



**TESORO RESOURCES LIMITED**

**(Formerly Plukka Limited)**

**ABN 91 106 854 175**

**INTERIM FINANCIAL REPORT**

**FOR THE HALF-YEAR ENDED**

**31 DECEMBER 2019**

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## **CORPORATE DIRECTORY**

### **Board of Directors**

Mr John Toll	(Non-Executive Chairman)
Mr Zeffron Reeves	(Managing Director)
Mr Geoffrey McNamara	(Non-Executive Director)

### **Secretary**

Ms Shannon Coates

### **Registered Office**

Suite 5  
62 Ord Street  
West Perth WA 6005

Telephone: 08 9322 1587

### **Securities Exchange Listing**

Listed on the Australian Securities Exchange (ASX Code: TSO)

### **Auditors**

RSM Australia Partners  
Level 32, Exchange Tower, 2 The Esplanade  
Perth WA 6000

### **Bankers**

Westpac Banking Corporation  
Level 4, Brookfield Place, Tower Two  
123 St Georges Terrace  
Perth WA 6000

### **Share Registry**

Automic Share Registry  
Level 2, 267 St Georges Terrace  
Perth WA 6000

Telephone: 1300 288 664

## DIRECTORS' REPORT

The Directors of Tesoro Resources Limited (formerly Plukka Limited) ("Tesoro" or "the Company") present their report, together with the financial statements on the consolidated entity consisting of Tesoro Resources Limited and its controlled entities for the half-year ended 31 December 2019 ("the Period").

It is recommended that the Directors' Report be read in conjunction with the annual financial statements for the year ended 30 June 2019 and considered together with any public announcement made by the Company during the Period and up to the date of this report.

### 1. DIRECTORS

The names of the Company's Directors who held office during the Period and until the date of this report are set out below. Directors were in office for this entire Period unless otherwise stated.

Director	Position
John Toll	Non-Executive Chairman
Zeffron Reeves	Managing Director (appointed 29 January 2020)
Geoffrey McNamara	Non-Executive Director (appointed 29 January 2020)
Cameron Williams	Non-Executive Director (resigned 29 January 2020)
Peter Ruse	Non-Executive Director (resigned 29 January 2020)

### 2. REVIEW OF OPERATIONS AND ACTIVITIES

#### Principal Activity

On 23 January 2018, the Company announced its decision to close the jewellery business and continue to seek new business opportunities and preserve cash.

#### Review of Operations

On 3 October 2019, Plukka executed a Share Purchase Agreement ("SPA") pursuant to which the Company has agreed, subject to the satisfaction of certain conditions precedent, to acquire 100% of the issued capital of Tesoro Resources Ltd ("Tesoro"). The SPA replaces the previously announced binding term sheet.

The key terms and conditions of the Acquisition are summarised below:

- (a) Consideration:
  - Plukka will acquire 100% of Tesoro for the issue of 112,294,158 fully paid ordinary shares (post-Consolidation); and
  - Plukka will issue 25,236,900 shares (post-Consolidation) to certain Tesoro creditors and directors for conversion of debts and director loans.
  
- (b) Convertible Loan: Tesoro intends to complete an interest-free unsecured convertible loan raising of up to \$300,000 to sophisticated and professional investors who are not related parties of either the Company or Tesoro. The terms of the Convertible Loan are summarised below:
  - (i) At completion, the obligation to repay the Convertible Loan will be assigned to Plukka and converted into Shares at a conversion price equal to a 20% discount to the price per Share investors subscribe for under the Capital Raise;
  - (ii) If completion has not occurred on or before 1 February 2020, the loan must be repaid in cash (unless mutually agreed to extend repayment);
  - (iii) The Convertible Loan is interest free other than default interest; and

## DIRECTORS' REPORT

(iv) The Convertible Loan's Lead Manager will receive a capital raising fee of 5% of the gross proceeds raised, by way of new Shares in the Company (subject to conversion of the Convertible Loan into Shares on completion and the Company's re-listing on the ASX).

(c) Performance Rights: The Tesoro vendor group ("Vendors") will be issued 136,840,000 Performance Rights, convertible into Shares on a one for one basis (post-Consolidation) upon accomplishment of certain milestones at the El Zorro or Espina Gold Projects.

