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ZULEIKA GOLD

ZULEIKA GOLD LIMITED

ABN 43 141 703 399

ANNUAL REPORT
for the year ended 30 June 2022

CORPORATE DIRECTORY

Board of Directors

Hui Guo	Executive Chair (appointed 18 July 2022 and simultaneously stepped aside as Managing Director)
Jonathan Lea	Managing Director (appointed 18 July 2022)
Graeme Purcell	Non-Executive Director

Company Secretary

Michael Higginson

Principal & Registered Office

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Share Registry

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+61 8 9262 3723 (Facsimile)
www.advancedshare.com.au

Auditors

Stantons
Level 2, 40 Kings Park Road
West Perth, Western Australia 6005

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ANNUAL REPORT

for the financial year ended 30 June 2022

Table of Contents

Chair's Letter.....	3
Operations Report.....	4
Directors' Report.....	10
Auditor's Independence Declaration to the Directors of Zuleika Gold Limited.....	21
Statement of Profit or Loss and Other Comprehensive Income.....	22
Statement of Financial Position.....	23
Statement of Changes in Equity.....	24
Statement of Cash Flows.....	25
Notes to the Financial Statements.....	26
Directors' Declaration.....	49
Independent Auditor's Report to the Members of Zuleika Gold Limited.....	50
ASX Additional Information.....	54

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CHAIR'S LETTER

Dear Shareholders

Over the past 12 months Zuleika Gold Limited has focused on increasing the value of the Company's tenement portfolio in the Kalgoorlie - Menzies goldfields though actively exploring its large and prospective land holding.

Our tenements are located in a unique world class geological environment, with gold endowment on our tenements driven by mineralisation events associated with the Boulder-Lefroy shear zone, which hosts the Golden Mile 30km to the southeast.

Zuleika Gold's significant tenement holding makes the Company the 3rd largest landowner along the Zuleika and Kunanalling shears, behind Evolution Mining Ltd and Norton Goldfields Pty Ltd.

During the past 12 months, Zuleika Gold has completed over 30,000m of RC and aircore drilling in the Zuleika Project and continued to generate new targets across its entire portfolio including at Goongarrie and Menzies using soil geochemical sampling.

RC drilling at the Credo project has resulted in potential extensions to the project's maiden JORC resource defined. Aircore drilling well away from the known resources has produced gold anomalism that might represent repetitions of the mineralisation - further drilling is planned. The project's commercial potential is currently being assessed to determine if toll treatment or ore sale to one of the near-by processing plants is viable.

Several programs of RC and aircore drilling have been completed at Paradigm East aimed at following up the excellent results from the previous year and to determine if new mineralised zones could be located. The program is ongoing and with the development of an increased understanding for the controls on mineralisation, targeted drilling is planned in the coming year.

Drilling also occurred at the Breakaway Dam, Little T, Browns Dam and the Carnage Shear projects in a number of programs. Results for some of the drillings are pending but significant encouragement was received from Breakaway Dam (10m & 2.1g./t gold from 40m).

Simultaneously, soil geochemical sampling was progressively completed over a number of prospects at Zuleika and the Menzies and Goongarrie projects. Drill testing was completed at anomalism at the Menzies project in July 2022, with results pending. Further drilling at other newly generated targets is anticipated in the coming year.

The Company is committed to the efficient use of shareholder funds and consequently reviews and re-prioritises the numerous targets as new information is received. Hence new and existing targets will be prioritised to maximise the potential for a significant discovery.

The Company is also pursuing opportunities to improve our portfolio of assets and a number of projects have been reviewed during the year. The aim is to develop new opportunities that increase prospectivity and also to identify projects that have potential to be in production in the near-term. The Menzies project was consolidated and expanded in November 2021 by the acquisition of gold rights to two mining leases covering the granite-greenstone contact adjacent to the extensive gold deposits at Menzies. Prospecting licenses were applied for between these new tenure and existing exploration license to create a continuous tenement package.

During the year, the Company continued working with its legal advisors Bennett + Co that culminated in a hearing in the Supreme Court of Western Australia against Vango Mining Limited (ASX: VAN). Zuleika Gold is seeking damages, costs, unpaid royalty payments, milestone payments and an order requiring the transfer of its beneficial interest earned pursuant to the K2 Project Farm-in Joint Venture Binding Terms Sheet signed on 12th May 2017. The verdict is expected before the end of 2022.

On the corporate front, the Company completed a \$3m placement at 50% above the existing share price to private investor, Mr Mark Creasy in January 2022. This placement highlights the strong belief in Zuleika Gold's exploration portfolio and its potential for the discovery of new gold mineralisation.

With great sadness, we farewelled our long-standing Chairman Mr Malcolm Carson early in 2022 after a long battle with cancer. His outstanding contribution to Zuleika Gold laid the groundwork for a positive future and he is greatly missed as a colleague and friend.

On behalf of the Board, I sincerely thank our shareholders for their ongoing support. In addition, I thank my fellow directors, our management team, staff and contractors for their hard work. Your Board believes that the Company's tenement portfolio represents a compelling gold development opportunity. With a positive outlook for gold, we are confident that with our persistent, targeted systematic exploration in relatively underexplored terrain, the Company will be successful in defining commercially viable gold deposits.

We enthusiastically look forward to continuing to share exciting drilling results as we progress our exploration and development activities over the coming year.

Yours sincerely



Hui Guo
Executive Chair

30 September 2022.

OPERATIONS REPORT

Overview

Zuleika Gold is solely focussed on gold exploration in Western Australia and has four project areas that are being actively explored – these being the Zuleika, Credo, Menzies and Goongarrie Projects (Figures 1 and 2). The Ruby Plains project in the Kimberley region of WA was divested during the year to enhance the focus and funds available for the Kalgoorlie projects.

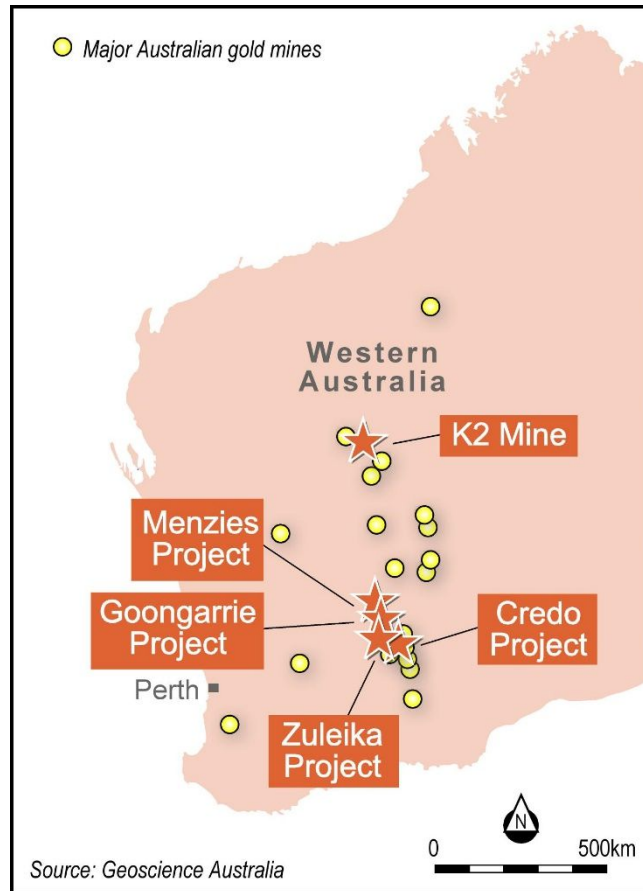


Figure 1 – Project Location Plan

The Zuleika Project is the main focus, and it sits within the gold rich Kundana - Ora Banda district of the Kalgoorlie Goldfield and consists of an extensive land holding of ~240km² (Figures 2 and 3). The Project is positioned along a series of significant regional scale and gold-fertile shear zones, namely: - the Zuleika, Kunanalling and Carnage shears (Figure 3) - within highly prospective stratigraphy which has been the host to more than 20 million ounces of gold production over the last 30 years.

The Zuleika and Kunanalling shears are splays off the geologically unique “world-class” gold endowed Boulder-Lefroy shear system which hosts the exceptional gold endowed Golden Mile (mined and current resources ~ 80 to 100moz) and numerous mines along its regional strike, including the Menzies Gold field and Broad Arrow (4moz). The prospectivity at Credo, Goongarrie and Menzies is driven by their proximity to the Boulder-Lefroy shear zone and with Zuleika, Carnage and Kunanalling shears being splays off this major shear zone.

Zuleika Gold has shown from its drilling in the past two years that with persistent focussed and systematic exploration in relatively underexplored terrain it has successfully defined the persistent presence of gold mineralisation. The Company expects that there is a high probability of defining commercially viable gold deposits with the continuation of detailed focussed exploration.

