



DISCOVERY
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Discovery Alaska Limited

ACN 147 324 847

(formerly known as Discovery Africa Limited)

Annual report for the year ended 30 June 2022

Contents

	Page
Corporate directory	3
Directors' report	4
Auditor's independence declaration	15
Financial report	
Consolidated statement of profit or loss and other comprehensive income	16
Consolidated statement of financial position	17
Consolidated statement of changes in equity	18
Consolidated statement of cash flows	19
Notes to the financial statements	20
Directors' declaration	39
Independent auditor's report to the members of Discovery Alaska Limited	40
Shareholder information	45

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Discovery Alaska Limited
30 June 2022
Corporate Directory

Directors

Peter Lloyd (Non-Executive Director)
Graham Walker (Non-Executive Director)
Jerko Zuvela (Non-Executive Director)

Company secretary

Alan Thomas

Registered office

18 Sangiorgio Court
Osborne Park WA 6017
Ph : (08) 6165 4000

Principal place of business

18 Sangiorgio Court
Osborne Park WA 6017
Ph : (08) 6165 4000

Share register

Automic Registry Services
Level 5
191 St Georges Terrace
Perth WA 6000

Auditor

Criterion Audit Pty Ltd
Suite 2
642 Newcastle Street
Leederville WA 6007

Bankers

National Australia Bank Ltd
First Floor
1238 Hay Street
West Perth WA 6005

Stock exchange listing

Discovery Alaska Limited shares are listed on the Australian Securities Exchange (ASX code: DAF)

Website

www.discoveryafrica.com.au

Discovery Alaska Limited
30 June 2022
Directors' Report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as 'the Consolidated Entity' or 'Group') consisting of Discovery Alaska Limited (referred to hereafter as 'the Company' or 'Parent Entity') and the entities it controlled for the year ended 30 June 2022. The Company was formerly known as Discovery Africa Limited, and it changed its name to Discovery Alaska Limited on 2 December 2021.

Directors

The following persons were directors of Discovery Alaska Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr Peter Lloyd (Non-Executive Director)
Mr Graham Walker (Non-Executive Director)
Mr Jerko Zuvela (Non-Executive Director)

Information on current directors

Name: Mr Peter Lloyd
Title: Non-Executive Director
Qualifications: Bachelor of Law
Experience and expertise: Peter Lloyd, a lawyer by profession, is a founding member of Argosy Minerals Limited and has been involved in mining exploration for over 25 years. He has been involved in projects in United States of America, Eastern Europe, Africa, New Caledonia and Australia.
Other current directorships: Nil
Former directorships (in the last 3 years): Nil
Interests in shares: 23,846,008 (2021: 18,123,257) fully paid ordinary shares
Interests in options: Nil (2021: 5,000,000) unlisted options

Name: Mr Graham Walker
Title: Non-Executive Director
Experience and expertise: Prior to Mr Walker's 45 years of business experience in real estate, he was a Bank Manager. Mr Walker is currently the manager and director of a leading real estate franchisee in Western Australia which attained top office in Western Australia for 23 years and have achieved top Principal award. He is also presently a director of 3 companies with 25 years' experience as Chairman & Director of public companies.
Other current directorships: Nil
Former directorships (in the last 3 years): Nil
Interests in shares: 13,792,000 (2021: 9,275,000) fully paid ordinary shares
Interests in options: Nil (2021: 5,000,000) unlisted options

Name: Jerko Zuvela
Title: Non-Executive Director
Experience and expertise: Mr Jerko Zuvela has over 25 years' experience in Australia and internationally, during which time he has held senior executive positions in public listed and unlisted companies. Mr Zuvela is a Chartered Professional (Geology) Member of the Australian Institute of Mining and Metallurgy.
Other current directorships: Argosy Minerals Limited (ASX: AGY) (appointed 17 July 2014); Ragusa Minerals Limited (ASX: RAS) (appointed 29 September 2020)
Former directorships (in last 3 years): Nil
Interests in shares: 5,000,000 (2021: Nil) fully paid ordinary shares
Interests in options: Nil (2021: 5,000,000) unlisted options

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

Discovery Alaska Limited
30 June 2022
Directors' Report (continued)

'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

Company secretary

Mr Alan Thomas holds a Bachelor of Business degree from Curtin University and is a Fellow of the Institute of Chartered Accountants in Australia. He has over 35 years of experience in finance and administration, predominately in the accounting profession.

Principal activities

The principal activity of the Group during the year was mineral exploration with a focus of exploration in Alaska that culminated in the change of the Company's name to Discovery Alaska Limited.

There were no significant changes in the nature of the Group's principal activities during the year ended 30 June 2022.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The net loss of the Group after providing for income tax amounted to \$295,395 (30 June 2021: \$266,311).

Corporate

During the year ended 30 June 2022, the Company issued 21,000,000 fully paid ordinary shares at 3.2 cents per share upon the exercise of unlisted options.

Exploration

Chulitna Project (Alaska, USA) 100% interest

The Chulitna Project comprises 308 State mining claims covering 199.4km², is located on State of Alaska public lands, and is not subject to any Native Title claims, native lands, or native claimant groups. The project lies approximately 250km north of Anchorage and close to the major Parks Highway, which runs mostly parallel to the State owned Alaska railroad.

The project hosts numerous prospect areas identified from historical works, which are prospective for gold, silver, copper, tin and base metals. The two main prospect areas currently identified within the project area are Coal Creek (lithium, tin, silver) and Partin Creek (gold, silver, copper).

During the annual reporting period and to date, the Company made substantial progress at the Chulitna Project, with the major milestones accomplished being:

- ✓ Lithium potential identified at the Coal Creek prospect, including;
 - Comprehensive data review and associated works confirming widespread presence of lithium mineralisation within historic Coal Creek drill core.
 - First systematic assessment of a lithium project in Alaska – with over 5000m of historic Coal Creek drill core available for assessment.
 - Re-analysis work of historic Coal Creek drill core (stored at the Geological Materials Centre in Anchorage).
 - Accessibility, quality and quantity of Coal Creek drill core provides rapid advance of core logging, sampling and laboratory analysis works to progress towards estimating a JORC lithium resource.

- ✓ Completed the maiden exploration program at the Partin Creek prospect, including;

- A sampling program conducted collecting 253 samples (167 rock and 86 talus fines), with analysis results confirming up to 73.9g/t Au, 1500g/t Ag & 21.1% Cu.
 - Other significant rock sample analysis results include 30g/t Au, 28.7g/t Au, 477g/t Ag, 414g/t Ag, 2.63% Cu and 2.62% Cu.
 - Exploration works identified surface mineralisation at the Partin Creek prospect and surrounding areas.
- ✓ Site visit to Chultina Project conducted by DAF management.

Coal Creek Lithium Prospect

During the reporting period the Company identified lithium at the Coal Creek prospect and conducted a comprehensive work program to qualify and quantify the lithium (and other critical minerals) occurrences at Coal Creek, with preliminary evaluation works confirming lithium mineralisation from historic drill core at the Coal Creek prospect.

The Company conducted a preliminary evaluation work program of the lithium occurrences at Coal Creek via scanning works on priority drill holes, using a SciAps Z-901 LIBS handheld analyser* to determine rudimentary lithium content throughout the entirety of each drill hole. The scanner detected the presence of lithium across broad zones in all t drill holes.

