern edge of the tenement and a second RC rig was mobilised to accelerate the drilling campaign. Drilling was designed to extend the strike of multiple shallow and at-depth vertically stacked pegmatites, with Torque interpreting the pegmatite bodies at New Dawn follow a westerly continuation of those mined at Bald Hill (Figure 4).

Assay results validated the distribution and grade of pegmatites; all drill holes successfully confirming spodumene, with a peak individual grade of **2.79% Li₂O**.

The best hole intersected **35** cumulative metres of highly mineralised pegmatites:

- **10m @ 1.51% Li₂O**, from 51m including **1m @ 3.99% Li₂O**, from 52m and: **15m @ 1.17% Li₂O**, from 220m including **7m @ 2.12% Li₂O**, from 221m and: **10m @ 1.15% Li₂O**, from 265m including **6m @ 1.76% Li₂O**, from 267m

⁴ ASX Announcement 27 October 2023 – Second Rig Mobilised to New Dawn Lithium Project

⁵ ASX Announcement 19 October 2023 – First Assays Confirm Lithium and Multiple Pegmatites

⁶ ASX Announcement 7 December 2023 – Assays Confirm High-Grade Lithium at New Dawn

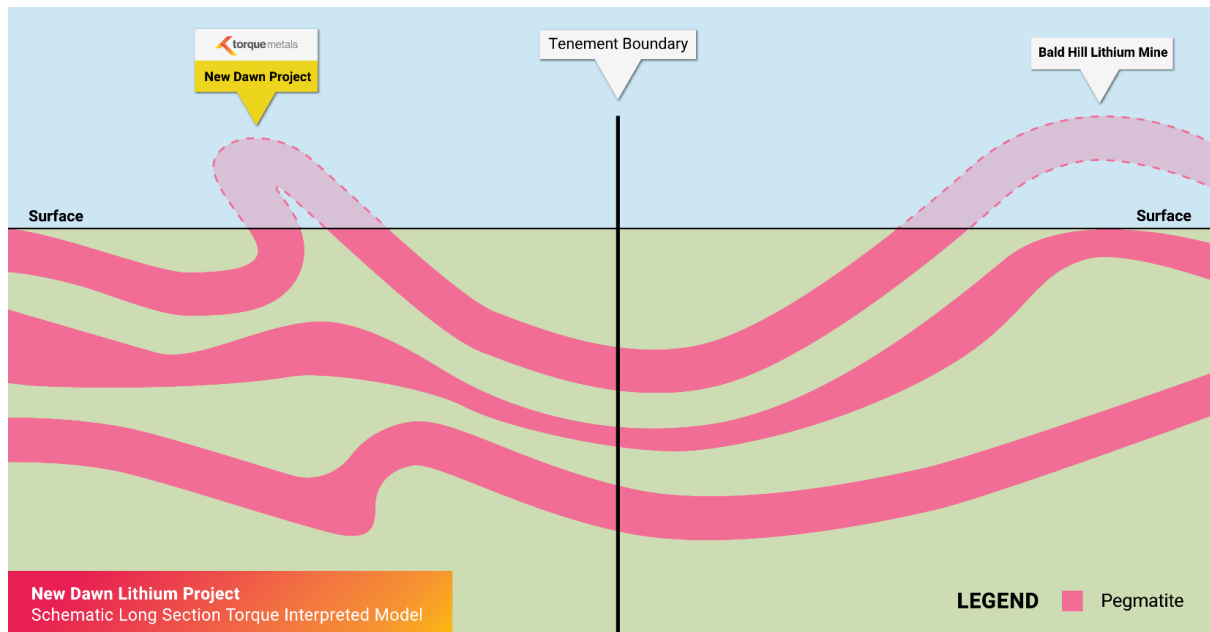


Figure 4 Torque's interpreted model of pegmatite lithium tantalum bodies, view north.

