

Twenty Seven Co. Limited

(ABN 48 119 978 013)



Financial Report

Half-year ended

31 December 2020

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Corporate Directory

Directors

Robert Scott - Non-executive Chairman
Mark Burchnall - Non-executive Director
Timothy Armstrong – Non-executive Director

Chief Executive Officer

Simon Phillips

Chief Financial Officer / Company Secretary

Damien Connor

Registered Office & Administrative Office

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Website

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Share Registry

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Level 5, 115 Grenfell Street
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Investor Enquiries (within Australia):
Ph: 1300 556 161 Facsimile +61 8 8236 2305

Auditor

Grant Thornton Audit Pty Ltd
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Level 3, 170 Frome Street
Adelaide SA 5000

Banker

National Australia Bank
Level 1, 22 King William Street
Adelaide SA 5000

Australian Securities Exchange

ASX code: TSC

Directors' Report

Your Directors present this report on Twenty Seven Co. Limited and its consolidated entities ('Group', 'Twenty Seven Co.', 'TSC' or 'Company') for the half-year ended 31 December 2020 ("half-year").

Directors

The names of each person who has been a Director during this half-year to the date of this report are:

Robert Scott (Non-Executive Chairman) – *appointed 12 April 2019*

Mark Burchnall (Non-Executive Director) – *appointed 12 April 2019*

Timothy Armstrong (Non-Executive Director) – *appointed 12 April 2019*

Chief Executive Officer

Simon Phillips – *appointed 1 February 2021*

Ian Warland – *resigned 31 January 2021*

Company Secretary

Dale Hanna - *appointed 1 March 2021*

Damien Connor – *resigned 1 March 2021*

Principal Activities

During the financial half year, the principal activities of the Group consisted of;

- Field work at Rover Project in WA consisted of regional mapping, sampling and RC drilling at Creasy 1 and Harmonic prospects. The results of the drilling were highly encouraging with shallow, and gold from surface intersected at Harmonic gold prospect including 17m @ 1.0g/t Au from surface (20RVR054).
- As part of the Company's WA gold focused strategy, TSC acquired the Mt Dimer and Yarbu gold Projects in late 2020. Mt Dimer consists of a mining lease (M77/515), and exploration license E57/2383 while the Yarbu project consists of three exploration licenses (two acquired subsequent to the period).
- The Company's Midas Project in NSW has drill ready IOCG targets. TSC is looking for a joint venture partner to advance Midas while focusing on the WA gold projects.

Consolidated results

During the half-year ended 31 December 2020 the Group incurred a loss of \$2,741,857 (2019: loss \$781,749). The increased loss for the half year to 31 December 2020 primarily relates to the recognition of an impairment charge of \$2,395,984 to the Company's New South Wales exploration assets.

Review of Operations

Exploration Activities

Exploration during the half year focused on the Rover Project in WA where RC drilling was completed over the Creasy 1 and Harmonic prospects. Also, an extensive soil sampling campaign over the new northern tenement (E57/1134) identified three gold anomalies worthy of follow up exploration.

In late 2020 the Company acquired the Mt Dimer and Yarbu gold Projects on the Marda greenstone belt in WA. Mt Dimer consists of a mining lease (M77/515), and exploration license E57/2383 while the Yarbu project consists of three exploration licenses (two acquired subsequent to the period).

Since acquiring the Mt Dimer project in late 2020, and during the period, the Company began collation and interpretation of geological data in preparation for follow up exploration work programs at Mt Dimer, including preparation of applications for work approvals required for a drilling program early 2021.

Western Australian Projects

Rover Project (Co-Ni-Cu) - Rover (E57/1085), Bulga (E57/1120) and Elspoon (E57/1134)

TSC has around 461sq.km of tenure at the Rover Project in three separate tenements. Rover Project is located 140km west of Leonora (WA) and covers an extensive Archean greenstone belt, prospective for gold and base metals. During the half the Company completed a regional soil sampling program over part of the Maynard hills greenstone on tenement E57/1134 and RC drilling over the Creasy 1 and Harmonic prospects.

The best drill results came from the Harmonic prospect, which is circa 300m to the north-west of Creasy 1 and contains gold mineralisation from surface. Notably, mineralisation extends for circa 200m along strike and remains open along strike. Significant results received include:

- **17m @ 1.0g/t Au from surface (20RVRC054) including 1m @ 3.7g/t Au**
- **15m @ 1.0g/t Au from 6m (20RVRC057) including 3m @ 4.4g/t Au from 17m**
- **4m @ 1.1g/t Au from surface (20RVRC062) including 1m @ 3.1g/t Au**

Encouragingly, a broad zone of strongly anomalous gold was intersected ~180m to the north of the main body of mineralisation defined to date at Harmonic. Moreover, 1m sample assays from drill-hole 20RVRC061 contain **14m @ 0.3g/t Au from 33m including 2m @ 1.0g/t Au from 33m** indicating the shear zone remains mineralised to the north.

In November 2020, the Company completed a detailed soil sampling program towards the southern end of E57/1134, with sampling focused on outcropping and shallowly covered lithologies of the Maynard Hills Greenstone Belt. The survey area covered a 9km long x 1km wide corridor over the greenstones with samples collected at 50m centres on mostly 100m spaced east-west lines, with a total of 1091 samples collected. The southern limit of the newly surveyed area is 10km to the NNW of, and along geological strike from, the Harmonic and Creasy 1 deposits.

Assaying of the recent samples is now complete and interpretation of the results confirms several highly significant geochemical anomalies have been defined. Applying the regional anomaly threshold of 3ppb gold, three main anomalies have emerged in the new survey data, with each coincident with greenstones of the Maynard Hills Greenstone Belt.