The priority scanned drill holes identified positive results within the finer-grained aplitic intrusive. The preliminary scan results indicate the lithium is found disseminated throughout the priority drill holes, with selective concentrations within stockworked, mineralised greisen zones within the upper coarse-grained granite, and highly disseminated within the finer-grained granite. Lithium readings continue to the bottom of several drill holes, indicating the potential for further lithium bearing zones remaining open at depth within the cupola structure.

The Company believes that lithium has never been assayed at the Coal Creek prospect, where multiple drill programs have been conducted over the past 40 years, and the majority of drill core from these campaigns – possibly over 5000m of core, is stored at the Alaska Geologic Materials Center warehouse, and available for the Company to utilise. The core provides a high quality data-set at a fraction of the original exploration cost and time required to conduct such drilling.



Chultina Project – Coal Creek Prospect (Outcropping Granite with Lithium Mineralisation)

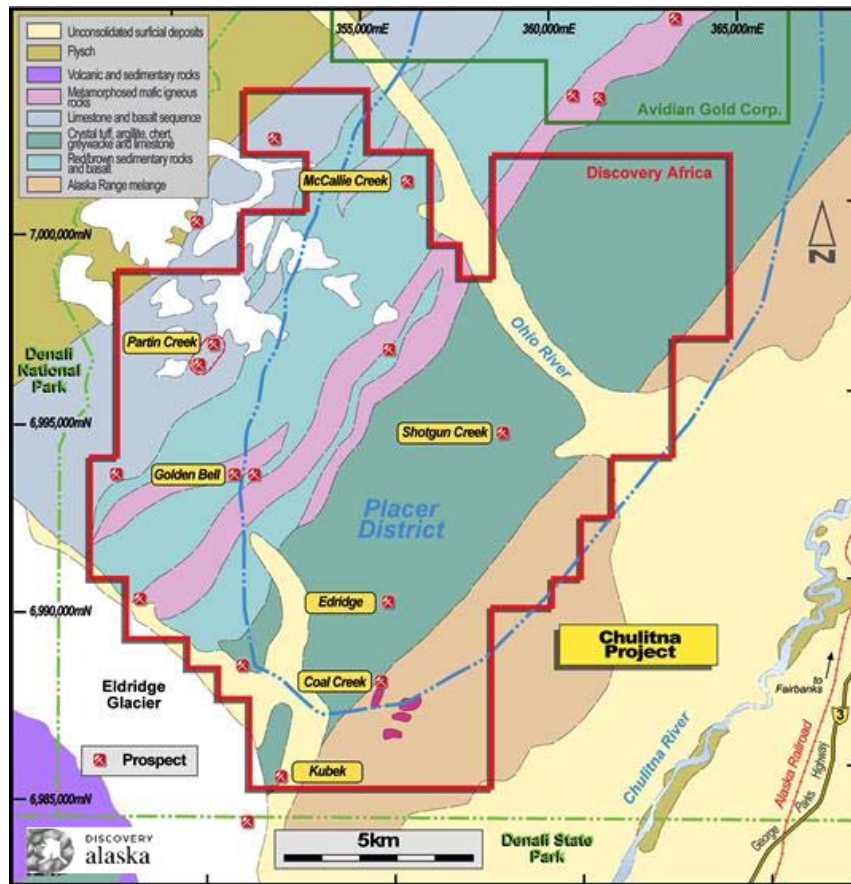
The Coal Creek prospect granite consists of at least two texturally and chemically different units – a seriate granite porphyry which is intruded at depth by a fine-grained equigranular to porphyritic biotite (lithium) granite. The seriate granite outcrops at surface and forms a small resistant knob. Greisen alteration is the main type of alteration, and with the mineralization, are centered in and above the cupola of the biotite granite in the upper seriate granite unit along an

elongate dyke like granite porphyry body. The lithium bearing units are also prospective for critical minerals – tantalum, niobium, and other specialty metals.

The lithium bearing units are also prospective for critical minerals – tantalum, niobium, and other specialty metals.

The Company previously announced the Coal Creek prospect contains historical works, including a 2015 NI 43-101 Report (prepared for Strongbow Exploration Inc.) comprising a “Technical Report on the Coal Creek Tin-Silver Exploration Target”. This report included selected historical drilling and associated assay data, and a conceptual exploration target estimate.

* The Company notes the scanner only takes readings within a small window, and the results don't account for the whole rock concentration within that interval.



Chulitna Project – Geology Map with Coal Creek & Partin Creek Prospects

Partin Creek Prospect

The Company completed a field exploration program at the Partin Creek prospect in 2021, comprising the collection of 253 samples (167 rock samples and 86 talus fines samples) and geological mapping works.

The rock sample results achieved up to 73.9g/t Au, 1500g/t Ag and 21.1% Cu. Other significant rock sample analysis results included 30g/t Au, 28.7g/t Au, 477g/t Ag, 414g/t Ag, 2.63% Cu and 2.62% Cu. The talus fines (soil) sample results achieved up to 7.18g/t Au and 12.25g/t Ag.

The main exploration program objective was achieved, with the results replicating the known gold occurrences at the Partin Creek prospect and expanding the prospective area to the northeast and southwest - targeting a robust and coherent gold system with considerable strike length.

The Company was encouraged by the exploration sampling results achieved at the Partin Creek prospect during the initial phase of work, and then prepared and conducted next stage follow up works with the aim to identify priority sites for subsequent potential drilling works.

Discovery Alaska Limited
30 June 2022
Directors' Report (continued)

These works comprised a low-level aerial magnetic survey – flown in a systematic low-level grid pattern over the Partin Creek survey area, targeting the identified mineralised skarns and to assist with delineating structures, alteration and lithology at the anomalous areas identified from the sampling program.

The magnetic survey field and data collection works were recently completed, with data processing, analysis and interpretation works currently being conducted.

Warriedar Gold Project

The Company relinquished its full interest in the Warriedar Gold Project – Exploration Licence 59/2405 in Western Australia to former owner, Mr Bruce Legendre.

New Project Opportunities

The Company continues to review additional mineral project opportunities that may complement its current activities, enhance its project portfolio and increase its overall value proposition. The Company will consider any such opportunities and advance as required to progress with such project(s). The Company is working to ensure it is best placed to deliver value and upside potential for all its shareholders.

Other

COVID-19

The Company continues to take appropriate safety measures and actions to protect our staff and business operations, including precautions advised and regulated by the Australian Government. First and foremost, our priority is the health, safety and wellbeing of our staff, partners and community, and as such, the Company continues to monitor the Covid-19 situation.

Appendix A: Discovery Alaska Limited - Interest in Mining Tenements

Below is a listing of tenements held by the Company as at 13 August 2022:

Mining Tenement	Location	Beneficial Percentage held
ADL734566 (Chulitna 1) - ADL734873 (Chulitna 308) ¹	Alaska, USA	100%

¹The Chulitna Project is beneficially owned by Discovery Alaska LLC, which is a wholly owned subsidiary of Discovery Denali Pty Ltd and ultimately wholly owned by Discovery Alaska Limited.

Reference to Previous ASX Releases:

This document refers to the following previous ASX/TSX releases:

- 23 May 2022 – Chulitna Project – Coal Creek Prospect, Evaluation Works Firm Up Lithium Potential
- 19 May 2022 – Chulitna Project – Coal Creek Prospect, Lithium Potential Identified
- 3 November 2021 - Chulitna Project - Sampling Results up to 73.9g/t Au & 1500g/t Ag

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Competent Person's Statement

The information contained in this ASX release relating to Exploration Results has been reviewed by Mr Jerko Zuvela. Mr Zuvela is a Member of the Australasian Institute of Mining and Metallurgy, and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Zuvela is a Director of Discovery Alaska Ltd and consents to the inclusion in this announcement of this information in the form and context in which it appears. The information in this announcement is an accurate representation of the available data from the Chulitna Project.