Paris Project

Bonanza Gold Interval⁷

Torque completed first-pass diamond drilling at the Paris and Observation prospects, intersection multiple gold mineralised intervals, with best intercepts including:

- **2.49m @ 40.6 g/t Au** from 167.8m, and
- **4.44m @ 20.82 g/t Au** from 170.3m, and
- **1.2m @ 185 g/t Au** from 174.7m, all within
35m @ 14.12 g/t Au from 157.85m (23PRCDD076)
- **1.04m @ 83.59 g/t Au** from 181.34m, within **14.76m @ 7.6 g/t Au** from 168.13m (23PRCDD077)
- **3m @ 12 g/t Au** from 19m within **16m @ 2.73 g/t Au** from 18m (23ODD001)

⁷ ASX Announcement 5 July 2023 - Paris Delivers 185g/t Bonanza Gold Interval

Exploration Update⁸

During the half-year period, Torque progressed exploration at Paris, with 52 RC drill successfully completed, to a total length of 6,128m. Assay results successfully extended the mineralisation boundaries of the Paris gold systems (*Figure 5*), with significant intercepts including:

- **27m @ 3.96 g/t Au** from surface including **3m @ 27 g/t Au** from 24m (23PRC090)
- **7m @ 8.04 g/t Au** from 132m including **3m @ 13.31 g/t Au** from 133m (23PRC079)
- **3.54m @ 6.38 g/t Au** from 241m including **2m @ 10.72 g/t Au** from 241m all in hole (23PRCDD095)

Metallurgical Testing⁹

Metallurgical testwork evaluated the metallurgical characteristics and gold recoverability on core samples from the Paris and Observation prospects exceeding expectations for both conventional cyanide leaching and gravity processes, with Paris composite gold recovery of 96.79% and Observation composite gold recovery of 99.7%.

Penzance Nickel Project

No exploration activities undertaken during the half-year period.

Corporate

Change of Chairman¹⁰

Non-Executive Director Andrew Woskett was appointed the Company's Non-Executive Chairman, upon the resignation of Mr Pat Burke. Mr Woskett is a senior executive with over 40 years of project and corporate experience in the industry.

Capital Structure

The Capital Structure at the end of the half year was as follows:

Shares on issue: 131,424,081

Unlisted Performance Rights: 23,600,000

Unlisted Options (\$0.18c - \$0.60c): 37,802,779

Cash Balance as of 31 December was \$2.83 million.

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the Company during the Half Year.

⁸ ASX Announcement 28 August 2023 – Strong Gold Intersections at Paris Gold Camp

⁹ ASX Announcement 24 August 2023 – Paris Gold Camp Metallurgical Testwork

¹⁰ ASX Announcement 22 December 2023 – Change of Chairman

Plan View Paris Gold Project

BEST GRADES FROM OBSERVATION

3m @ 12 g/t Au from 19m within
16m @ 2.73 g/t Au from 18m (23ODD001)
4m @ 15.86 g/t Au from 57m (21ORC031)
9m @ 11.6 g/t Au from 66m (21ORC009)
6m @ 8.45 g/t Au from 51m (21ORC036)
9m @ 3.98 g/t Au from 21m (21ORC008)
3m @ 9.87 g/t Au from 72m (21ORC037)
6m @ 5.58 g/t Au from 42m (21ORC003)
6m @ 2.04 g/t Au from 123m (21ORC045)

BEST GRADES FROM HHH

10m @ 1.61 g/t Au from 25m,
9m @ 2.43 g/t Au from 47m,
3m @ 1.62 g/t Au from 65m and
2m @ 1.62 g/t Au from 80m (22HRC035)
3m @ 3.07 g/t Au from 33m and
12m @ 1.27 g/t Au from 51m including
6m @ 1.88 g/t Au from 57m (22HRC042)
4m @ 1.22 g/t Au from 40m and
3m @ 1.28 g/t Au from 53m (22HRC039)
9m @ 1.06 g/t Au from 75m including
6m @ 1.56 g/t Au from 75m (22HRC040)
3m @ 1.07 g/t Au from 54m (22HRC041)
3m @ 3.89 g/t Au from 87m (21HRC023)
15m @ 3.12 g/t Au from 15m (21HRC023)
9m @ 3.47 g/t Au from 30m (21HRC018)

BEST GRADES FROM PARIS

2.49m @ 40.6 g/t Au from 167.8m
4.44m @ 20.82 g/t Au from 170.3m and
1.2m @ 185 g/t Au from 174.7m within
35m @ 14.12 g/t Au from 157.85m (23PRCDD076)
1.04m @ 83.59 g/t Au from 181.34m within
14.76m @ 7.6 g/t Au from 168.13m (23PRCDD077)
2.31m @ 2.79 g/t Au from 192.30m and
1.7m @ 4.88 g/t Au from 202.8m (23PRCDD075)
27m @ 10.7 g/t Au from 177m (22PRC040)
27m @ 8.16 g/t Au from 156m (22PRC038)
24m @ 10.7 g/t Au from 141m (21PRC025)
39m @ 6.05 g/t Au from 175m (22PRC053)
41m @ 5.93 g/t Au from 186m (22PRC056)
17m @ 3.94 g/t Au from 110m (22PRC044)
12m @ 3.2 g/t Au from 60m (22PRC049)