Mt Dimer Project (Gold) (E77/2383, M77/515)

Acquired by TSC in late 2020, the Mt Dimer Mining Lease contains an open cut pit which was excavated to a depth of ~50 metres during the 1990s, with the operation producing approximately 8,500oz of gold.

TSC's review of historical drilling and open cut pit outline indicates potential for a south plunging gold shoot to continue at depth below the base of the pit. The potential shoot is illustrated in a north-south long section through the Mt Dimer deposit which indicates gold mineralisation plunging shallowly below the current pit level and remaining open at depth. In the December half the Company completed a desktop review of the new tenements and a field trip that resulted in a new drone survey of the mining lease and survey of available historical drill collars. This new information was built into the 3D model used to formulate a drill plan for drilling to commence in early 2021. The aim of the drilling on the mining lease is to confirm mineralisation underneath the open pit and extend mineralisation along strike and down dip from historical drillholes.

Exploration license E77/2383 is immediately west of the Mt Dimer Mining Lease. Moreover, it secures the continuation of the prospective mafic rocks that host the Mt Dimer Mining Lease ~1km to the east. A review of data captured by the WA government's GEOVIEW application indicates that limited surface sampling has been conducted on E77/2383.

GEOVIEW records broad 400m by 100m soil sampling completed in the mid-1990's over the southern portion of the tenement area, mostly covering the granitic terrain. Previous explorers were focused on exploring for gold deposits associated with mafic enclaves within the granitic country rock such as the Aurumin Limited (ASX: AUN) deposits to the west. However, the extensions of the Mt Dimer mining lease host rocks have had little exploration on E77/2383 presenting an immediate opportunity.

Yarbu Project (Gold) (E77/2442, E77/2539, E77/2540)

E77/2442 was acquired by the Company as part of Company's acquisition of 100% of the share capital in Oz Gold Group Pty Ltd and the subsequent exercise of an associated Option with Cadre Resources Pty Ltd, during the period. E77/2539 and E77/2540 were acquired subsequent to the period. The Yarbu Gold Project is circa 80km north-west of TSC's Mt Dimer mining lease and proximal to Ramelius Resources' (ASX: RMS) Marda Gold Project which contains a JORC 2012 compliant resource of 280,000oz Au in nine separate deposits.

The Yarbu Gold Project geology is dominated by the Marda-Diemals greenstone belt which comprises an upper sequence of Diemals Formation sediments overlying BIF and mafic rocks. The Clampton Fault, a significant regional structure that runs through the western side of the enlarged tenure, is associated with gold deposits to the south, including the Clampton Mine which produced 7,800 oz Au from 9,534 tonnes grading 25.4g/t Au between 1933 and 1950.

New South Wales Projects

During the period, an impairment charge of \$2,395,984 was recognised in respect of the Company's New South Wales exploration assets, reflecting the directors' assessment of the recoverable amount of the Company's NSW exploration and evaluation assets, being \$800,000.

Midas Project (Cu-Au-Co) (EL8732) and (EL8904)

Midas is located around 50km to the east of Broken Hill in NSW. In the half-year, no field work was completed at Midas. Midas is an iron oxide copper gold (IOCG) Project with drill ready targets at the Benco Prospect.

TSC first announced the Benco prospect in October 2018 with the discovery of previously unrecorded workings over a quartz iron oxide vein with anomalous Cu, Au and Co. Several narrow quartz iron oxide vein sets have now been mapped within an NE trending corridor ~ 1.6km long by 300m wide. In January 2019 TSC completed an IP survey over the Benco prospect that delineated compelling chargeability anomalies coincident with the copper anomalism at surface.

Perseus (Cu-Au-Co) (EL8778)

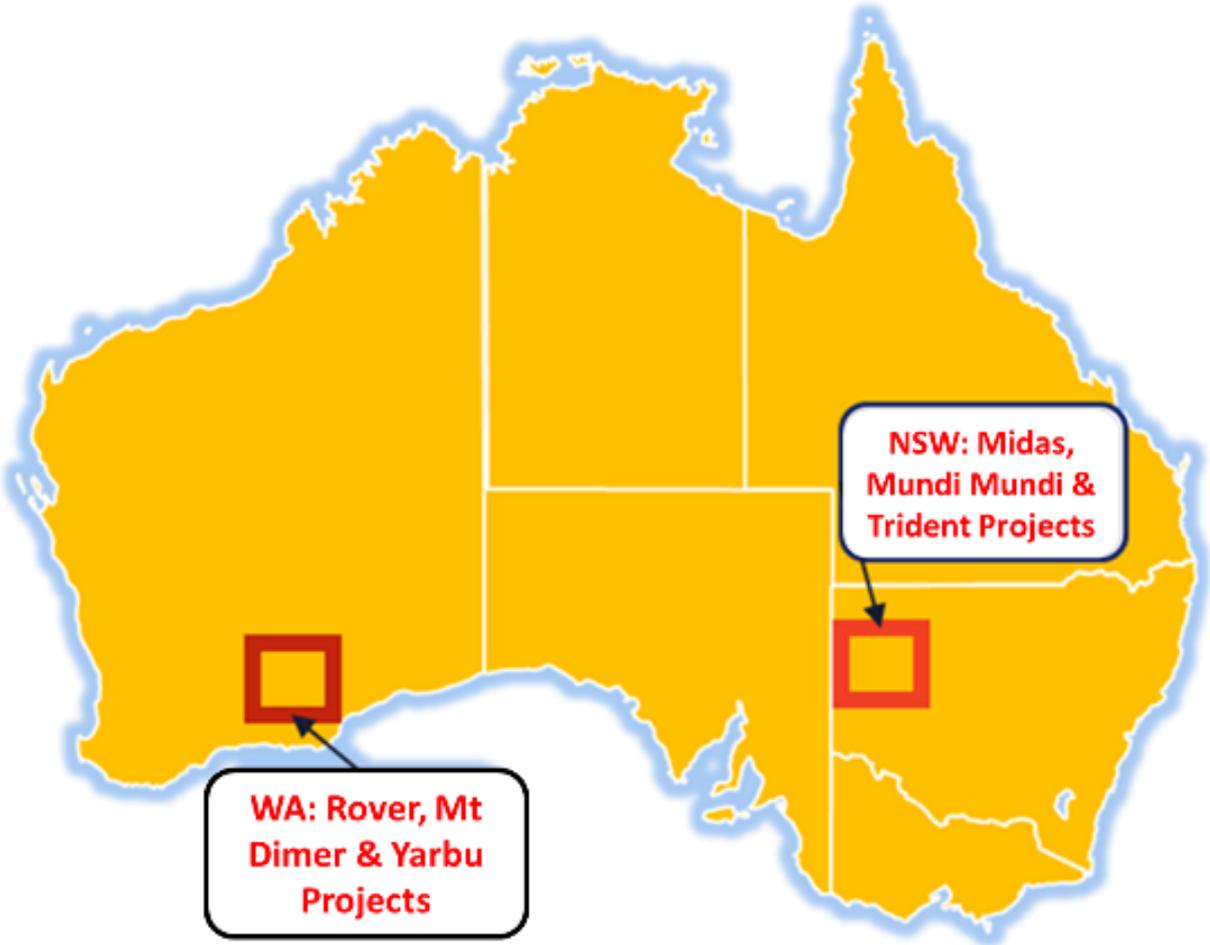
Perseus located in NSW ~ 30km west of Broken Hill was granted on 24 of July 2018. Desktop analysis of previous exploration and aeromagnetic data has highlighted 6 highly ranked Cu Au Co targets on the tenement for follow-up exploration. In January 2020 an MOU was signed with Peel Mining Ltd and New Zinc Resources Pty Ltd to form a large tenement package for potential joint venture to a major party. Perseus is part of the Company's Mundi Mundi project detailed in the map below (Figure 1).