The 2021 and 2022 Chulitna Project exploration program includes a Quality Control/Quality Assurance (QA/QC) program overseen by Jesse C. Grady, MSc, CPG-11592. Mr Grady is a Qualified Person as defined by NI 43-101. Mr Grady has prepared and approved the technical information contained within this announcement.

Forward Looking Statements: Statements regarding plans with respect to the Company's mineral properties are forward looking statements. There can be no assurance that the Company's plans for development of its mineral properties will proceed as expected. There can be no assurance that the Company will be able to confirm the presence of mineral deposits, that any mineralisation will prove to be economic or that a mine will successfully be developed on any of the Company's mineral properties.

Significant changes in state of affairs

There were no significant changes in the state of affairs of the Consolidated Entity's during the financial year.

Matters subsequent to the end of the financial year

No matters or circumstances have arisen since 30 June 2022 that has affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Likely developments and expected results of operations

As the Company is listed on the Australian Stock Exchange, it is subject to the continuous disclosure requirements of the ASX Listing Rules which require immediate disclosure to the market of information that is likely to have a material effect on the price or value of the Company's securities.

In the opinion of the Directors, it would prejudice the interests of the Company to provide additional information, beyond that which is reported in this Annual Report, relating to likely developments in the operations of the Company and the expected results of those operations in financial years subsequent to 30 June 2022.

Environmental regulation

The Company carries out operations that are subject to environmental regulations under Federal and State legislation in the USA. The Company is not aware of any breaches in relation to environmental matters.

The directors have considered the enacted National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the directors have determined that the NGER Act will have no effect on the Company for the current or subsequent financial year. The directors will reassess this position as and when the need arises.

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') and of each board committee held during the year ended 30 June 2022, and the number of meetings attended by each director were:

Director	Board Meetings	
	Number Eligible to attend	Number Attended
Peter Lloyd	3	3
Graham Walker	3	3
Jerko Zuvela	3	3

The Company does not have a formally constituted audit committee or remuneration committee as the board considers that the Company's size and type of operation do not warrant such committees.

Shares under option

At the date of this report, the unissued ordinary shares of the Company under option are as follows:

Grant date	Expiry date	Exercise price	Number under option
20 May 2020*	30 April 2023	\$0.032	10,000,000
19 February 2021*	22 February 2023	\$0.060	500,000
			<u>10,500,000</u>

*Options are unlisted

Remuneration report (audited)

The remuneration report, which has been audited, outlines the director and executive remuneration arrangements for the Consolidated Entity and the Company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

A *Principles used to determine the nature and amount of remuneration*

The objective of the Consolidated Entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms with the market best practice for delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Consolidated Entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

Alignment to shareholders' interests:

- has economic profit as a core component of plan design
- focuses on sustained growth in shareholder wealth and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracts and retains high calibre executives

Alignment to program participants' interests:

- rewards capability and experience
- reflects competitive reward for contribution to growth in shareholder wealth
- provides a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive directors and executive remunerations are separate.

Non-executive directors remuneration

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board.

ASX listing rules requires that the aggregate non-executive directors remuneration shall be determined periodically by a general meeting. The most recent determination was at the General Meeting, held in August 2011, where the shareholders approved an aggregate remuneration of \$350,000.

Executive remuneration

The Consolidated Entity aims to reward executives with a level and mix of remuneration based on their position and responsibility, which is both fixed and variable.

The executive remuneration and reward framework has three components:

- base pay and non-monetary benefits
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

A Principles used to determine the nature and amount of remuneration (continued)

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee, based on individual and business unit performance, the overall performance of the Consolidated Entity and comparable market remunerations.

Executives can receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Consolidated Entity and adds additional value to the executive.

The long-term incentives ('LTI') includes long service leave and share-based payments. The Nomination and Remuneration Committee intends to revisit the long-term equity-linked performance incentives specifically for executives at the end of each financial year.

There are currently no executive directors appointed by the Consolidated Entity.

Consolidated Entity performance and link to remuneration

Remuneration packages do not include performance-based components. An individual member of staff's performance assessment is done by reference to their contribution to the Consolidated Entity's overall operational achievements. All Directors and Executives hold shares and options in the Company to facilitate goal congruence between Executives with that of the business and shareholders. Further information has not been disclosed as it is commercially confidential.

Voting of Remuneration Report at 2021 Annual General Meeting

The 2021 Remuneration Report was voted for, without any commentary or discussion, at the 2021 Annual General Meeting, based on poll votes with votes for of 42,523,512 (84.64%), and 7,715,395 votes against (15.36%).

B Details of remuneration

Details of the remuneration paid to each key management personnel of the Consolidated Entity is set out in the following table.

2022	Directors' Fee	Short-term Consulting Fees	Non-Cash	Share Based Payments	Post-employment Superannuation	Total
	\$	\$	\$	\$	\$	\$
Peter Lloyd	40,000	-	-	-	-	40,000
Graham Walker	27,273	-	-	-	-	27,273
Jerko Zuvela	50,000	-	-	-	-	50,000
	117,273	-	-	-	-	117,273

2021	Directors' Fee ¹	Short-term Consulting Fees	Non-Cash	Share Based Payments	Post-employment Superannuation	Total
	\$	\$	\$	\$	\$	\$
Peter Lloyd	40,000	-	-	-	-	40,000
Graham Walker	27,273	-	-	-	-	27,273
Jerko Zuvela	50,000	-	-	-	-	50,000
	117,273	-	-	-	-	117,273

¹ All director fees were paid to entities controlled by each director, and accordingly included any statutory superannuation entitlement.

Discovery Alaska Limited
30 June 2022
Directors' Report (continued)

C Share based compensation

No share based compensation occurred during the financial years ended 30 June 2022 and 30 June 2021.

D Service agreements

The Company has letter agreements in place with all Directors, whereby they are entitled to annual directors fees as follows:

Peter Lloyd	\$40,000 including statutory superannuation
Graham Walker	\$27,273 including statutory superannuation
Jerko Zuvela	\$50,000 including statutory superannuation

No termination benefits are payable under the agreements.

E Shareholdings of key management personnel

The number of shares in the Parent Entity held during the financial year by each director and other members of key management personnel of the Consolidated Entity, including their personally related parties, is set out below:

	Balance at the start of the year	Shares Purchased	Shares Allotted ¹	Shares Disposed	Balance at the end of the year
2022					
<i>Ordinary shares</i>					
Peter Lloyd	18,123,257	781,250	5,000,000	(58,499)	23,846,008
Graham Walker	9,275,000	-	5,000,000	-	14,275,000
Jerko Zuvela	-	-	5,000,000	-	5,000,000
	<u>27,398,257</u>	<u>781,250</u>	<u>15,000,000</u>	<u>(58,499)</u>	<u>43,121,008</u>
	Balance at the start of the year	Shares Purchased	Shares Allotted	Other	Balance at the end of the year
2021					
<i>Ordinary shares</i>					
Peter Lloyd	18,123,257	-	-	-	18,123,257
Graham Walker	9,275,000	-	-	-	9,275,000
Jerko Zuvela	-	-	-	-	-
	<u>27,398,257</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,398,257</u>

¹ Shares issued during the year upon the exercise of unlisted options. Refer to Note 12.