On 16 December 2019, the Board resolved to extend the Offer Closing Date specified in the indicative timetable in the Supplementary Prospectus dated 9 December 2019 to close at 5pm (WST) on Tuesday, 14 January 2020.

### Consolidation and Capital Raise

In November 2019, the Company completed a consolidation of capital. The issued capital of the Company was consolidated on the basis that every 15 Shares be consolidated into 4 Shares ("Consolidation") and, fractional entitlements were rounded down to the nearest whole Share.

To assist the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules and to support its exploration and development strategy following completion of the Acquisition, the Company has conducted a public offer on a post-Consolidation basis, of a minimum of 150,000,000 Shares at \$0.03 per Share to raise at minimum of \$4,500,000 with the ability to issue up to an additional 33,333,333 Shares to raise up to \$5,500,000. This was approved by shareholders at the Annual General Meeting on 7 November 2019.

### Corporate

At the Annual General Meeting on 7 November 2019, all resolutions were passed without amendment on a show of hands.

### 3. FINANCIAL RESULTS

The financial results of the consolidated entity for the half-year ended 31 December 2019 are:

	31-Dec-19	30-Jun-19
Cash and cash equivalents (\$)	90,632	405,805
Net (liabilities)/assets (\$)	(244,347)	208,022

	31-Dec-19	31-Dec-18
Revenue from continuing operations (\$)	1,727	25,827
Revenue from discontinued operations (\$)	-	4
Net loss after tax from continuing operations (\$)	(456,473)	(166,434)
Net loss after tax from discontinued operations (\$)	(786)	(11,019)
Loss per share from continuing operations (cents)	(0.98)	(0.09)
Loss per share from discontinued operations (cents)	-	(0.01)

### 4. DIVIDENDS

No dividends have been paid or declared by the Company since the end of the previous financial year.

The Directors do not propose to declare or pay any dividend for the half-year ended 31 December 2019.

## **DIRECTORS' REPORT**

### **5. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

### **6. EVENTS OCCURRING AFTER REPORTING DATE**

On 15 January 2020, the Company received applications exceeding the minimum subscription of \$4.5 million.

On 29 January 2020, the Company completed the acquisition of Tesoro Resources Limited ("Acquisition") and closed the Public Offer to raise a minimum of \$4.5 million. The total amount raised was \$4.63 million, and the issue of Shares under the offer has been completed.

On completion of the acquisition, 112,294,158 shares were issued to Tesoro shareholders, 12,499,994 shares were issued on conversion of the convertible loans, 16,824,967, shares were issued in consideration for the conversion of certain debts and director loans, 19,791,667 shares were issued to the lead manager for their services in relation to the convertible loan raising and the offer and 136,840,000 performance rights were issued to Mr Zeffron Reeves and Mr Geoffrey McNamara.

Following the completion of the Acquisition, Mr Cameron Williams and Mr Peter Ruse have formally resigned from the Board. They have been replaced by Mr Zeffron Reeves as Managing Director and Mr Geoffrey McNamara as Non-Executive Director. Additionally, Ms Charly Duffy has resigned as Company Secretary and has been replaced by Ms Shannon Coates.

The Company was readmitted to trading on the ASX as Tesoro Resources Limited on Friday 7 February 2020.

Other than stated above, there are no matters or circumstances which have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial periods.

### **7. AUDITOR'S INDEPENDENCE DECLARATION**

The lead auditor's independence declaration under s 307C of the Corporations Act 2001 is set out on page 7 for the half-year ended 31 December 2019.

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



**John Toll**  
**Non-Executive Chairman**

13 February 2020

**RSM Australia Partners**

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2 The Esplanade Perth WA 6000  
GPO Box R1253 Perth WA 6844

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**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the financial report of Tesoro Resources Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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



