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**FELIX GOLD LIMITED
AND CONTROLLED ENTITIES**

ABN: 35 645 790 281

**CONSOLIDATED FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2022**

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Cautionary Statements

Forward-looking statements

This document may contain certain forward-looking statements. Such statements are only predictions, based on certain assumptions and involve known and unknown risks, uncertainties and other factors, many of which are beyond the Company's control. Actual events or results may differ materially from the events or results expected or implied in any forward-looking statement.

The inclusion of such statements should not be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions or that any forward-looking statements will be or are likely to be fulfilled. Felix Gold Limited undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date of this document (subject to securities exchange disclosure requirements).

The information in this document does not take into account the objectives, financial situation or particular needs of any person or organisation. Nothing contained in this document constitutes investment, legal, tax or other advice.

Competent Person Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Andrew Browne, a Competent Person who is a Fellow of The Australian Institute of Mining and Metallurgy. Mr Browne is a Director of Felix Gold Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is 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 Browne consents to the inclusion in this report of the matters based on his information in the form and context in which it appears. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified.

Listing Rule Disclosure

In accordance with Listing Rule 4.10.19, Felix Gold Limited advises that it has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a manner consistent with its business objectives.

Corporate Information

Directors

Ronnie Beevor, Non-Executive Chairman
Joseph Webb, Managing Director
Andrew Browne, Non-Executive Director

Company Secretary

Craig McPherson

Head Office and Registered Office

Felix Gold Limited
Level 1, 371 Queen St
Brisbane QLD 4000
Tel: +61 7 3054 7108

Auditors

PKF Brisbane Audit
Level 6, 10 Eagle Street
Brisbane QLD 4000

Share Registry

Automic Pty Ltd.
Level 5 126 Phillip Street
Sydney, NSW 2000
Australia

Stock Exchange Listing

Australian Stock Exchange – ASX: FXG

Chairman's Letter

Dear Fellow Shareholders,

With a strong sense of pride and optimism, I am able to report on Felix Gold's achievements since our IPO in November 2021 and first listing on the ASX on 28 January, 2022.

We have established an energetic team in Fairbanks, with significant prior geoscientific experience in our region of Alaska. We have continued to consolidate our land holdings around Fairbanks, including our recent acquisition of the MHT claims. We now hold claims and options to purchase over 41,743 hectares.

Against our plan to drill 10-15,000 metres this year, we have now completed an RC drilling program of 183 holes totalling nearly 16,704 metres. Starting in late April, this drill program was completed in August ahead of time and under budget.

Like so many exploration companies, we have been frustrated by the slow turnaround of assay results from overloaded assay laboratories.

However, early assays have been encouraging, like Hole 22TCRC008 which intercepted 89.9m @ 1.20 g/t Au from 32m downhole. We have recently followed up the RC drilling successes with three up to 450m oriented diamond drill holes underneath the promising RC drilling.

Writing this in mid-September, we look forward to a flow of assay results thru the remainder of 2022.

Felix Gold has more than executed the land acquisition, geophysical testing and drilling plans set out in our IPO Prospectus. We could not have achieved this without the focus and hard work by Dave Larimer, Rebecca Gower and our team on the ground in Alaska. We are also blessed by the enthusiasm and energy of our Managing Director, Joe Webb, and by the experience and geoscientific wisdom of my fellow Director, Andy Browne. My sincere thanks to them all.

Ronnie Beevor
Chairman
15 September 2022

Review of Operations

During the year ended 30 June 2022, Felix Gold Limited focused on the advancement of the Company's projects in Alaska. The Company provides a summary of its operational and corporate activities for year ended 30 June 2022 as follows.

PROJECTS

- The Company completed its Initial Public Offering and was admitted to the Official List of the ASX on Friday, 28 January 2022. The securities of the Company (ASX: FXG) commenced quotation on Monday, 31 January 2022. The Company raised \$10,000,000 (before costs of the offer) pursuant to the Initial Public Offering under its prospectus dated 26 November 2021 through the issue of 40,000,000 shares at an issue price of \$0.25 per share.
- Preparatory activities progressed in advance of drill rig mobilisation.
- Drilling commenced in April at Treasure Creek, located only 15km west of Kinross Gold's Fort Knox Gold Mine, with 70 holes for 7,715m completed by the end of June.
- At the end of June, Felix Gold had received approx. 150m of assays with results from hole 22TCRC002 reported: 28.9m @ 1.43 g/t Au from 24.4m.
- Felix undertook further consolidation of the Fairbanks Gold Mining District with the acquisition of the MHT tenure (6,403 acres), which is located within 400m of Kinross' Fort Knox mill and 200m from Fregold Ventures' Golden Summit Project.
- The MHT tenure holds multiple previous mine workings and evidence of extensive historical placer mining.
- Drilling is continuing with a total planned initial program of 10,000-15,000m across Treasure Creek, NE Fairbanks and the MHT tenure.

Background

Felix listed on the ASX in January 2022 after undertaking the largest consolidation of relatively underexplored tenure in the history of the Fairbanks Gold Mining District (**FGMD**) in Alaska. It now has the rights to the largest area of mineral claims in the FGMD.

The FGMD hosts Kinross Gold's Fort Knox Gold Mine, which has publicly stated its need for more ore supply. Current ore supply for Fort Knox includes its Gill-Sourdough satellite operation (10 Mt at 0.6 g/t for 193 koz Au), located approximately 13km east of Fort Knox.

Felix's primary objective is the discovery of a multi-million-ounce gold deposit on its FGMD tenure. The Company also recognises the significant value of discovering near surface gold mineralisation that could supply Fort Knox.

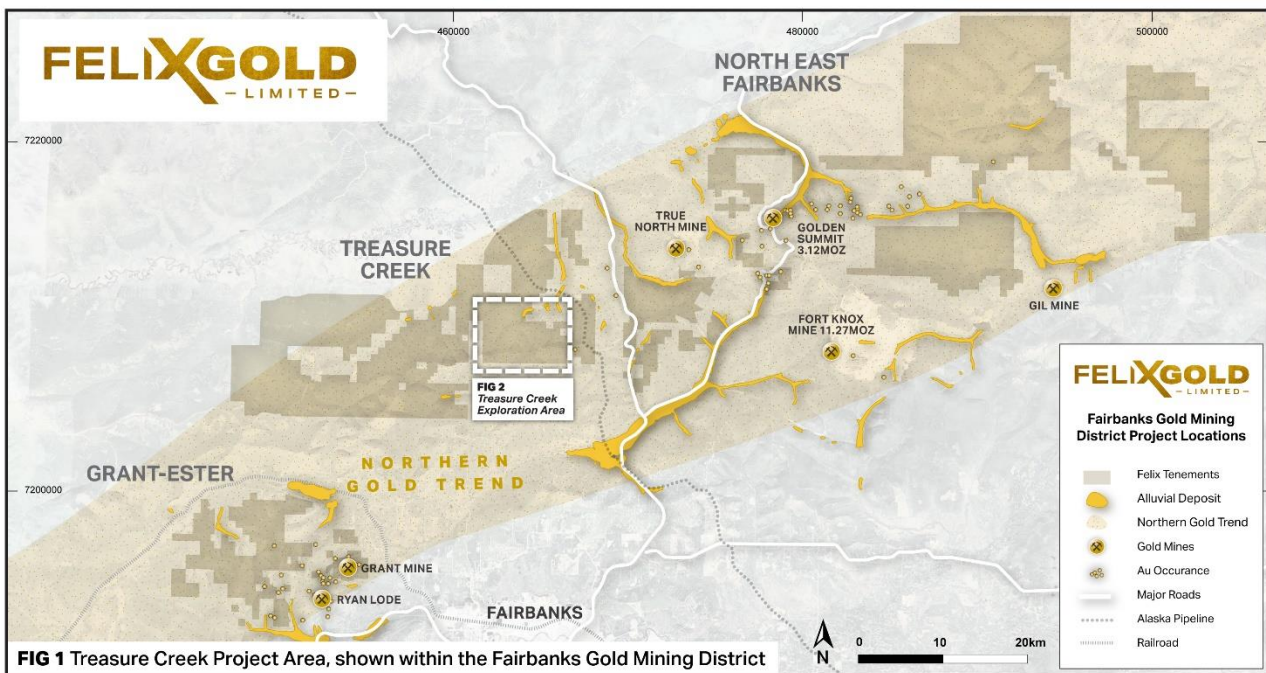
Operations

Exploration activities

RC drilling commenced at Treasure Creek in late April, located only 20km north of major mining and logistics hub, Fairbanks City. Approximately 70 holes for 7,715m were completed to the end of June.

The maiden program is focused on several prospect areas. Drilling continues at Treasure Creek and is then planned to move to NE Fairbanks and the newly acquired MHT tenure during Q3 2022. Key initial target zones coincide with areas delivering strong evidence of potential large-scale gold systems including extensive gold soil anomalism, coincident geophysical anomalies and significant previous drill intercepts.

Review of Operations



The initial drilling at Treasure Creek is focussed on shallow Reverse Circulation (RC) drilling to test multi-kilometre, high-grade (+100 ppb Au) gold soil geochemical anomalies with historical intercepts that remain untested at depth and open in multiple directions. Select deeper holes (up to 200m vertical depth) are also planned to follow up prospects containing historical drill intercepts with coincident geophysics and gold soil anomalies.

Felix planned to drill approximately 10,000 - 15,000 metres across its FGMD tenure through 2022. With only approximately 150m of assays received to end of June, Felix expects to have extensive drilling news flow through the remainder of 2022.