Legal proceedings continued regarding Zuleika Gold’s beneficial interest earned pursuant to the K2 Project Farm-in-Joint Venture Binding Term Sheet against Vango Mining Limited (ASX:VAN) (Vango) and its wholly owned subsidiary Dampier (Plutonic) Pty Ltd (DPPL) (ASX: Ann. 16/5/2017).

A trial of preliminary issues in the proceedings was conducted in the Supreme Court of Western Australia over 6 days between 21 March 2022 to 30 March 2022 (Preliminary Issue Trial). The preliminary issues being determined by the Court are Zuleika Gold’s claim for an interest earned pursuant to the K2 Project Farm-in-Joint Venture Binding Term Sheet and whether Vango and DPPL are liable to pay Zuleika Gold damages. Should the Court find in Zuleika’s favour, the next stage of litigation is to determine the quantum of damages payable by Vango and DPPL to Zuleika Gold. Zuleika Gold optimistically awaits the determination.

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OPERATIONS REPORT

Overview

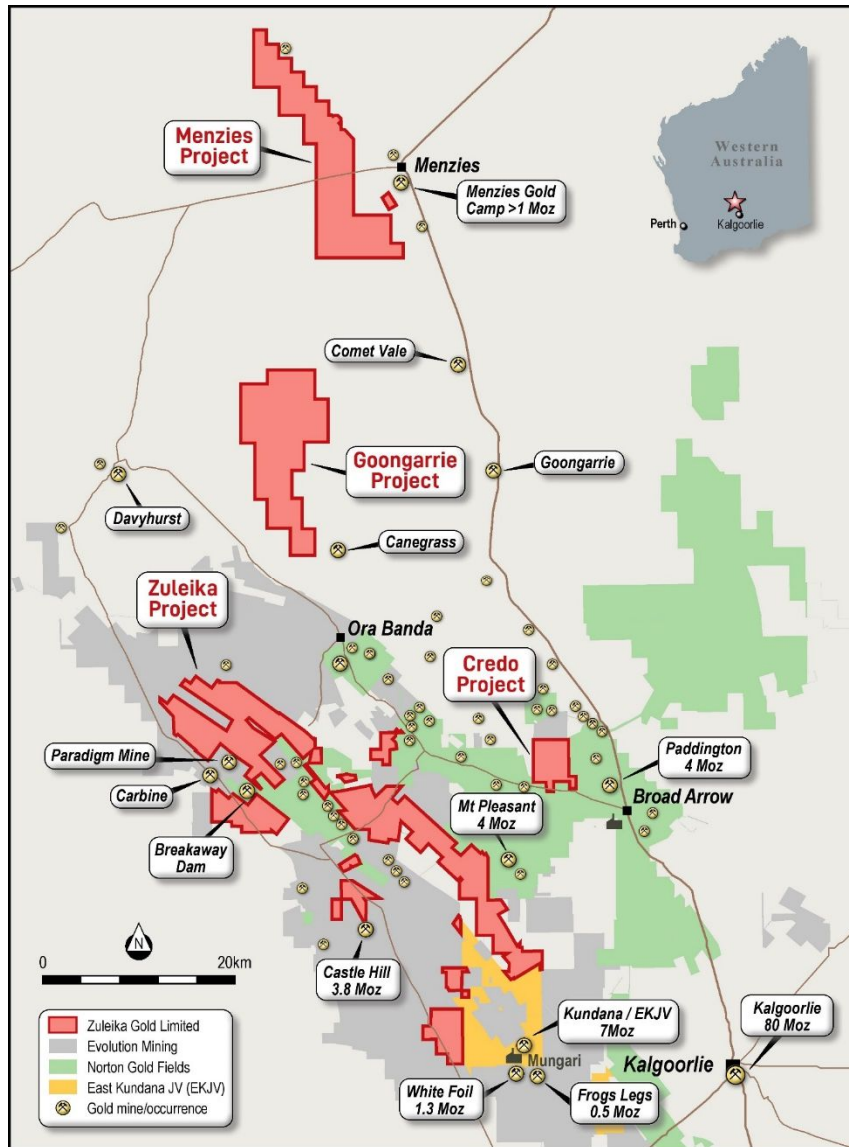


Figure 2 –Location of the Kalgoorlie area Projects

Exploration 2021-2022

In February 2021, the Company announced the commencement of a 30,000m exploration program which was designed to advance its exploration of the Zuleika and Credo Projects, together with testing new prospect areas along the Zuleika and Carnage shears and at Goongarrie and Menzies with shallow auger drilling and early-stage reconnaissance exploration (soil sampling).

Two-thirds of this drilling program was completed in the 2020/21 reporting period with the balance completed by early 2022. Subsequently, in March 2022, a further 20,000m of drilling was planned to follow up on the encouraging results received and to test new targets defined by geological interpretation and soil sampling. This program was in progress at the end of the 2022 financial year.

The key prospects drilled were Paradigm East, Browns Dam, Little T, Credo and Breakaway Dam (Figure 3).

The aircore and RC results provided encouragement as detailed below with a number of prospects returning significant intercepts that are being followed up with further drilling. Similarly, progressive soil sampling coverage of the tenements using the more sensitive Ultrafine assaying technique developed by the CSIRO is returning positive results that will form the next phase of drill targets.

OPERATIONS REPORT

Overview

Exploration 2021-2022 (continued)

Overall, the Company remains encouraged and confident that, through the systematic approach to exploration being utilised, there is high potential for economic mineralisation will be defined on its tenements.

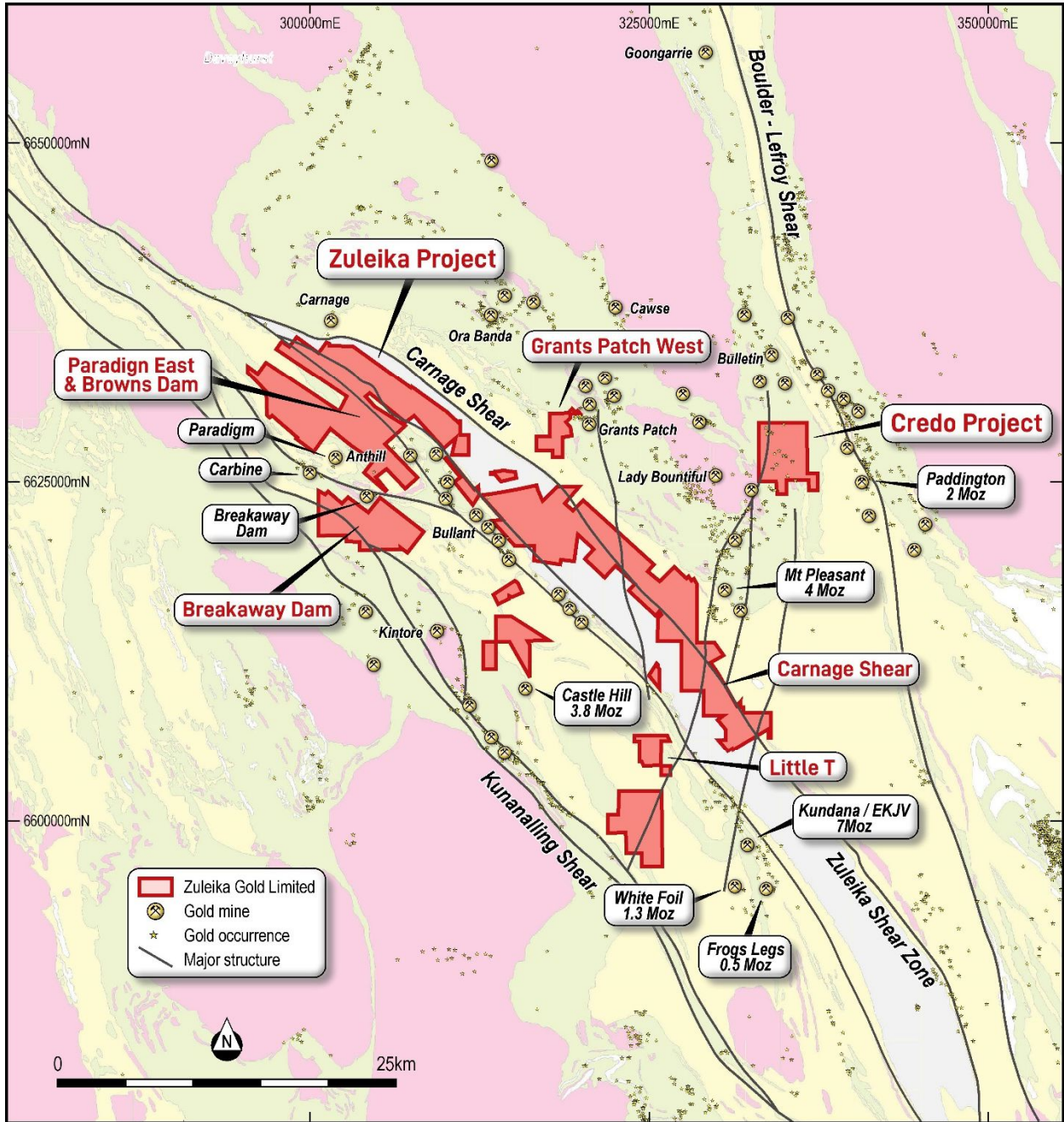


Figure 3 - Location of Zuleika and Credo Projects along major fertile shear zones

OPERATIONS REPORT

Overview

Highlights from the 2021/2022 financial year Quarterly Reports:

To explain our exploration efforts and demonstrate the persistence and success of this work, the following represents the highlights reported for each of the quarters making up the 2021/2022 financial year.

