

MANDRAKE RESOURCES LIMITED

A.B.N. 60 006 569 124

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

31 December 2020

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CORPORATE DIRECTORY

Directors

Patrick Burke – Non-Executive Chairman

James Allchurch – Managing Director

Lloyd Flint – Non-Executive Director

Company Secretary

Lloyd Flint

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Share Registry

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Perth WA 6000

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Bankers

National Australia Bank

1232 Hay Street

West Perth WA 6005

Securities Exchange Listing

Australian Securities Exchange Limited

ASX Code – MAN

DIRECTORS' REPORT

Your directors submit the financial report of the Group for the half-year ended 31 December 2020.

Directors

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

Name	Status	Appointed/Resigned
Mr Patrick Burke	Non-Executive Chairman	Appointed 4 August 2019
Mr Ben Phillips	Non-Executive Director	Appointed 18 April 2018 – resigned 7 March 2021
Mr James Allchurch	Managing Director	Appointed 4 August 2019
Mr Lloyd Flint	Non-Executive Director	Appointed 7 March 2021

Company Secretary

Mr Lloyd Flint (appointed 1 February 2020)

Operating Results

The consolidated loss of the group for the period after providing for income tax amounted to \$681,024 (2019: Loss of \$615,062).

Review of Operations

The half year ending 31 December 2020 has been a significant growth period for the Company as it continues its exploration activities to advance the Jimperding Project located in the Jimperding Metamorphic Belt 70km north east of Perth, WA.

As at December 31 2020 the Company had approximately \$4.6M in cash despite not having undertaken a capital raising since the original recapitalisation and re-listing the Company in May 2019. Additional funds have been received during the December 2020 half by way of the exercise of options attached to shares allotted as part of the initial capital raising.

The Company has been primarily focussed on exploration of the Jimperding Project during the December 2020 half, with particular emphasis on the well-developed Newleyine Prospect.

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

Jimperding Project (100% beneficial interest)

The Jimperding Project lies approximately 30km east of Chalice Mining Limited's (Chalice) Julimar PGE-Ni-Cu discovery announced on 23 March 2020. The 142km² EL comprising the Jimperding Project was applied for on 4 March 2020, prior to the Julimar discovery hole announcement and prior to Chalice pegging over 2,000km² of ELAs contiguous to the Jimperding Project.

The Jimperding Metamorphic Belt is in the northern part of the southwestern Yilgarn Craton and comprises Archaean gneisses, arkosic paragneiss and banded-iron formation, interleaved with a variety of garnetiferous orthogneiss and ultramafic units¹.

¹ Wilde, S.A. (2001), Jimperding and Chittering Metamorphic Belts, Southwestern Yilgarn Craton, WA – A Field Guide. 4th International Archaean Symposium. Geol Survey of WA.