RSM AUSTRALIA PARTNERS



TUTU PHONG  
Partner

Perth, WA  
Dated: 13 February 2020

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

For the Half-Year Ended 31 December 2019

		<b>31-Dec-19</b>	<b>31-Dec-18</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue from continuing operations</b>			
Other income	3	<b>1,727</b>	25,827
<b>Expenses</b>			
Administration and corporate overheads	3	<b>(458,200)</b>	(192,261)
<b>Loss before income tax expense from continuing operations</b>		<b>(456,473)</b>	(166,434)
Income tax expense		-	-
<b>Loss after income tax expense from continuing operations</b>		<b>(456,473)</b>	(166,434)
Loss after income tax expense from discontinued operations		<b>(786)</b>	(11,019)
<b>Loss for the period</b>		<b>(457,259)</b>	(177,453)
<b>Other comprehensive loss for the period, net of tax</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		<b>4,890</b>	10,886
<b>Other comprehensive loss for the period, net of tax</b>		<b>4,890</b>	10,886
<b>Total comprehensive loss for the period attributable to members of Tesoro Resources Limited</b>		<b>(452,369)</b>	(166,567)
<b>Total comprehensive loss for the period attributable to:</b>			
Continuing operations		<b>(456,473)</b>	(166,434)
Discontinued operations		<b>4,104</b>	(133)
		<b>(452,369)</b>	(166,567)
<b>Loss per share for the period:</b>			
Basic and diluted loss per share from continuing operations (cents per share)		<b>(0.98)</b>	(0.09)
Basic and diluted loss per share from discontinued operations (cents per share)		-	(0.01)
Basic and diluted loss per share attributable to members of Tesoro Resources Limited (cents per share)		<b>(0.98)</b>	(0.10)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the notes to the financial statements.



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	31-Dec-19 \$	30-Jun-19 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		90,632	405,805
Trade and other receivables		22,830	8,995
Other assets		10,568	36,727
<b>Total Current Assets</b>		<b>124,030</b>	<b>451,527</b>
<b>TOTAL ASSETS</b>		<b>124,030</b>	<b>451,527</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		368,377	243,505
<b>Total Current Liabilities</b>		<b>368,377</b>	<b>243,505</b>
<b>TOTAL LIABILITIES</b>		<b>368,377</b>	<b>243,505</b>
<b>NET (LIABILITIES)/ASSETS</b>		<b>(244,347)</b>	<b>208,022</b>
<b>EQUITY</b>			
Issued capital	4	21,770,206	21,770,206
Foreign currency translation reserve		(479,189)	(484,079)
Accumulated losses		(21,535,364)	(21,078,105)
<b>TOTAL EQUITY</b>		<b>(244,347)</b>	<b>208,022</b>

The Consolidated Statement of Financial Position should be read in conjunction with the notes to the financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Half-Year Ended 31 December 2019

	Issued Capital \$	Options and Rights Reserves \$	Foreign Currency Translation Reserve \$	Accumulated Losses	Total Equity \$
<b>At 1 July 2019</b>	<b>21,770,206</b>	-	<b>(484,079)</b>	<b>(21,078,105)</b>	<b>208,022</b>
Loss for the period	-	-	-	(457,259)	(457,259)
Other comprehensive income	-	-	4,890	-	4,890
<b>Total comprehensive loss for the period after tax</b>	-	-	<b>4,890</b>	<b>(457,259)</b>	<b>(452,369)</b>
<b>Balance at 31 December 2019</b>	<b>21,770,206</b>	-	<b>(479,189)</b>	<b>(21,535,364)</b>	<b>(244,347)</b>
<b>At 1 July 2018</b>	<b>21,770,206</b>	<b>1,324,558</b>	<b>(491,190)</b>	<b>(21,862,123)</b>	<b>741,451</b>
Loss for the period	-	-	-	(177,453)	(177,453)
Other comprehensive income	-	-	10,886	-	10,886
<b>Total comprehensive loss for the period after tax</b>	-	-	<b>10,886</b>	<b>(177,453)</b>	<b>(166,567)</b>
<b>Balance at 31 December 2018</b>	<b>21,770,206</b>	<b>1,324,558</b>	<b>(480,304)</b>	<b>(22,039,576)</b>	<b>574,884</b>

The Consolidated Statement of Changes in Equity should be read  
in conjunction with the notes to the financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the Half-Year Ended 31 December 2019