BEST GRADES FROM EVA

1m @ 2.26 g/t Au from 76m, and
2m @ 1.37 g/t Au from 85m, and
1m @ 1.02 g/t Au from 61m all in hole (23HRC061)
1m @ 1.72 g/t Au from 97m (23HRC062)
1m @ 1.09 g/t Au from 22m, and
10m @ 1.07 g/t Au from 38m, and
2m @ 1.16 g/t Au from 61m, and
16m @ 1.05 g/t Au from 67m all in hole (23HRC063)



Figure 5 Paris gold camp. Drill hole locations and assay results from drill programme.

Events arising since the end of the Half Year

No matters or circumstances have arisen since the end of the reporting half year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of the Company in subsequent financial periods except that:

- a. On 8 January 2024, the Company issued 2,100,000 new ordinary shares pursuant to the exercise and conversion of the TOREA options;
- b. On 8 January 2024, the Company issued 3,100,000 unlisted options exercisable at \$0.25 and expiring 7 May 2026;
- c. On 17 January 2024, Torque completed its 100% acquisition of an extensive package of tenements, referred to as the New Dawn Lithium Project, Penzance Nickel Project and further adding to the already owned Paris Gold Project. As part of the acquisition, the Company issued 19,529,442 new ordinary shares to the vendors in addition to making a \$600,000 cash payment;
- d. On 18 January 2024, Mr. Imants Kins was appointed as a Non-Executive Director of the Company; and

Environmental Issues

The Company's operations are subject to environmental regulations under a law of the Commonwealth or state or territory of Australia.

Indemnification and insurance of directors and officers

The Company has entered into Deeds of Indemnification with the directors and officers of the Company. Proceedings on behalf of the Company No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the Period.

Competent Persons Statement – Exploration Results

The information in this Half Year Financial Report that relates to Exploration Results is based on information compiled by Mr Cristian Moreno, who is a Member of the Australasian Institute of Mining and Metallurgy as well a Member of the Australian Institute of Company Directors. Mr Moreno is an employee of Torque Metals Limited ("the Company"), is eligible to participate in short and long-term incentive plans in the Company and holds performance rights in the Company as has been previously disclosed. Mr Moreno has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity 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'. Mr Moreno consents to the inclusion in this Half Year Financial Report of the matters based on his information in the form and context in which it appears.

Forward Looking Statements

This report may contain certain “forward-looking statements” which may not have been based solely on historical facts, but rather may be based on the Company’s current expectations about future events and results. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward looking statements are subject to risks, uncertainties, assumptions and other factors which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Readers should not place undue reliance on forward looking information. The Company does not undertake any obligation to release publicly any revisions to any “forward-looking statement” to reflect events or circumstances after the date of this report, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

Auditor’s Independence Declaration

The Auditor’s Independence Declaration under section 307C of the Corporations Act 2001 is set out on page 29 for the half year ended 31 December 2023.

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

A handwritten signature in black ink that reads 'Cristian Moreno'.

Cristian Moreno
Managing Director

Dated this 14th day of March 2024

Condensed consolidated statement of profit or loss and other comprehensive income for the half year ended 31 December 2023

		Consolidated Group	
		31 Dec 2023	31 Dec 2022
	Note	\$	\$
Other income		139,763	104,000
Corporate administrative expenses	2	(1,306,399)	(433,568)
Impairment of exploration and evaluation assets	8	-	(125,955)
Project generation costs	2	(60,028)	-
Finance costs	2/7b	(1,134)	(1,901)
Share based payments	2	(469,151)	(159,391)
Loss before income tax		(1,696,949)	(616,815)
Income tax expense		-	-
Loss for the period		(1,696,949)	(616,815)
Other comprehensive income, net of income tax		-	-
Total comprehensive loss for the period		(1,696,949)	(616,815)
Loss attributable to:			
Owners of Torque Metals Limited		(1,696,949)	(616,815)
Total comprehensive loss attributable to:			
Owners of Torque Metals Limited		(1,696,949)	(616,815)
		Cents	Cents
Basic weighted average earnings/(loss) per share		(1.50)	(0.79)