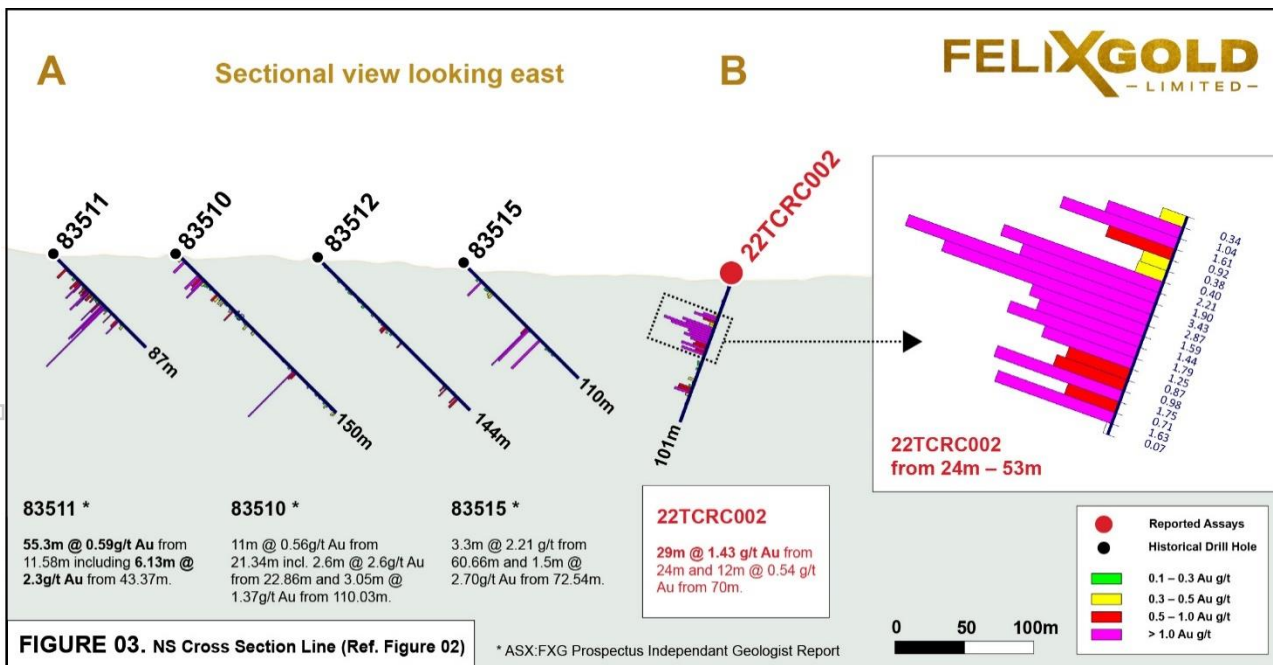
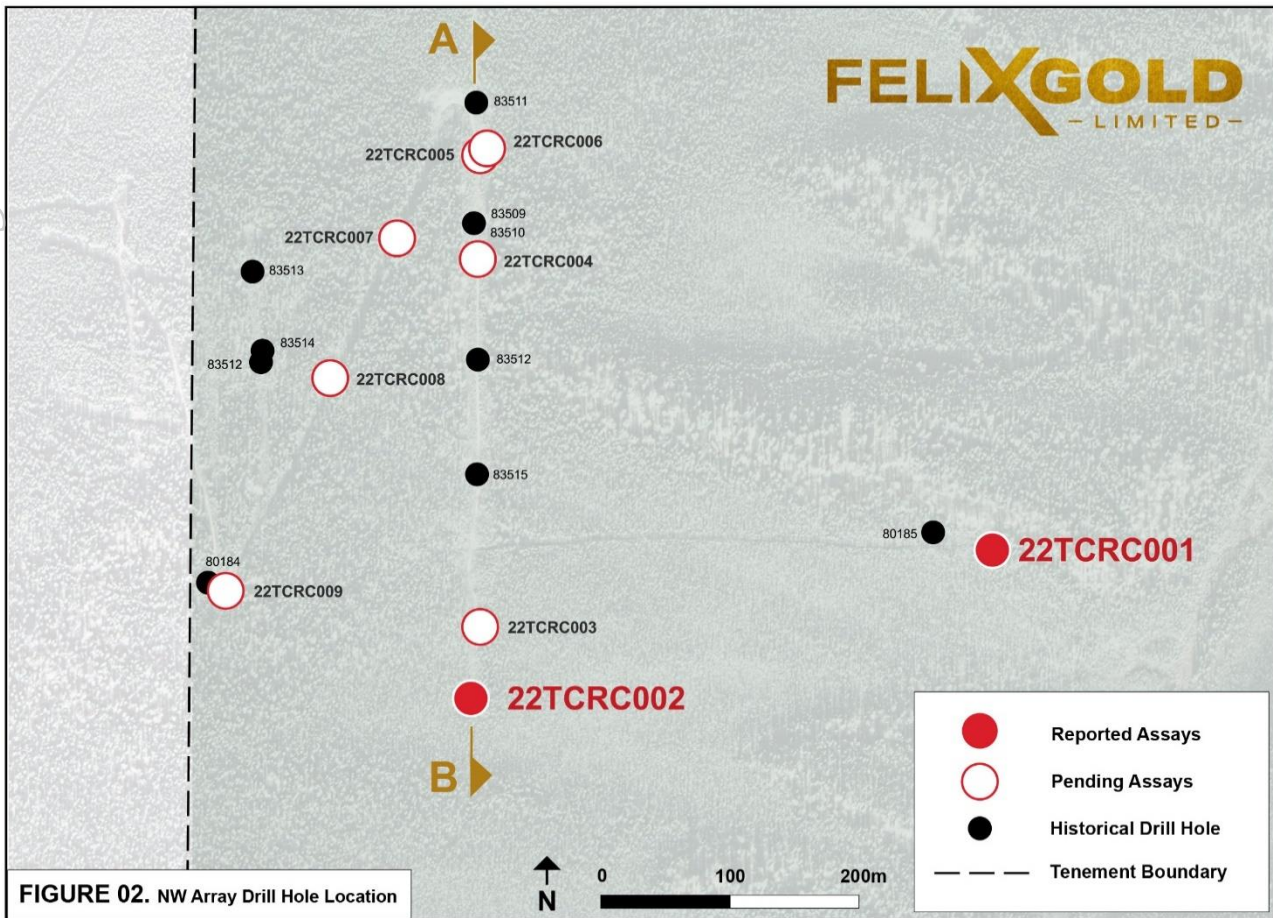
Assay results have been returned for the first two holes of the program, representing the first 146 metres of drilling (one full hole and one partial hole; see Felix ASX release dated 22 June 2022 for full details). The following mineralised intercepts were returned (using a cut-off of 0.1 g/t Au over a minimum continuous mineralised zone of 3.0m downhole):

- **Hole 22TCRC002:** 29.0m @ 1.43 g/t Au from 24m downhole
and 12.0m @ 0.54 g/t Au from 70m downhole.
- **Hole 22TCRC001:** 3.1m @ 0.16 g/t Au from 7.6m downhole
and 3.1m @ 0.20 g/t Au from 22.8m downhole.

Drillhole 22TCRC002 represents a significant step-out discovery, being located over 200m south of the previous southern-most drillhole at NW Array (see Figure 2). It is a shallow zone of gold mineralisation that is open to the south, east and west, and planned for rapid follow-up testing (see Figure 3).

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Review of Operations



Further tenure acquisition

The Company also continued its aggressive consolidation strategy of the FGMD during the year, with the successful acquisition of the MHT tenure shown in Figure 1. The MHT tenure is located directly between Felix’s Treasure Creek and NE Fairbanks claim positions. It is within 400 metres of Kinross Gold’s (TSX: KGC) Fort Knox Gold Mine process plant and approximately 200 metres from Freegold Ventures’ (TSX: FVL) key Dolphin deposit within its emerging Golden Summit Project.

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Review of Operations

There are five key historic prospects contained within the MHT tenure, as reported through the Alaska Resource Data File. It also contains multiple previous mine workings and evidence of extensive historical placer mining activities.

CORPORATE

During the year, the Company completed its Initial Public Offering and was admitted to the Official List of the ASX on Friday 28 January 2022. The securities of the Company (ASX: FXG) commenced quotation on Monday 31 January 2022. Felix raised A\$10 million (before costs of the offer) pursuant to the Initial Public Offering under its prospectus dated 26 November 2021 through the issue of 40,000,000 shares at an issue price of A\$0.25 per share.

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Directors' Report

The directors submit their report on the consolidated entity ("Group") consisting of Felix Gold Limited and the entities it controlled at the end of, and during, the financial period ended 30 June 2022.

Directors

The following persons were directors of Felix Gold Limited during the financial period and up to the date of this report, unless otherwise stated:

Ronnie Beevor	Non-Executive Chairman
Joseph Webb	Managing Director (moved from Non-Executive Director to Managing Director on 25 March 2022)
Andrew Browne	Non-Executive Director
Kylie Prendergast	Managing Director (appointed 1 September 2021 and resigned 25 March 2022)

Information on Directors

The board has a strong combination of technical, managerial and capital markets experience. The names and qualifications of the current directors are summarised as follows:

Ronnie Beevor – Non-Executive Chairman

Qualifications	Chartered Accountant
Appointment Date	27 January 2021
Resignation Date	N/A
Length of Service	1.6 years
Current ASX Listed Directorships	Bannerman Energy Limited
Former ASX Listed Directorships	Not in the last 3 years

Mr Beevor has over 40 years' experience in investment banking and the natural resources industry. Ronnie was Head of Investment Banking at Rothschild Australia between 1997 and 2002 and has had extensive experience as a company Director, having held the position of Chair or Non-Executive Director for a number of mining companies, both in Australia and internationally. He was previously Chair of AIM listed EMED Mining and is currently Chair of Bannerman Energy. Ronnie has also held directorships at Riversdale Resources, Talison Lithium, Ampella Mining and Oxiana.