Trident (Cu-Au-Co) (EL8736)

Trident is located around 35 km to the north east of Broken Hill in NSW. The project was acquired by the Company as part of the Company's acquisition of 100% of the share capital in Oz Gold Group Pty Ltd and the subsequent exercise of an associated Option with Cadre Resources Pty Ltd, during the period. No field work was completed during the period. Trident is located adjacent to TSC's Midas Project and like Midas, Trident is prospective for Co, Cu and gold (Au) in Thackaringa Group rocks.

Trident is also prospective for lithium with the area containing known LCT (lithium-caesium-tantalum) pegmatites. Historically the area was mined for tin from the LCT pegmatites.

Figure 1: Project location map



Significant changes to the state of affairs

On 28 October 2020, the Company completed the acquisition of 100% of the share capital of Oz Gold Group Pty Ltd (Oz Gold) and at the same time exercised an exclusive option that Oz Gold held to acquire a 100% interest in four exploration licences from Cadre Resources Pty Ltd. Refer to Note 10 for further details regarding the acquisition of Oz Gold and exploration licences acquired as part of that transaction.

There have been no further significant changes to the state of affairs of the Company during the period.

Changes in equity

The following changes in equity took place during the half-year period:

Shares

The number of shares on issue increased from 1,486,320,878 (1 July 2020) to 2,119,654,213 (31 December 2020) primarily as a result of two share placements and shares issued pursuant to the acquisition of Oz Gold Group Pty Ltd ("Oz Gold").

During the half-year:

- 100,000,000 shares were issued in respect of a share placement to professional sophisticated investors, raising \$300,000 (before costs).
- 433,333,335 shares were issued as part of a two-tranche share placement to professional sophisticated investors, raising \$2,600,000 (before costs).
- 100,000,000 shares were issued as consideration for the Company's acquisition of Oz Gold.

Unlisted Options (Options)

The number of Options on issue increased from 191,000,000 (1 July 2020) to 248,500,000 (31 December 2020).

During the half-year:

- 50,000,000 Options were granted as part of a share placement to professional sophisticated investors. Placement subscribers were granted one (1) free attaching Option for every two (2) shares subscribed for under the placement. The Options are exercisable at \$0.015 (1.5 cents) each on or before 31 December 2022.
- 7,500,000 Options (in aggregate) were granted to the Company's CEO, Ian Warland under the Company's Performance Rights and Share Option Plan. The Options are exercisable at \$0.01 (1.0 cent) each on or before 30 June 2022. 2,500,000 Options vest immediately and 5,000,000 vest subject to satisfaction of vesting conditions relating to an announcement by the Company of various JORC resource targets related to gold discovery. Subsequent to year end the 5,000,000 Options subject to vesting conditions were forfeited following the resignation of Ian Warland as the Company's CEO, effective 31 January 2021.

Performance Rights (Rights)

No changes during the half-year ended 31 December 2020. The number of Rights remains at 280,000,000.

Events subsequent to the end of reporting date

- On 11 January 2021, the Company announced the completion of a Tenement Sale and Purchase Agreement (SPA) with Revolution Mining Pty Ltd (Revolution Mining) to acquire two tenements E77/2540 and E77/2539 (Tenements). The Company issued 6,666,667 fully paid ordinary shares to Revolution Mining, with a fair value of \$40,000, as consideration for the acquisition of the Tenements.