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

Condensed consolidated statement of financial position as at 31 December 2023

		Consolidated Group	
	Note	31 Dec 2023 \$	30 June 2023 \$
Current assets			
Cash and cash equivalents	3	2,825,423	2,090,389
Trade and other receivables	4	169,682	33,074
Non-current assets classified as held for sale	5	650,000	650,000
Total current assets		3,645,105	2,773,463
Non current assets			
Property ,Plant and Equipment	6	381,276	101,002
Right of use assets	7	27,948	38,623
Exploration and evaluation expenditure	8	11,489,550	8,798,361
Total non-current assets		11,898,774	8,937,986
Total assets		15,543,879	11,711,449
Current liabilities			
Trade and other payables	9	1,629,011	885,378
Provisions		70,778	49,809
Lease Liabilities	7	22,605	21,713
Total current liabilities		1,722,394	956,900
Non Current liabilities			
Provisions		5,499	4,895
Lease Liabilities	7	7,578	19,228
Total non current liabilities		13,077	24,123
Total liabilities		1,735,471	981,023
Net assets		13,808,408	10,730,426
Equity			
Issued capital	10	16,742,292	13,524,183
Options	11	-	126,385
Performance Rights Reserve	12	2,201,473	1,775,027
Option Reserve	13	2,679,404	2,022,471
Accumulated losses		(7,814,761)	(6,717,640)
Total equity		13,808,408	10,730,426

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

Condensed consolidated statement of changes in equity for the half year ended 31 December 2023

	Consolidated Group					
	Issued Capital \$	Options \$	Accumulated Losses \$	Performance Rights Reserve \$	Option Reserve \$	Total \$
Balance as at 1 July 2022	11,491,768	126,341	(4,623,352)	1,223,584	1,704,885	9,923,226
Total comprehensive income/loss for the period	-	-	(616,815)	-	-	(616,815)
Performance Rights Valuation	-	-	-	159,391	-	159,391
Balance as at 31 Dec 2022	11,491,768	126,341	(5,240,167)	1,382,975	1,704,885	9,465,802
Balance as at 1 July 2023	13,524,183	126,385	(6,717,640)	1,775,027	2,022,471	10,730,426
Total comprehensive income/loss for the period	-	-	(1,696,949)	-	-	(1,696,949)
Issue of shares	4,000,000	-	-	-	-	4,000,000
Share issue costs	(1,245,174)	-	-	-	984,332	(260,842)
Shares/Options issued as consideration for the acquisition of tenements – Parker Hill	95,000	-	-	-	106,065	201,065
Options exercised	368,283	(2,726)	-	-	-	365,557
Options issued	-	-	-	-	42,705	42,705
Options expired	-	(123,659)	599,828	-	(476,169)	-
Performance Rights valuation	-	-	-	426,446	-	426,446
Balance as at 31 Dec 2023	16,742,292	-	(7,814,761)	2,201,473	2,679,404	13,808,408

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

Condensed consolidated statement of cash flows for the half year ended 31 December 2023

		Consolidated Group	
		31 Dec 2023	31 Dec 2022
		\$	\$
Notes			
	Cash flows from operating activities		
	Receipts from customers	25,000	-
	Payments to suppliers and employees	(813,342)	80,968
	Net cash (used in)/provided by operating activities	(788,342)	80,968
	Cash flows from investing activities		
	Tenement acquisitions	(20,000)	-
	Exploration and evaluation	(2,280,987)	(2,063,605)
	Plant and Equipment	(285,602)	(33,618)
	Net cash used in investing activities	(2,586,589)	(2,097,223)
	Cash flows from financing activities		
	Proceeds from the issue of shares	4,000,000	-
	Proceeds from the exercise of options	365,557	-
	Share issue costs	(244,834)	-
	Senior Management Loans	-	79,190
	Repayment of lease liability	(10,758)	(3,745)
	Net cash provided by financing activities	4,109,965	75,445
	Net increase/(decrease) in cash and cash equivalents	735,034	(1,940,810)
	Cash and cash equivalents at the beginning of the period	2,090,389	3,440,943
	Cash and cash equivalents at the end of the period	2,825,423	1,500,133

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

Notes to the interim condensed consolidated financial statements for the half year ended 31 December 2023

1. Statement of Significant Accounting Policies

a) General Information

The financial statements and notes thereto represent those of Torque Metals Limited and Controlled Entities (the "Consolidated Group" or "Group") for the Half Year ended 31 December 2023 ("the Half Year"). The Group is involved in the minerals exploration industry.