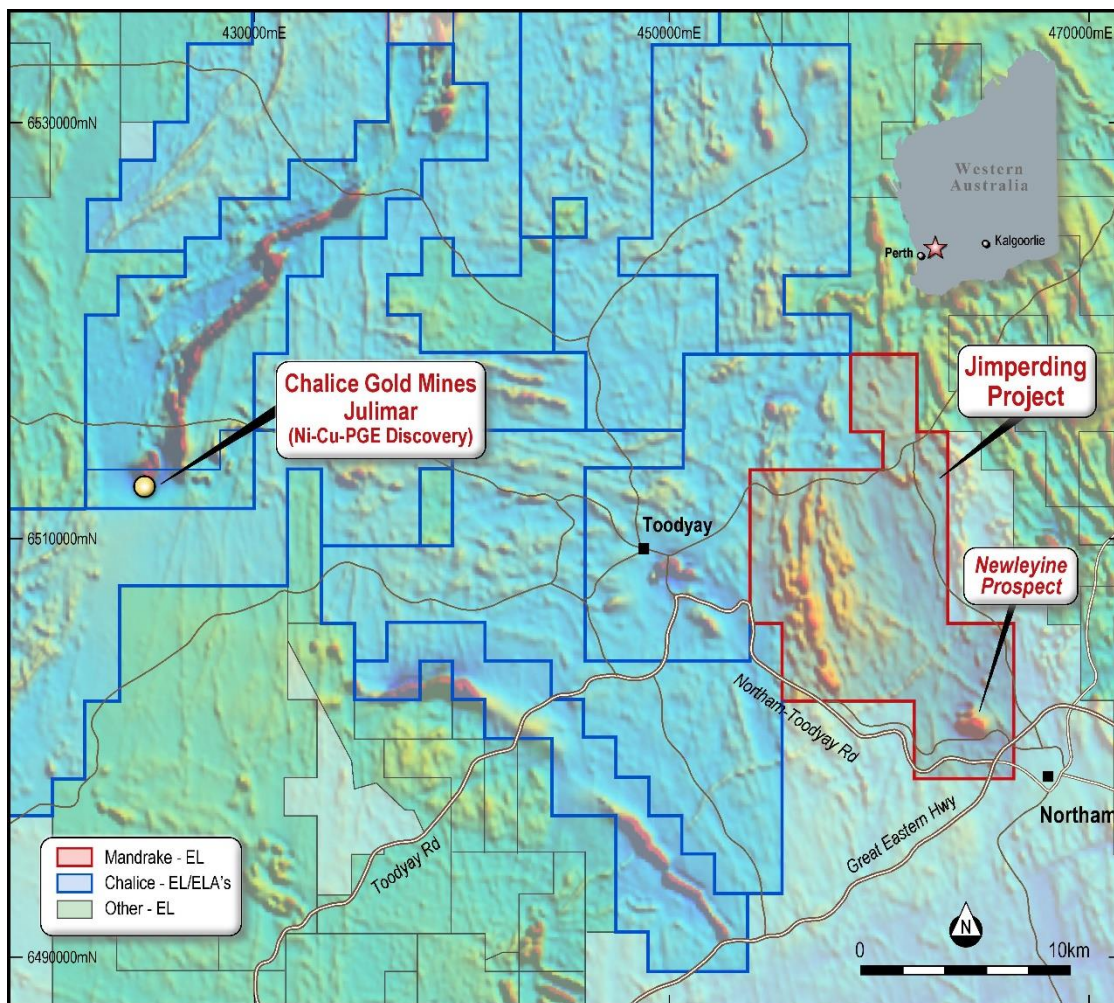


Figure 1 - Regional Aeromagnetics – Jimperding Project

Regional work conducted by Harrison (1986) suggested that some of the mafic/ultramafic bodies in the terrane may be remnants of larger layered intrusives and thus targets for platinum group element (PGEs)². The recent Julimar discovery in the area appears to validate this assessment.

Newleyine Prospect

Previous exploration was primarily undertaken in the late 1970s by Australian Anglo American (Australian Anglo) who conducted surface mapping and sampling at the Newleyine prospect. Surface sampling of the 1.5km long Newleyine ultramafic intrusive by way of 90 rock chip samples returned assay values up to 0.52% Ni and 805ppm Cu.

Three exploratory diamond drill holes completed by Australian Anglo established the presence of widespread Ni-Cu-Fe sulphide mineralisation of 0.25% Ni and 300ppm Cu over drill widths of up to 240m through a dunite body. Samples were evidently not assayed for PGEs or gold.

Forthcoming Drilling

Newleyine is characterized as a potential Julimar-style ultramafic target (see Table 1) with drilling on track to commence during the March 2021 quarter.

Drilling will test three discrete late-time EM bedrock anomalies (Figure 2) that geophysical interpretation suggests could be the response of massive sulphides consistent with Julimar-style PGE-Ni-Cu mineralisation.

² Harrison, P.H (1986), Professional Papers for 1984. Rep 19. Geol Survey of WA.

Table 1. Comparison between Newleyine and the Julimar discovery (CHN)

Attributes	Julimar Discovery (CHN)	Newleyine Prospect (MAN)	Comments
1. Jimperding Metamorphic Belt 2. Serpentine ultramafic interlayered with gabbro sub-units with BIF			<ul style="list-style-type: none"> Newleyine 30km east of Julimar Newleyine pegged prior to Julimar discovery
<ul style="list-style-type: none"> Distinct high intensity ovoid magnetic anomaly in airborne and ground magnetics 			<ul style="list-style-type: none"> Magnetic bullseye feature Distinct internal complexity/character of ground mag at Newleyine
<ul style="list-style-type: none"> Surface rock chips highly anomalous for PGEs, Ni and Cu 			<ul style="list-style-type: none"> 186 rock chip samples collected at Newleyine up to 0.36g/t Pd, 0.27g/t Pt, 0.65% Ni and 0.19% Cu¹
<ul style="list-style-type: none"> Broad drilling intersections carrying Ni grades above 1,000ppm 			<ul style="list-style-type: none"> Historical drilling at Newleyine not assayed for PGEs Broad mineralised intersections at Newleyine: 240m at 2,400 ppm Ni and 300ppm Cu²
<ul style="list-style-type: none"> Multiple discrete moderately to highly conductive ground EM anomalies 			<ul style="list-style-type: none"> Newleyine EM anomalies yet to be drilled
<ul style="list-style-type: none"> Significant PGE discovery 			<ul style="list-style-type: none"> Drill ready

Ground EM

During the December 2020 half year, Mandrake completed a Fixed Loop Electromagnetic (FLEM) survey at the Newleyine Prospect which successfully identified three confined late-time bedrock conductors located within a distinct bullseye magnetic complex that contains layered ultramafic intrusion units and banded iron formation (see Figure 2).

The conductors are of moderate to high conductance, moderately dip north (consistent with mapped outcrop) and are located between 125 – 210m below surface. Conductors A, B and C are summarised in Table 2.

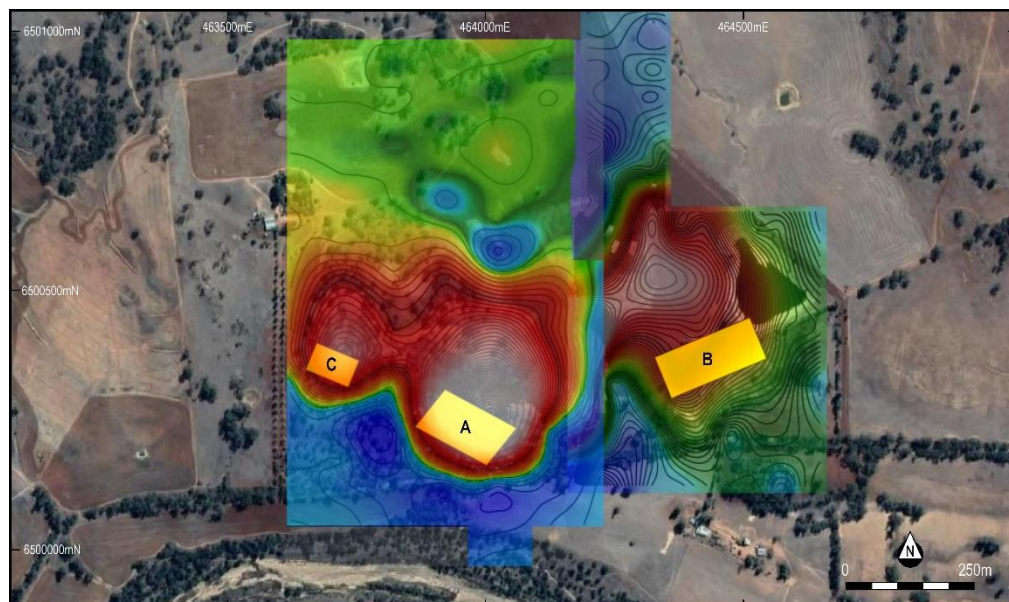


Figure 2 – Newleyine Plan View - FLEM data (channel 23 Z component images) showing conductor plates A, B and C