September 2021 Quarterly (ASX: Ann. 29 October 2021)

September 2021 quarter was highly productive during which the Company completed both RC and Aircore drilling (at Credo, Paradigm East and Breakaway Dam) and received the results from a number of drilling programs.

Highlights for the September 2021 Quarter included:

- **Continued the 30,000m drill program with >65% of the planned 30,000m exploration program completed.**
- **Excellent results from the first 81 holes at Breakaway Dam display broad gold zones (ZAG ASX Ann. 15/09/21), including:**
 - **10m @ 2.1 g/t Au from 40m including 4m @ 4.3 g/t Au in a 4m composite in DBAAC069.**
- **Results from RC drilling at Credo North West and Credo Well Prospects returned high grade gold intersections, including:**
 - **7m @ 5.22 g/t Au from 89m in DCRRC198, including 2m @ 14.92 g/t Au from 90m (ZAG ASX Ann. 04/08/21), and**
 - **2m @ 2.9 g/t from 32m including 1m @ 4.8 g/t Au from a potential new gold zone in DCRRC0216.**
- **These results confirmed gold mineralisation with follow-up RC drilling warranted.**
- **Following on from the outstanding results at Paradigm East earlier this year, high grade results continue to be received, including:**
 - **4m @ 4.93 g/t Au from 71m, including 1m @ 18.48g/t Au at 72m in DPERC019 (ZAG ASX Ann. 27/07/21), and**
 - **10m @ 2.53 g/t Au from 51m, including 6m @3.70 g/t Au from 52m and 1m @9.80 g/t Au at 52m in DPERC020.**
- **Ultrafine+ soil sampling on various targets throughout the Zuleika Project completed**

December 2021 Quarterly (ASX: Ann. 31 January 2022)

The Company continued active exploration, mainly on the Zuleika prospects with around 78% of the planned 30,000m of drilling completed, totalling 23,370m including, 18,246m of aircore (AC) and 5,124m of reverse circulation (RC) drilling.

Highlights for the September 2021 Quarter included:

- **Continued the 30,000m drill program with ~78% of the planned 30,000m exploration program completed.**
- **Continued excellent results from the remaining holes at Breakaway Dam that justified further drilling and display broad gold zones (ZAG ASX Ann. 2/11/21), including:**
 - **4m @ 1.52 g/t Au from 31m, including 1m @ 4.05 g/t Au at 31m in DBAAC099.**
 - **11m @1.3 g/t Au from 40m, including 3m @ 3.33 g/t Au from 40m in DBAAC069**
 - **7m @1.17 g/t Au from 40m, including 1m @6.33 g/t Au at 40m in DBAAC039.**
- **RC and AC drill programs completed at Paradigm East, Little T and the Credo Prospects with results pending.**
- **Ultrafine+ soil sampling on various targets throughout the Zuleika Project completed.**

March 2022 Quarterly (ASX: Ann. 28 April 2022)

The Company announced the competition of the 30,000m exploration program commenced 12 months earlier and also proposed a further 20,000m drill program to follow up on the highly encouraging results and to test newly defined anomalies. A \$3m share placement was completed to prominent West Australian prospector and investor, Mr Mark Creasy, to ensure the Company was well-financed to complete the planned systematic exploration of its highly prospective Projects

Highlights for the March 2022 Quarter included:

- **The Company successfully completed a 42-hole AC drilling program in March 2022 for a total of 2,350m, designed to further test the Breakaway Dam, Little T and Paradigm East Prospects.**
- **RC drilling at Credo in December 2021 returned further positive intersections, including:**
 - **9m @ 1.93 g/t Au from 114m, including 5m @ 3.32 g/t Au from 114m in DCRRC225**
 - **5m @ 1.37 g/t Au from 100m, including 1m @ 3.45 g/t Au at 104m in DCRRC223**
- **AC drilling at the Credo East prospect in December 2021 returned encouraging intersections, including:**
 - **12m @ 0.52 g/t Au from 45m, including 3m @ 1.69 g/t Au from 46m in DECAC006**

OPERATIONS REPORT

Overview

June 2022 Quarterly (ASX: Ann. 29 July 2022)

During the quarter the Company continued to advance its AC and RC drilling programs at Credo and at Paradigm East, Browns Dam, and Breakaway Dam.

Highlights for the June 2022 Quarter included:

- **Completion of an RC drilling program of 17 holes for 2,152m at the Breakaway Dam, Browns Dam, Paradigm East and Credo Well Prospects.**
- **Surface soil sampling programs utilising the Ultrafine technique were completed on a number of recently granted tenements during the quarter as part of the ongoing early-stage exploration to generate further targets for drill testing. Results for these are pending.**
- **A Supreme Court trial to determine issues of liability was concluded regarding ZAG's legal proceedings against Vango Mining Limited and its wholly owned subsidiary, Dampier (Plutonic) Pty Ltd, where ZAG claims substantial damages, costs and an order requiring the transfer of ZAG's beneficial interest earned pursuant to the K2 Project Farm-in-Joint Venture Binding Terms Sheet. A verdict is expected later in 2022.**

Exploration Strategy

Zuleika Gold has a large tenement holding focussed on the highly prospective Kalgoorlie area. Extensive aircore and RC drilling have reinforced the potential of a number of Zuleika Gold's prospects and further work is progressing. Much of the tenement holding is under transported cover and hence a methodical and systematic staged approach is necessary to ensure maximum chances of success while diligently and efficiently applying shareholders' funds. Results to date from the 2022 program have confirmed the highly prospective nature of the Company's gold project portfolio and support its strategy to test known targets for continuity of mineralisation and to simultaneously define new potential targets in new prospects.

To develop new targets, soil geochemistry couple with geological interpretation are the primary tools and new targets will also be systematically tested in the coming year. The soil sample surveys utilise the cutting-edge Ultrafine+ assay technique developed by the CSIRO, which is an excellent tool for defining subtle gold anomalies in soil covered terrain, generating more targets to drill test.

The aim of this work is ultimately to define mineralisation with the potential for economic extraction – either on a stand-alone basis or by using one of the many nearby processing plants owned by others. Progressive commercial assessment is planned, as warranted, as the prospects develop.

As part of the Company's continuing efforts to enhance the prospectivity and existing land holdings, new adjoining tenure or new projects in the area will be targeted. This process also assists in the renewal of Zuleika Gold's holding if exploration does not provide encouragement for potential economic mineralisation.

Competent Persons Statement

Mr Jonathan Lea has compiled information in this report from information and exploration results supplied to Zuleika Gold Limited. Mr Lea has sufficient experience that is relevant to the style of mineralisation, the types of deposits under consideration and to the activity that he is undertaking and qualifies as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code"). Mr Lea is a Member of the Australian Institute of Mining and Metallurgy (AusIMM) and is Managing Director of Zuleika Gold Limited. Mr Lea consents to the inclusion in the report the matters based on the information in which it appears.