Torque Metals Limited is a company limited by shares, incorporated and domiciled in Australia. Torque Metals Limited is a for-profit entity for the purpose of preparing financial statements under the Australian Accounting Standards. Its shares are publicly traded on the Australian Stock Exchange.

b) Statement of compliance

The interim financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and Accounting Standard AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS34: Interim Financial Reporting. The condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the group as in the full financial report. It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2023 and any public announcements made by Torque during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

c) Basis of preparation

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period except for the impact of the standards and interpretations below in note 1(e). These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards. The financial statements are for the Consolidated Group. The financial report has also been prepared on an historical cost basis. The financial report is presented in Australian Dollars, which is the Group's functional currency.

d) 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 (AASB) that are relevant to its operations and effective for an annual accounting period that begins on or after 1 July 2023.

e) Significant accounting judgements and key estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. In preparing this half-year report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report for the year ended 30 June 2023.

f) Capitalised exploration costs carried forward

The future recoverability of capitalised exploration costs carried forward has been reviewed by the directors. They are dependent on a number of factors, including whether the Company decides to exploit the related lease/licence itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale. Factors that could impact the future recoverability include the level of reserves and resources, sovereign risk, future technological changes, availability of funds, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices. To the extent that capitalised exploration expenditure is determined not to be recoverable in the future, results and net assets will be reduced in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable resources. To the extent it is determined in the future that this capitalised expenditure should be written off, results and net assets will be reduced in the period in which this determination is made.

g) 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 settlement of liabilities in the normal course of business.

The Group incurred a net loss of \$1,696,949 (31 December 2022: \$616,815) and experienced net cash outflow from operations of \$788,342 (31 December 2022: inflow of \$80,968). The Company has liabilities of \$1,735,471 (30 June 2023: \$981,023) and cash on hand of \$2,825,423 (30 June 2023: \$2,090,389).

Based on the Group's cash flow forecast it is likely that the Group will need to access additional working capital in the next 12 months to advance its exploration projects and to ensure the realisation of assets on an orderly basis and the extinguishment of liabilities as and when they fall due.

The directors are confident that the Company will be successful in raising additional funds through the issue of new equity, should the need arise. The directors are also aware that the Company has the option, if necessary, to defer expenditure or relinquish certain projects and reduce administration costs in order to minimise its capital raising requirements.

Based on these facts, the directors consider the going concern basis of preparation to be appropriate for this financial report. Should the Company be unsuccessful in raising additional funds through the issue of new equity, there is a material uncertainty which may cast significant doubt whether the Group will be able to continue as a going concern and therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial statements do not include any adjustments relative to the recoverability and classification of recorded asset amounts or, to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

These interim condensed consolidated financial statements were approved by the Board on 14 March 2024.

Notes to the consolidated financial statements (Continued)

2. Expenses

Administrative expenses
Project generation costs
Exploration expenses written off
Financial expense interest
Share Based Payments

Consolidated Group	
31 December 2023	31 December 2022
\$	\$
(1,306,399)	(433,568)
(60,028)	-
-	(125,955)
(1,134)	(1,901)
(469,151)	(159,391)
(1,836,712)	(720,815)

3. Cash on Hand and Equivalents

Cash at bank and on hand

Consolidated Group	
31 December 2023	30 June 2023
\$	\$
2,825,423	2,090,389
2,825,423	2,090,389

4. Trade Receivables

Trade Debtors
BAS receivable
Other

126,560	-
14,550	23,498
28,572	9,576
169,682	33,074

5. Held for sale assets

Bullfinch Project

650,000	650,000
650,000	650,000

The Group's Bullfinch Project is currently classified as held for sale, with Altan paying an initial non-refundable amount of \$100,000 and an additional \$25,000 to defer completion by 15 March 2024. Altan can further defer completion to 15 June 2024 by paying a further \$25,000. Completion is conditional upon the secondary listing of Altan on the ASX, where Altan shall pay a further \$650,000 cash or issue shares to the same value at the same price as shares issued under the secondary listing on the ASX.