Table 2. Conductor Plate Dimensions

	Conductor A	Conductor B	Conductor C
Depth below surface (m)	125	210	130
Dip (°)	50	55	55
Dip direction (°)	20	337.5	22.5
Strike length (m)	160	200	90
Depth extent (m)	140	150	98.3

Mandrake notes that the projected up-dip (southern) edge of conductor plates A and C sit approximately within the mapped dunitic ultramafic unit with the plates also consistent with nearby structural dip and strike observations collected during recent mapping. Both Conductors A and C sit within non-magnetic zones of the broader magnetic complex.

Conductor A, considered the most compelling and highest priority target, is bound by two mapped NNE trending faults (Figure 3).

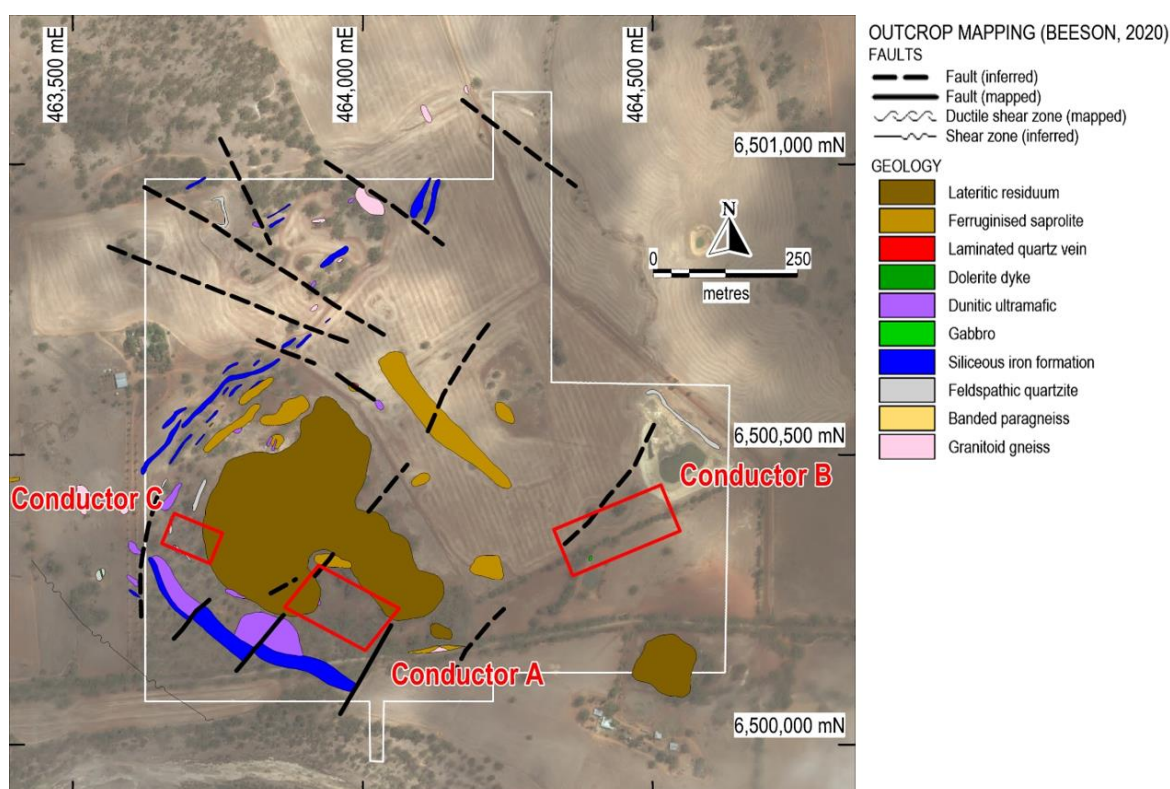


Figure 3 - Newleyne 1:5,000 outcrop mapping (John Beeson, 2020). FLEM survey outline in white and FLEM modelled conductor plates (red)

Geochemistry

Concentrations of platinum and palladium in rock chip samples collected from two field mapping events have exceeded expectations with rock chip samples up to 0.36g/t Pd and 0.27g/t Pt confirming the ultramafic intrusive at Newleyne is highly fertile for PGEs.

AEM Survey

During the December 2020 half year Mandrake completed a whole-of-permit (~142km²) airborne electromagnetic (AEM) survey at the Jimperding Project.

The heliborne AEM survey utilised Geotech Limited's Versatile Time-Domain Electromagnetic (VTEM™ Max) geophysical system surveying at 200m spacing (with some 100m-spaced infill lines flown over anomalous areas). Cultural sources (sheds, power lines etc.) were avoided by flight lines where possible.

The objective of the survey was to generate targets prospective for "Julimar-style" mineralisation.

The AEM survey successfully identified a large number of late-time EM conductors that require immediate field reconnaissance work and mapping. In particular, Targets 1 and 2 in the north of the Jimperding Project (Figure

4) represent compelling targets given their relatively strong conductance, proximity to known metamorphic rocks and association with adjacent magnetic responses.