- Simon Phillips was appointed CEO of the Company on 1 February 2021, replacing Ian Warland, who resigned from the role effective 31 January 2021. In January 2021, prior to Simon becoming CEO, he was employed as a consultant to provide marketing services to the Company.
- On 22 January 2021, the Company issued 40,000,000 unlisted options (Options), in aggregate, to Simon Phillips, at no cost. All Options vest immediately and expire on 22 January 2024. Of the 40,000,000 Options, 13,300,000 Options are exercisable at \$0.007 each, 13,300,000 Options are exercisable at \$0.015 and 13,400,000 Options are exercisable at \$0.02 each. The fair value of the 40,000,000 Options issued to Simon Phillips at the date of grant was \$97,902.
- 5,000,000 Options previously granted to the Company's former CEO, Ian Warland under the Company's Performance Rights and Share Option Plan, were forfeited following his resignation as CEO effective 31 January 2021. The forfeited Options were exercisable at \$0.01 (1.0 cents) each on or before 30 June 2022 and were subject to satisfaction of vesting conditions relating to an announcement by the Company of various JORC resource targets related to gold discovery.
- On 1 March 2021, Dale Hanna was appointed as Company Secretary and Amy Fink was appointed as Chief Financial Officer of the Company, replacing Damien Connor, who resigned from those respective roles effective the same date.

The Directors are not aware of any other matter or circumstance that has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Auditor's Declaration

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 8 and forms part of the director's report for the financial half-year ended 31 December 2020.

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



Robert Scott
Chairman

Perth

Dated this 5th day of March 2021

Auditors Independence Declaration



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Adelaide SA 5000

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T +61 8 8372 6666

Auditor's Independence Declaration

To the Directors of Twenty Seven Co. Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Twenty Seven Co. Limited for the period ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in blue ink that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A handwritten signature in blue ink that reads "J.L. Humphrey".

J.L. Humphrey
Partner – Audit & Assurance

Adelaide, 05 March 2021

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Statement of Profit or Loss and Other Comprehensive Income

(For the half-year ended 31 December 2020)

| | Note | CONSOLIDATED GROUP | |
|--|------|--------------------|------------------|
| | | 31-Dec 2020 | 31-Dec 2019 |
| | | \$ | \$ |
| INCOME | | | |
| Income | 2 | 13,433 | 15,379 |
| EXPENSES | | | |
| Depreciation and amortisation expense | | (1,818) | (1,827) |
| Employee benefits expense | | (153,101) | (220,453) |
| Occupancy expense | | (10,014) | (22,490) |
| Corporate consultants / public relations expense | | (69,730) | (98,707) |
| ASX listing and share registry expense | | (74,477) | (68,379) |
| Impairment of exploration assets | 4 | (2,395,984) | (311,452) |
| Exploration expenditure expensed | | - | (11,191) |
| Other corporate expenses from ordinary activities | | (50,166) | (62,629) |
| LOSS BEFORE INCOME TAX | | (2,741,857) | (781,749) |
| Income tax benefit | | - | - |
| LOSS FOR PERIOD | | (2,741,857) | (781,749) |
| LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY | | (2,741,857) | (781,749) |
| Other comprehensive income | | - | - |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | | (2,741,857) | (781,749) |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTED TO MEMBERS OF THE PARENT ENTITY | | (2,741,857) | (781,749) |
| Earnings per Share | | | |
| Basic and diluted loss per share | | (0.16) | (0.07) |

The accompanying notes form part of the financial statements

Statement of Financial Position

(As at 31 December 2020)

| | Note | CONSOLIDATED GROUP | |
|--|------|--------------------|------------------|
| | | 31-Dec 2020 | 30-Jun 2020 |
| | | \$ | \$ |
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 3 | 1,947,259 | 1,078,630 |
| Trade and other receivables | | 179,016 | 102,320 |
| Other current assets | | 33,187 | 12,445 |
| Total current assets | | 2,159,462 | 1,193,395 |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | 44,095 | 50,470 |
| Exploration and evaluation expenditure | 4 | 4,260,984 | 4,428,706 |
| Total non-current assets | | 4,305,079 | 4,479,176 |
| TOTAL ASSETS | | 6,464,541 | 5,672,571 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 115,625 | 235,751 |
| Provisions | | 11,218 | 9,001 |
| Total current liabilities | | 126,843 | 244,752 |
| NON-CURRENT LIABILITIES | | | |
| Provisions | | - | 2,195 |
| Total non-current liabilities | | - | 2,195 |
| TOTAL LIABILITIES | | 126,843 | 246,947 |
| NET ASSETS | | 6,337,700 | 5,425,624 |
| EQUITY | | | |
| Issued capital | 5 | 22,876,091 | 19,233,786 |
| Reserves | | 861,722 | 850,094 |
| Retained losses | | (17,400,113) | (14,658,256) |
| TOTAL EQUITY | | 6,337,700 | 5,425,624 |

The accompanying notes form part of the financial statements

Statement of Changes in Equity

(For the half-year ended 31 December 2020)

| | Issued Capital \$ | Share Based Payments Reserve \$ | Retained Losses \$ | Total \$ |
|--|-------------------------|---|--------------------------|------------------|
| BALANCE AT 1 JULY 2019 | 16,740,774 | 636,750 | (13,603,080) | 3,774,444 |
| Shares issued during the period (net of costs) | 894,247 | - | - | 894,247 |
| Fair value of unlisted options issued during the period | - | 138,708 | - | 138,708 |
| Total comprehensive loss for the period | - | - | (781,749) | (781,749) |
| BALANCE AT 31 DECEMBER 2019 | 17,635,021 | 775,458 | (14,384,829) | 4,025,650 |
| BALANCE AT 1 JULY 2020 | 19,233,786 | 850,094 | (14,658,256) | 5,425,624 |
| Shares issued during the period (net of costs) | 3,642,305 | - | - | 3,642,305 |
| Fair value of unlisted options issued in current and prior periods | - | 11,628 | - | 11,628 |
| Total comprehensive loss for the period | - | - | (2,741,857) | (2,741,857) |
| BALANCE AT 31 DECEMBER 2020 | 22,876,091 | 861,722 | (17,400,113) | 6,337,700 |