F Option holdings of key management personnel

The number of options over ordinary shares in the Parent Entity held during the financial year by each director and other members of key management personnel of the Consolidated Entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ Forfeited/ Other	Balance at the end of the year
2022					
<i>Options over ordinary shares</i>					
Peter Lloyd	5,000,000	-	(5,000,000)	-	-
Graham Walker	5,000,000	-	(5,000,000)	-	-
Jerko Zuvela	5,000,000	-	(5,000,000)	-	-
	<u>15,000,000</u>	<u>-</u>	<u>(15,000,000)</u>	<u>-</u>	<u>-</u>

	Balance at the start of the year	Granted	Exercised	Expired/ Forfeited/ Other	Balance at the end of the year
2021					
<i>Options over ordinary shares</i>					
Peter Lloyd	5,000,000	-	-	-	5,000,000
Graham Walker	5,000,000	-	-	-	5,000,000
Jerko Zuvela	5,000,000	-	-	-	5,000,000
	<u>15,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,000,000</u>

G Loans to key management personnel

No loans existed during the year and as at reporting date between the Company and with key management personnel.

H Loans from key management personnel

No funds were advanced to the Company by the Directors or their related parties during the year ended 30 June 2022.

I Other transactions with key management personnel

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

	2022	2021
	\$	\$
<u>Amounts outstanding at reporting date</u>		
Aggregates amount payable to Key Management Personnel and their related entities at reporting date.		
(i) Payables	-	<u>29,318</u>

This concludes the remuneration report, which has been audited.

Indemnity and insurance of officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company did not maintain an insurance policy which indemnifies the directors or officers of the Company in respect of any liability incurred in connection with the performance of their duties as directors or officers of the Company.

Indemnity and insurance of auditor

The Company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

There are no officers of the Company who are former audit partners of Criterion Audit.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors



Peter Lloyd
Non-Executive Director
27 September 2022

Criterion Audit Pty Ltd

ABN 85 165 181 822

PO Box 233 LEEDERVILLE WA 6902

Suite 2, 642 Newcastle Street
LEEDERVILLE WA 6007

Phone: 9466 9009

To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the audit of the financial statements of Discovery Alaska Limited and its controlled entities for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully



CHRIS WATTS CA
Director

CRITERION AUDIT PTY LTD

DATED at PERTH this 27th day of September 2022

Discovery Alaska Limited

30 June 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2022

	Note	2022 \$	2021 \$
Revenue			
Revenue from continuing operations	2(a)	12,170	8,751
Expenses			
Administration expenses		(4,316)	(3,041)
Litigation costs	2(b)	(10,645)	(9,100)
Corporate expenses		(67,072)	(42,118)
Director fees		(117,273)	(117,273)
Exploration and evaluation expenditure written off		(30,873)	(33,951)
Professional fees		(77,386)	(69,579)
Profit/(loss) before income tax expense		<u>(295,395)</u>	<u>(266,311)</u>
Income tax benefit/(expense)	4	-	-
Profit/(loss) after income tax expense for the year attributable to the owners of Discovery Alaska Limited		<u>(295,395)</u>	<u>(266,311)</u>
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Profit/(loss) on the revaluation of financial assets, net of tax	9	<u>66,376</u>	<u>11,754</u>
Other comprehensive income for the year, net of tax		<u>66,376</u>	<u>11,754</u>
Total comprehensive income/(loss) for the year		<u><u>(229,019)</u></u>	<u><u>(254,557)</u></u>
		Cents	Cents
Basic earnings cents per share	5	(0.14)	(0.13)
Diluted earnings cents per share	5	(0.14)	(0.13)

The accompanying notes form part of these financial accounts

Discovery Alaska Limited
30 June 2022
Consolidated Statement of Financial Position as at 30 June 2022

	Note	2022 \$	2021 \$
Assets			
Current assets			
Cash and cash equivalents	6	1,506,871	1,569,080
Trade and other receivables	8	5,453	7,107
Other financial assets	9	92,288	25,912
Total current assets		<u>1,604,612</u>	<u>1,602,099</u>
Non-current assets			
Capitalised exploration and evaluation expenditure	10	809,504	393,386
Total non-current assets		<u>809,504</u>	<u>393,386</u>
Total assets		<u>2,414,116</u>	<u>1,995,485</u>
Liabilities			
Current liabilities			
Trade and other payables	11	29,539	53,889
Total current liabilities		<u>29,539</u>	<u>53,889</u>
Total liabilities		<u>29,539</u>	<u>53,889</u>
Net assets		<u>2,384,577</u>	<u>1,941,596</u>
Equity			
Issued capital	12(a)	13,339,473	12,494,453
Reserves	13(b)	731,030	837,674
Accumulated losses	13(a)	(11,685,926)	(11,390,531)
Total equity		<u>2,384,577</u>	<u>1,941,596</u>

The accompanying notes form part of these financial accounts

Discovery Alaska Limited

30 June 2022

Consolidated Statement of Changes in Equity for the year ended 30 June 2022

	Issued Capital \$	Accumulated Losses \$	Reserves \$	Total equity \$
Balance at 1 July 2021	12,494,453	(11,390,531)	837,674	1,941,596
Loss for the year	-	(295,395)	-	(295,395)
Other comprehensive income for the year net of tax	-	-	66,376	66,376
Total comprehensive income for the year	-	(295,395)	66,376	(229,019)
<i>Transactions with owners in their capacity as owners:</i>				
Issue of shares	672,000	-	-	672,000
Transfer to/(from) reserves	173,020	-	(173,020)	-
Total contributions by owners	845,020	-	-	672,000
Balance as at 30 June 2022	13,339,473	(11,685,926)	731,030	2,384,577

	Issued Capital \$	Accumulated Losses \$	Reserves \$	Total equity \$
Balance at 1 July 2020	12,464,453	(11,124,220)	798,161	2,138,394
Loss for the year	-	(266,311)	-	(266,311)
Other comprehensive income for the year net of tax	-	-	11,754	11,754
Total comprehensive income for the year	-	(266,311)	11,754	(254,557)
<i>Transactions with owners in their capacity as owners:</i>				
Issue of shares	30,000	-	-	30,000
Issue of options	-	-	27,759	27,759
Total contributions by owners	30,000	-	27,759	57,759
Balance as at 30 June 2021	12,494,453	(11,390,531)	837,674	1,941,596

The accompanying notes form part of these financial accounts

Discovery Alaska Limited
30 June 2022
Consolidated Statement of Cash Flows for the year ended 30 June 2022

	Note	2022 \$	2021 \$
Cash flows from operating activities			
Payments to suppliers		(299,388)	(287,559)
Interest received		1,355	8,751
Net proceeds from settlement of legal dispute		10,815	-
Net cash used in operating activities	6(b)	(287,218)	(278,808)
Cash flows from investing activities			
Payments for exploration and evaluation		(446,991)	(329,401)
Net cash used in investing activities		(446,991)	(329,401)
Cash flows from financing activities			
Proceeds from issue of shares	12(a)	672,000	-
Net cash provided by financing activities		672,000	-
Net increase/(decrease) in cash and cash equivalents		(62,209)	(608,209)
Cash and cash equivalents at the beginning of the financial year		1,569,080	2,177,289
Cash and cash equivalents at the end of the financial year	6(a)	1,506,871	1,569,080

The accompanying notes form part of these financial accounts

NOTE 1. GENERAL INFORMATION

This financial report of Discovery Alaska Limited ('the Company') for the year ended 30 June 2022 comprises the Company and its subsidiaries (collectively referred to as 'the Consolidated Entity' or 'Group').