OPERATIONS REPORT

Tenement Holdings as at 25 August 2022

Tenement	Status	Current Area	Locality	TenementID	Status	Current Area	Locality
P29/2574	Pending	193.00 HA	Menzies (2)	P24/4424	Live	104.00 HA	Credo Well
P24/5563	Pending	86.00 HA	ROSE DAM EAST	P24/4423	Live	106.00 HA	Credo Well
P24/5445	Pending	194.00 HA	Stack Dam	P24/4422	Live	131.00 HA	Credo Well
P24/5444	Pending	200.00 HA	Stack Dam	P24/4421	Live	160.00 HA	Credo Well
P16/3274	Pending	148.00 HA	Balgarrrie South	P24/4420	Live	150.00 HA	Credo Well
P16/3267	Pending	159.00 HA	LEO DAM	P24/4419	Live	133.00 HA	Credo Well
M24/975	Pending	1,589.00 HA	Credo Well	P24/4418	Live	155.00 HA	Credo Well
E80/5161	Pending	49 BL	Flat Rock Yard	P16/3296	Live	197.98 HA	Balgarrrie
P29/2665	Live	197.71 HA	Menzies 4	P16/3295	Live	197.90 HA	Balgarrrie
P29/2664	Live	183.15 HA	Menzies 9	P16/3294	Live	197.82 HA	Balgarrrie
P29/2663	Live	194.18 HA	Menzies 8	P16/3275	Live	139.65 HA	Balgarrrie South
P29/2662	Live	199.77 HA	Menzies 7	P16/3272	Live	119.92 HA	Stack Dam
P29/2661	Live	54.63 HA	Menzies 6	P16/3271	Live	120.06 HA	Stack Dam
P29/2660	Live	198.88 HA	Menzies 5	P16/3270	Live	185.60 HA	Balgarrrie 3
P29/2659	Live	199.84 HA	Menzies 1	P16/3269	Live	179.48 HA	Balgarrrie 2
P29/2658	Live	189.63 HA	Menzies 2	P16/3268	Live	122.17 HA	Balgarrrie 1
P29/2657	Live	199.92 HA	Menzies 3	P16/3260	Live	103.18 HA	WHITE FLAG LAKE SOUTH
P29/2576	Live	199.24 HA	Menzies (4)	P16/3255	Live	199.47 HA	BREAKAWAY DAM
P29/2575	Live	199.17 HA	Menzies (3)	P16/3254	Live	199.60 HA	BREAKAWAY DAM
P29/2573	Live	196.27 HA	Menzies (1)	P16/3253	Live	199.04 HA	BREAKAWAY DAM
P24/5512	Live	180.97 HA	Ora Band 2	P16/3252	Live	198.67 HA	BREAKAWAY DAM
P24/5511	Live	182.52 HA	Ora Banda 1	P16/3251	Live	199.76 HA	BREAKAWAY DAM
P24/5510	Live	170.98 HA	Black Flag	P16/3238	Live	174.52 HA	Balgarrrie West
P24/5467	Live	157.19 HA	Gum Tree Dam 1	P16/3237	Live	171.66 HA	Balgarrrie (2)
P24/5466	Live	158.17 HA	Gum Tree Dam 2	P16/3236	Live	179.88 HA	Balgarrrie
P24/5465	Live	178.89 HA	Leo Dam	P16/3229	Live	199.47 HA	BALGARRRI EAST 5
P24/5438	Live	35.88 HA	Stack Dam	P16/3228	Live	196.00 HA	BALGARRRI EAST 4
P24/5434	Live	48.31 HA	Browns Lagoon	P16/3227	Live	196.63 HA	BALGARRRI EAST 3
P24/5433	Live	182.98 HA	Carbine North	P16/3226	Live	196.71 HA	BALGARRRI EAST 2
P24/5432	Live	196.08 HA	Carbine North East	P16/3225	Live	191.56 HA	BALGARRRI EAST 1
P24/5431	Live	147.80 HA	Carbine North	P16/3224	Live	110.12 HA	WHITE ELEPHANT DAM
P24/5430	Live	184.65 HA	Carbine North	P16/3223	Live	171.01 HA	LEO DAM
P24/5429	Live	192.98 HA	Balgarrrie	P16/3210	Live	47.26 HA	ROCKY DAM ZULEIKA
P24/5428	Live	112.95 HA	Balgarrrie	P16/3178	Live	193.04 HA	4kms East of George Dam
P24/5427	Live	187.019 HA	Grants Patch West	P16/3177	Live	193.27 HA	South West of Breakaway Dam
P24/5426	Live	193.22 HA	Laurie Dam	P16/3176	Live	201.74 HA	North East of George Dam
P24/5425	Live	198.42 HA	Laurie Dam	P16/3175	Live	194.04 HA	North East of George Dam
P24/5424	Live	193.11 HA	Carbine North	P16/3174	Live	164.11 HA	West of Breakaway Dam
P24/5423	Live	200.00 HA	Stack Dam	P16/3162	Live	199.85 HA	Broad Dam
P24/5414	Live	188.77 HA	CARNAGE SOUTH	P16/3161	Live	196.51 HA	12 Mile Dam
P24/5413	Live	199.70 HA	CARNAGE SOUTH	P16/3026	Live	188.22 HA	Star Well
P24/5412	Live	184.02 HA	CARNAGE SOUTH	P16/3025	Live	182.24 HA	Star Well
P24/5411	Live	196.90 HA	CARNAGE SOUTH	P16/3024	Live	168.35 HA	Star Well
P24/5410	Live	194.26 HA	BROWN DAM	P16/2967	Live	70.00 HA	Number 2 Dam
P24/5409	Live	198.19 HA	BROWN DAM	P16/2966	Live	142.00 HA	Number 2 Dam
P24/5407	Live	195.99 HA	CARNAGE SOUTH	P16/2965	Live	194.00 HA	Star Dam
P24/5406	Live	198.98 HA	CARNAGE SOUTH	P16/2964	Live	45.50 HA	2km's East of Star Dam
P24/5405	Live	64.97 HA	CARNAGE SOUTH	P16/2960	Live	200.00 HA	Kintore East
P24/5402	Live	199.72 HA	STACK DAM	P16/2953	Live	180.00 HA	Chadwin Dam
P24/5401	Live	48.00 HA	WHITE FLAG LAKE	P16/2952	Live	196.00 HA	Carbine
P24/5395	Live	165.26 HA	GUM TREE DAM	P16/2951	Live	196.00 HA	Carbine
P24/5394	Live	175.49 HA	GUM TREE DAM	P16/2950	Live	184.00 HA	Brown Dam
P24/5393	Live	190.42 HA	GUM TREE DAM	P16/2949	Live	178.00 HA	O'Loughlin Dam
P24/5392	Live	194.97 HA	GUM TREE DAM	P16/2948	Live	198.00 HA	O'Loughlin Dam
P24/5391	Live	84.62 HA	WHITE FLAG LAKE WEST	P16/2947	Live	186.00 HA	Breakaway Dam
P24/5332	Live	170.41 HA	Gum Tree Dam	P16/2946	Live	196.00 HA	Breakaway Dam
P24/5247	Live	8.78 HA	Credo Well	P16/2945	Live	145.00 HA	Breakaway Dam
P24/5081	Live	174.50 HA	Chadwin Dam	P16/2944	Live	175.00 HA	Red Dam
P24/5080	Live	134.00 HA	Chadwin Dam	P16/2943	Live	180.00 HA	4Kms East of Kintore
P24/5079	Live	122.00HA	Chadwin Dam	P16/2902	Live	78.10 HA	Kundana - North of
P24/5078	Live	180.00 HA	Brown Dam	P16/2896	Live	160.00 HA	O'Loughlin Dam
P24/4933	Live	195.37 HA	Leo Dam West	P16/2885	Live	95.00 HA	O'Loughlin Dam
P24/4932	Live	189.85 HA	Leo Dam West	P16/2884	Live	165.00 HA	O'Loughlin
P24/4893	Live	199.84 HA	Ora Banda	P16/2882	Live	121.00 HA	Breakaway Dam
P24/4892	Live	191.11 HA	Ora Banda	P16/2853	Live	62.00 HA	Balgarrrie
P24/4828	Live	136.30 HA	Crown Dam	P16/2843	Live	26.00 HA	Balgarrrie West
P24/4827	Live	192.00 HA	Stack Dam	P16/2837	Live	153.00 HA	Balgarrrie
P24/4749	Live	8.01 HA	White Flag Lake	M29/418	Live	503.00 HA	Menzies
P24/4679	Live	175.00 HA	White Flag Lake	M29/417	Live	1,148.00 HA	Menzies
P24/4468	Live	46.00 HA	Credo Well	M16/491	Live	218.00 HA	HAWKINS FIND
P24/4429	Live	150.00 HA	Credo Well	M16/229	Live	191.00 HA	Zuleika
P24/4428	Live	120.00 HA	Credo Well	E29/1052	Live	58 BL	Menzies West
P24/4427	Live	85.00 HA	Credo Well	E29/1051	Live	53 BL	Goongarrrie West
P24/4426	Live	128.00 HA	Credo Well	E24/190	Live	7 BL	White Flag Lake
P24/4425	Live	106.00 HA	Credo Well	E16/574	Live	4 BL	Mount Burges

DIRECTORS' REPORT

The Directors of Zuleika Gold Limited (**ZAG** or the **Company**) submit their Annual Financial Statements for the financial year ended 30 June 2022.

Directors

The names and particulars of the Directors of the Company in office during the year and until the end of the financial year are as follows. Directors were in office for the entire year unless otherwise stated.