Mr Beevor holds a degree in Philosophy, Politics and Economics (Honours) from Oxford University and qualified as a chartered accountant in London.

Mr Beevor is considered an independent director by the board.

Directors' Report

Joseph Webb – Managing Director

Qualifications	BBus
Appointment Date	11 November 2020
Resignation Date	N/A
Length of Service	1.9 years
Current ASX Listed Directorships	None in the last 3 years
Former ASX Listed Directorships	None in the last 3 years

Mr Webb holds a Bachelor of Business, majoring in Management, Marketing and International Business. Joe has over 20 years' executive management experience in the resources and manufacturing industries both in Australia and overseas, with the last 10+ years in CEO and Managing Director roles. Joe has worked in commercial roles in Rio Tinto and as Director of Development for Mineralogy Pty Ltd (and other related entities). Joe was Managing Director of Felix until September 2021, and is presently a Director of Mine Discovery Fund, a funding platform for discovery exploration drilling with a focus on copper, gold and zinc. Joe brings commercial experience with a clear focus on the strategy, people, and processes to maximise the potential of Felix Gold.

Mr Webb is not considered an independent director by the board.

Andrew Browne - Non-Executive Director

Qualifications	BSc (Hons), FAusIMM (CPGeo)
Appointment Date	11 November 2020
Resignation Date	N/A
Length of Service	1.9 years
Current ASX Listed Directorships	None in the last 3 years
Former ASX Listed Directorships	None in the last 3 years

Mr Browne is a Geoscientist holding a Bachelor of Science (Honours) in Geology from the University of New England. Andy has over 50 years' global experience in the mineral resources sector across a broad industry spectrum including mineral exploration, project generation, evaluations and assessments, early-stage reconnaissance to advanced programs, ore reserve compilation, and stakeholder negotiations. Andy has specialist experience in uranium, having discovered the greenfields giant Arrow uranium deposit with his team at NexGen Energy Ltd, in Northern Saskatchewan, Canada. His discovery record also includes a number of deposits of precious and base metals (gold and copper-zinc) as well as of heavy and industrial minerals.

Mr Browne is a Fellow of the AusIMM (CPGeo), a Life Member of the CIM, and member of GSAust, GSAm, and SEG.

Mr Browne is not considered an independent director by the board.

Kylie Prendergast – former Managing Director

Appointment Date	1 September 2021
Resignation Date	25 March 2022
Length of Service	0.6 years

Directors' Report

Company Secretary

Craig McPherson –Company Secretary

Appointment Date	1 July 2021
Resignation Date	N/A
Length of Service	1.25 years

Mr McPherson graduated with a Bachelor of Commerce degree from the University of Queensland and is a member of Chartered Accountants Australia and New Zealand. He has in excess of twenty years of commercial and financial management experience and has held various roles with ASX and TSX listed companies over the past fifteen years in Australia and overseas.

Interests in Securities

As at the date of this report, the interests of each director in shares and options issued by the Company are shown in the table below:

Directors	Shares
Ronnie Beevor	1,160,000
Joseph Webb	4,662,222
Andrew Browne	7,787,816

Principal Activities

The principal activity of the Group during the period was the exploration for gold and precious metals in Alaska.

Corporate

Felix Gold Limited ACN 645 790 281 was incorporated as an Australian public company limited by shares on 11 November 2020.

Dividends Paid or Recommended

There were no dividends paid or recommended during the financial year.

Review of Operations

Information on the operations of the Group during the financial year and up to the date of this report is set out separately in the Annual Report under Review of Operations.

Operating Results

The Group's operating loss for the financial year was \$2,154,783 (2021: \$948,744).

Review of Financial Condition

Capital Structure

As at 30 June 2022 the Company had 171,675,113 ordinary shares and 11,545,786 options on issue.

The Company issued 50,882,157 ordinary shares during the year. The Company issued 5,050,000 options and 2,000,000 options lapsed during the year.

Directors' Report

Financial Position

At 30 June 2022, the Group's net assets totalled \$17,798,918 (2021: \$7,161,147) which included cash assets of \$6,926,189 (2020: \$5,074,883). The movement in net assets largely resulted from the following factors:

- Operating losses of \$2,154,783;
- Cash outflows from operating activities of \$1,895,440;
- Cash outflows from investing activities of \$5,906,946; and
- Net cash inflows from financing activities of \$9,953,692.

Throughout the year the Group focussed on exploration and development on the Group's projects.

The Group's working capital, being current assets less current liabilities has increased from \$5,173,691 at 30 June 2021 to \$6,351,747 at 30 June 2022.

Treasury policy

The Group does not have a formally established treasury function. The Board is responsible for managing the Group's finance facilities. The Group does not currently undertake hedging of any kind and is not currently directly exposed to material currency risks, with the exception of it forward budgets being denominated in USD.

Liquidity and funding

The Group has sufficient funds to finance its operations and exploration activities, and to allow the Group to take advantage of favourable business opportunities, not specifically budgeted for, or to fund unforeseen expenditure.

Significant Changes in State of Affairs

Other than the securities issued as noted above, there were no other significant changes in the state of affairs of the Group in the financial year.

Subsequent Events

Other than the matters noted above, there are no material matters or circumstances that have arisen since the end of the year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Environmental Issues

The Group is subject to significant environmental regulations under the (Federal, State and local) laws in Alaska. The directors monitor the Group's compliance with environmental obligations. The directors are not aware of any compliance breach arising during the year and up to the date of this report.

Directors' Report

Remuneration Report (Audited)

This report details the nature and amount of remuneration for each director and other key management personnel.

The names of key management personnel of Felix Gold Limited who have held office during the financial year are:

Ronnie Beevor	Non-Executive Chairman
Joseph Webb	Managing Director
Andrew Browne	Non-Executive Director
Kylie Prendergast	Managing Director (resigned 25 March 2022)

The Group's remuneration policy seeks to align director and executive objectives with those of shareholders and the business, while at the same time, recognising the early exploration stage of the Group and the criticality of funds being utilised to achieve discovery objectives. The board believes the current policy has been appropriate and effective in achieving a balance of these objectives.

The Group's remuneration policy provides for long-term incentives to be offered through a director and employee equity incentive plan. Options may be granted under this plan to align directors', executives', employees' and shareholders' interests. To achieve this aim options are granted with higher exercise prices (than the share price at issue) rewarding share price growth.

The board of directors is responsible for determining and reviewing the Group's remuneration policy, remuneration levels and performance of both executive and non-executive directors. Independent external advice will be sought when required. No independent external advice was sought during the current year.

Performance-Based Remuneration

Performance-based remuneration includes both short-term and long-term incentives and is designed to reward key management personnel for reaching or exceeding specific objectives or as recognition for strong individual performance. Short-term incentives are available to eligible staff of the Group and may be comprised of cash bonuses, determined on a discretionary basis by the board. No short-term incentives were made available during the year.

Long-term incentives are currently comprised of share options, which are granted from time-to-time to encourage sustained strong performance in the realisation of strategic outcomes and growth in shareholder value.

The exercise price of the options is determined after taking into account the underlying share price performance in the period leading up to the date of grant and if applicable, performance conditions attached to the share options. Subject to specific vesting conditions, each option is convertible into one ordinary share.

The Group's policy for determining the nature and amount of remuneration of board members and key executives is set out below.

Directors' Report

Remuneration Report (Audited) (Continued)

Directors

Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting and is not linked to the performance of the Group. The maximum aggregate amount of fees that can be paid to non-executive directors approved by shareholders is currently \$300,000. The appointment conditions of the non-executive directors are set out and agreed in letters of appointment.

Executives

The remuneration structure for executives is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Group.

The executives receive payments provided for under an employment or service agreement, which may include cash, superannuation, short-term incentives and equity-based performance remuneration.

The Company has entered into an consulting agreement with Joseph Webb on the following material terms.

- Position: Managing Director and CEO.
- Commencement Date: 25 March 2022.
- Notice period: Either party may terminate the agreement without notice.
- Remuneration: \$275,000 per annum.

Remuneration Details of Key Management Personnel

The remuneration of the key management personnel of Felix Gold Limited for the year ended 30 June 2022 was as follows:

Key Management Personnel	Short Term Benefits		Post-Employment		Equity-settled Share-based Payments		Total	Performance related %
	Salary & Fees	Non-cash Benefits	Super-annuation	Provision for leave entitlements	Shares	Options /Rights		
	\$	\$	\$	\$	\$	\$	\$	%
R Beevor	80,000	-	8,000	-	-	75,750	163,750	46.26
J Webb	233,854	-	4,167	11,048	-	126,250	375,319	33.64
A Browne	62,333	-	-	-	-	50,500	112,833	44.76
K Prendergast (1)	205,531	-	19,998	15,793	-	-	241,322	-
Total	581,718	-	32,165	26,841	-	252,500	893,224	

(1) Appointed 1 September 2021 and Resigned on 25 March 2022

Directors' Report

Remuneration Report (Audited) (Continued)

The remuneration of the key management personnel of Felix Gold Limited for the year ended 30 June 2021 was as follows:

Key Management Personnel	Short Term Benefits		Post-Employment		Equity-settled Share-based Payments		Total	Performance related %
	Salary & Fees	Non-cash Benefits	Super-annuation	Provision for leave entitlements	Shares	Options /Rights		
	\$	\$	\$	\$	\$	\$	\$	%
R Beevor (2)	40,000	-	3,800	-	-	18,937	62,737	30.18
J Webb (3)	104,167	-	9,896	-	-	31,562	145,625	21.67
A Browne (3)	-	-	-	-	-	12,625	12,625	100.00
Total	144,167	-	13,696	-	-	63,124	220,987	

(2) Appointed 27 January 2021

(3) Appointed upon incorporation of company on 11 November 2020

The percentage of equity-based remuneration for persons who were key management personnel of the Group during the year ended 30 June 2022 is set out below:

Key Management Personnel	Proportion of Remuneration	
	Equity Based	Salary and Fees
R Beevor	46.26%	53.74%
J Webb	33.64%	66.36%
A Browne	44.76%	55.24%
K Prendergast	0%	100%

Company Performance, Shareholder Wealth, and Director and Executive Remuneration

During the financial year, the Company generated losses as its principal activity was mineral exploration. As the Company is still in the exploration stage, the link between remuneration, company performance and shareholder wealth is tenuous. Share prices are subject to the influence of commodity prices and market sentiment towards the sector, and as such, increases and decreases might occur independent of executive performance and remuneration.