Discovery Alaska Limited is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The financial report was authorised for issue in accordance with a resolution of Directors dated 27 September 2022.

The notes to the financial statements are organised into the following sections:

- (a) **Key Performance:** Provides a breakdown of the key individual line items in the statement of comprehensive income that is most relevant to understanding performance and shareholder returns for the year:

Notes

2. Profit/(loss) from continuing operations
3. Segment information
4. Income tax expense
5. Profit/(loss) per share

- (b) **Financial Risk Management:** Provides information about the Consolidated Entity's exposure and management of various financial risks and explains how these affect the Consolidated Entity's financial position and performance:

Notes

6. Cash and cash equivalents
7. Financial risk management

- (c) **Other Assets and Liabilities:** Provides information on other balance sheet assets and liabilities that do not materially affect performance or give rise to material financial risk:

Notes

8. Trade and other receivables
9. Other financial assets
10. Exploration and evaluation expenditure
11. Trade and other payables

- (d) **Capital Structure:** This section outlines how the Consolidated Entity manages its capital structure and related financing costs (where applicable), as well as capital adequacy and reserves. It also provides details on the dividends paid by the Company:

Notes

12. Contributed equity
13. Reserves and accumulated losses
14. Share based payments

- (e) **Consolidated Entity Structure:** Provides details and disclosures relating to the parent entity of the Consolidated Entity, controlled entities, investments in associates and any acquisitions and/or disposals of businesses in the year. Disclosure on related parties is also provided in the section:

Notes

15. Parent entity information
16. Investment in controlled entities
17. Key management personnel disclosures and related party transactions

- (f) **Other:** Provides information on items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements however, are not considered significant in understanding the financial performance or position of the Consolidated Entity:

Notes

18. Remuneration of auditors
19. Commitments for expenditure
20. Contingencies
21. Events occurring after reporting period
22. Summary of significant accounting policies
23. Critical accounting judgements, estimates and assumptions

NOTE 1. GENERAL INFORMATION (continued)

1a Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*. Discovery Alaska Limited is a for-profit entity for the purposes of preparing the financial statements.

Compliance with IFRSs

The financial statements of Discovery Alaska Limited also comply with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

Going Concern

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

New accounting standards and interpretations

Standards and Interpretations applicable to 30 June 2022

For the year ended 30 June 2022, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Consolidated Entity and effective for the current reporting periods beginning on or after 1 July 2021.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Consolidated Entity and therefore, no material change is necessary to the Consolidated Entity's accounting policies.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the year ended 30 June 2022.

As a result of this review, the Directors have determined that there are no new and revised Standards and Interpretations that may have a material effect on the application in future periods and therefore, no material change is necessary to the Consolidated Entity's accounting policies.

1b Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of the Company as at 30 June 2022 and the results of its subsidiaries for the year then ended. The Company and its subsidiaries are referred to in this financial report as 'the Consolidated Entity' or 'Group'.

Subsidiaries are all those entities over which the Consolidated Entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The effects of potential exercisable voting rights are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated Entity are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. Refer to the 'business combinations' accounting policy in Note 22 for further details. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Consolidated Entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Consolidated Entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

NOTE 2. PROFIT/(LOSS) FROM CONTINUING OPERATIONS

Profit/(loss) from continuing operations before income tax includes the following items of revenue and expenses.

	2022	2021
	\$	\$
<i>(a) Revenue</i>		
Interest revenue	1,355	8,751
Other income	10,815	-
	<u>12,170</u>	<u>8,751</u>
<i>(b) Specific Expenses</i>		
Litigation costs	<u>10,645</u>	<u>9,100</u>

NOTE 3. SEGMENT INFORMATION

Identification of reportable operating segments

The Consolidated Entity has identified two reporting segments: exploration for mineral commodities in North America, and exploration for gold in Australia. The operating segments are based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and in determining the allocation of resources.

30 June 2022	Mineral Commodities	Gold	Unallocated	Total
	\$	\$	\$	\$
Revenue	-	-	12,170	12,170
Profit/(loss) before income tax	(24,974)	(5,899)	(264,522)	(295,395)
Total segment assets	809,504	-	1,604,612	2,414,116
Total segment liabilities	-	-	29,539	29,539
30 June 2021	Mineral Commodities¹	Gold	Unallocated	Total
	\$	\$	\$	\$
Revenue	-	-	8,751	8,751
Profit/(loss) before income tax	-	(33,951)	(232,360)	(266,311)
Total segment assets	387,822	5,564	1,602,099	1,995,485
Total segment liabilities	-	-	53,889	53,889

¹ Mineral commodity assets relate to the Group's interest in the Chulitna Project, which has multiple prospect targets for varying commodities, including gold, silver, tin, lithium, copper and base metals.

NOTE 4. INCOME TAX EXPENSE

	2022	2021
	\$	\$
<i>Reconciliation of income tax expense and tax at the statutory rate</i>		
Profit/(loss) before income tax expense	(295,395)	(266,311)
Tax at the statutory tax rate of 25% (2021: 26%)	(73,849)	(69,241)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Effect of exploration expenditure	7,635	(90,600)
Effect of legal fees not deductible	45	-
Effect of other timing differences	(5,532)	(5,257)
Effect of deferred tax assets not brought into account	71,701	165,098
Income tax attributable to operating loss	-	-
Income tax expense	-	-
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	819,891	875,724

The benefit of these losses has not been brought to account at 30 June 2022 because the directors do not believe it is appropriate to regard realisation of the deferred tax asset as being probable at this point in time or that there are sufficient deferred tax liabilities to offset these losses. These tax losses are also subject to final determination by the Taxation authorities when the Group derives taxable income. The benefits will only be realised if:

- (a) The Company and its subsidiaries derive future assessable income of a nature and of an amount sufficient to enable the benefit of the deduction for the losses to be realised;
- (b) The Company and its subsidiaries continue to comply with the conditions for the deductibility imposed by law; and
- (c) No changes in the tax legislation adversely affect the Company and its subsidiaries in realising the benefit of the losses.

NOTE 5. PROFIT / (LOSS) PER SHARE

	2022	2021
	\$	\$
Profit/(loss) after income tax attributable to the owners of Discovery Alaska Limited	(295,395)	(266,311)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	214,664,835	202,684,013
Weighted average number of ordinary shares used in calculating diluted earnings per share	214,664,835	202,684,013
	Cents	Cents
Basic earnings per share	(0.14)	(0.13)
Diluted earnings per share	(0.14)	(0.13)

Potential ordinary shares, being options granted, are not dilutive and therefore does not affect the earnings per share.

NOTE 6. CASH AND CASH EQUIVALENTS

(a) Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the statement of financial position, as follows:

	2022	2021
	\$	\$
Cash at bank	<u>1,506,871</u>	<u>1,569,080</u>

Refer to Note 7 for the Group's financial risk management on cash.

(b) Reconciliation of Operating Profit / (Loss) After Income Tax to Net Cash Flow From Operations

	2022	2021
	\$	\$
Profit/(loss) after income tax expense for the year	(295,395)	(266,311)
Adjustments for:		
Exploration and evaluation expenditure written-off	30,873	33,951
Changes in assets and liabilities:		
Trade and other receivables	1,654	(5,221)
Trade and other payables	<u>(24,350)</u>	<u>(41,227)</u>
Net cash used in operating activities	<u>(287,218)</u>	<u>(278,808)</u>

NOTE 7. FINANCIAL RISK MANAGEMENT

Financial risk management objectives

The Consolidated Entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Consolidated Entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Consolidated Entity. The Consolidated Entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Consolidated Entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Consolidated Entity's operating units. Finance reports to the Board on a monthly basis.