Hui Guo, Executive Chair (appointed 18 July 2022 and simultaneously stepped aside as Managing Director)

Ms Hui Guo has more than 20 years' experience in mining M&A, capital raising and corporate governance and has led a number of acquisitions and investments in near-term production opportunities. Ms Guo is also the founder of Westlink Capital, a funding platform for facilitating and co-investing Australian resource sector projects with value uplift for Australian and Asian investors. Ms Guo was previously a senior manager at PricewaterhouseCoopers in the finance sector. Ms Guo has formidable skills in mining and resources sector M&A, deal structuring, project funding and project valuation.

Ms Guo is a director of Azure Minerals Limited (ASX: ASZ) and CZR Resources Limited (ASX: CZR).

Jonathan Lea, Managing Director (appointed 18 July 2022)

Jonathan is a mining industry executive with over 35 years expertise in all aspects of the mineral industry. After commencing as a geologist, recent roles for mineral exploration and development companies at Managing Director level have focused on all aspects of resource company development, including project generation, corporate management and capital raising.

Jonathan has extensive project development and production experience, with a particular focus on gold, also covers a number of commodities including iron ore and base metals in both open cut and underground settings mainly in Western Australia but also elsewhere in Australia and overseas. Jonathan's experience includes a 10 year period working around Kalgoorlie adjacent to many of the areas covered by the Company's tenement holdings. Particular success was achieved with Polaris Metals following the discovery and initial development of the Carina iron ore deposit leading to a takeover producing significant shareholder benefits.

Mr Lea was formerly a director of Ozz Resources Limited (ASX: OZZ).

Graeme Purcell, Non-Executive Director

Mr Graeme Purcell (BSc Hons) is a highly regarded exploration geologist with more than 26 years national and international experience with major and junior resource companies including Homestake Mining, Barrick Gold and Black Fire Minerals. More recently, he has been working in a consulting capacity.

He has extensive experience, knowledge and understanding of geological processes and mineral systems. He has participated in delivering significant mineral discoveries over a diverse range of geological terranes and jurisdictions, including Australia, Papua New Guinea, Tanzania and the USA.

Mr Purcell is a director of Boadicea Resources Limited (ASX: BOA).

Michael Higginson (appointed 10 February 2022, resigned 18 July 2022)

Mr Higginson's biography is under Company Secretary.

Malcolm Carson, Executive Chairman (passed 7 February 2022)

Mr Malcolm Carson (BSc, MSc, AUSIMM, AIG) passed away during the period.

Company Secretary

Michael Higginson

Mr Higginson is the holder of a Bachelor of Business Degree. Mr Higginson was formerly an executive officer with the Australian Securities Exchange and has, over the last 35 years, held numerous company secretarial and directorship roles with a range of public listed companies both in Australia and the UK.

Mr Higginson is a director of SportsHero Limited (ASX: SHO) and Cape Range Limited (ASX: CAG).

DIRECTORS' REPORT

Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the Directors in the shares, unlisted options and performance rights of Zuleika Gold Limited are:

Director	Directors interests in ordinary shares		Directors interests in unlisted options		Directors interests in performance rights	
	Current holding	Net increase/ (decrease)	Current holding	Net increase/ (decrease)	Current holding	Net increase/ (decrease)
Hui Guo	20,000,000	3,000,000 (i)	90,000,000	-	16,000,000	-
Graeme Purcell	1,903,846	1,903,846 (i) (ii)	1,000,000	1,000,000 (iii)	-	-
Jonathan Lea	-	-	-	-	-	-

(i) Following the receipt of shareholder approval on 18 March 2022, the Company issued 3,000,000 fully paid ordinary shares to Hui Guo and 750,000 fully paid ordinary shares to Graeme Purcell as an incentive for nil consideration.

(ii) Following the receipt of shareholder approval on 18 March 2022, the Company issued 1,153,846 fully paid ordinary shares to Graeme Purcell pursuant to Mr Purcell's consulting agreement.

(iii) Following the receipt of shareholder approval on 18 March 2022, the Company issued 1,000,000 options at an exercise price of \$0.10 per option expiring on 25 March 2026.

Principal Activities

The principal activity of the Company during the year was the exploration of the Company's Western Australian tenement portfolio, the dispute in relation to the farm-in joint venture with Vango and the evaluation of other gold project joint ventures and asset sales.

Financial Review

The loss from ordinary operations increased as a consequence of recognising share based payments from the issue of options and performance rights to directors and an increase in legal fees in preparation of the trial with Vango.

The Company's net asset position increased from \$7,900,512 to \$8,917,222. Net operating cash outflow were \$1,732,080 and net capitalised exploration expenditure was \$2,241,820, offset by the issue of shares which raised \$3,060,000.

As at 30 June 2022, cash and cash equivalents totalled \$3,737,129 (2021: 4,892,691).

Operating Results for the Year

Summarised operating results are as follows:

	2022	
	Revenues	Results
	\$	\$
Revenues and (loss) from continuing operations before tax	8,824	(3,371,539)

Shareholder Returns

Profit/(loss) per share	RESTATED	
	2022	2021
From continuing operations		
Basic (loss) per share (cents)	(0.77)	(1.81)
Diluted (loss) per share (cents)	(0.77)	(1.81)

The Company is in a loss position therefore, the rights and options are not dilutive in nature.

DIRECTORS' REPORT

Risk Management

The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the Board.

Given the size of the Company, the number of employees and the scale of its present activities, the Board is of the view that, at this stage, a separate risk committee is not necessary. The Company believes that it is important for all Board members to be a part of the risk management process and accordingly such matters of risk are discussed and dealt with by the Board.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks and opportunities identified by the Board. These include the following:

- Board oversight and approval of Company activities and reporting obligations.
- delegated authority limits exist in respect of financial expenditure and other business activities.
- a comprehensive insurance program is undertaken.

Significant Changes in the State of Affairs

On 27 July 2021, the Company announced continuous high grade result at Paradigm East, including 4m @ 4.93 g/t Au from 71m and 10m @ 2.53 g/t Au from 51m.

On 4 August 2021, the Company announced high grade results at Credo, including 7m @ 5.22 g/t Au from 89m and 3m @ 1.54 g/t Au from 132m.

On 15 September 2021, the Company announced the presence of broad gold zones at both Breakaway Dam and Credo Well.

On 25 January 2022, the Company issued 3,000,000 shares following the exercise of 3,000,000 options each exercisable at \$0.02 and expiring on 31 January 2022.

On 2 February 2022, the Company announced the issue of 500,000 shares to acquire the gold rights for mining leases ML29/417 and ML29/418. The fair value of the shares was calculated to be \$18,365.

On 7 February 2022, Mr Malcolm Carson passed away.

On 10 February 2022, the Company announced the passing of Mr Carson and the appointment of Mr Higginson as a non-executive Director.

On 14 February 2022, the Company announced a major 20,000m expansionary drilling program at its Kalgoorlie gold projects.

Following the receipt of shareholder approval, on 18 March 2022 the Company issued the following securities;

- 100,000,000 fully paid ordinary shares at an issue price of \$0.03 per share to raise \$3,000,000;
- 50,000,000 options for nil consideration with an exercise price of \$0.05 per option expiring on 28 February 2025;
- 30,000,000 options for nil consideration with an exercise price of \$0.07 per option expiring on 28 February 2025;
- 20,000,000 options for nil consideration with an exercise price of \$0.10 per option expiring on 28 February 2025;
- 1,000,000 options for nil consideration with an exercise price of \$0.10 per option expiring on 25 March 2026 to Mr Graeme Purcell pursuant to his consultancy agreement with the Company;
- 1,153,846 fully paid ordinary shares to Mr Graeme Purcell pursuant to his consulting agreement with the Company; and
- 3,000,000 fully paid ordinary shares to Ms Hui Guo as an incentive and 750,000 fully paid ordinary shares to Mr Graeme Purcell as an incentive.

On 23 March 2022, the Company issued 100,000 fully paid ordinary shares, at an issue price of \$0.03 per share, in consideration for the provision of accounting services to the value of \$3,000;

On 24 March 2022, the Company issued 632,000 fully paid ordinary shares, at an issue price of \$0.03 per share, in consideration for the provision of information technology and computing services to the value of \$18,960;

On 20 April 2022, the Company issued 2,321,406 fully paid ordinary shares at a deemed issue price of \$0.032308 to extinguish debts to the value of \$75,000.

Other than as disclosed in this Report, no other significant changes in the state of affairs of the Company occurred during the financial year.

Significant Events after the Balance Date

On 18 July 2022, the following Board changes occurred:

- Mr Jonathan Lea was appointed as Managing Director of the Company;
- Ms Hui Guo was appointed as Executive Chair of the Company and simultaneously stepped aside as Managing Director; and
- Mr Michael Higginson resigned as Director of the Company

DIRECTORS' REPORT

10,000,000 options exercisable at \$0.15 each expired on 1 August 2022.