The accompanying notes form part of the financial statements

Statement of Cash Flows

(For the half-year ended 31 December 2020)

| | | CONSOLIDATED GROUP | |
|---|----------|---------------------------|--------------------|
| | | 31-Dec 2020 | 31-Dec 2019 |
| | | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| | | 3,050 | 14,232 |
| Receipts from operations | | | |
| | | (510,364) | (365,596) |
| Payments to suppliers and employees | | | |
| | | 36,552 | - |
| Receipts from Commonwealth Government COVID stimulus | | | |
| | | 539 | 1,860 |
| Interest received | | | |
| NET CASH USED IN BY OPERATING ACTIVITIES | 8 | (470,223) | (349,504) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| | | (903,453) | (331,114) |
| Payments for exploration expenditure | | | |
| | | (700,000) | - |
| Payment relating to the acquisition of Oz Gold Group Pty Ltd | 10 | | |
| NET USED IN INVESTING ACTIVITIES | | (1,603,453) | (331,114) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| | | 3,100,000 | 858,000 |
| Proceeds from the issue of ordinary shares | | | |
| | | (157,695) | (18,000) |
| Payments for costs associated with the issue of ordinary shares | | | |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | | 2,942,305 | 840,000 |
| | | 868,629 | 159,382 |
| Net increase in cash held | | | |
| | | 1,078,630 | 318,723 |
| Cash at beginning of period | | | |
| CASH AT END OF PERIOD | 3 | 1,947,259 | 478,105 |

The accompanying notes form part of the financial statements.

Notes to the Financial Statements

(For the half-year ended 31 December 2020)

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICES

Basis of Preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2020 have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Twenty Seven Co. Limited and its controlled entities (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 half-year.

Significant Accounting Policies

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2020, except as described below. Note that the changes in accounting policies specified below only apply to the current period. The accounting policies included in the Group's last annual financial statements for the year ended 30 June 2020 are the relevant policies for the purposes of comparatives.

Significant Accounting Policies

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2020 unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted

| NOTE 2 – INCOME | 6 months to 31-Dec 2020 | 6 months to 31-Dec 2019 |
|--|------------------------------------|------------------------------------|
| | \$ | \$ |
| Interest income | 433 | 1,908 |
| Serviced office space | 2,500 | 13,471 |
| Commonwealth Government COVID stimulus | 10,500 | 13,471 |
| TOTAL INCOME | 13,433 | 15,379 |

| NOTE 3 – CASH AND CASH EQUIVALENTS | 31-Dec 2020 | 30-Jun 2020 |
|---|--------------------|--------------------|
| | \$ | \$ |
| Cash at bank and on hand | 1,921,539 | 1,053,168 |
| Short-term deposit | 25,720 | 25,462 |
| | 1,947,259 | 1,078,630 |

The effective interest rate on short term deposits at 31 December 2020 is 0.37% p.a (31 December 2019: 2.00% p.a). These deposits have a maturity term of 90 days.

| NOTE 4 – EXPLORATION AND EVALUATION EXPENDITURE | 31-Dec 2020 | 30-Jun 2020 |
|--|--------------------|--------------------|
| | \$ | \$ |
| Exploration and evaluation phase at cost | 4,260,984 | 4,428,706 |
| | 4,260,984 | 4,428,706 |

Movements in carrying values

| | | |
|--|------------------|------------------|
| Balance at the beginning of the period | 4,428,706 | 3,505,774 |
| Amounts capitalised during the period | 786,785 | 1,234,385 |
| Amounts capitalised for acquired assets during the period ¹ | 1,441,477 | - |
| Impairment expense during the period ² | (2,395,984) | (311,453) |
| Balance at end of period | 4,260,984 | 4,428,706 |

¹ Acquisition costs associated with the Company's acquisition on Oz Gold Group Pty Ltd (Oz Gold) have been capitalised against the exploration assets acquired. Refer Note 10 for further details regarding the Oz Gold acquisition.

² An impairment charge of \$2,395,984 was recognised during the period to reflect the directors' assessment of the recoverable amount of the Company's NSW exploration and evaluation assets. The impairment charge for the prior period ended 30 June 2020 related to relinquishment of tenements to which expenditure had been previously capitalised.

NOTE 5 – ISSUED CAPITAL

| 31 DECEMBER 2020 | No. shares | 31-Dec 2020 |
|---|----------------------|--------------------|
| | | \$ |
| Issued and paid up capital | | |
| Fully paid ordinary shares | 2,119,654,213 | 22,876,091 |
| Movements in fully paid ordinary shares | | |
| Balance as at 1 July 2020 | 1,486,20,878 | 19,233,786 |
| Shares issued - Placement (15 Sept 2020) | 100,000,000 | 479,600 |
| Shares issued - Tranche 1 Placement (13 Oct 2020) | 121,580,213 | 729,481 |
| Shares issued - Vendor Shares (27 Oct 2020) | 100,000,000 | 700,000 |
| Shares issued - Tranche 2 Placement (27 Nov 2020) | 311,753,122 | 1,870,519 |
| Cost of issue | - | (137,295) |
| Balance as at 31 December 2020 | 2,119,654,213 | 22,876,091 |
| | | |
| 30 JUNE 2020 | No. shares | 30-Jun 2020 |
| | | \$ |
| Issued and paid up capital | | |
| Fully paid ordinary shares | 1,486,320,878 | 19,233,786 |
| Movements in fully paid ordinary shares | | |
| Balance as at 1 July 2019 | 981,061,284 | 16,740,774 |
| Shares issued - Director fees (2 Aug 2019) | 18,000,000 | 36,000 |
| Shares issued - Placement (30 Aug 2019) | 75,000,000 | 282,000 |
| Shares issued - Advisor (30 Aug 2019) | 995,250 | 3,981 |
| Shares issued - Employee in Lieu of salary (26 Sept 2019) | 4,687,400 | 14,266 |
| Shares issued - Share Purchase Plan (1 Oct 2019) | 139,500,000 | 558,000 |
| Shares issued - Options Exercised (14 Jan 2020) | 21,000,000 | 147,000 |
| Shares issued - Placement (11 Feb 2020) | 246,076,944 | 1,451,765 |
| Balance as at 30 June 2020 | 1,486,320,878 | 19,233,786 |