Options Held by Key Management Personnel

Details of options held directly, indirectly or beneficially by key management personnel during the year ended 30 June 2022 were as follows:

Key Management Personnel	Balance at 1 July 2021	Granted as Compensation	Acquired	Exercised	Sold/Lapsed	Balance at 30 June 2022	Total Vested 30 June 2022	Total Vested and Exercisable 30 June 2022
R Beevor	1,500,000	-	-	-	-	1,500,000	-	-
J Webb	2,500,000	-	-	-	-	2,500,000	-	-
A Browne	1,000,000	-	-	-	-	1,000,000	-	-
K Prendergast	-	2,000,000	-	-	(2,000,000)	-	-	-
Total	5,000,000	2,000,000	-	-	(2,000,000)	5,000,000	-	-

Directors' Report

Remuneration Report (Audited) (Continued)

Options Granted as Remuneration

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year are as follows:

Key Management Personnel	Number of options granted	Grant date	Vesting date	Expiry date	Exercise price	Fair Value per option at grant date
R Beevor	1,500,000	09.04.2021	09.04.2023	09.10.2024	\$0.30	\$0.101
J Webb	2,500,000	09.04.2021	09.04.2023	09.10.2024	\$0.30	\$0.101
A Browne	1,000,000	09.04.2021	09.04.2023	09.10.2024	\$0.30	\$0.101
K Prendergast	1,000,000	08.09.2021	01.09.2023	01.03.2025	\$0.30	\$0.1004
K Prendergast	1,000,000	08.09.2021	01.09.2023	01.03.2025	\$0.40	\$0.0905

Values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2022 are set out below:

Key Management Personnel	Value of options granted during the year	Value of options exercised during the year	Value of options lapsed during the year
R Beevor	-	-	-
J Webb	-	-	-
A Browne	-	-	-
K Prendergast	\$31,831	-	\$31,831

No options have been granted to Key Management Personnel since the end of the financial year.

Shares Held by Key Management Personnel

Details of shares held directly, indirectly or beneficially by key management personnel during the year ended 30 June 2022 were as follows:

Key Management Personnel	Balance at 1 July 2021	Purchases	Sales	Balance at 30 June 2022
R Beevor	800,000	360,000	-	1,160,000
J Webb	4,662,222	-	-	4,662,222
A Browne	6,785,816	1,002,000	-	7,787,816
K Prendergast ⁽¹⁾	-	425,000	-	425,000

(1) Held at date of resignation

Other transactions with Key Management Personnel

There have been no other transactions with key management personnel during the year ended 30 June 2022.

End of Remuneration Report (Audited)

Directors' Report

Options and Performance Rights

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

Unlisted Options

Issue Date	Expiry Date	Exercise Price	No. Under Option
9 April 2021	9 October 2024	\$0.30	5,500,000
7 May 2021	31 December 2024	\$0.225	1,047,893
7 May 2021	31 December 2024	\$0.27	1,047,893
8 June 2021	8 June 2024	\$0.30	900,000
17 July 2021	17 July 2024	\$0.20	550,000
25 January 2022	25 January 2025	\$0.30	1,250,000
25 January 2022	25 January 2025	\$0.40	1,250,000
TOTAL			11,545,786

There have been no unissued shares or interests under option of any controlled entity within the Group during or since reporting date. Option holders do not have any rights to participate in any share issue or other interests in the Company or any other entity.

Directors' Meetings

The meetings (held while a director) attended by each director during the financial year were:

Directors	Board	
	Meetings	Attended
R Beevor	18	18
J Webb	18	18
A Browne	18	18
K Prendergast	12	12

It is noted that the Directors were able to attend to business of the Company during the year by circulated resolution and telephone meetings as permitted by the Company's Constitution in place of conducting physical meeting meetings.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Felix Gold Limited support and, where practicable or appropriate, have adhered to the ASX Principles of Corporate Governance. The Company's Corporate Governance Statement is lodged separately on the ASX and can be found on the Company's website (www.felixgold.com.au).

Directors' Report

Indemnifying Directors and Auditors

The Company has entered into a Deed with each of the Directors (and the Company Secretary) whereby the Company has agreed to provide certain indemnities to each Director (and the Company Secretary) to the extent permitted by the Corporations Act and to use its best endeavours to obtain and maintain directors' and officers' indemnity insurance, subject to such insurance being available at reasonable commercial terms.

The Company has paid premiums to insure each of the directors (and the Company Secretary) of the Company against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director (or Company Secretary) of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The contracts include a prohibition on disclosure of the premium paid and nature of the liabilities covered under the policy.

The Company has not given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums in respect of any person who is or has been an auditor of the Company or a related entity during the year and up to the date of this report.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Non-Audit Services

During the financial year, PKF Brisbane Audit provided accounting and taxations services in relation to the Company's IPO of \$22,250 (2021: \$16,000).

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is attached to and forms part of this financial report.

Signed in accordance with a resolution of the board of directors.



Joseph Webb
Managing Director
30 September 2022
Brisbane, Queensland

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF FELIX GOLD LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022, there have been no contraventions of:

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

This declaration is in respect of Felix Gold Limited and the entities it controlled during the year.



PKF BRISBANE AUDIT



CAMERON BRADLEY
PARTNER

BRISBANE
30 SEPTEMBER 2022

PKF Brisbane Audit ABN 33 873 151 348

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PKF Brisbane Pty Ltd. is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

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Shareholder Information

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 26 September 2022.

(a) Distribution of equity securities

The number of holders, by size of holding, in each class of security are:

	Ordinary Shares	
	No. Holders	No. Shares
1 - 1,000	6	1,064
1,001 - 5,000	40	142,682
5,001 - 10,000	129	1,072,089
10,001 - 100,000	225	9,924,743
100,001 and over	162	160,534,535
Total	562	171,675,113

	Unlisted Options		No of Holder by No. of Options		
	No. Holders	No. Options	10,000 and below	10,001 – 100,000	100,000 and over
\$0.30 @ 9-Oct-24	4	5,500,000	-	-	4
\$0.30 @ 8-Jun-24	3	900,000	-	-	3
\$0.225 @ 31-Dec-24	1	1,047,893	-	-	1
\$0.27 @ 31-Dec-24	1	1,047,893	-	-	1
\$0.20 @ 17-Jul-24	2	550,000	-	1	1
\$0.30 @ 24-Jan-25	1	1,250,000	-	-	1
\$0.40 @ 24-Jan-25	1	1,250,000	-	-	1
Total	13	11,545,786	-	1	12

There are 30 shareholders, for a total of 71,186 shares holding less than a marketable parcel shares based on a share price of \$0.14.

Shareholder Information

(b) Twenty Largest Shareholders

The names of the twenty largest holders of Quoted Ordinary Shares are:

#	Registered Name	Number of Shares	% of total Shares
1	MINE DISCOVERY FUND PTY LTD	35,152,852	20.48%
2	MILLROCK RESOURCES INC	9,957,157	5.80%
3	CITICORP NOMINEES PTY LIMITED	7,600,588	4.43%
4	ROCKDRCAN PTY LTD <THE ROCKDRCAN A/C>	7,550,602	4.40%
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	6,054,505	3.53%
6	DTC NOMINEES PTY LTD <THE DTC A/C>	5,994,362	3.49%
7	BNP PARIBAS NOMS PTY LTD <DRP>	5,274,659	3.07%
8	ROBERT SOWERBY	4,955,902	2.89%
9	JOE WEBB CONSULTING PTY LTD <THE JOE WEBB A/C>	4,662,222	2.72%
10	MICJUD PTY <CHESTER S/F A/C>	4,324,367	2.52%
11	SHORE TREE HOLDINGS PTE LTD	4,245,751	2.47%
12	GLENN WRIGHT	2,439,302	1.42%
13	KINCARDINE (QLD) PTY LTD <MAIN FAMILY 1 A/C>	2,261,057	1.32%
14	CCGF HOLDING PTY LTD	2,014,371	1.17%
15	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	1,800,000	1.05%
16	DRAGONX PTY LTD <DRAGONX INVESTMENT NO1 A/C>	1,717,484	1.00%
17	JOYGLENICE PTY LTD <GJ MCINTYRE PENSION A/C>	1,448,645	0.84%
18	GP SECURITIES PTY LTD	1,323,529	0.77%
19	DKK PTY LTD <DK & AC KELLY SUPERFUND A/C>	1,288,455	0.75%
19	MRS GWENETH MCINTYRE	1,288,455	0.75%
19	DR IAN MICHAEL SUTHERLAND & MS JENNIFER MARY MCCARTHY <SUTHERLAND SUPERFUND A/C>	1,288,455	0.75%
20	GERNOT DOLEZAL	1,280,000	0.75%
	Total	113,922,72	66.36%
	Total issued capital	171,675,113	100.00%

Shareholder Information

(c) Substantial Shareholders

The Company has received substantial shareholder notices from the following entities:

Name of Shareholder	Ordinary Shares	% of total Shares
MINE DISCOVERY FUND PTY LTD	35,152,852	20.48%
MILLROCK RESOURCES INC	9,957,157	5.80%

(d) Voting rights

All ordinary shares carry one vote per share without restriction.