Several coherent targets have been identified along with a host of conductors following independent preliminary interpretation with several anomalous responses demonstrating multiple broad late-time EM responses similar to that exhibited by the Newleyne Prospect.

AEM survey design and data interpretation were undertaken by Southern Geoscience Consultants (SGC).

Mandrake has commenced the process of refining and ranking the EM targets. Starting with top ranked EM targets, Mandrake will commence land access discussions with a view to a site visit to characterise rock types and conduct initial mapping (provided sufficient outcrop).

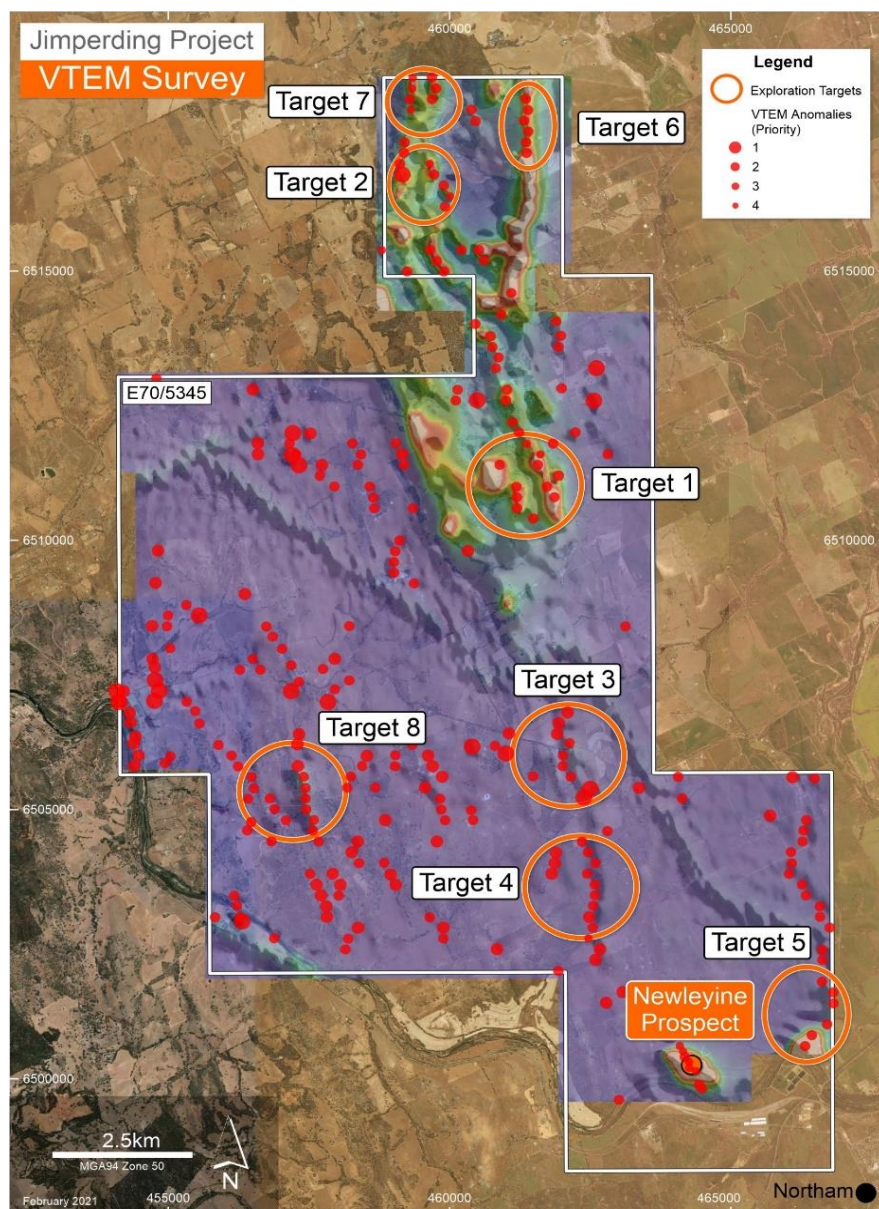


Figure 4 - Jimperding AEM survey preliminary interpretation (CH33 image) showing targets

Purchase of 100% of the Jimperding Project

In October 2020 Mandrake executed a Binding Agreement (BA) with farm-in partners Andean Energy Resources Pty Ltd (AER) to purchase the remaining interest in the Jimperding project (EL 70/5345) in order to move to 100% ownership. The consideration was 9 million ordinary shares in Mandrake and the farm-in agreement was terminated.

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and Controlled Entity

ELA 70/5345 was granted on 8 December 2020. An application has been lodged for the transfer of EL 70/5345 to Mandrake (Ministerial consent required).

Newleyine Land Access and Purchase Option Deed

Land Access Agreement

Subsequent to the end of the half year ending December 2020, Mandrake entered into a binding Access, Compensation and Consent Deed (Land Access Agreement) with the private owner of the property that hosts the Newleyine PGE-nickel-copper prospect.

The Land Access Agreement ensures Mandrake will have continued access to Newleyine to conduct exploration activities including drilling, which is scheduled to start this quarter.

Pursuant to the Land Access Agreement, Mandrake will pay the property owner \$20,000 for access for the first year, with an option to secure a second year for a further \$20,000.

Property Purchase Option

Mandrake has also executed a Property Purchase Option (Option) that provides Mandrake with the option to purchase the ~377-hectare property and the associated mineral rights (with the exception of gold, silver and other precious metals, all mineral rights are owned by the property owner).

The Option is vital to Mandrake in that it provides line-of-sight to acquiring the property and associated mineral rights in the event of a commercial discovery at Newleyine and eliminates any potential property or access-related obstacles that may impede or prevent development of the project.

Note that the Option will only be exercised in the event of a commercial discovery.