Notes to the consolidated financial statements (Continued)

6. Plant and equipment

	Consolidated Group			
	Land	Vehicles	Buildings & Equipment	Total
	\$	\$	\$	\$
6 months ended 31 December 2023				
Opening net book amount	-	18,302	82,700	101,002
Additions	90,299	164,421	51,525	306,245
Depreciation Charged	-	(17,854)	(8,117)	(25,971)
Closing book amount	90,299	164,869	126,108	381,276
As at 31 December 2023:				
Cost	90,299	190,775	141,557	422,631
Accumulated Depreciation	-	(25,906)	(15,449)	(41,355)
Net book amount	90,299	164,869	126,108	381,276
Year ended 30 June 2023:				
Opening net book amount	-	17,825	82,141	99,966
Additions	-	26,354	7,891	34,245
Disposals	-	(17,825)	-	(17,825)
Depreciation Charged	-	(8,052)	(7,332)	(15,384)
Closing book amount	-	18,302	82,700	101,002
As at 30 June 2023:				
Cost	-	26,354	90,032	116,386
Accumulated Depreciation	-	(8,052)	(7,332)	(15,384)
Net book amount	-	18,302	82,700	101,002

Notes to the consolidated financial statements (Continued)

7. Right of use assets and Lease liabilities

		Consolidated Group	
		31 December	30 June
		2023	2023
		\$	\$
a) Amount recognised in the Statement of Financial Position			
Right of use asset			
Opening Balance		83,321	83,321
Less Depreciation		(55,373)	(44,698)
Closing balance		27,948	38,623
Lease Liabilities			
Opening Balance - Current		21,713	26,859
Opening Balance - Non-Current		19,228	34,010
Opening Balance - Total		40,941	60,869
Add : Interest		1,134	3,466
Less : Payments		(11,892)	(23,394)
Closing Balance - Total		30,183	40,941
Closing Balance - Current		22,605	21,713
Closing Balance - Non-Current		7,578	19,228
b) Amounts recognised in the Statement of Profit or Loss			
Depreciation of right of use asset		10,675	20,630
Interest expense on lease liabilities		1,134	3,466
		11,809	24,096

Notes to the consolidated financial statements (Continued)

8. Exploration and Evaluation Assets

	Consolidated Group	
	31 December 2023 \$	30 June 2023 \$
Opening balance	8,798,361	6,665,101
Acquisitions (i)	371,065	-
Exploration and evaluation expenditure	2,320,124	3,484,667
Impairment	-	(701,407)
Transfer to Held for sale assets	-	(650,000)
Closing balance	11,489,550	8,798,361

(i) Acquisitions

(a) On 6 December 2023, the Company successfully completed the acquisition of E15/1921, E15/1922, E15/1923. The components of consideration paid to the vendors are:

	Number	Value
Cash payment	N/A	\$20,000
Shares issued	500,000	\$95,000
Options issued	1,500,000	\$106,065
Total		\$221,065

The 1,500,000 options issued have been valued using the Black-Scholes model.

The inputs to the Black-Scholes model are detailed in Note 13.

(b) On 5 September 2023, the Company announced the signing of exclusive, binding, conditional Option Agreements to acquire 100% of an extensive and strategic package of tenements adjacent to the Company's Paris Gold Project. During the period, the Company paid an Option fee totaling \$150,000.

9. Trade and other payables

	Consolidated Group	
	31 December 2023 \$	30 June 2023 \$
Trade Creditors	1,537,395	788,328
Other creditors and accrued expenses	91,616	97,050
	1,629,011	885,378

Trade and other payables are non-interest bearing liabilities stated at cost.

Notes to the consolidated financial statements (Continued)

10. Issued Capital

	Consolidated Group			
	31 December 2023		30 June 2023	
	Number	\$	Number	\$
Ordinary Shares				
Opening balance for the period	96,337,038	13,524,183	77,818,519	11,491,768
Share Placement	33,333,333	4,000,000	18,518,519	2,500,000
Options exercised	1,253,710	368,283	-	-
Consideration shares issued to vendor – Parker Hill Pty	500,000	95,000	-	-
Share issue costs	-	(1,245,174)	-	(467,585)
	131,424,081	16,742,292	96,337,038	13,524,183

11. Options

	Consolidated Group			
	31 December 2023		30 June 2023	
	Number	\$	Number	\$
Unlisted options				
Opening balance for the period	12,634,092	126,385	12,634,092	126,341
Proceeds from Options	-	-	-	44
Exercise of Options – transfer to Issued Capital	(280,099)	(2,726)	-	-
Expiry of Options – transferred to Accumulated Losses	(12,353,993)	(123,659)	-	-
	-	-	12,634,092	126,385

Pro rata loyalty options issued 1 December 2022 in accordance with Prospectus dated 8 November 2022.