NOTE 6 – SHARE BASED PAYMENTS

Options and weighted average exercise prices are as follows for the reporting period presented:

| | Number of Options | Weighted average exercise price per Option (\$) |
|--|----------------------|---|
| Outstanding at 1 July 2019 | 7,500,000 | 0.015 |
| Granted | 70,000,000 | 0.007 |
| Exercised | - | - |
| Forfeited | - | - |
| Outstanding at 31 December 2019 | 77,500,000 | 0.008 |
| Outstanding at 1 July 2020 | 92,500,000 | 0.009 |
| Granted ¹ | 7,500,000 | 0.010 |
| Exercised | - | - |
| Forfeited | - | - |
| Outstanding at 31 December 2020 | 100,000,000 | 0.009 |

¹ Subsequent to the end of the period 5,000,000 Options granted during the period to the Company's former CEO, Ian Warland under the Company's Performance Rights and Share Option Plan, were forfeited following his resignation as CEO effective 31 January 2021. The forfeited Options were exercisable at \$0.01 (1.0 cents) each on or before 30 June 2022 and were subject to satisfaction of vesting conditions relating to an announcement by the Company of various JORC resource targets related to gold discovery.

Weighted average remaining contractual life of Options at 31 December 2020 is 2.05 years (31 December 2019: 3.14 years)

Six months to 31 December 2020

Options granted during the period

On 6 November 2020, 7,500,000 Options exercisable at \$0.01 each and expiring on 30 June 2022, were issued at no cost, to the Company's Chief Executive Officer, Ian Warland, under the Company's Performance Rights and Share Option Plan. 2,500,000 Options vested immediately and 5,000,000 Options vest upon the satisfaction of vesting conditions relating to an announcement by the Company of various JORC resource targets related to gold discovery. Subsequent to the end of the period 5,000,000 Options with vesting conditions relating to an announcement by the Company of various JORC resource targets related to gold discovery, were forfeited following Ian's resignation as CEO effective 31 January 2021.

The fair value of the remaining 2,500,000 Options that Ian was permitted to retain following his resignation, was \$8,472, which was expensed to the Statement of Profit or Loss and Other Comprehensive Income over during the period. No amount was expensed to the Statement of Profit or Loss and Other Comprehensive Income during the period in respect of the 5,000,000 Options that were forfeited subsequent to the end of the period.

The details of the Options granted are as follows:

| Recipient | Grant Date | Issue Date | No. of Options | Exercise Price | Expiry Date |
|-------------------|------------|------------|----------------|----------------|--------------|
| CEO (Ian Warland) | 6 Nov 20 | 6 Nov 20 | 7,500,000 | \$0.01 | 30 June 2022 |

The fair value of the Options issued was calculated by using a Black-Scholes option pricing model and was estimated on the date of the grant using the following assumptions:

| | Director Options |
|-----------------------------------|------------------|
| Share price at date of grant (\$) | 0.006 |
| Historic volatility (%) | 147.9 |
| Risk free interest rate (%) | 0.10 |
| Expected life of Options (days) | 601 |

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future tender, which may not eventuate.

The life of the Options is based on the historical exercise patterns, which may not eventuate in the future.

An amount of \$11,628 was expensed the Statement of Profit or Loss and Other Comprehensive Income under employee benefits expense for the half-year ended 31 December 2020.

No amount was expensed to the Statement of Profit or Loss and Other Comprehensive Income during the period in respect of the 5,000,000 Options, linked to the satisfaction of vesting conditions, that were forfeited subsequent to the end of the period.

Options exercised during the period

No Options issued as remuneration or as payment for services provided to the Company, have been exercised during the half-year ended 31 December 2020 (31 December 2019: Nil), or as at the date of this report.

Options forfeited during the period

No Options were forfeited during the six month period to 31 December 2020 (31 December 2019: Nil).

Six months to 31 December 2019

Options granted during the period

On 2 August 2019, 45,000,000 Options (in aggregate) were issued to Directors (15,000,000 Options to each Director), at no cost. Shareholder approval was received at the Company's Extraordinary General Meeting held on 26 July 2019. The Options vested on the date of issue and had a fair value at the grant of \$46,500.

On 26 September 2019, 10,000,000 Options were issued, at no cost, to the Company's Chief Executive Officer, Ian Warland, under the Company's Incentive Option Plan. 5,000,000 Options vest immediately and 5,000,000 Options vest 12 months from the date of issue. The fair value of the 10,000,000 Options at the grant date was \$32,000 (in aggregate). The fair value of the 5,000,000 Options that vest 12 months from the date of issue are being expensed to the Statement of Profit or Loss and Other Comprehensive Income over the 12 month vesting period.

On 8 October 2019, 15,000,000 Options were issued to a third-party advisor as consideration for providing advisory services to the Company. The Options vested on the date of issue and had a fair value at the grant of \$72,000.