Option Terms

A non-refundable option fee of \$230,000 plus GST per annum (for a maximum of 2 years) provides Mandrake with the exclusive option to purchase the Newleyine property and associated mineral rights on the following terms:

- Purchase price for the property (~377 hectares) and associated mineral rights - \$8,000,000
- Royalty on base metals* - 5% (equivalent to the State Royalty)
- Royalty on PGEs – 1.25%

* - Note there is no royalty payable to the State on base metals as the minerals rights are privately owned.

Berinka Pine Creek Gold-Silver-Copper Project (Mandrake 100%)

During the half ending December 31 2020 Mandrake completed a reverse circulation (RC) drilling programme targeting gold mineralisation at its 100%-owned 289km² Berinka Pine Creek gold project in the Northern Territory.

Mandrake investigated two greenfield prospects, Vegetation Anomaly and Terry's Gap, identified from aeromagnetism and historic gold results derived from costeams.

RC hole FBRC005 at Vegetation Anomaly returned the following high grade gold-silver-copper intercept:

- 3m @ 1.8g/t Au, 32 g/t Ag and 2.1% Cu from 124m including;
 - 1m @ 3.7 g/t Au, 69 g/t Ag and 3.1% Cu from 124m

Gold appears to be hosted in a series of veins in close proximity to a faulted contact between a gabbro and granite and is associated with sulphides, particularly pyrite and chalcopyrite (copper). The presence of high concentrations of silver and copper is particularly noteworthy in that previous drilling work at Berinka, primarily at Terry's Prospect in the mid-80s, identified gold with significantly lower copper and silver concentrations. This suggests that the mineralisation at the Vegetation Anomaly may represent a different mineralised system/event.

To assist in understanding the structural controls on mineralisation Mandrake engaged specialist downhole logging consultants to run an optical probe in two holes. This information has greatly assisted in determining the orientation of structures/veins of interest and has been invaluable in assisting with the generation of a follow-up drilling programme.

Mandrake has now designed a soil sampling and drilling programme as a follow-up to the August 2020 drilling work. Mandrake has secured the services of a driller for a ~2,000m RC programme targeting Vegetation

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Anomaly and a number of other targets. A short soil sampling programme will be undertaken prior to drilling to inform precise drill hole siting. Work is expected to commence in April/May 2021 (wet season dependent).

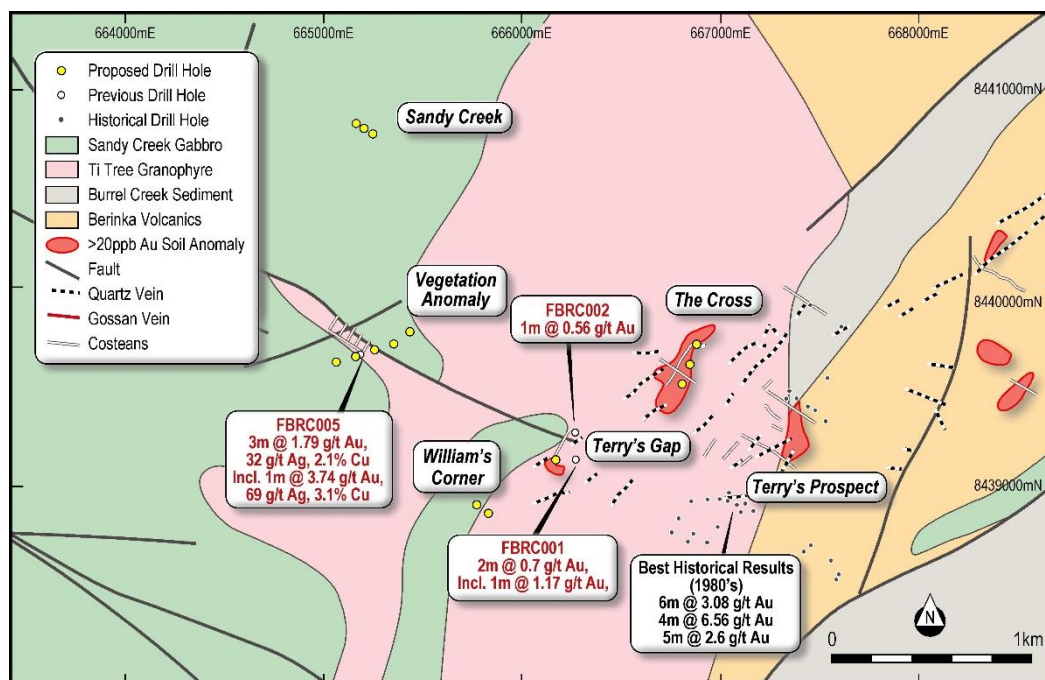


Figure 5 – Proposed Drilling Programme - Berinka Pine Creek Project

Brief Exploration History Berinka Pine Creek Gold-Silver-Copper Project

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

Gold mineralisation at the project is associated with >10km strike of poorly tested structurally controlled Berinka Volcanics of the Proterozoic Pine Creek Orogen.

Carpentaria Exploration (CEC) first explored the area in 1975 when a reconnaissance visit found quartz veining assaying 5.5g/t Au at what is now known as the Terry's Prospect.

Over the next six years CEC conducted soil sampling, mapping, gridding, rock chip sampling and ground magnetics. Most of these activities were focused on the Terry's Prospect area which is situated approximately 2km south-east of Vegetation Anomaly. Importantly, Vegetation Anomaly and Terry's Prospect appear 'connected' by a distinct NW-SE lineament as interpreted from magnetic imagery.