Options and performance rights do not carry voting rights.

(e) Restricted securities

As at the date of this report, there were the following securities subject to ASX escrow:

Security	Restriction Period	Number
Fully Paid Ordinary Shares	12 Months from the date of quotation	88,508,715
Unlisted Options	12 Months from the date of quotation	9,500,000

(f) On-market buy back

There is no current on-market buy-back in place.

Interests in Tenements

Felix Gold Limited held the following interests in tenements as at the date of this report:

Treasure Creek Project

The Treasure Creek Project area consists of 236 Alaska State Mining Claims that cover 11,573 hectares. The Treasure Creek Project is a consolidation of mining claims held by Oro Grande Mining Claims LLC, Goldstone Resources LLC, Wally Trudeau, and Millrock. Felix has acquired the mining claims or the exclusive rights to explore and an option to purchase the mining claims detailed below:

TREASURE CREEK	Felix Rights	Number of Mineral Claims	Total Acres	Total Hectares	Total SQ KM
Goldstone Resources	Exclusive right to explore and option to purchase	22	3,174	1,285.47	12.8547
Wally Trudeau	Exclusive right to explore and option to purchase	5	200	81	0.81
Oro Grande	Exclusive right to explore and option to purchase	11	3,196	1,294.38	12.9438
Millrock Treasure Creek	Mining claims assigned to Felix.	198	22,006	8,912.43	89.1243
TOTAL TREASURE CREEK		236	28,576	11,573.28	115.7328

Grant-Ester Project

The Grant-Ester Project is comprised of 154 Alaska State mining claims that total 3,397 hectares. The Grant-Ester Project consists of mining claims held by Range Minerals Corporation, Roger Burggraf, Dobbs and Millrock. Felix has acquired the mining claims, or the exclusive rights to explore and an option to purchase the mining claims as detailed below:

GRANT-ESTER	Felix Rights	Number of Mineral Claims	Total Acres	Total Hectares	Total SQ KM
Range Minerals	Exclusive right to explore and option to purchase	61	3,110	1,259.55	12.5955
Millrock Ester Dome	Mining claims assigned to Felix	59	4,549	1,842.345	18.42345
Burggraf	Exclusive right to explore and option to purchase	32	709	287.145	2.87145
Dobbs State	Exclusive right to explore and option to purchase	2	20	8.1	0.081
TOTAL GRANT-ESTER		154	8,388	3,397.14	33.9714

Interests in Tenements

NE Fairbanks Project

The NE Fairbanks Project is comprised of 326 Alaska State mining claims that total 14,637 hectares located approximately 25km to the Northeast of the city of Fairbanks. The NE Fairbanks Project consists of mining claims held by DG Resources Management (Us) Ltd, Fairbanks Exploration Inc. and Millrock. Felix has acquired the mining claims, or the exclusive rights to explore and an option to purchase the mining claims as detailed below:

NE FAIRBANKS	Felix Rights	Number of Mineral Claims	Total Acres	Total Hectares	Total SQ KM
Fairbanks Exploration	Exclusive right to explore and option to purchase	83	10,332	4,184.46	41.8446
DG Resources	Exclusive right to explore and option to purchase	141	14,038	5,685.39	56.8539
Millrock NE Fairbanks	Mining claims assigned to Felix	102	11,773	4,768.065	47.68065
TOTAL NE FAIRBANKS		326	36,143	14,637.915	146.37915

Liberty Bell Project

The Liberty Bell Project is comprised of 209 Alaska State mining claims that total 9,623 hectares located approximately 115km to the south west of the city of Fairbanks. The Liberty Bell Project consists of mining claims held by Boot Hill Gold Inc., James Roland and Millrock. Felix has acquired the mining claims or the exclusive rights to explore and an option to purchase the mining claims as detailed below:

LIBERTY BELL	Felix Rights	Number of Mineral Claims	Total Acres	Total Hectares	Total SQ KM
Boot Hill	Exclusive right to explore and option to purchase	26	2,720	1,101.6	11.016
Roland	Exclusive right to explore and option to purchase	10	400	162	1.62
Millrock	Mining claims assigned to Felix	173	20,640	8,359.2	83.592
TOTAL LIBERTY BELL		209	23,760	9,623	96.23

MHT Project

MHT Project comprises Alaskan State Mining claims of 6,203 acres located only 20km north of major mining and logistics hub, Fairbanks City. The claims are held by the Mental Health Trust. Felix Gold has secured 100% lease of the claims.

MHT	Felix Rights	Total Acres	Total Hectares	Total SQ KM
MHP Project	100% Lease	6,203	2,512	25.12
MHT Project		6,203	2,512	25.12

TOTAL PROJECT AREA

	Total Acres	Total Hectares	Total SQ KM
Felix Gold Project Area (Alaska)	103,070	41,743.34	417.43

Annual Mineral Resources Statement

Resources Statement on 30 June 2022

A 364,000 ounce Mineral Resource has been defined at the Grant Gold project. After an extensive due diligence, a maiden Mineral Resource Estimate (JORC, 2012) for the historical Grant Mine was completed in June 2021. A table outlining the Mineral Resource Estimate is contained below.

Lode	Open Pit < 125m & 0.3 g/t			Underground > 125m & > 2.0 g/t			Total		
	Tonnes	Grade g/t Au	Ounces	Tonnes	Grade g/t Au	Ounces	Tonnes	Grade g/t Au	Ounces
Ester Elms South	178,700	3.32	19,100	91,700	3.1	9,100	270,400	3.24	28,200
Ester Elms	2,348,700	1.14	86,100	44,100	2.75	3,900	2,392,800	1.17	90,000
Ester Elms North	136,500	0.7	3,100	-	-	-	136,500	0.71	3,100
O'Dea	624,700	2.97	59,700	433,100	7.52	104,700	1,057,800	4.83	164,400
Irishman	458,900	0.99	14,600	-	-	-	458,900	0.99	14,600
X-Fault	432,200	1.47	20,400	113,400	5.05	18,400	545,600	2.21	38,800
Lois	945,100	0.82	24,900	-	-	-	945,100	0.82	24,900
Total	5,124,800	1.38	227,900	682,300	6.2	136,100	5,807,100	1.95	364,000

*The preceding statements of Mineral Resources conforms to the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) 2012 Edition. Due to rounding to appropriate significant figures, minor discrepancies may occur, all tonnages reported are dry metric. Mineral Resource estimates are not precise calculations, and the reported estimate is dependent on the interpretation of limited data pertaining to the location, shape, continuity of the mineralisation and the quality and quantity of the samples of the mineralisation. Mineral Resources that are not Ore Reserves do not have demonstrated economic viability. No processing recovery factors, or other modifying factors have been applied to these resource figures. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant modifying factors.

The defined resource is contiguous, and by virtue of its grade and geometry, should be considered as a Mineral Resource. As such, the CP (Mr Ian Taylor of Mining Associates) considers that the reported Mineral Resource has reasonable prospects for eventual economic extraction by open pit mining methods, and Mineral Resources below the pit depth are considered at a higher cut off to reflect the higher cost of underground mining methods.

Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2022

	Note	1 July 2021 to 30 June 2022	11 November 2020 to 30 June 2021
		\$	\$
Corporate and administrative expenses		(705,653)	(337,509)
Consulting fees		(188,016)	(62,922)
Employee benefit expense		(640,723)	(219,438)
Depreciation and amortisation expense		(9,862)	-
Legal fees		(332,779)	(95,757)
Exploration expense		-	(80,880)
Share-based payments	16	(277,750)	(152,238)
Loss before income tax expense		(2,154,783)	(948,744)
Income tax expense	2	-	-
Loss for the year		(2,154,783)	(948,744)
Other comprehensive income			
Other comprehensive income for the year, net of tax		313,036	(16,448)
Total comprehensive loss for the year		(1,841,747)	(965,192)
Total comprehensive loss for the year attributable to the owners of the Company		(1,841,747)	(965,192)
Loss per share attributable to owners of the parent company		Cents	Cents
Basic earnings per share	13	(0.015)	(0.012)
Diluted earnings per share	13	(0.015)	(0.012)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 June 2022

	Note	30 June 2022 \$	30 June 2021 \$
CURRENT ASSETS			
Cash and cash equivalents	3	6,926,189	5,074,883
Trade and other receivables	4	23,404	179,187
Other current assets	5	145,164	-
Total Current Assets		7,094,757	5,254,070
NON-CURRENT ASSETS			
Exploration and evaluation assets	6	11,351,077	1,987,456
Property, plant & equipment	7	96,094	-
Total Non-Current Assets		11,447,171	1,987,456
TOTAL ASSETS		18,541,928	7,241,526
CURRENT LIABILITIES			
Trade and other payables	8	743,010	80,379
Total Current Liabilities		743,010	80,379
TOTAL LIABILITIES		743,010	80,379
NET ASSETS		17,798,918	7,161,147
EQUITY			
Issued capital	9	19,549,360	7,749,852
Reserves	10	1,353,085	360,039
Accumulated losses		(3,103,527)	(948,744)
TOTAL EQUITY		17,798,918	7,161,147

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity For the Year Ended 30 June 2022