Market risk

Interest rate risk

The Consolidated Entity's cash and cash equivalents are held in current accounts and short term deposits, and are therefore subject to interest rate risk.

An increase/decrease in interest rates on cash at bank of 100 basis points (1.00%) would have a favourable/adverse effect on profit before tax of \$15,775 per annum (2021: \$20,236). The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

NOTE 7. FINANCIAL RISK MANAGEMENT (continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity. The Consolidated Entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Consolidated Entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Consolidated Entity does not hold any collateral.

Liquidity risk

Vigilant liquidity risk management requires the Consolidated Entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Consolidated Entity manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the Consolidated Entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	2022 1 year or less \$	2021 1 year or less \$
Non-derivatives		
<i>Non-interest bearing</i>		
Trade and other payables	29,539	53,889
Total non-derivatives	<u>29,539</u>	<u>53,889</u>

Fair value of financial instruments

The following tables detail the Consolidated Entity's fair values of financial instruments categorised by the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

2022	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Other financial assets - shares in listed entities	92,288	-	-	92,288
Total assets	<u>92,288</u>	<u>-</u>	<u>-</u>	<u>92,288</u>
2021	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Other financial assets - shares in listed entities	25,912	-	-	25,912
Total assets	<u>25,912</u>	<u>-</u>	<u>-</u>	<u>25,912</u>

There were no transfers between levels during the financial year.

NOTE 7. FINANCIAL RISK MANAGEMENT (continued)

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

NOTE 8. TRADE AND OTHER RECEIVABLES

	2022	2021
	\$	\$
GST receivable	5,453	7,107
	<u>5,453</u>	<u>7,107</u>

NOTE 9. OTHER FINANCIAL ASSETS

	2022	2021
	\$	\$
Shares in listed entities	92,288	25,912
	<u>92,288</u>	<u>25,912</u>

Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	2022	2021
	\$	\$
Opening fair value	25,912	14,158
Revaluation increments/(decrements)	66,376	11,754
Closing fair value	<u>92,288</u>	<u>25,912</u>

Refer to Note 7 for further information on financial instruments.

Investments are recorded at fair value at the date of purchase, being consideration paid plus transaction costs and are brought to account to market valuation at balance date. These investments are classified as other financial assets on the basis they are not held for short term profit making. Movement in the fair value is recorded in the financial assets reserve.

NOTE 10. EXPLORATION AND EVALUATION EXPENDITURE

	2022	2021
	\$	\$
Exploration and evaluation	809,504	393,386
	<u>809,504</u>	<u>393,386</u>

Reconciliations

Reconciliations of the written down values at the beginning & end of the current & previous financial year are set out below:

	2022	2021
	\$	\$
Balance at 1 July	393,386	40,178
Additions during the year	-	5,000
Expenditure during the year	446,991	382,159
Write-off of exploration expenditure	(30,873)	(33,951)
Balance at 30 June	<u>809,504</u>	<u>393,386</u>

The recoverability of the carrying amounts of exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective area of interest.

NOTE 11. TRADE AND OTHER PAYABLES

	2022	2021
	\$	\$
Trade payables	1,349	3,571
Other payables	28,190	50,318
	<u>29,539</u>	<u>53,889</u>

Refer to Note 7 for further information on financial instruments.

The average credit period on purchases is 30 days. No interest is charged on the trade payables. The Consolidated Entity has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

NOTE 12. CONTRIBUTED EQUITY

(a) Issued Capital

	2022	2021	2022	2021
	Shares	Shares	\$	\$
Fully paid ordinary shares	<u>224,234,698</u>	<u>203,234,698</u>	<u>13,339,473</u>	<u>12,494,453</u>
	<u>224,234,698</u>	<u>203,234,698</u>	<u>13,339,473</u>	<u>12,494,453</u>

Year ended 30 June 2022	Issue Price	Fully Paid Ordinary Shares	\$
Balance as at 1 July 2021		203,234,698	12,494,453
Issue of shares upon exercise of unlisted options ¹	\$0.032	21,000,000	672,000
Transfer from options reserve	-	-	173,020
Balance as at 30 June 2022		<u>224,234,698</u>	<u>13,339,473</u>

¹ On 6 December 2021, the directors and company secretary exercised their options in full totalling 20,000,000 at the exercise price of \$0.032. A further 1,000,000 options, held by an unrelated party, were exercised at the exercise price of \$0.032 in May 2022.

Year ended 30 June 2021	Issue Price	Fully Paid Ordinary Shares	\$
Balance as at 1 July 2020		202,234,698	12,464,453
Issue of shares for consultancy services rendered (Jan 2021)	\$0.030	1,000,000	30,000
Balance as at 30 June 2021		<u>203,234,698</u>	<u>12,494,453</u>

(b) Options

The following unlisted options were on issue during the year ended 30 June 2022:

	3.2c	6c	3.2c
Expiry date	6 December 2021	22 February 2023	30 April 2023
Opening balance	20,000,000	500,000	11,000,000
Issued during the year	-	-	-
Expired during the year	-	-	-
Exercised during the year	(20,000,000)	-	(1,000,000)
Closing balance	<u>-</u>	<u>500,000</u>	<u>10,000,000</u>

Discovery Alaska Limited
30 June 2022
Notes to the Financial Statements (continued)

NOTE 12. CONTRIBUTED EQUITY (continued)

The following unlisted options were on issue during the year ended 30 June 2021:

Exercise price	3.2c	6c	3.2c
Expiry date	6 December 2021	22 February 2023	30 April 2023
Opening balance	20,000,000	-	10,000,000
Issued during the year	-	500,000	1,000,000
Expired during the year	-	-	-
Exercised during the year	-	-	-
Closing balance	20,000,000	500,000	11,000,000

(c) Share buy-back

There is no current on-market share buy-back.

(d) Capital risk management

The Consolidated Entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Consolidated Entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Consolidated Entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Consolidated Entity's share price at the time of the investment. The Consolidated Entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

NOTE 13. RESERVES AND ACCUMULATED LOSSES

	2022	2021	
	\$	\$	
13a Accumulated Losses			
Accumulated losses at the beginning of the year	(11,390,531)	(11,124,220)	
Net profit/(loss) for the year	(295,395)	(266,311)	
Accumulated Losses at the end of the year	(11,685,926)	(11,390,531)	
13b Reserves			
Financial assets reserve	179,757	113,381	
Option reserve	551,273	724,293	
	731,030	837,674	
	Financial	Options	Total
	assets		
	\$	\$	\$
Balance at 30 June 2020	101,627	696,534	798,161
Revaluation of financial assets	11,754	-	11,754
Issue of options	-	27,759	27,759
Balance at 30 June 2021	113,381	724,293	837,674
Revaluation of financial assets	66,376	-	66,376
Transfer to issued capital	-	(173,020)	(173,020)
Balance at 30 June 2022	179,757	551,273	731,030

NOTE 13. RESERVES AND ACCUMULATED LOSSES (continued)

Financial assets reserve

The reserve is used to recognise increments and decrements in the fair value of financial assets.

Option reserve

The reserve is used to recognise the value of option equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

NOTE 14. SHARE BASED PAYMENTS

Year ended 30 June 2022

There were no share based payments made during the year.