No other matters or circumstances have arisen since the end of the year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.

Likely Developments and Expected Results

The Company will continue to explore its existing resource projects and search for new resource projects or other new business opportunities that have the potential to generate positive cash flows and enhance shareholder value. Activity levels will, however, be impacted by the state of the equity markets, the expectations of vendors and the ability of the Company to raise funds for any new acquisition and working capital. In addition, the Company will wait for the courts decision regarding the Vango Mining Limited proceedings.

Environmental Regulation and Performance

The Company is subject to significant environmental regulation with respect to its exploration activities.

The Company aims to ensure the appropriate standard of environmental care is achieved and, in doing so, so far as it is aware, is in compliance with all environmental regulation. The Directors of the Company are not aware of any breach of environmental legislation for the year under review.

Remuneration Report (Audited)

The remuneration report is set out under the following main headings:

- A. Principles used to determine the nature and amount of remuneration
- B. Details of remuneration
- C. Service agreements
- D. Share-based compensation

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

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

The remuneration policy has been designed to align Director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives. The Board of Zuleika Gold Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain appropriately qualified Directors and executives to run and manage the Company.

The remuneration policy, setting the terms and conditions for executive Directors and other senior executives, was developed by the Board. Executives receive a base salary (which is based on factors such as experience and skills) and superannuation. The Board reviews executive packages annually and determines policy recommendations by reference to the Company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

Executives receive a superannuation guarantee contribution required by the government, which is currently 10.50% (increasing from 10% on 1 July 2022), and do not receive any other retirement benefits.

All remuneration paid to Directors and executives is valued at the cost to the Company and expensed.

The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the Non-Executive Directors and reviews the remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when or if required (no remuneration consultants were used during the year ended 30 June 2022). 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 (currently \$300,000). Fees for Non-Executive Directors are not linked to the performance of the Company.

Performance based remuneration

The Company has one short term incentives included in executive remuneration packages which relates to Mr Graeme Purcell. At the board's discretion, the Company may issue up to \$30,000 of shares on Mr Purcell achieving certain key milestones to be assessed each year. There is no requirement for the Company to issue these shares.

Company performance, shareholder wealth and Directors' and executives' remuneration

No relationship exists between shareholder wealth, Directors' and executive remuneration and Company performance.

DIRECTORS' REPORT

B. Details of remuneration

Details of remuneration of the Directors and other key management personnel (as defined in *AASB 124 Related Party Disclosures*) of Zuleika Gold Limited are set out in the following table.

The key management personnel of Zuleika Gold Limited are the Directors and Company Secretary, as listed on page 10.

Given the size and nature of operations of Zuleika Gold Limited, there are no other personnel who are required to have their remuneration disclosed in accordance with the Corporations Act 2001.

The tables below show the 2022 and 2021 figures for remuneration received by the Directors and other key management personnel.

2022	Short Term			Post-employment		Share-based payments (iii)	Total	Proportion of remuneration performance related
	Salary & fees	Bonus	Non-Monetary benefits (i)	Superannuation	Retirement benefits			
	\$	\$	\$	\$	\$	\$	\$	%
Directors								
Malcolm Carson (ii)	133,500	-	3,480	1,995	-	522,284	661,259	79
Hui Guo	231,000	-	6,396	3,420	-	628,271	869,087	72
Graeme Purcell	168,500	-	6,396	3,420	-	92,369	270,685	34
Jonathan Lea (iv)	-	-	-	-	-	-	-	-
Michael Higginson (v)	13,896	-	-	-	-	-	13,896	-
Other key management personnel								
Michael Higginson	31,088	-	6,396	-	-	-	37,484	-
Total	577,984	-	22,668	8,835	-	1,242,924	1,852,411	

(i) Relates to Directors and Officers Indemnity Insurance paid on behalf of the Directors and Officers of the Company.

(ii) Mr Carson's short term and post-employment benefits were paid to Mineral Resource Consultants Pty Ltd, a company controlled by Mr Carson (Refer note 20 - Key management personnel disclosures). Mr Carson passed away on 7 February 2022.

(iii) On 11 December 2020, the Company issued 10,000,000 options nil consideration to the nominees of each of Mr Carson and Ms Guo. The options were valued using a Black Scholes pricing model. The Company also issued 12,000,000 Performance Rights with specific hurdles outlined below. Mr Purcell has executed a contract with the Company that provides for the issue of 1,000,000 options which are subject to shareholder approval.

(iv) Mr Lea was appointed on 18 July 2022.

(v) Mr Higginson was appointed on 10 February 2022 and resigned on 18 July 2022.

2021	Short Term			Post-employment		Share-based payments (iii)	Total	Proportion of remuneration performance related
	Salary & fees	Bonus	Non-Monetary benefits (i)	Superannuation	Retirement benefits			
	\$	\$	\$	\$	\$	\$	\$	%
Directors								
Malcolm Carson (ii)	231,000	-	4,688	3,420	-	470,838	709,946	66
Hui Guo	231,000	-	4,688	3,420	-	470,838	709,946	66
Graeme Purcell	42,323	-	1,475	1,076	-	1,682	46,556	4
Peiqi Zhang	24,774	-	3,211	-	-	-	27,985	-
Other key management personnel								
Michael Higginson	40,771	-	4,688	-	-	-	45,459	-
Total	569,868	-	18,750	7,916	-	943,358	1,539,892	

(i) Relates to Directors and Officers Indemnity Insurance paid on behalf of the Directors and Officers of the Company.

(ii) Mr Carson's short term and post-employment benefits were paid to Mineral Resource Consultants Pty Ltd, a company controlled by Mr Carson (Refer note 20 - Key management personnel disclosures).

(iii) On 11 December 2020, the Company issued 10,000,000 options nil consideration to the nominees of each of Mr Carson and Ms Guo. The options were valued using a Black Scholes pricing model. The Company also issued 12,000,000 Performance Rights with specific hurdles outlined below. Mr Purcell has executed a contract with the Company that provides for the issue of 1,000,000 options which are subject to shareholder approval.

C. Service Agreements

Graeme Purcell

In addition to the payment of director fees of \$36,000 per annum, on 8 March 2021, the Company entered into a Consultancy Agreement with Mr Purcell whereby the Company agreed to engage Mr Purcell as the Company's Exploration Manager on a part time basis, for an initial term of two years and a consideration of \$10,000 per month.

In accordance with the Agreement, Mr Purcell may elect to receive shares in the Company in lieu of cash calculated at a 10% discount to the 30-day VWAP of the Company's shares as at the date of entitlement - subject to receiving the necessary shareholder approval and in the event of no shareholder approval, then the cash amounts shall be payable to Mr Purcell.

DIRECTORS' REPORT

C. Service Agreements (continued)

In addition, and as soon as practicable after the receipt of the necessary shareholder approval, the Company will pay to the Consultant a sign-on fee of 1,000,000 options each exercisable at \$0.10 and an expiry date which is 3 years from their date of issue.

In respect of the first year of the Agreement as an incentive for Mr Purcell, the Company has agreed to seek the approval of its shareholders at the next general meetings of the Company, to the grant of fully paid ordinary shares or options in the Company to a value of no less than \$30,000, and such incentive should continue for each year during the term of the Agreement provided Mr Purcell meets the performance criteria as decided by the Board.

The Agreement can be terminated by providing up to 3 months written notice.

Jonathan Lea

On 24 June 2022, the Company entered into an employment agreement with Mr Jonathan Lea to employ Mr Jonathan Lea as the Company's Managing Director on a remuneration of \$240,000 per annum (plus statutory superannuation) with a commencement date of 18 July 2022.

Subject to the receipt of shareholder approval at the Company's 2022 Annual General Meeting, the Company agreed to allot Mr Lea (or his nominee) 1,000,000 fully paid ordinary shares (such shares to be held in voluntary escrow for 12 months from their date of issue) and 2,000,000 options to acquire fully paid ordinary shares each exercisable at \$0.06 and expiring 3 years from their date of issue. These 2,000,000 options, if not exercised, will automatically and immediately expire if for any reason Mr Lea ceases to be an employee of the Company.

The Agreement can be terminated by either party giving 3 months written notice, or by the Company paying an equivalent amount of salary in lieu of notice.

The Company has not entered into any other service agreements with Directors or the Company Secretary.

D. Share-based Compensation

Shares, options and performance rights issued as compensation

During the year, the Company issued the following fully paid shares to the nominees of Mr Graeme Purcell and Ms Hui Guo as compensation (2021: Nil shares).

Details of fully paid ordinary shares issued to key management personnel of the Company are set out below.