	Note	31-Dec-19 \$	31-Dec-18 \$
<b>Cash flows used in operating activities</b>			
Payment to suppliers and employees		(322,223)	(216,371)
Interest received		102	176
<b>Net cash flows used in operating activities</b>		<b>(322,121)</b>	<b>(216,195)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(322,121)</b>	<b>(216,195)</b>
Cash and cash equivalents at the beginning of the period		405,805	942,033
Effects of exchange rate changes on cash and cash equivalents		6,948	36,463
<b>Cash and cash equivalents at the end of the period</b>		<b>90,632</b>	<b>762,301</b>
<b>Cash flows from discontinued operations</b>	<b>5</b>		

The Consolidated Statement of Cash Flows should be read in conjunction with the notes to the financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Preparation**

These general purpose interim financial statements for half-year reporting period ended 31 December 2019 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The financial statements are presented in Australian dollars, which is Tesoro Resources Limited's functional and presentation currency.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

#### **Going concern**

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

As disclosed in the financial statements, the consolidated entity incurred a loss of \$457,259 and had net cash outflows from operating activities of \$322,121 for the period ended 31 December 2019. As at that date, the consolidated entity had net current liabilities and net liabilities of \$244,347 respectively. The consolidated entity has determined further capital will be required if the consolidated entity is to continue as a going concern based on the planned level of operations.

The Directors believe that there are reasonable grounds to believe that the consolidated entity will be able to continue as a going concern, after consideration of the following factors:

1. On 3 October 2019, the Company executed a Share Purchase Agreement, pursuant to which the Company has agreed, subject to the satisfaction of certain conditions precedent, to acquire 100% of the issued capital of Tesoro Resources Limited. The Company planned to conduct a public offer of 150,000,000 shares at \$0.03 per share to raise a minimum of \$4,500,000 and a maximum of \$5,500,000.
2. On 29 January 2020, the Company completed the acquisition of Tesoro Resources Limited and closed the public offer. The total amount raised was \$4,633,600 and the issue of shares under the offer has been completed.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Significant accounting judgments and key estimates

The preparation of the interim financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this half-year financial report, the significant judgments made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2019.

#### (a) Accounting Policies

The accounting policies are consistent with those applied in the previous financial year and those of the corresponding interim reporting period, except for the adoption of AASB 16 from 1 July 2019 as disclosed in Note 1 (b).

#### (b) New or amended Accounting Standards and Interpretations adopted

Reference and Title	Summary	Application Date of Standard	Impact on Tesoro Resources Limited Financial Statements
AASB 16 - Leases	<p>AASB 16 eliminates the operating and finance lease classifications for lessees current accounted for under AASB 117 Leases. It instead requires an entity to bring most leases onto its balance sheet in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its balance sheet for most leases.</p> <p>There are some optional exemptions for leases with a period of 12 months or less and for low value leases.</p> <p>Lessor accounting remains largely unchanged from AASB 117.</p>	Annual reporting periods commencing on or after 1 January 2019.	The consolidated entity has adopted AASB 16 from 1 July 2019. There is no impact on transactions and balances recognised in the financial statements as currently, there are no lease contracts in the consolidated entity.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the consolidated entity.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 2: OPERATING SEGMENTS

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 and have concluded that there are no operating segments identified for the period which are considered separately reportable.

### NOTE 3: REVENUE AND EXPENSES

	31-Dec-19 \$	31-Dec-18 \$
<b>(a) Other income</b>		
Interest revenue	102	172
Foreign exchange gain	1,625	25,655
<b>Total revenue</b>	<b>1,727</b>	<b>25,827</b>
<b>(b) Operations, administration and corporate overhead expenses</b>		
Legal fees	91,584	32,623
Travel and accommodation	16,830	1,631
Corporate overhead and other administration	349,786	158,007
<b>Total operations, administration and corporate overhead expenses</b>	<b>458,200</b>	<b>192,261</b>

### NOTE 4: CONTRIBUTED EQUITY

(a) Issued and fully paid	31-Dec-19		30-Jun-19	
	No.	\$	No.	\$
Ordinary shares	46,809,228	21,770,206	175,535,232	21,770,206

Ordinary shares entitle the holder to participate in dividends and the proposed winding up of the Company in proportion to the number and amount paid on the share hold.