Year ended 30 June 2021

During the year ended 30 June 2021, the following shares and unlisted options were issued for consultancy services provided to the Group:

	Value per share cents	Number	Value \$
Unlisted options issued in August 2020 (Note 14(a))	1.702	1,000,000	17,020
Shares issued in January 2021 (Note 14(b))	3.000	1,000,000	30,000
Unlisted options issued in February 2021 (Note 14(c))	2.148	500,000	10,739

- (a) On 10 August 2020, 1,000,000 unlisted options were issued to an external consultant in consideration of consultancy services provided to the Company.

During the year ended 30 June 2021, \$17,020 was recognised as a share based payment and capitalised as exploration and evaluation expenditure.

The fair value of these options granted was calculated by using the Black-Scholes option valuation methodology and applying the following inputs:

Weighted average exercise price (cents)	3.2
Weighted average life of the options (years)	2.72
Weighted average underlying share price (cents)	2.3
Expected share price volatility	148%
Risk-free interest rate	0.27%
Expiry date	30 April 2023

- (b) On 18 January 2021, 1,000,000 fully paid ordinary shares were issued to an external consultant in consideration of consultancy services provided to the Company.

The total fair value of the shares issued to the external consultant was \$30,000 based on the Company's share price of 3 cents as at the date the services was rendered and capitalised as exploration and expenditure.

- (c) On 19 February 2021, 500,000 unlisted options were issued to an external consultant in consideration of consultancy services provided to the Company.

During the year ended 30 June 2021, \$10,739 was recognised as a share based payment and capitalised as exploration and evaluation expenditure.

NOTE 14. SHARE BASED PAYMENTS (continued)

The fair value of these options granted was calculated by using the Black-Scholes option valuation methodology and applying the following inputs:

Weighted average exercise price (cents)	6.0
Weighted average life of the options (years)	2.01
Weighted average underlying share price (cents)	3.5
Expected share price volatility	146%
Risk-free interest rate	0.12%
Expiry date	22 February 2023

NOTE 15. PARENT ENTITY INFORMATION

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Accounting Standards.

A. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Parent Entity	
	2022	2021
	\$	\$
Net profit/(loss) attributable to equity holders of the Company	(1,104,899)	(266,311)
Total comprehensive profit/(loss) for the year	(1,038,523)	(254,557)

B. STATEMENT OF FINANCIAL POSITION

	Parent Entity	
	2022	2021
	\$	\$
ASSETS		
Total current assets	1,604,517	1,602,004
Total non-current assets	-	395,474
Total assets	1,604,517	1,997,478
LIABILITIES		
Total current liabilities	(27,451)	(53,889)
Total non-current liabilities	-	-
Total liabilities	(27,451)	(53,889)
Net assets	1,577,066	1,943,589
EQUITY		
Share capital	13,166,453	12,494,453
Other reserves	724,292	724,292
Accumulated losses	(12,313,679)	(11,275,156)
Total Equity	1,577,066	1,943,589

NOTE 16. INVESTMENT IN CONTROLLED ENTITIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1:

Name of entity	Country of incorporation	Equity holding	
		2022	2021
		%	%
Discovery Denali Pty Ltd ¹	Australia	100	100
Discovery Alaska LLC ²	United States	100	100

¹ The entity was incorporated on 5 November 2020.

² The entity was incorporated on 12 November 2020, and is a wholly owned subsidiary of Discovery Denali Pty Ltd.

NOTE 17. KEY MANAGEMENT PERSONNEL DISCLOSURES AND RELATED PARTY TRANSACTIONS

Directors

The following persons were directors of Discovery Alaska Limited during the financial year:

- Mr Peter Lloyd
- Mr Graham Walker
- Mr Jerko Zuvela

Other key management personnel

There were no other persons who had authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, during the financial year.

Remuneration

Refer to the audited remuneration report regarding remuneration paid to key management personnel during the year ended 30 June 2022.

Transactions with related parties

Disclosures relating to transactions with related parties are set out in the remuneration report of the directors' report.

Loans to key management personnel

No loans existed during the year and as at reporting date between the Company and with key management personnel.

Loans from key management personnel

No funds were advanced to the Company by the Directors or their related parties during the year ended 30 June 2022.

NOTE 18. REMUNERATION OF AUDITORS

In August 2022, the Company appointed a new auditor, Criterion Audit Pty Ltd, to replace Rothsay Auditing who resigned as auditor of the Company.

During the financial year ended 30 June 2022, the following fees were paid or payable for services provided by each auditor of the Group:

	2022	2021
	\$	\$
<i>Audit services – Rothsay Auditing</i>		
Audit or review of the financial statements	12,300	26,300
<i>Audit services – Criterion Audit</i>		
Audit or review of the financial statements – year end accrual	15,000	-
	<u>27,300</u>	<u>26,300</u>

NOTE 19. COMMITMENTS FOR EXPENDITURE

Exploration and evaluation assets

In order to maintain current rights of tenure to exploration tenements, the Company and economic entity is required to outlay rentals and to meet the minimum expenditure requirements.

	2022	2021
	\$	\$
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	200,000	166,667
One to five years	33,333	233,333
	<u>233,333</u>	<u>400,000</u>

NOTE 20. CONTINGENCIES

The Consolidated Entity had no contingent assets or liabilities as at 30 June 2022.

NOTE 21. EVENTS OCCURRING AFTER REPORTING PERIOD

No matters or circumstances have arisen since 30 June 2022 that has affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

NOTE 22. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the Consolidated Entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

NOTE 22. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

Financial Assets

Initial Recognition

Financial assets are recognised when the Consolidated Entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Consolidated Entity commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted). Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Classification and Subsequent Measurement

Financial assets can be subsequently measured at:

- amortised cost;
- fair value through other comprehensive income (debt instruments)
- fair value through other comprehensive income (equity instruments only – no recycling); or
- fair value through profit or loss,

based on the two primary criteria, being:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset is subsequently measured at amortised cost when it meets the following conditions:

- the financial asset is managed solely to collect contractual cash flows; and
- it gives rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

The Consolidated Entity has financial assets at amortised cost being cash and cash equivalents and trade and other receivables. Furthermore, the Consolidated Entity has listed investments in the form of ordinary shares. As permitted under AASB 9, the Consolidated Entity has irrevocably elected to recognise all fair value movements after initial recognition in other comprehensive income through the financial assets reserve in equity.

Impairment of financial assets

The Consolidated Entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

NOTE 22. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Assets (continued)

Financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the financial assets reserve.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives. The depreciation rates used for each class of depreciable assets are:

Plant and office equipment	6.67% to 100%
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The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Consolidated Entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Exploration and evaluation assets

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 year in which the decision is made.

At each reporting date the directors review each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area of interest. Where it is determined that the costs incurred on an area of interest will not be recovered through sale or future development and exploitation of the resource the directors will write off costs to the profit or loss.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Share-based payments

Equity-settled share-based compensation benefits are provided to Directors.

Equity-settled transactions are awards of shares, or options over shares that are provided to Directors in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

Employee benefits

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Consolidated Entity receives the services that entitle the executives to receive payment. No account is taken of any other vesting conditions.

NOTE 22. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Consolidated Entity or executive, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Consolidated Entity or executive and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Consolidated Entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Consolidated Entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Consolidated Entity re-measures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss.

Contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity.

NOTE 22. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Discovery Alaska Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

The financial report is presented in Australian dollars, which is Discovery Alaska Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Leases

The Consolidated Entity assesses at the start of a contract whether or not it contains a lease, by deciding if the contract provides the right to control the use of an identified asset for a period of time in exchange for consideration.