The details of the Options issued during the half-year ended 31 December 2019 were as follows:

| Issued to | Grant Date | Issue Date | Number of Options | Vesting Date | Exercise Price | Expiry Date |
|-----------|--------------|--------------|-------------------|--------------|----------------|--------------|
| Directors | 26 Jul 2019 | 2 Aug 2019 | 45,000,000 | 2 Aug 2019 | \$0.007 | 30 June 2022 |
| CEO | 11 Sept 2019 | 26 Sept 2019 | 5,000,000 | 26 Sept 2019 | \$0.007 | 30 June 2022 |
| CEO | 11 Sept 2019 | 26 Sept 2019 | 5,000,000 | 26 Sept 2020 | \$0.007 | 30 June 2022 |
| Advisors | 8 Oct 2019 | 8 Oct 2019 | 15,000,000 | 8 Oct 2019 | \$0.007 | 30 June 2022 |

The fair value of the Options issued during the period was calculated by using a Black-Scholes option pricing model. The fair value of the Options was estimated on the date of the grant using the following assumptions:

| Assumption | Director Options | CEO Options | Advisors Options |
|-----------------------------------|------------------|-------------|------------------|
| Share price at date of grant (\$) | 0.003 | 0.005 | 0.005 |
| Historic volatility (%) | 115.2 | 119.4 | 117.2 |
| Risk free interest rate (%) | 0.85 | 0.87 | 0.56 |
| Expected life of Options (days) | 1070 | 1023 | 996 |

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future tender, which may not eventuate.

The life of the Options is based on the historical exercise patterns, which may not eventuate in the future.

An amount of \$92,208 has been included in the Statement of Profit or Loss and Other Comprehensive Income under 'employee benefits expense' for the half-year ended 31 December 2019.

A further amount of \$46,500 relating to the fair value of the Options issued to a third-party as consideration for providing advisory services to the Company, has been included in the Statement of Profit or Loss and Other Comprehensive Income under 'Corporate consultants / public relations expense' for the half-year ended 31 December 2019.

b) Performance Rights

| | 31-Dec 2020 | 31-Dec 2019 |
|---|------------------------------------|------------------------------------|
| | Number of Performance Rights | Number of Performance Rights |
| Balance at the beginning of the period | 280,000,000 | 280,000,000 |
| Granted during the period | - | - |
| Converted during the period | - | - |
| Forfeited/cancelled during the period | - | - |
| Balance at the end of the period | 280,000,000 | 280,000,000 |

On 13 August 2018, a total of 400,000,000 Performance Rights (Rights) were granted to Nomad shareholders, at no cost, as part consideration for the acquisition of Nomad Explorations Pty Ltd (Nomad). The Nomad acquisition completed on 13 August 2018.

The Rights were granted in accordance with the Share Sale and Purchase Agreement (SSPA) for the Company's acquisition of Nomad and approved by Shareholders at the Extraordinary General Meeting (EGM) held on 27 July 2018.

During the period ending 31 December 2018, 120,000,000 Rights were converted into an equivalent number of shares in the Company, following the satisfaction of the conversion event.

Details of the remaining 280,000,000 Rights on issue at 31 December 2020, consist of:

| Class | Issue Date | No. of Rights | Vesting Period | Expiry Date | Conversion Event |
|---------|-------------|---------------|------------------------------|-------------|--|
| Class A | 13 Aug 2018 | 140,000,000 | 18 months from date of issue | 13 Aug 2021 | The Company announcing to the ASX a drill intercept on any of the tenements acquired as part of the acquisition of Nomad, of at least 7m @500ppm cobalt in at least two drill holes at least 100m apart. |

| Class | Issue Date | No. of Rights | Vesting Period | Expiry Date | Conversion Event |
|---------|-------------|---------------|------------------------------|-------------|---|
| Class B | 13 Aug 2018 | 140,000,000 | 18 months from date of issue | 13 Aug 2023 | The Company announcing to the ASX a mineral resource in either the inferred, indicated or measured category (reported in accordance with the JORC Code, 2012 Edition), on any of the tenements acquired as part of the acquisition of Nomad, of at least 10Mt at 750ppm cobalt with a 500ppm cut-off. |

A Monte Carlo Simulation valuation method was used to determine the fair value of the Class A and Class B Rights. No Rights have been converted into fully paid ordinary shares during the period ended 31 December 2020, or as at the date of this report. No Rights have expired or been forfeited during the period ended 31 December 2020, or as at the date of this report. No amount has been included in the Statement of Profit or Loss and Other Comprehensive Income for the half year ended 31 December 2020 (31 December 2019: Nil).

NOTE 7 – OPERATING SEGMENTS

Segment Information

The Directors have considered the requirements of AASB 8 - Operating Segments and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources have concluded at this time there are no separately identifiable segments.

NOTE 8 – CASH FLOW INFORMATION

| | 31-Dec 2020 | 31-Dec 2019 |
|--|------------------|------------------|
| | \$ | \$ |
| Reconciliation of cash flows from operations with Loss after income tax | | |
| Loss after income tax | (2,741,857) | (781,749) |
| Non cash flows included in loss; | | |
| - Depreciation expense | 1,818 | 1,827 |
| - Share based payments – unlisted options | 11,628 | 138,708 |
| - Shares issued in lieu of cash Director fees and CEO Salary | - | 50,266 |
| - Shares issued to third party for services rendered | - | 3,981 |
| Other | | |
| - Exploration expenditure expensed | - | 11,191 |
| - Impairment of exploration assets | 2,395,984 | 311,452 |
| Changes in assets and liabilities; | | |
| - Increase in trade and other receivables | (87,437) | (47,421) |
| - Decrease in trade and other payables | (50,381) | (36,443) |
| - Increase /(Decrease) in provisions | 22 | (1,316) |
| Net cash used in operating activities | (470,223) | (349,504) |

NOTE 9 - CONTINGENT LIABILITIES & COMMITMENTS

The Group did not have any contingent liabilities as at 31 December 2020 (31 December 2019: Nil). The Group has minimum expenditure commitments on exploration licences as per the terms of the exploration licences. Unexpended commitment for a particular year can be deferred or rolled over to subsequent years of the licence term.