In the mid-1980s CEC drilled 36 RC drill holes totalling 3,014m at Terry's prospect. Best intersections include*:

- 4m @ 6.6g/t from 32m
- 6m @ 3.1g/t from 18m
- 5m @ 2.6g/t from 30m

*A complete list of all historic drill intercepts is contained in the Mandrake Resources prospectus lodged with the ASX on 24 May 2019.

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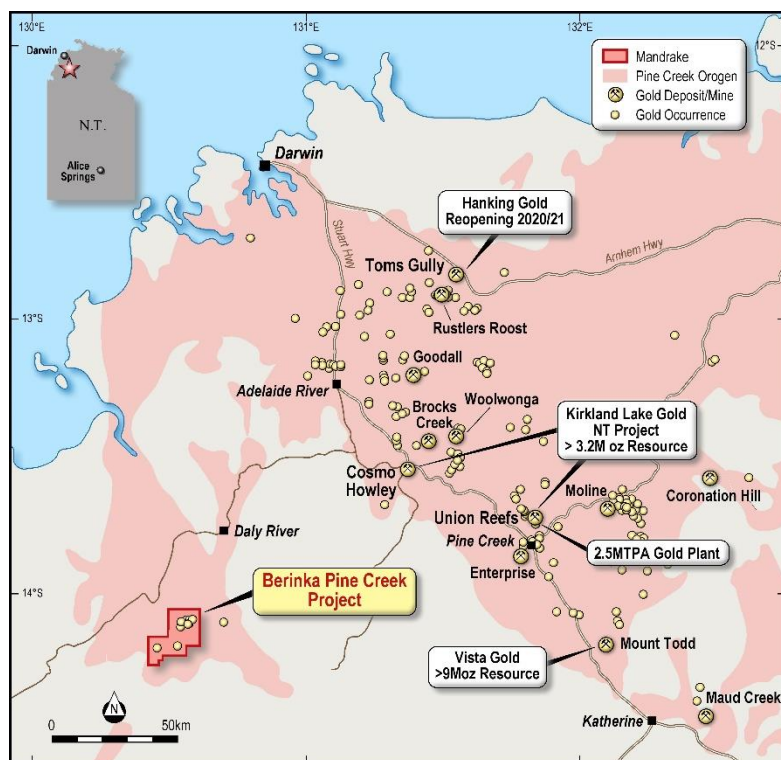


Figure 6 - Location of Berinka Pine Creek Project

Corporate

During the period 333,333 shares were issued in lieu of cash for services provided, 9,000,000 shares were issued pursuant to the acquisition of the Jimperding project licence discussed above and 67,125,000 shares were issued on receipt of notices to exercise options. 26,000,000 performance rights approved at the 2020 annual general meeting were issued to directors during the period.

Events subsequent to the reporting date

11,500,000 shares were issued on receipt of notice to exercise options. 2,500,000 shares were issued to a service provider at a deemed price of 8c per share in lieu of cash for services provided. The 13,000,000 Class A Performance Rights vested after the period end.

Ben Phillips resigned on the 7 March 2021 and Lloyd Flint was appointed to the Board on the same date.

Notice to convert 2,000,000 of the rights was received and 2,000,000 shares were issued. Ben Phillips' holding of 2,000,000 Class B Performance Rights also lapsed.

Auditor's Independence Declaration

The lead auditor's independence declaration under s 307C of the *Corporations Act 2001* is set out on page 12 for the half-year ended 31 December 2020.

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

James Allchurch
Managing Director
Dated 15 March 2021

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

As lead auditor for the review of Mandrake Resources Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

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

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



Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 15 March 2021

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

**FOR THE HALF-YEAR ENDED
31 DECEMBER 2020**

		Half-year	
	Note	31.12.20	31.12.19
		\$	\$
Interest income		12,045	16,716
Administration, accounting and audit		(130,072)	(95,967)
Corporate Costs		(59,415)	(30,942)
Legal, compliance and professional fees		(13,087)	(133,134)
Share based payments	4	(490,235)	(364,880)
Travel		(260)	(1,005)
Other expenses		-	(5,850)
Loss before income tax		(681,024)	(615,062)
Income tax expense		-	-
Net (Loss) for the period		(681,024)	(615,062)
Other comprehensive income:			
Items that may be reclassified to profit or loss		-	-
Items that will not be reclassified to profit or loss		-	-
Total comprehensive loss for the period		(681,024)	(615,062)
Loss is attributable to:			
Members of the parent entity		(681,024)	(615,062)
		(681,024)	(615,062)
Total comprehensive income for the half-year is attributable to:			
Members of the parent entity		(681,024)	(615,062)
		(681,024)	(615,062)
Loss per share from continuing operations:			
– basic loss per share (cents)		(0.2)	(0.3)
– diluted earnings per share (cents)		n/a	n/a

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

The accompanying notes form part of these financial statements.

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

AS AT 31 DECEMBER 2020

	Note	31.12.20	30.06.20
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		4,595,568	3,305,851
Trade and other receivables		98,213	69,318
TOTAL CURRENT ASSETS		4,693,781	3,375,169
NON-CURRENT ASSETS			
Exploration and Evaluation expenditure	2	1,772,153	593,375
TOTAL NON-CURRENT ASSETS		1,772,153	593,375
TOTAL ASSETS		6,465,933	3,968,544
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		137,735	115,277
TOTAL CURRENT LIABILITIES		137,735	115,277
TOTAL NON-CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		137,735	115,277
NET ASSETS		6,328,199	3,853,267
EQUITY			
Issued capital	3(a)	20,160,748	17,470,027
Performance rights Reserves	3(b)	465,235	-
Option Reserve	3(c)	893,112	893,112
Accumulated losses		(15,190,896)	(14,509,872)
TOTAL EQUITY		6,328,199	3,853,267

The accompanying notes form part of these financial statements.