Key management personnel	Issue date	Number granted	Fair value per share \$	Vesting date	Number of shares vested during year	Unvested %
2022						
Directors						
Hui Guo	25 Mar 2022	3,000,000	\$0.032	25 Mar 2022	3,000,000	N/A
Graeme Purcell	25 Mar 2022	750,000	\$0.032	25 Mar 2022	750,000	N/A
Graeme Purcell	25 Mar 2022	1,153,846	\$0.032	25 Mar 2022	1,153,846	N/A

Details of options issued to key management personnel of the Company are set out below.

Key management personnel	Issue date	Number granted	Fair value per options \$	Vesting date	Number of options vested during year	Unvested %
2022						
Directors						
Graeme Purcell	25 Mar 2022	1,000,000	\$0.0031	25 Mar 2022	1,000,000	N/A

DIRECTORS' REPORT

Shares, options and performance rights issued as compensation (continued)

The fair value of the options was determined using a Black Scholes Option Pricing model using the following inputs:

	Options
Grant date	19 November 2021
Exercise date	25 March 2026
Share price at grant date (\$)	0.02
Exercise price (\$)	\$0.10
Risk-free rate (%)	0.10
Volatility (%)	79.28
Fair value per security (\$)	0.0031
Fair value (\$)	3,128

The fair value of the options was provisionally calculated on appointment of Mr Purcell, \$1,682 was expensed in the prior period. An additional \$1,446 was expensed in the current period upon receiving shareholder approval after the valuation was updated.

Following the receipt of shareholder approval on 11 December 2020, on 14 December 2020, the Company issued 24,000,000 performance rights for nil consideration to the nominees of Mr Carson and Ms Guo on the following terms:

Details of performance rights issued to key management personnel in prior periods by the Company are set out below.

Key management personnel	Issue date	Number granted	Fair value per right \$	Vesting date	Number of rights vested during year	Unvested %
2021						
Directors						
Malcolm Carson	14 Dec 2020			36 months		
- Class A	-	4,000,000	\$0.0577	-	-	100%
- Class B	-	4,000,000	\$0.0539	-	-	100%
- Class C	-	4,000,000	\$0.0502	-	-	100%
Hui Guo	14 Dec 2020			36 months		
- Class A	-	4,000,000	\$0.0577	-	-	100%
- Class B	-	4,000,000	\$0.0539	-	-	100%
- Class C	-	4,000,000	\$0.0502	-	-	100%

On 11 December 2020 the Company obtained shareholder approval to issue 24,000,000 Performance Rights (8,000,000 per class and 4,000,000 per Director) to two Directors in order to provide a performance linked incentive component in their remuneration package. The Performance Rights will vest and convert into shares upon satisfaction of the following milestones:

The Performance Rights will vest and convert into shares upon satisfaction of the following milestones:

	Class A Performance Rights	Class B Performance Rights	Class C Performance Rights
VWAP Milestone (\$) *	0.06	0.08	0.10
Methodology	Monte Carlo	Monte Carlo	Monte Carlo
Simulation iterations	50,000	50,000	50,000
Grant date	14 Dec 20	14 Dec 20	14 Dec 20
Assumed expiry date	14 Dec 23	14 Dec 23	14 Dec 23
Share price at grant date (\$)	0.06	0.06	0.06

DIRECTORS' REPORT

Shares, options and performance rights issued as compensation (continued)

	Class A Performance Rights	Class B Performance Rights	Class C Performance Rights
Exercise price (\$)	Nil	Nil	Nil
Risk-free rate (%)	0.1001	0.1001	0.1001
Volatility (%)	84.96	84.96	84.96
Fair value per security (\$)	0.0577	0.0539	0.0502
Fair value (\$)	461,958	431,136	401,604

* The volume weighted average price for the Company's Shares as traded on ASX over 20 consecutive trading days must exceed the hurdle.

The fair value of the performance rights is being expensed over the assumed vesting period.

Options over equity instruments granted as compensation

On 25 March 2022, the Company issued 1,000,000 options to Mr Graeme Purcell pursuant to his consulting agreement. The fair value of the options was calculated as \$3,128. In a prior period, following receipt of shareholder approval on 11 December 2020, on 14 December 2020 the Company issued 10,000,000 options each to the nominees of Mr Carson and Ms Guo exercisable at \$0.05 and expiring 14 December 2023. The fair value was \$696,520.

Equity instrument disclosures relating to Directors and key management personnel

(i) Option holdings

The number of options over ordinary shares in the Company held during the financial year by each key management personnel of the Company, including their personally related parties, are set out below:

Key management personnel	Balance at 1 July 2021	Granted as compensation	Exercised	Net other change	Balance at 30 June 2022	Vested and exercisable	Unvested
	No.	No.	No.	No.	No.	No.	No.
2022							
Directors							
				(3,000,000)			
				(10,000,000)			
Malcolm Carson	13,000,000	-	-	(i)	-	-	-
Hui Guo	93,000,000	-	-	(3,000,000) (i)	90,000,000	90,000,000	-
Graeme Purcell	-	1,000,000 (ii)	-	-	1,000,000	1,000,000	-
Jonathan Lea	-	-	-	-	-	-	-
Other key management							
Michael Higginson	1,027,437	-	-	(827,437) (iii)	200,000	200,000	-
	107,027,437	1,000,000	-	(16,827,437)	91,200,000	91,200,000	-

(i) 3,000,000 Options expired without being exercised on 31 July 2021 and 10,000,000 at the date Mr Carson passed away.

(ii) During the period the Company issued 1,000,000 options to Mr Purcell pursuant to his consulting agreement.

(iii) Options expired without being exercised on 31 March 2022.

Details of options held as at reporting date by key management personnel of the Company are set out below.

Key management personnel	Issue date	Number granted	Fair value per option \$	Vesting date	Number of options vested during year	Vested %
2022						
Directors						
Hui Guo	14 Dec 2020	10,000,000 (i)	\$0.0348	14 Dec 2020		100%
	14 Dec 2020	80,000,000(ii)	\$0.0414	14 Dec 2020		100%
Graeme Purcell	25 Mar 2022	1,000,000 (iii)	\$0.0031	25 Mar 2022	1,000,000	100%
Other key management personnel						
Michael Higginson	26 Mar 2021	200,000 (iv)	0.005	26 Mar 2021		100%
		91,200,000			1,000,000	

(i) expiring 14 December 2023

(ii) expiring 14 December 2025

(iii) expiring 25 March 2026

(iv) expiring 31 January 2023

DIRECTORS' REPORT

Equity instrument disclosures relating to Directors and key management personnel (continued)

(ii) *Share holdings*

The number of shares in the Company held during the financial year by each key management personnel of the Company, including their related parties, are set out below.

	Balance at 1 July 2021	Received on exercise of options	Net other change	Balance at 30 June 2022
Key management personnel	No.	No.	No.	No.
2022				
Directors				
Malcolm Carson	7,785,361	-	(7,785,361) (i)	-
Hui Guo	17,000,000	-	3,000,000	20,000,000
Graeme Purcell	-	-	1,903,846	1,903,846
Other key management personnel				
Michael Higginson	-	-	-	-

(i) Mr Carson purchased 458,631 shares during the period and held 8,243,992 at the date he passed away.

Equity instrument disclosures relating to Directors and key management personnel (continued)

(iii) *Performance Rights*

The number of Performance Rights in the Company held during the financial year by each key management personnel of the Company, including their personally related parties, are set out below.

	Balance at 1 July 2021	Received as compensations	Net other change	Balance at 30 June 2022
Key management personnel	No.	No.	No.	No.
2022				
Directors				
Malcolm Carson (i) (ii)	16,000,000	-	(4,000,000) (iii)	12,000,000
Hui Guo (i) (ii)	16,000,000	-	-	16,000,000
Graeme Purcell	-	-	-	-
Other key management personnel				
Michael Higginson	-	-	-	-

(i) Performance Rights issued after shareholder approval on 19 December 2019.

(ii) Performance Rights issued after shareholder approval on 11 December 2020.

(iii) Lapsed on passing of Mr Carson.

End of Remuneration Report

DIRECTORS' REPORT

Directors Meetings

The following table sets out the number of meetings attended by each of the Directors during the year.

Director	Board Meetings and Circular Resolutions	
	A	B
Malcolm Carson	3	3
Hui Guo	9	10
Graeme Purcell	9	10
Michael Higginson	6	6

Notes

A – Number of meetings attended, or circular resolutions signed.

B – Number of meetings held during the time the Director held office during the year.

The current Board has assumed the duties and responsibilities typically delegated to an audit committee, risk committee, remuneration committee and nomination committee.

Shares under Option

As at the date of this report there are 248,763,638 unissued ordinary shares in respect of which options are outstanding. All options previously issued and not exercised were cancelled in accordance with their terms.

The total number of listed options is 46,563,638.