NOTE 10 – ACQUISITION OF OZ GOLD GROUP PTY LTD

On 11 September 2020, the Company announced that it had entered into a Binding Term Sheet (“BTS”) giving the Company exclusive option to acquire 100% of the share capital of Oz Gold Group Pty Ltd (“Oz Gold”). Under the BTS the Company has a 60-day exclusive option period to elect to acquire Oz Gold (“Oz Gold Option”). The Company paid \$200,000 (excl. GST) to the vendors of Oz Gold (“Oz Gold Vendors”) upon execution of the BTS.

On 8 October 2020, the Company announced that it had exercised the Oz Gold Option to acquire Oz Gold pursuant to the BTS.

Oz Gold is a minerals explorer that has rights over gold-copper projects in WA and NSW, respectively, that are in well-established mining districts, close to critical supportive infrastructure and readily apparent routes to key ports. Those rights included an exclusive option to acquire the advanced Mt Dimer Gold Project from Cadre Resources Pty Ltd (“Cadre Option”), comprising a mining lease (M77/515) and adjacent exploration license E77/2383 located circa 200km north of Southern Cross in WA’s goldfields. The acquisition also includes the Yarbu Project (E 77/2442) in WA and the Trident Project (EL8736) in NSW (together the “Tenements”).

On 28 October 2020, the Company announced the completion of the acquisition of Oz Gold, and the exercise of an exclusive option that Oz Gold held to acquire 100% of the Tenements from Cadre Resources Pty Ltd (“Cadre Option”). On 27 October 2020, the Company issued the following consideration to the Oz Gold Vendors:

- \$50,000 in cash
- 100,000,000 fully paid ordinary shares (“Consideration Shares”)

The fair value of Consideration Shares at the date of issue was \$700,000. Consideration Shares are subject to the following voluntary escrow conditions:

- 50,000,000 Consideration Shares subject to escrow for a period of 3 months from the date of their issue; and
- 50,000,000 Consideration Shares subject to escrow for a period of 6 months from the date of their issue.

On 9 November 2020, the Company announced that it had completed the acquisition of the Tenements from Cadre, and paid \$450,000 to Cadre Resources Pty Ltd, pursuant to the terms of the Cadre Option.

During the period, the total cost of acquisition, being \$1,441,477 has been capitalised against the Tenements acquired, with the transaction constituting an asset acquisition. These capitalised acquisition costs include the fair value of the consideration paid and the fair value of other costs directly related to the acquisition.

NOTE 11 – GOING CONCERN

The half-year financial report has been prepared on the basis of going concern. The cashflow projections of the Group indicate that it will require additional capital for continued operations. The Group incurred a net loss for the period of \$2,741,857 (2019: loss of \$781,749) and operations were funded by a cash outlay of \$2,073,676 from operating and investing activities (2019: cash outlay of \$680,618).

The Group’s ability to continue as a going concern is contingent on obtaining additional capital. If additional capital is not obtained, then going concern basis may not be appropriate, with the result that the Group may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the half-year financial report. No allowance for such circumstances has been made in the half-year financial report.

NOTE 12 – EVENTS SUBSEQUENT TO REPORTING DATE

- Simon Phillips was appointed CEO of the Company on 1 February 2021, replacing Ian Warland, who resigned from the role effective 31 January 2021. In January 2021, prior to Simon becoming CEO, he was employed as a consultant to provide marketing services to the Company.
- On 22 January 2021, the Company issued 40,000,000 unlisted options (Options), in aggregate, to Simon Phillips, at no cost. All Options vest immediately and expire on 22 January 2024. Of the 40,000,000 Options, 13,300,000 Options are exercisable at \$0.007 each, 13,300,000 Options are exercisable at \$0.015 and 13,400,000 Options are exercisable at \$0.02 each. The fair value of the 40,000,000 Options issued to Simon Phillips at the date of grant was \$97,902.
- 5,000,000 Options previously granted to the Company's former CEO, Ian Warland under the Company's Performance Rights and Share Option Plan, were forfeited following his resignation as CEO effective 31 January 2021. The forfeited Options were exercisable at \$0.01 (1.0 cents) each on or before 30 June 2022 and were subject to satisfaction of vesting conditions relating to an announcement by the Company of various JORC resource targets related to gold discovery.
- On 1 March 2021, Dale Hanna was appointed as Company Secretary and Amy Fink was appointed as Chief Financial Officer of the Company, replacing Damien Connor, who resigned from those respective roles effective the same date.

Other than those contained within this report, there has been no other matter or circumstance that has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Directors' Declaration

The Directors of the Company declare that:

1. The Financial Statements and Notes, as set out on pages 9 to 21, 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 Group'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.

This declaration is made in accordance with a resolution of the Board of Directors.



Robert Scott
Chairman

Perth

Dated this 5th day of March 2021

Independent Auditor's Review Report



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Independent Auditor's Report

To the Members of Twenty Seven Co. Limited

Report on the review of the half-year-financial report

Conclusion

We have reviewed the accompanying half-year financial report of Twenty Seven Co. Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, 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 accompanying half-year financial report of Twenty Seven Co. Limited does not comply with the *Corporations Act 2001* including:

- a giving a true and fair view of Twenty Seven Co. Limited's financial position as at 31 December 2020 and of its 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.

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 our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 11 in the financial report, which indicates that the Group incurred a net loss of \$2,741,857 during the half year ended 31 December 2020 and operations were funded by a cash outlay of \$2,073,676 from operating and investing activities. As stated in Note 11, these events or conditions, along with other matters as set forth in Note 11, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter

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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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 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.

A handwritten signature in blue ink that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A handwritten signature in blue ink that reads "J.L. Humphrey".

J.L. Humphrey
Partner – Audit & Assurance

Adelaide, 05 March 2021