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

FOR THE HALF-YEAR ENDED
31 DECEMBER 2020

	Note	Issued Capital \$	Convertible Loan Note Reserve \$	Performance Rights Reserve \$	Option Reserve \$	Accumulated losses \$	Total \$
Balance at 1.7.19		13,011,070	220,000	-	285	(13,720,941)	(489,586)
Loss attributable to members of parent entity		-	-	-	-	(615,062)	(615,062)
Transactions with owners:				-			
Option Reserve	3(c)	-	-	-	892,826	-	892,826
Shares issued during the period net of transaction costs	3(a)	4,457,129	(220,000)	-	-	-	4,237,129
Balance at 31.12.19		17,468,199	-	-	893,111	(14,336,003)	4,025,307
Balance at 1.7.20		17,470,027	-	-	893,112	(14,509,872)	3,853,267
Loss attributable to members of parent entity		-	-	-	-	(681,024)	(681,024)
Transactions with owners:							
Performance rights issued	4	-	-	465,235	-	-	465,235
Shares issued during the period net of transaction costs	3(a)	2,690,721	-	-	-	-	2,690,721
Balance at 31.12.20		20,160,748	-	465,235	893,112	(15,190,896)	6,328,199

The accompanying note form part of the financial statements

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

FOR THE HALF-YEAR ENDED
31 DECEMBER 2020

	Half-year	
	31.12.20	31.12.19
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers	(220,521)	(586,128)
Interest received	12,045	16,716
Net cash (used in) operating activities	(208,476)	(569,412)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquired through acquisition of Focus Exploration Pty Ltd	-	100
Exploration and evaluation expenditure	(499,278)	(153,453)
Net cash (used in) investing activities	(499,278)	(153,353)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	2,025,000	4,527,838
Share issue costs	(27,529)	(276,778)
Net cash provided by financing activities	1,997,471	4,251,060
Net increase/(decrease) in cash held	1,289,717	3,528,294
Cash and cash equivalents at beginning of period	3,305,851	84,115
Cash and cash equivalents at end of period	4,595,568	3,612,409

NON-CASH INVESTING ACTIVITIES

During the period, the entity acquired the Jimperding Project license E70/05345 from Andean Energy Resources Pty Ltd. The acquisition was funded through the issue of shares with a fair value of \$679,500.

This acquisition is not reflected in the statement of cash flows.

Refer to further details in note 4(b).

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

These general purpose interim financial statements for half-year reporting period ended 31 December 2020 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Mandrake Resources Limited (the Company) and its subsidiary (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2020, together with any public announcements made during the following half-year.

These interim financial statements were authorised for issue on 15 March 2021.

b. Adoption of new and revised standards

Early adoption of accounting standards

The Group has not elected to apply any pronouncements before their operative date in the annual reporting year beginning 1 July 2020.

New and amended standards adopted by the Group

The impact of other new and amended standards adopted by the Group, has not had a material impact on the amounts presented in the Group's financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

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

c. **Going Concern**

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

The net loss after income tax for the Group for the six months to 31 December 2020 was \$681,024 (31 December 2019: loss of \$615,062). As at 31 December 2020, the Group has a net asset position of \$6,328,199 (30 June 2020: net assets of \$3,853,267) and cash and cash equivalent of \$4,595,568 (30 June 2020: \$3,305,851).

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

d. **Segment information**

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

e. **Exploration and evaluation expenditure**

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

f. **Share-based payments**

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

Significant Estimates & Judgements

f. Share-based payments - *continued*

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

g. Exploration and evaluation expenditure

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

The future recoverability of capitalised exploration and evaluation costs are dependent on a number of factors, including whether the consolidated group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale. Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

h. Asset Acquisition

When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition will be included in the capitalised cost of the asset. Asset's acquired during the period were exploration expenditure.

NOTE 2: EXPLORATION AND EVALUATION EXPENDITURE

	31.12.20	30.6.20
	\$	\$
Opening balance at beginning of the period	593,375	-
Capitalised mineral exploration and evaluation	499,278	343,475
Consideration for mineral exploration acquisitions (note 4(b))	679,500	249,900
Closing balance	1,772,153	593,375

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NOTE 3: ISSUED CAPITAL

a. Share Capital

	31.12.20		30.6.20	
	Number	\$	Number	\$
Period opening balance	266,466,510	17,470,027	3,248,883	13,011,070
Re-compliance	-	-	226,391,900	4,527,838
Conversion of converting loan notes	-	-	11,000,000	220,000
Conversion of debt	-	-	13,200,727	264,015
Issue for acquisition of Focus Exploration Pty Ltd	-	-	12,500,000	250,000
Shares issued in lieu	333,333	25,000	-	-
Issue for acquisition of license (note 4(b))	9,000,000	679,500	-	-
Conversion of options	67,125,000	2,013,750	125,000	3,750
Share issue costs	-	(27,529)	-	(806,646)
Period closing balance	342,924,843	20,160,748	266,466,510	17,470,027

b. Performance Rights Reserves

	31.12.20		30.6.20	
Period opening balance	-	-	-	-
Issue of Performance Rights	26,000,000	465,235	-	-
Period closing balance	26,000,000	465,235	-	-

c. Option Reserve

	31.12.20		30.6.20	
	Number	\$	Number	\$
Period opening balance	209,550,078	893,112	3,000,001	285
Converting loan options	-	-	11,000,000	-
Debt extinguishment	-	-	13,200,727	153,921
Capital raising	-	-	113,195,950	-
Broker options	-	-	45,278,400	527,946
Director options	-	-	24,000,000	210,960
Exercise of options	(67,125,000)	-	(125,000)	-
	142,425,078	893,112	209,550,078	893,112