12,634,092 non-renounceable loyalty options issued to eligible shareholders to acquire one (1) option for every four (4) shares held by those shareholders at an issue price of \$0.01 per option. The options had an exercise price of \$0.30 each and an expiry date of 30 November 2023.

Notes to the consolidated financial statements (Continued)

12. Performance Rights Reserve

	Consolidated Group			
	31 December 2023		30 June 2023	
Performance Rights	Number	\$	Number	\$
Balance at beginning of reporting period	17,000,000	1,775,027	13,000,000	1,223,584
Movement During the period	6,600,000	426,446	4,000,000	551,443
	23,600,000	2,201,473	17,000,000	1,775,027

The Company issued a total of 6,600,000 performance rights during the period to the Managing Director and employees of the Company. The performance rights are divided into two classes, where each class will convert into ordinary shares upon satisfaction of the relevant milestone and in accordance with the terms and conditions.

Fair Value

Class A Performance Rights

The valuation of the Class A Performance Rights was derived using a combination of Hoadley's Barrier1 Model and Hoadley's Parisian Model, the combination of the two models to be referred to as the 'Parisian Barrier1 Model'.

Hoadley's Parisian Model was first used to generate an implied barrier price that factors in the number of consecutive calendar days for which the underlying asset price must remain above or below the barrier. The implied barrier price (usually higher than the price target for 'up' barrier options) is then input into Hoadley's Barrier1 Model to calculate the value of the Performance Rights.

The valuation model inputs used to determine the fair value at the grant date are as follows:

	Directors	Other employees	Other employees
Date of issue	07/11/2023	11/10/2023	12/10/2023
Number of performance rights	5,000,000	200,000	600,000
Dividend yield (%)	-	-	-
Share price target (a)			
Implied barrier price (\$) (b)	0.5475	0.5456	0.5456
Expected volatility (%)	91.00	90.00	90.00
Risk free interest rate (%)	4.48	4.14	4.14
Expected life of the option (years)	1.0438	1.1205	1.1151
Exercise price (\$)	-	-	-
Spot price (\$)	0.195	0.315	0.315
Expiry date	22/11/2024	22/11/2024	22/11/2024
Fair value per performance right (\$)	0.0854	0.2291	0.2482
Total fair value (\$)	427,000	45,820	148,920
Total recognised for the period	\$60,520	\$9,097	\$29,271

Notes to the consolidated financial statements (Continued)

- (a) Vest upon the volume weighted average price ('VWAP') of the Company's shares over a consecutive period of 20 trading days being not less than \$0.40.
- (b) Calculated from Hoadley's Parisian Model based on the share price target of the Performance Rights and the equivalent of 28 calendar days based on the '20-day VWAP' requirement.

These rights have not met the vesting criteria and have not been converted to ordinary shares during the period.

Class B Performance Rights

The fair value of Class B Performance Rights with non-market vesting conditions, was derived using the share prices on the grant dates as the 'per Performance Right' fair value adjusted for the probability the non-market vesting conditions will be met.

A summary of Class B Performance Rights issued during the period is as follows:

	Granted 11/10/2023	Granted 12/10/2023
Other employees		
Number of performance rights	200,000	600,000
Expiry date	22/11/2024	22/11/2024
Milestone (a)		
Closing share price	\$0.315	\$0.330
Probability	50%	50%
Total recognised for the period	\$31,500	\$99,000

- (a) The Company delineates a JORC 2012 Compliant Mineral Resource of not less than 250,000 oz of Au.

These rights have not met the vesting criteria and have not been converted to ordinary shares during the period.

13. Option Reserve

	Consolidated Group			
	31 December 2023		30 June 2023	
	Number	\$	Number	\$
Unlisted options				
Opening balance for the period	39,763,890	2,022,471	35,134,260	1,704,885
Options issued for services	9,000,000	1,027,037	4,629,630	317,586
Options issued as consideration for the acquisition of tenements – Parker Hill	1,500,000	106,065	-	-
Options exercised (973,611)		-	-	-
Options expired – transferred to Accumulated Losses	(11,487,500)	(476,169)	-	-
	37,802,779	2,679,404	39,763,890	2,022,471

Notes to the consolidated financial statements (Continued)

Unlisted options issued during the period have been valued using the Black-Scholes model.