	Note	Issued Capital	Reserves	Accumulated Losses	Total Equity
		\$	\$	\$	\$
Balance at 11 November 2020		-	-	-	-
Loss for the Period		-	-	(948,744)	(948,744)
Other comprehensive income/(loss)		-	(16,448)	-	(16,448)
Total comprehensive income/(loss)		-	(16,448)	(948,744)	(965,192)
Transactions with owners recorded directly in equity					
Share-based payments	16	-	376,487	-	376,487
Issue of shares	9	8,292,517	-	-	8,292,517
Share issue costs		(542,665)	-	-	(542,665)
Total transactions with owners		7,749,852	376,487	-	8,126,339
Balance at 30 June 2021		7,749,852	360,039	(948,744)	7,161,147
Loss for the year		-	-	(2,154,783)	(2,154,783)
Other comprehensive income/(loss)		-	313,036	-	313,036
Total comprehensive income/(loss)		-	313,036	(2,154,783)	(1,841,747)
Transactions with owners recorded directly in equity					
Share-based payments	16	-	680,010	-	680,010
Issue of shares	9	12,655,789	-	-	12,655,789
Share issue costs		(856,281)	-	-	(856,281)
Balance at 30 June 2022		19,549,360	1,353,085	(3,103,527)	17,798,918

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2022

		1 July 2021 to 30 June 2022	11 November 2020 to 30 June 2021
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,895,440)	(716,127)
Net cash used in operating activities	12	(1,895,440)	(716,127)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation assets		(5,653,321)	(2,173,091)
Payments for property, plant and equipment		(108,461)	-
Payments for deposits		(145,164)	(10,000)
Net cash used in investing activities		(5,906,946)	(2,183,091)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		10,166,500	8,292,517
Payments for capital raising costs		(512,808)	(318,416)
Net cash provided by financing activities		9,653,692	7,974,101
Net increase in cash held		5,074,883	5,074,883
Cash at beginning of the period/year		1,851,306	-
Cash at end of the year	3	6,926,189	5,074,883

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are general purpose financial statements that have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards, and other authoritative pronouncements of the Australian Accounting Standards Board. Felix Gold Limited is a for-profit entity for the purpose of preparing the financial statements. The financial statements are presented in Australian dollars.

Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The financial statements are for the consolidated entity consisting Felix Gold Limited and its Controlled Entities (the Group). Felix Gold Limited is a listed public company, incorporated and domiciled in Australia. The financial report was authorised for issue on 30 September 2022 by the directors of the Company.

Separate financial statements for Felix Gold Limited as an individual entity are no longer presented following a change to the Corporations Act 2001. However, financial information required for Felix Gold Limited as an individual entity is included in Note 21.

Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit orientated entities. These financial statements and notes also comply with the International Financial Reporting Standards and Interpretations as issued by the International Accounting Standards Board ('IASB').

Historical Cost Convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss.

Going Concern

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

For the year ended 30 June 2022 the Group generated a consolidated loss of \$2,154,783 and incurred net cash outflows from operating and investing activities of \$7,802,386. As at 30 June 2022 the Group has cash and cash equivalents of \$6,926,189 and net assets of \$17,798,918.

The Group's ability to continue to adopt the going concern assumption will depend upon the Group being able to manage its liquidity requirement and by taking some or all of the following actions:

- raising additional capital;
- successful exploration and subsequent exploitation of the Group's tenements; and
- reducing its working capital expenditure.

In the short to medium term, the directors are confident that the Group has the ability to seek to raise funds from shareholders or other investors and intends to raise such funds as and when required to complete its projects.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Going Concern (Continued)

In the longer term, the development of economically recoverable mineral deposits found on the Group's existing or future exploration properties depends on the ability of the Group to obtain financing through equity financing, debt financing or other means. If the Group's exploration programs are ultimately successful, additional funds will be required to develop the Group properties and to place them into commercial production. The ability of the Group to arrange such funding in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Group.

Principles of Consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Felix Gold Limited ("Company" or "parent entity") as at 30 June 2022, and the results of all subsidiaries for the year then ended. Felix Gold Ltd and its subsidiaries together are referred to in these financial statements as the Group.

The names of the subsidiaries are contained in Note 19.

Subsidiaries are all entities over which the Group has control. The Group has control over an entity when the Group is exposed to, or has a right to, variable returns from its involvement with the entity, and has the ability to use its power to affect those returns. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

Changes in ownership interests

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in the carrying amount recognised in profit or loss.

The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Segment Reporting** *(continued)*

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of geographical locations as these locations have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis. Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are similar with respect to any external regulatory requirements. Management currently identifies the Group as having only one reportable segment, being the exploration of mineral projects in Alaska.

Income Tax

The income tax expense/income for the period comprises current income tax expense/income and deferred tax expense/income. Current income tax expense charged to profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities/assets are therefore measured at the amounts expected to be paid to/recovered from the relevant taxation authority. Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well as unused tax losses. Current and deferred income tax expense/income is charged or credited directly to equity instead of profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Exploration and Evaluation Assets

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. Such expenditures comprise net direct costs and an appropriate portion of related overhead expenditure but do not include overheads or administration expenditure not having a specific nexus with a particular area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active or significant operations in relation to the area are continuing.

A regular review will be undertaken on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. A provision is raised against exploration and evaluation assets where the directors are of the opinion that the carried forward net cost may not be recoverable or the right of tenure in the area lapses. The increase in the provision is charged against the results for the year. Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Impairment of Assets**

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss.

Financial Instruments*Recognition and Initial Measurement*

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets. Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value or amortised cost using the effective interest rate method. Fair value is the price that would be received to sell an asset or paid to transfer an asset. Amortised cost is calculated as:

- (a) the amount at which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- (d) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Financial Instruments** (Continued)*Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of less than 3 months.

Issued Capital

Ordinary shares are classified as equity. Transaction costs (net of tax where the deduction can be utilised) arising on the issue of ordinary shares are recognised in equity as a reduction of the share proceeds received.

Share-Based Payments

The Group makes equity-settled share-based payments to directors, employees and other parties for services provided or the acquisition of exploration assets. Where applicable, the fair value of the equity is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using the Black and Scholes option valuation pricing model which incorporates all market vesting conditions. Where applicable, the number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Where the fair value of services rendered by other parties can be reliably determined, this is used to measure the equity-settled payment.

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.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-Based Payments (Continued)

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee 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.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST (or overseas VAT), except where the amount of GST incurred is not recoverable. In these circumstances the GST (or overseas VAT) is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis except for the GST component of investing and financing activities which are disclosed as operating cash flows.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Foreign Currency Transactions and Balances

Functional and presentation currency

The functional and presentation currency of Felix Gold Limited and its Australian subsidiaries is Australian dollars (\$A).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate.

Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were measured. Exchange differences arising on the translation of monetary items are recognised in profit or loss.

Group Companies

The financial results and position of foreign operations whose functional currency is not Australian dollars are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period;
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are recognised in other comprehensive income.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Employee Benefits***Short-term employee benefit obligations*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled wholly within 12 months after the end of the reporting period are recognised in liabilities in respect of employees' services rendered up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Earnings Per Share (EPS)

Basic earnings per share is calculated by dividing the loss attributable to equity holders of the Company, 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 any bonus elements in ordinary shares issued during the year.

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.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Provisions**

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

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 as follows:

Plant and equipment 5 years
Computer equipment 3 years
Office equipment 4 years
Motor vehicle 5 years

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.

New or amended Accounting Standards and Interpretations adopted

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

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

New and Amended Standards and Interpretations for Future Periods

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2022.

The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Critical Accounting Estimates and Judgements (continued)**

Key Judgements:

Exploration and Evaluation Assets

The Group performs regular reviews on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. These reviews are based on detailed surveys and analysis of exploration and drilling results performed to reporting date. Exploration and evaluation assets as at 30 June 2022 were \$11,351,077.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees 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.

Refer Note 16 for further information.

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.

Rehabilitation provision

The consolidated entity's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The consolidated entity recognises management's best estimate for assets retirement obligations and site rehabilitations in the period in which they are incurred. Actual costs incurred in the future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision.

As at 30 June 2022, management's best estimate is that there is \$nil provision required (2021: \$nil)

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2022

NOTE 2: INCOME TAX EXPENSE

Recognised in the Statement of profit or loss

	2022	2021
	\$	\$
a) Tax expense		
Current tax expense	-	-
Deferred tax expense	-	-
Total income tax expense per the Statement of profit or loss	-	-

b) Numerical reconciliation between tax expense and pre-tax net profit or (loss)

Net loss before tax	(2,154,783)	(948,744)
<i>Corporate tax rate applicable</i>	25%	26%
Income tax benefit on above at applicable corporate rate	(513,931)	(246,673)
Increase(decrease) in income tax due to tax effect of:		
Share-based payments expense	69,438	39,582
Tax differences	(5,349)	5,032
Deferred tax benefit not brought to account	449,842	202,059
Income tax expense attributable to entity	-	-

(c) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following using corporate tax rates of:

Deductible temporary differences	230,000	72,000
Tax revenue losses	579,416	42,381
Tax capital losses	-	-
Total unrecognised deferred tax assets	809,416	114,381

(d) Expiry of tax losses

At 30 June 2022, the Group had the following income tax losses carried forward:

Australia	\$1,991,975
United States	\$267,832

Tax losses do not have expiry dates under current tax legislation.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2022

NOTE 3: CASH AND CASH EQUIVALENTS

	2022	2021
	\$	\$
Cash at bank and on hand	6,926,189	5,074,883
	6,926,189	5,074,883

NOTE 4: TRADE AND OTHER RECEIVABLES

	2022	2021
	\$	\$
Current:		
GST Receivable	23,404	34,418
Exploration costs advance	-	134,769
Other	-	10,000
	23,404	179,187

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Notes to the Consolidated Financial Statements for the Year Ended 30 June 2022