The Consolidated Entity currently uses a single recognition and measurement approach for all leases, except for short-term leases and leases of low value assets. The Consolidated Entity recognises lease liabilities to make lease payments and right-of-use assets representing the right to use underlying assets.

i) *Right-of-use assets*

The Consolidated Entity recognises right-of-use assets at the start of the lease and are measured at costs, less accumulated depreciation and impairment losses and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

NOTE 22. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

ii) Lease liabilities

At the commencement date of the lease, the Consolidated Entity recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives received, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Consolidated Entity and payments of penalties for terminating the lease, if the lease term reflects the Consolidated Entity exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Consolidated Entity uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Consolidated Entity applies the short-term lease recognition exemption to its short-term leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

NOTE 23. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

Share-based payment transactions

The Consolidated Entity measures the cost of equity-settled transactions with executives by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Consolidated Entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Exploration and evaluation costs

The Consolidated Entity has capitalised exploration and evaluation costs, net of impairments recognised, in accordance with AASB 6 Exploration for and evaluation of mineral resources. The Consolidated Entity assesses impairment at each reporting date by evaluating conditions specific to the Consolidated Entity and its areas of interest that may lead to impairment of assets. When an impairment trigger exists, the recoverable amount of the assets is determined.

NOTE 23. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Consolidated Entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Consolidated Entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Consolidated Entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

For personal use only

Discovery Alaska Limited
30 June 2022
Directors' declaration

In the directors' opinion:

- the attached financial statements and notes thereto comply with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the Consolidated Entity's financial position as at 30 June 2022 and of its performance for the financial 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.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



Peter Lloyd
Non-Executive Director
27 September 2022

Criterion Audit Pty Ltd

ABN 85 165 181 822

PO Box 233 LEEDERVILLE WA 6902

Suite 2, 642 Newcastle Street
LEEDERVILLE WA 6007

Phone: 9466 9009

Independent Auditor's Report

To the Members of Discovery Alaska Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Discovery Alaska Limited ("the Company") and its controlled entities ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2022, 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 year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

- a. the accompanying financial report of Discovery Alaska Limited is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
 - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Exploration and Evaluation Expenditure – \$809,504 (Refer to Note 10)</p> <p>Exploration and evaluation is a key audit matter due to:</p> <ul style="list-style-type: none"> • The significance of the balance to the Consolidated Entity’s financial position. • The level of judgement required in evaluating management’s application of the requirements of AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>. AASB 6 is an industry specific accounting standard requiring the application of significant judgements, estimates and industry knowledge. This includes specific requirements for expenditure to be capitalised as an asset and subsequent requirements which must be complied with for capitalised expenditure to continue to be carried as an asset. • The assessment of impairment of exploration and evaluation expenditure being inherently difficult. 	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Assessing management’s determination of its areas of interest for consistency with the definition in AASB 6. This involved analysing the tenements in which the Consolidated Entity holds an interest and the exploration programmes planned for those tenements. • For each area of interest, we assessed the Consolidated Entity’s rights to tenure by corroborating to government registries and evaluating agreements in place with other parties as applicable; • We tested the additions to capitalised expenditure for the year by evaluating a sample of recorded expenditure for consistency to underlying records, the capitalisation requirements of the Consolidated Entity’s accounting policy and the requirements of AASB 6; • We considered the activities in each area of interest to date and assessed the planned future activities for each area of interest by evaluating budgets for each area of interest. • We assessed each area of interest for one or more of the following circumstances that may indicate impairment of the capitalised expenditure: <ul style="list-style-type: none"> • the licenses for the right to explore expiring in the near future or are not expected to be renewed; • substantive expenditure for further exploration in the specific area is neither budgeted or planned

- decision or intent by the Consolidated Entity to discontinue activities in the specific area of interest due to lack of commercially viable quantities of resources; and
 - data indicating that, although a development in the specific area is likely to proceed, the carrying amount of the exploration asset is unlikely to be recovered in full from successful development or sale.
- We assessed the appropriateness of the related disclosures in the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Consolidated Entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Consolidated Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consolidated Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Consolidated Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Discovery Alaska Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Criterion Audit

CRITERION AUDIT PTY LTD

Watts

CHRIS WATTS CA
Director

DATED at PERTH this 27th day of September 2022

Discovery Alaska Limited
30 June 2022
Shareholder information

The shareholder information set out below was applicable as at 14 September 2022.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of Ordinary Shares	Number of holders of Unlisted Options
1 to 1,000	133	-
1,001 to 5,000	267	-
5,001 to 10,000	247	-
10,001 to 100,000	410	-
100,001 and over	210	5
	<hr/> 1,267 <hr/>	<hr/> 5 <hr/>
Holding less than a marketable parcel	<hr/> 426 <hr/>	<hr/> - <hr/>

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary Shares	
	Number held	% of total shares held
1 Sunbreaker Holdings Pty Ltd <Lloyd Super Fund A/c>	16,786,546	7.49%
2 TCH Holdings Pty Ltd <The Travis Investment A/c>	8,500,000	3.79%
3 Stevsand Holdings Pty Ltd <Formica Horticultural A/c>	7,650,000	3.41%
4 Mrs Dihna Nada Zuvela	6,180,836	2.76%
5 Mr Steven Marin Zuvela <Taez A/c>	5,978,935	2.67%
6 Sunbreaker Holdings Pty Ltd <Lloyd Super Fund A/c>	5,781,250	2.58%
7 Mr Leigh Duncan McLarty	5,010,000	2.23%
8 Mr Graham Geoffrey Walker	5,000,000	2.23%
9 Mr Jerko Peter Zuvela <Jakkz Discretionary A/c>	5,000,000	2.23%
10 Mr Graham Geoffrey Walker & Mrs Thelma Jean Walker <Walker Super Fund A/c>	4,775,000	2.13%
11 Mr Graham Geoffrey Walker & Mrs Thelma Jean Walker	4,100,000	1.83%
12 Mr Mark Timothy O'Keeffe	4,000,000	1.78%
13 Mr Peter James Rosher & Mrs Katherine Anne Rosher <P & K Rosher S/F A/c>	4,000,000	1.78%
14 BNP Paribas Nominees Pty Ltd <IB AU Noms Retailclient DRP>	3,388,336	1.51%
15 Mrs Annette Lee O'Keeffe	3,250,000	1.45%
16 Citicorp Nominees Pty Ltd	3,085,571	1.38%
17 Mrs Taisa Alexandra Zuvela	2,780,440	1.24%
18 Mr Michael John Tidy	2,750,000	1.23%
19 HSBC Custody Nominees (Australia) Limited	2,639,130	1.18%
20 Cahami Pty Ltd <Cahami Super Fund A/c>	2,620,000	1.17%
	<hr/> 103,276,044 <hr/>	<hr/> 46.07% <hr/>

Discovery Alaska Limited
30 June 2022
Shareholder information (continued)

Unquoted equity securities

	Number on issue	Number of holders
Options exercisable at \$0.032 (3.2 cents) on or before 30 April 2023	10,000,000	4
Options exercisable at \$0.06 (6 cents) on or before 22 February 2023	500,000	1

Substantial holders

Substantial holders in the Company based on notices lodged are set out below:

	Date of Notice	Number held	% of total shares issued
Mr Peter Lloyd and associated entities	6 December 2021	23,064,758	10.33
Mr Graham Walker and associated entities	6 December 2021	14,275,000	6.39

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

At a poll, each share shall have one vote.

There are no other classes of equity securities.