The inputs to the Black-Scholes model are detailed as follows:

	Options issued for services	Options issued for services	Options issued for services	Options issued as consideration for the acquisition of tenements – Parker Hill
Date of issue	06/07/2023	06/07/2023	07/11/2023	29/11/2023
Number of options	500,000	500,000	8,000,000	1,500,000
Dividend yield (%)	-	-	-	-
Expected volatility (%)	95.00	95.00	95.00	95.00
Risk free interest rate (%)	4.41	4.28	4.31	4.10
Expected life of the option (years)	0.9671	1.9671	3	3
Option exercise price (\$)	0.275	0.350	0.180	0.600
Share price at grant date (\$)	0.160	0.160	0.195	0.190
Expected vesting date	06/07/2023	06/07/2023	07/11/2023	29/11/2023
Expiry date	23/06/2024	23/06/2025	06/11/2026	28/11/2026
Fair value per option (\$)	0.0340	0.0514	0.1230	0.0707
Total value at grant date	\$16,999	\$25,706	\$984,332	\$106,065

14. Operating Segments

The Company operates in one geographical area being Australia and one industry, being exploration, for the half year ended 31 December 2023 which was the same as reported in the financial report for the year ended 30 June 2023. The Chief Operating Decision Makers are the Board of Directors and the management of the Group. There is currently only one operating segment identified, being exploration activities based in Australia based on internal reports reviewed by the Chief Operating Decision Makers in assessing performance and allocation of resources.

15. Contingent Assets and Liabilities

The directors are not aware of any contingent assets or liabilities as at 31 December 2023.

Notes to the consolidated financial statements (Continued)

16: Controlled entities

16: Controlled entities		Ownership interest	
		31 December 2023 %	30 June 2023 %
Name of entity	Country of incorporation		
Parent entity			
Torque Metals Limited	Australia		
Subsidiaries			
Paris Gold Projects Pty Ltd (i)	Australia	100	-
New Dawn Lithium Pty Ltd (i)	Australia	100	-
Penzance Nickel Pty Ltd (i)	Australia	100	-
Torque Metal Projects Pty Ltd (i)	Australia	100	-

- (i) On 22 December 2023, these new fully owned subsidiaries of Torque Metals Ltd, were incorporated and registered as a proprietary companies limited by shares.

17. Events after the reporting period

No matters or circumstances have arisen since the end of the reporting half year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of the Company in subsequent financial periods except that:

- On 8 January 2024, the Company issued 2,100,000 new ordinary shares pursuant to the exercise and conversion of the TOREA options;
- On 8 January 2024, the Company issued 3,100,000 unlisted options exercisable at \$0.25 and expiring 7 May 2026;
- On 17 January 2024, Torque completed its 100% acquisition of an extensive package of tenements, referred to as the New Dawn Lithium Project, Penzance Nickel Project and further adding to the already owned Paris Gold Project. As part of the acquisition, the Company issued 19,529,442 new ordinary shares to the vendors in addition to making a \$600,000 cash payment;
- On 18 January 2024, Mr. Imants Kins was appointed as a Non-Executive Director of the Company; and

Directors' Declaration

The Directors' of the Company declare that:

- (a) the financial statements and notes as set out on pages 13 to 27 are in accordance with the Corporations Act 2001 and:
 - (i) giving a true and fair view of the Company's financial position as at 31 December 2023 and its 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; and
- (b) In the Director's opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (c) The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors, made pursuant to section 303(5)(a) of the Corporations Act 2001.



Cristian Moreno
Managing Director

Dated this 14th day of March 2024

To the Board of Directors

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead audit Director for the review of the financial statements of Torque Metals Limited for the half year ended 31 December 2023, 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.

Yours Faithfully,


HALL CHADWICK WA AUDIT PTY LTD


MARK DELAURENTIS CA
Director

Dated 14th day of March 2024
Perth, Western Australia

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

Conclusion

We have reviewed the accompanying half-year financial report of Torque Metals Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 31 December 2023, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other selected explanatory notes, 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 Torque Metals Limited and Controlled Entities does not comply with the *Corporations Act 2001* including:

- a. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(g) in the financial report, which indicates that the Consolidated Entity incurred a net loss of \$1,696,949 during the half year ended 31 December 2023. As stated in Note 1(g), these events or conditions, along with other matters as set forth in Note 1(g), indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of the Directors for the 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 control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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.

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis

MARK DELAURENTIS CA
Director

Dated 14th day of March 2024
Perth, Western Australia