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Grant date	Expiry date	Period opening balance	Exercise Price	Granted during the period	Exercised during the period	Expired during the period	Balance at the end of the period	Vested and exercisable at the end of the period
			\$					
14/07/17	14/07/21	2,250,001	0.4000	-	-	-	2,250,001	2,250,001
30/11/17	14/07/21	750,000	0.4000	-	-	-	750,000	750,000
4/06/19	14/07/22	11,000,000	0.0300	-	-	-	11,000,000	11,000,000
12/08/19	14/07/22	13,200,727	0.0300	-	-	-	13,200,727	13,200,727
12/08/19	14/07/22	113,070,950	0.0300	-	(67,125,000)	-	45,945,950	45,945,950
12/08/19	14/07/22	45,278,400	0.0300	-	-	-	45,278,400	45,278,400
28/11/19	28/11/22	24,000,000	0.0300	-	-	-	24,000,000	24,000,000
		<u>209,550,078</u>			<u>(67,125,000)</u>	<u>-</u>	<u>142,425,078</u>	<u>142,425,078</u>

NOTE 4: SHARE BASED PAYMENTS

a. Shares in lieu

333,333 shares issued to a service provider. These were accounted for at fair value of the services received which also approximated the share price as at that date being \$0.075. This issue was expensed to share based payments in the statement of profit or loss and other comprehensive income.

b. License acquisition

9,000,000 shares were issued to acquire the Jimperding Project license E70/05345 from Andean Energy Resources Pty Ltd. 4,500,000 shares were issued when the share price was 5.7c per share. A second tranche of 4,500,000 shares was issued when the share price had a one day volume weighted trade price of 9.4c per share. The resultant value for the issue of the 9.0m shares of \$679,500 was capitalised to exploration and evaluation expenditure.

c. A total of 13,000,000 Class A Performance Rights and 13,000,000 Class B Performance Rights were issued to the directors of the Company. The terms of the Performance Rights are as follows:

Class	Vesting Condition	Entitlement
Class A Performance Rights	The 20 Day volume weighted average price of Shares traded on ASX is greater than \$0.10 per Share.	50% of total grants Performance Rights
Class B Performance Rights	The 20 Day volume weighted average price of Shares traded on ASX is greater than \$0.15 per Share.	50% of total grants Performance Rights

The Rights were valued as follows:

	Class A Performance Rights	Class B Performance Rights
Methodology	Barrier up-and-in trinomial hybrid method	Barrier up-and-in trinomial hybrid method
Inputs:		
Underlying security spot price	\$0.105	\$0.105
Exercise price	Nil	Nil
Valuation date	30 November 2020	30 November 2020
Commencement of performance period	30 November 2020	30 November 2020
End of performance period	30 November 2023	30 November 2023
Performance period (years)	3	3
Implied share price barrier	\$0.14	\$0.21
Volatility	100%	100%
Risk-free rate	0.11%	0.11%
Dividend yield	Nil	Nil
Value per right	\$0.0994	\$0.0927

The value of the grant of the rights was calculated to be \$2,312,189 of which \$465,235 has been expensed to share based payments in the statement of profit or loss and other comprehensive income. The remaining value of \$1,846,954 will be expensed over the remaining expected vesting period.

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NOTE 5: CONTINGENT LIABILITIES

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

NOTE 6: COMMITMENTS

The minimum expenditure on the Berinka project license is \$32,000 in the first operational year and \$37,000 in the second operational year and thereafter. Minimum expenditure on the Jimperding project licence is \$50,000pa. There has been no other change in commitments since the last annual reporting period.

NOTE 7: RELATED PARTY TRANSACTIONS

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

The following transactions occurred with related parties:

The grant of Performance Rights to Directors were approved by shareholders at the 2020 Annual General Meeting. The Rights were issued as follows:

Class of Performance Rights	Patrick Burke entitlement	Value	Ben Phillips entitlement	Value	James Allchurch entitlement	Value	Total value
Class A Performance Rights	2,500,000	248,600	2,000,000	198,880	8,500,000	845,240	1,292,720
Class B Performance Rights	2,500,000	231,698	2,000,000 ¹	185,358	8,500,000	787,772	1,204,827
Total	5,000,000	480,298	4,000,000	384,238	17,000,000	1,633,012	2,497,547

¹ Subsequent to year end these performance rights lapsed, refer note 8.

There are no significant changes to the nature of related party relationships and transactions from those disclosed in the 30 June 2020 annual financial report.

NOTE 8: EVENTS AFTER THE END OF THE INTERIM PERIOD

11,500,000 shares were issued on receipt of notice to exercise options. 2,500,000 shares were issued to a service provider at a deemed price of 8c per share in lieu of cash for services provided. The 13,000,000 Class A Performance Rights vested after the period end.

Ben Phillips resigned on the 7 March 2021 and Lloyd Flint was appointed to the Board on the same date.

Notice to convert 2,000,000 of the rights was received and 2,000,000 shares were issued. Ben Phillips' holding of 2,000,000 Class B Performance Rights also lapsed.

Other than the above, the directors are not aware of any significant events since the end of the interim period.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Mandrake Resources Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 13 to 22 are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Accounting Standard AASB 134: *Interim Financial Reporting*; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.



James Allchurch
Managing Director

Dated 15 March 2021

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Mandrake Resources Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Mandrake Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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 (including Independence Standards)* (the Code) that are relevant to the 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 the same terms if given to the directors as at the time of this auditor's review report.

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 internal 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 Group's financial position as at 31 December 2020 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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.

BDO Audit (WA) Pty Ltd

BDO


Jarrad Prue

Director

Perth, 15 March 2021