NOTE 5: OTHER CURRENT ASSETS

	2022	2021
	\$	\$
Current:		
Security deposit	145,164	-
	145,164	-

NOTE 6: EXPLORATION AND EVALUATION ASSETS

	2022	2021
	\$	\$
Exploration and evaluation phase – at cost:		
Opening balance - at cost	1,987,456	-
Capitalised exploration expenditure	6,578,210	1,987,456
Issue of shares as consideration for the assignment of option agreements	2,489,289	-
Issue of shares and options as consideration for project acquisition	148,787	-
Effect of foreign exchange movements	147,335	-
Total exploration and evaluation phase – at cost:	11,351,077	1,987,456
Carrying amount at the end of the year	11,351,077	1,987,456

The amount of exploration expenditure, and carrying values for each exploration project is identified as follows:

Fairbanks Regional – Alaska	1,625,872	356,716
Ester Dome – Alaska	1,059,903	477,858
Liberty Bell - Alaska	1,429,455	251,016
Treasure Creek - Alaska	7,235,847	901,806
Carrying amount at the end of the year	11,351,077	1,987,456

NOTE 7: PROPERTY PLANT AND EQUIPMENT

	2022	2021
	\$	\$
<u>Plant and equipment</u>		
Opening cost	-	-
Acquisitions	108,461	-
Disposals	-	-
Closing cost	108,461	-
Opening accumulated depreciation	-	-
Depreciation	12,367	-
Closing accumulated depreciation	12,367	-
Plant and equipment - at cost	96,094	-

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2022

NOTE 8: TRADE AND OTHER PAYABLES

	2022	2021
	\$	\$
Current:		
Trade payables and accrued expenses	743,010	46,545
Employee liabilities	-	25,822
Total payables (unsecured)	743,010	72,367

The average credit period on purchases of goods and services is 30 days. No interest is paid on trade payables.

Refer Note 18 for further information on Financial Instruments.

NOTE 9: CONTRIBUTED EQUITY

Fully paid ordinary shares

	2022		2021	
	No. of Shares	\$	No. of Shares	\$
Balance at the beginning of the year	120,792,956	7,749,852	-	-
Share issues:				
Shares on incorporation 11 November 2020 (a)	-	-	100	100
Share placement – 15 December 2020 (b)	-	-	69,999,997	7,000
Share placement – 12 January 2021 (c)	-	-	10,371,725	1,348,324
Share placement – 9 February 2021 (d)	-	-	6,774,229	880,650
Share placement – 7 May 2021 (e)	-	-	16,666,667	3,000,000
Share placement – 21 May 2021 (f)	-	-	16,980,238	3,056,443
Issue of shares as consideration for project acquisition (g)	500,000	90,000	-	-
Share placement – 15 October 2021 (h)	425,000	76,500	-	-
Share placement – 28 January 2022 (i)	40,000,000	10,000,000		
Issue of shares as consideration for the assignment of option agreements (j)	9,957,157	2,489,289	-	-
Transaction costs associated with share issues	-	(856,281)	-	(542,665)
Balance as at 30 June	171,675,113	19,549,360	120,792,956	7,749,852

Ordinary shareholders are entitled to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amount paid on the shares held. Every ordinary shareholder present at a meeting in person or by proxy is entitled to one vote on a show of hands or by poll. Ordinary shares have no par value.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2022

NOTE 9: CONTRIBUTED EQUITY (Continued)

Notes for the above table:

- (a) 100 shares issued at \$1.00 each upon incorporation of company on 11 November 2020.
- (b) 69,999,997 shares issued at \$0.0001 per share via a placement on 15 December 2020, raising \$7,000.
- (c) 10,371,725 shares issued at \$0.13 per share via a placement on 12 January 2021, raising \$1,348,324.
- (d) 6,774,229 shares issued at \$0.13 per share via a placement on 12 January 2021, raising \$880,650.
- (e) 16,666,667 shares issued at \$0.18 per share via a placement on 7 May 2021, raising \$3,000,000.
- (f) 16,980,238 shares issued at \$0.18 per share via a placement on 21 May 2021, raising \$3,056,443.
- (g) 500,000 shares issued on commencement of an exploration agreement with option to purchase agreement with DG Resources for the NE Fairbanks Project at a deemed price of \$0.18 per shares on 17 July 2021.
- (h) 425,000 shares issued at \$0.18 per share via a placement on 18 October 2021, raising \$76,500.
- (i) 40,000,000 shares issued at \$0.25 per share via the company's Initial Public Offering on the Australian Stock Exchange on 28 January 2022, raising \$10,000,000.
- (j) 9,957,157 shares issued to Millrock Resources as consideration for the assignment of option agreements to the Company at a deemed price of \$0.25 per share on 28 January 2022.

Unlisted Options

	Note	Weighted average exercise price	2022 No. of Options	Weighted average exercise price	2021 No. of Options
Balance at the beginning of the year		\$0.287	8,495,786	-	-
Change of options during the year:					
Issued during the year		\$0.334	5,050,000	\$0.287	8,495,786
Exercised during the year		-	-	-	-
Options lapsed		\$0.35	(2,000,000)	-	-
Outstanding at end of year		\$0.334	11,545,786	\$0.287	8,495,786
Exercisable at end of year		\$0.263	2,995,786	\$0.263	2,995,786

Capital Management

Exploration companies such as Felix Gold Limited are funded almost exclusively by share capital. Management controls the capital of the Group to ensure it can fund its operations and continue as a going concern. Capital management policy is to fund its exploration activities principally by way of equity. No dividend will be paid while the Group is in exploration stage. There are no externally imposed capital requirements.

There have been no other changes to the capital management policies during the year.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2022

NOTE 10: RESERVES

	2022	2021
	\$	\$
Share-based payments reserve	1,056,496	376,487
Foreign currency reserve	296,589	(16,448)
	1,353,085	360,039

Share-Based Payments Reserve

The share-based payment reserve is used to recognise the fair value of options issued to employees and consultants. This reserve can be reclassified as retained earnings if options lapse.

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

NOTE 11: OPERATING SEGMENTS

Segment Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on geographic basis, that is, the location of the respective areas of interest (tenements) in Alaska. Operating segments are determined on the basis of financial information reported to the board of directors which is at the consolidated entity level. The Group does not have any products or services that it derives revenue from. The Group's exploration and development activities in Alaska is the Group's sole focus.

Accordingly, management currently identifies the Group as having only one reportable segment, being the exploration of mineral projects in Alaska. There have been no changes in the reporting segments during the year. Accordingly, all significant operating decisions are based upon analysis of the consolidated entity as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2022

NOTE 12: CASH FLOW INFORMATION

	2022	2021
	\$	\$
A. Reconciliation of Cash Flow from Operations with Loss after Income Tax:		
Loss after income tax	(2,154,783)	(948,744)
Non-cash flows in loss from ordinary activities:		
Amortisation and depreciation	9,862	-
Share-based payments	277,750	152,238
Changes in operating assets and liabilities:		
(Increase)/Decrease in receivables	11,014	-
Increase/(decrease) in payables and accruals	(39,283)	72,367
Increase/(decrease) in provisions	-	8,012
Net cash used in operations	(1,895,440)	(716,127)

NOTE 13: EARNINGS PER SHARE

	2022	2021
	\$	\$
Net loss used in the calculation of basic and diluted EPS attributable to owners of the parent company	(2,154,783)	(948,743)
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS	142,650,000	78,659,000
Weighted average number of ordinary shares outstanding during the period used in the calculation of diluted EPS	142,650,000	78,659,000

Options are considered potential ordinary shares. Options issued are not presently dilutive and were not included in the determination of diluted earnings per share for the period.

NOTE 14: CONTINGENT LIABILITIES

The Group does not have any contracted expenditure or non-cancellable operating lease commitments at reporting date.

As part of the option agreement for the purchase of the Treasure Creek Project, the consolidated entity has committed to incur minimum exploration expenditure of US\$3m over a 4.5-year period.

The directors are not aware of any other contingent liabilities or contingent assets as at the reporting date.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2022

NOTE 15: RELATED PARTY TRANSACTIONS

Parent Entity

Felix Gold Limited is the legal parent and ultimate parent entity of the Group.

Subsidiary

Interest in subsidiaries are disclosed in Note 19.

Key Management Personnel

	2022	2021
	\$	\$
Short-term employee benefits	613,882	157,863
Share-based payments	252,500	63,124
Provision for leave entitlements	26,841	-
	893,223	220,987

NOTE 16: SHARE-BASED PAYMENTS

Director and Employee Share-based Payments

In 2020, the Company, Felix Gold Limited, established an employee share option program that entitles directors, key management personnel and senior employees to purchase shares in the Company. Each option is exercisable to acquire one common share of the Company.

In the 2021 year, grants were offered to these groups of Felix Gold Limited employees. In accordance with these programs, options are exercisable at the exercise price determined at the date of grant.

The terms and conditions of the employee share option grants made under the employee share option program and in existence at 30 June 2022 were as follows.

Grant date	Entitlement	Number of instruments	Vesting conditions	Contractual life
09.04.2021	Senior Employees	500,000	24 months from grant	36 months
09.04.2021	Directors	5,000,000	24 months from grant	36 months
	Total employee share options	<u>5,500,000</u>		

All employee share options are exercisable at any time after the vesting date and before the expiry date to acquire one fully paid ordinary share. Where the employment or office of the option holder is terminated, any options which have not reached their vesting date will lapse and any options which have reached their vesting date may be exercised within two months from the date of termination of employment.

The fair value of employee share options is measured at grant date and recognised as an expense over the period during which the key management personnel and senior employees become unconditionally entitled to the options. The fair value of the options granted is measured using Black-Scholes formulas, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of options that vest.