(b) Movement reconciliation	Number	Issue Price	\$
<b>At 1 July 2019</b>	175,535,232	-	21,770,206
Consolidation of capital – 15:4 basis	(128,726,004)	-	-
<b>At 31 December 2019</b>	<b>46,809,228</b>	-	<b>21,770,206</b>
<b>At 1 July 2018</b>	175,535,232	-	21,770,206
<b>At 31 December 2018</b>	175,535,232	-	21,770,206

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 5: DISCONTINUED OPERATIONS

On 23 January 2018, the Company announced its decision to close the jewellery business. Jewellery business division is conducted by subsidiaries, Treasure Castle Holdings Limited, Plukka (HK) Inc, Plukka (UK) Limited, and Plukka (USA) Inc, were discontinued.

<b>Financial performance information</b>	<b>31-Dec-19</b>	<b>31-Dec-18</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue from discontinued operations</b>		
Other income	-	4
<b>Expenses</b>		
Administrative expenses	<b>(786)</b>	(11,023)
Total expenses	<b>(786)</b>	(11,023)
<b>Loss before income tax expense from discontinued operations</b>	<b>(786)</b>	(11,019)
Income tax expense	-	-
Loss from discontinued operations	<b>(786)</b>	(11,019)
<b>Financial position information</b>	<b>31-Dec-19</b>	<b>30-Jun-19</b>
	<b>\$</b>	<b>\$</b>
<b>Current Assets</b>		
Cash and cash equivalents	<b>75</b>	184,029
<b>Total current assets</b>	<b>75</b>	184,029
<b>TOTAL ASSETS</b>	<b>75</b>	184,029
<b>Current Liabilities</b>		
Trade and other payables	<b>89,914</b>	89,646
<b>Total current liabilities</b>	<b>89,914</b>	89,646
<b>TOTAL LIABILITIES</b>	<b>89,914</b>	89,646
<b>NET (LIABILITIES)/ASSETS</b>	<b>(89,839)</b>	94,383
<b>Cash flow information</b>	<b>31-Dec-19</b>	<b>31-Dec-18</b>
	<b>\$</b>	<b>\$</b>
Net cash used in operating activities	<b>(786)</b>	(25,072)
Net cash used in financing activities	<b>(183,169)</b>	-
<b>Net decrease in cash and cash equivalents from discontinued operations</b>	<b>(183,955)</b>	(25,072)

### NOTE 6: CONTINGENCIES

There are no known contingent liabilities or contingent assets at reporting date.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **NOTE 7: EVENTS AFTER THE END OF THE INTERIM PERIOD**

On 15 January 2020, the Company received applications exceeding the minimum subscription of \$4.5 million.

On 29 January 2020, the Company completed the acquisition of Tesoro Resources Limited ("Acquisition") and closed the Public Offer to raise a minimum of \$4.5 million. The total amount raised was \$4.63 million, and the issue of shares under the offer has been completed.

On completion of the acquisition, 112,294,158 shares were issued to Tesoro shareholders, 12,499,994 shares were issued on conversion of the convertible loans, 16,824,967, shares were issued in consideration for the conversion of certain debts and director loans, 19,791,667 shares were issued to the lead manager for their services in relation to the convertible loan raising and the offer and 136,840,000 performance rights were issued to Mr Zeffron Reeves and Mr Geoffrey McNamara.

Following the completion of the Acquisition, Mr Cameron Williams and Mr Peter Ruse have formally resigned from the Board. They have been replaced by Mr Zeffron Reeves as Managing Director and Mr Geoffrey McNamara as Non-Executive Director. Additionally, Ms Charly Duffy has resigned as Company Secretary and has been replaced by Ms Shannon Coates.

The Company was readmitted to trading on the ASX as Tesoro Resources Limited on Friday 7 February 2020.

Other than stated above, there are no matters or circumstances which have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial periods.



## **DIRECTORS' DECLARATION**

In the Directors' opinion

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



**John Toll**  
**Non-Executive Chairman**  
**13 February 2020**



**RSM Australia Partners**

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

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Tesoro Resources Limited which comprises the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

*Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 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*. As the auditor of Tesoro Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

**THE POWER OF BEING UNDERSTOOD**  
AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Tesoro Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Tesoro Resources Limited is not in accordance with the *Corporations Act 2001* including:

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

RSM

RSM AUSTRALIA PARTNERS



TUTU PHONG  
Partner

Perth, WA  
Dated: 13 February 2020