The fair value of employee share options has been calculated with the following inputs:

Grant date	Fair value at grant date	Share price	Exercise price	Expected volatility	Option life years	Expected dividends	Risk-free interest rate
09.04.2021	\$0.101	\$0.18	\$0.30	100%	3.5	-	0.30%

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2022

NOTE 16: SHARE-BASED PAYMENTS (Continued)

Share-based payment expense recognised during the year:

	2022	2021
	\$	\$
Share-based payment expense recognised during the period:		
Options issued to directors	252,500	63,124
Options issued to management	25,250	6,312
	277,750	69,436

Other share-based payment transactions

From time to time the Group may settle payment for services received from non-employees by way of issuing shares in lieu of settlement by cash. The following non-employee transactions have been settled by issuing of shares:

	2022	2021
	\$	\$
Share-based payment expense recognised during the period:		
Issue of shares as consideration for the assignment of option agreements (1, 2)	2,489,289	-
Issue of shares as consideration for project acquisition (1)	90,000	-
Issue of options as consideration for project acquisition (1)	58,787	-
Options issued to consultants	-	82,800
Options issued to broker	343,474	224,249
	2,891,550	307,049

1. Refer note 9 for further details
2. Refer note 6 for further details

NOTE 17: AUDITOR'S REMUNERATION

Remuneration for the auditor of the parent entity:

	2022	2021
	\$	\$
PKF Brisbane and its related entities:		
Auditing or reviewing the financial reports	25,000	5,521
Taxation services	6,450	3,500
Independent Expert	22,250	12,500
	53,700	21,521

NOTE 18: FINANCIAL INSTRUMENTS

(a) Financial Risk Management Policies

The Group's financial instruments comprises cash balances, receivables and payables and loans to and from subsidiaries. The main purpose of these financial instruments is to provide finance for Group operations.

Treasury Risk Management

Key executives of the Company meet on a regular basis to analyse exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Management is responsible for developing and monitoring the risk management policies and reports to the board.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2022

NOTE 18: FINANCIAL INSTRUMENTS (Continued)

(a) Financial Risk Management Policies (Continued)

Financial Risks

The main risks the Group is exposed to through its financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. These risks are managed through monitoring of forecast cash flows, interest rates, economic conditions and ensuring adequate funds are available.

Interest Rate Risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's cash flows or fair value will fluctuate as a result of changes in market interest rates, arises in relation to the Group's bank balances. This risk is managed through the use of variable rate bank accounts.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able meet its financial obligations as they fall due. This risk is managed by ensuring, to the extent possible, that there is sufficient liquidity to meet liabilities when due, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's activities are funded from equity.

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is their 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.

Credit risk arises from exposures to deposits with financial institutions and sundry receivables.

Credit risk is managed and reviewed regularly by key executives. The key executives monitor credit risk by actively assessing the rating quality and liquidity of counter parties:

- only banks and financial institutions with an 'A' rating are utilised; and
- all other entities are rated for credit worthiness taking into account their size, market position and financial standing.

At 30 June 2022, there was no concentration of credit risk, other than bank balances.

Foreign Currency Risk

The Group has no material exposure to foreign currency risk at the end of the reporting period.

(b) Financial Instrument Composition and Contractual Maturity Analysis

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	2021
	\$	\$
Within 12 months:		
Payables ⁽¹⁾	743,010	80,379
	743,010	80,379

Notes:

- (1) Non-interest bearing. The contractual cash flows do not differ to the carrying amount.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2022

NOTE 18: FINANCIAL INSTRUMENTS (Continued)

(c) Net Fair Values

Fair values of financial assets and financial liabilities are materially in line with carrying values.

(d) Sensitivity Analysis

The Company has performed sensitivity analysis relating to its exposure to interest rate risk. At year end, the effect on profit and equity as a result of a 10% change in the interest rate, with all other variables remaining constant, is immaterial.

NOTE 19: SUBSIDIARIES

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

	Country of incorporation	Ownership interest	
		2022	2021
Felix Gold Treasure Creek Australia Pty Ltd	Australia	100%	100%
Felix Gold Liberty Bell Australia Pty Ltd	Australia	100%	100%
Felix Gold Ester Dome Australia Pty Ltd	Australia	100%	100%
Felix Gold Treasure Creek Australia Pty Ltd	Australia	100%	100%
Felix Gold NE FB Pty Ltd	Australia	100%	-
Felix Gold Alaska Treasure Creek Inc	Alaska	100%	100%
Felix Gold Alaska Liberty Bell Inc	Alaska	100%	100%
Felix Gold Alaska Ester Dome Inc	Alaska	100%	100%
Felix Gold Alaska NE Fairbanks Inc	Alaska	100%	-
Felix Gold Operations Inc	Alaska	100%	-

NOTE 20: SUBSEQUENT EVENTS

Other than the matters noted above, there are no material matters or circumstances that have arisen since the end of the year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2022

NOTE 21: PARENT ENTITY INFORMATION

The following information relates to the parent entity, Felix Gold Limited at 30 June 2022. This information has been prepared using consistent accounting policies as presented in Note 1.

	2022	2021
	\$	\$
Current assets	6,704,809	5,254,070
Total assets	10,366,830	7,358,464
Current liabilities	720,342	80,169
Total liabilities	720,342	80,169
Net assets	9,646,488	7,278,295
Contributed equity	19,549,360	7,749,852
Reserves	1,056,497	376,487
Accumulated losses	(10,959,369)	(848,044)
Total equity	9,646,488	7,278,295
Loss for the period	(2,055,433)	(844,044)
Other comprehensive income for the period	-	-
Total comprehensive loss for the period	(2,055,433)	(844,044)

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Directors' Declaration

The directors of the Company declare that:

1. The attached financial statements and notes are in accordance with the Corporations Act 2001, the Corporations Regulations 2001, including:
 - a. complying with the Australian Accounting Standards which, as stated in accounting policy note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - b. giving 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.
2. The Managing Director and Chief Financial Officer have each declared that:
 - a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - b. the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c. the financial statements and notes for the financial year give a true and fair view.
3. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the board of directors.



Joseph Webb
Managing Director

Dated 30 September 2022
Brisbane, Queensland

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FELIX GOLD LIMITED

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Felix Gold Limited (the company), 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 comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion the financial report of Felix Gold Limited is in accordance with the *Corporations Act 2001*, including:

- a) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the year ended on that date; and
- b) 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the consolidated entity 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.

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. For each matter below, our description of how our audit addressed the matter is provided in that context.

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1. Exploration and evaluation assets

Why significant

As at 30 June 2022 the carrying value of exploration and evaluation assets was \$11,351,077 (2021: \$1,987,456), as disclosed in Note 6.

Exploration and evaluation assets (E&E) are a key audit matter due to:

- the significance of the activity to the consolidated entity's operations and the balance (being 61% of total assets); and
- the greater level of audit effort to evaluate the consolidated entity's application of the requirements of the industry specific accounting standard AASB 6 *Exploration for and Evaluation of Mineral Resources* ("AASB 6"), in particular the conditions allowing capitalisation of relevant expenditure and consideration of impairment indicators.

The consolidated entity's accounting policy in respect of exploration and evaluation expenditure is outlined in Note 1.

How our audit addressed the key audit matter

Our work included, but was not limited to, the following procedures:

- to assess whether there are indicators of impairment:
 - assessing whether the rights to tenure of the areas of interest remained current at balance date as well as confirming that rights to tenure are expected to be renewed for tenements that will expire in the near future;
 - holding discussions with the directors and management as to the status of ongoing exploration programmes for the areas of interest, as well as assessing if there was evidence that a decision had been made to discontinue activities in any specific areas of interest; and
 - obtaining and assessing evidence of the consolidated entity's future intention for the areas of interest, including reviewing future budgeted expenditure and related work programmes.
- considering whether exploration activities for the areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed;
- testing, on a sample basis, exploration and evaluation expenditure incurred during the year for compliance with AASB 6 and the consolidated entity's accounting policy; and
- assessing the appropriateness of the related disclosures in Notes 1 and 6.

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2. Share-based payments

Why significant

During the year ended 30 June 2022, the company issued options and/or shares ("securities") to advisers for services rendered, and as consideration in transactions related to the acquisition of exploration rights.

	Note	\$
Options		
As consideration for project acquisition (capitalised)	6,16	58,787
Share issue transaction costs (capitalised)	16	343,474
		402,261
Shares		
As consideration for project acquisition (capitalised)	6,9,16	90,000
As consideration for the assignment of option agreements (capitalised)	9,16	2,489,289
		2,579,289
Total share-based payments		2,981,550

These amounts have been accounted for as share-based payments in accordance with AASB 2: *Share-based Payment*.

This is a key audit matter because

1. the company valued the options using the Black Scholes model, where inputs such as volatility and risk-free rate require judgement; and
2. The significance of share-based payments to the consolidated entity's financial position as at 30 June 2022.

Refer to Notes 1, 6, 9 and 16 to the financial report for a description of the accounting policy, significant estimates and judgements applied, and other details in relation to share-based payments.

How our audit addressed the key audit matter

Our audit procedures included but were not limited to:

- obtaining an understanding of the key terms and conditions of the options and shares by inspecting relevant supporting documentation.
- assessing the reasonableness of key inputs into the valuation model used by the management.
- recalculating the estimated fair value of the options using the Black Scholes option valuation methodology.
- assessing the amount recognised during the year in accordance with the vesting conditions of the agreements; and
- reviewing the adequacy of the company's disclosures in respect of the accounting treatment of share-based payments in the financial statements, including the significant judgments involved, and the accounting policy adopted.

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Other Information

The Directors are responsible for the other information. The other information comprises the information included in the consolidated entity's Annual Report, 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 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.

Directors' Responsibilities 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 consolidated entity's ability 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 have 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 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 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 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.

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- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the group financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2022. The Directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 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.

Opinion

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



PKF BRISBANE AUDIT



CAMERON BRADLEY
PARTNER

BRISBANE
30 September 2022