	Number of options
Balance at the beginning of the year	193,196,971
Movements of options during the year	
Options expired - \$0.10 expired 31 July 2021	(6,000,000)
Exercise of options - \$0.02 expiring 31 January 2022	(3,000,000)
Expiry of options - \$0.05 expiring 31 March 2022	(18,333,333)
Expiry of options - \$0.05 expiring 7 April 2022	(8,100,000)
Options issued on 25 March 2022 - \$0.05 expiring 28 February 2025	50,000,000
Options issued on 25 March 2022 - \$0.07 expiring 28 February 2025	30,000,000
Options issued on 25 March 2022 - \$0.10 expiring 28 February 2025	20,000,000
Options issued on 25 March 2022 - \$0.10 expiring 25 March 2026	1,000,000
Total number of options outstanding at 30 June 2022	258,763,638
Expiry of options - \$0.15 expiring 1 August 2022	(10,000,000)
Total number of options outstanding at the date of this report	248,763,638
Total number of vested options outstanding at the date of this report	248,763,638

Performance Rights

As at the date of this report there are 28,000,000 performance rights in respect of which rights are outstanding.

	Number of rights
Balance at the beginning of the year	32,000,000
Movements of performance rights during the year	
Performance Right lapsed	(4,000,000)
Total number of rights outstanding at 30 June 2022	28,000,000
Total number of rights outstanding at the date of this report	28,000,000

DIRECTORS' REPORT

Insurance of Directors and Officers

During or since the financial year, the Company paid premiums insuring all the Directors and Officers of Zuleika Gold Limited against costs incurred in defending proceedings for conduct involving:

- a) a wilful breach of duty; or
- b) a contravention of sections 182 or 183 of the *Corporations Act 2001*,

as permitted by section 199B of the *Corporations Act 2001*.

The total amount of insurance premiums incurred for the year was \$22,668 (2021: \$18,750).

Dividends

No dividends were paid or declared during the financial year and no recommendation for payment of dividends has been made.

Proceedings on behalf of the Company

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

No proceedings have been brought or intervened in on behalf of the Company with the leave of the Court under section 237 of the Corporations Act 2001.

Non-Audit Services

No non-audit services were provided to the Company by Stantons or its related entity during the year ended 30 June 2022 (2021: nil).

Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included on page 21.

Signed in accordance with a resolution of the Directors made pursuant to s 298(2) of the Corporations Act 2001.

On behalf of the Directors



Hui Guo
Executive Chair

Dated this 30th day of September 2022



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30 September 2022

Board of Directors
Zuleika Gold Limited
Ground Floor
8 Kings Park Road
West Perth, WA 6005

Dear Directors

RE: ZULEIKA GOLD LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Zuleika Gold Limited.

As Audit Director for the audit of the financial statements of Zuleika Gold Limited for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

A handwritten signature in black ink, appearing to read "Samir Tirodkar", written over a light blue horizontal line.

Samir Tirodkar
Director



For personal use only

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 30 June 2022

	Note	2022 \$	2021 \$
Continuing Operations			
Revenue	4	8,824	11,634
Other income	4	-	174,988
Administration expenses		(1,153,709)	(2,021,973)
Write-off exploration expenditure	9	(983,730)	-
Share-based payments	25	(1,242,924)	(4,341,470)
Loss from continuing operations before income tax benefit	4	(3,371,539)	(6,176,821)
Income tax expense	5	-	-
Loss from continuing operations		(3,371,539)	(6,176,821)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
Total comprehensive loss for the year		(3,371,539)	(6,176,821)
Loss attributable to owners of the Company		(3,371,539)	(6,176,821)
Total comprehensive loss attributable to owners of the Company		(3,371,539)	(6,176,821)
Profit/(loss) per share:			
From continuing			
Basic (cents per share)	24	(0.77)	(1.81)
Diluted (cents per share)	24	(0.77)	(1.81)

The accompanying notes form part of the financial statements.

STATEMENT OF FINANCIAL POSITION

as at 30 June 2022

	Note	30 Jun 2022 \$	30 Jun 2021 \$
Current assets			
Cash and cash equivalents	6	3,737,129	4,892,691
Other receivables	7	177,153	143,577
Other assets	10	10,307	8,115
Total current assets		3,924,589	5,044,383
Non-current assets			
Property, plant and equipment	8	2,014	4,364
Intangible assets	11	7,520	9,303
Exploration and evaluation expenditure	9	5,610,934	4,352,843
Total non-current assets		5,620,468	4,366,510
TOTAL ASSETS		9,545,057	9,410,893
Current liabilities			
Trade and other payables	12	627,835	810,381
Provisions	13	-	700,000
Lease liability	14	-	-
Total current liabilities		627,835	1,510,381
TOTAL LIABILITIES		627,835	1,510,381
NET ASSETS		8,917,222	7,900,512
Equity			
Issued capital	15	38,078,799	34,746,551
Reserves	16	5,764,575	4,708,574
Accumulated losses		(34,926,152)	(31,554,613)
TOTAL EQUITY		8,917,222	7,900,512

The accompanying notes form part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2022

	Attributable to equity holders				Total Equity \$
	Ordinary Shares \$	Accumulated Losses \$	Option Reserve \$	Other Reserve \$	
For the year ended 30 June 2022					
Balance at beginning of year	34,746,551	(31,554,613)	4,458,445	250,129	7,900,512
Transactions with shareholders in their capacity as shareholders					
Issue of shares (net of costs)	3,000,000	-	-	-	3,000,000
Shares issued on conversion of options	60,000	-	-	-	60,000
Shares issued to acquire tenements	18,365	-	-	-	18,365
Shares issued to extinguish debt	96,960	-	-	-	96,960
Shares issued for director incentives	156,923	-	-	-	156,923
Performance Rights expensed	-	-	-	1,060,791	1,060,791
Performance Rights forfeited	-	-	-	(6,236)	(6,236)
Options issued	-	-	1,446	-	1,446
Total comprehensive income					
Loss for the year	-	(3,371,539)	-	-	(3,371,539)
Total comprehensive loss for the year	-	(3,371,539)	-	-	(3,371,539)
Balance as at 30 June 2022	38,078,799	(34,926,152)	4,459,891	1,304,684	8,917,222

	Attributable to equity holders				Total Equity \$
	Ordinary Shares \$	Accumulated Losses \$	Option Reserve \$	Other Reserve \$	
For the year ended 30 June 2021					
Balance at beginning of year	28,380,420	(25,377,792)	391,132	4,973	3,398,733
Transactions with shareholders in their capacity as shareholders					
Issue of shares (net of costs)	6,298,988	-	-	-	6,298,988
Shares issued on conversion of options	32,143	-	-	-	32,143
Shares issued to acquire tenements	35,000	-	-	-	35,000
Options issued for cash	-	-	1,000	-	1,000
Options issued and yet to be issued	-	-	4,066,313	-	4,066,313
Performance Rights issued	-	-	-	245,156	245,156
Total comprehensive income					
Loss for the year	-	(6,176,821)	-	-	(6,176,821)
Total comprehensive loss for the year	-	(6,176,821)	-	-	(6,176,821)
Balance as at 30 June 2021	34,746,551	(31,554,613)	4,458,445	250,129	7,900,512

The accompanying notes form part of the financial statements.

STATEMENT OF CASH FLOWS

for the financial year ended 30 June 2022

	Note	2022 \$	2021 \$
Cash flows from operating activities			
Receipts from customers		-	-
Payments to suppliers and employees		(1,737,530)	(1,268,201)
Research and development incentive received		-	174,988
Interest expense		(3,099)	(1,190)
Interest received		8,549	10,498
Net cash (used in) operating activities	23	(1,732,080)	(1,083,905)
Cash flows from investing activities			
Payments for property, plant and equipment		-	(2,844)
Payments for exploration and evaluation		(2,414,952)	(2,172,347)
Payments for intangible assets		-	(10,611)
Net cash (used in) investing activities		(2,414,952)	(2,185,802)
Cash flows from financing activities			
Proceeds from issues of ordinary shares		3,060,000	6,342,142
Proceeds from options issued		-	1,000
Payment of share issue costs		-	(317,553)
Repayment of lease liability	14	(68,530)	(42,144)
Net cash provided by financing activities		2,991,470	5,983,445
Net (decreased) / increase in cash and cash equivalents		(1,155,562)	2,713,738
Cash and cash equivalents at the beginning of the financial year		4,892,691	2,178,953
Cash and cash equivalents at the end of the financial year	6	3,737,129	4,892,691

The accompanying notes form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These financial statements are for Zuleika Gold Limited (Company). The financial statements are presented in Australian dollars. Zuleika Gold Limited is a company limited by shares, domiciled and incorporated in Australia.

The financial statements were authorised for issue by the Directors on 30 September 2022.

(a) *Basis of preparation*

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The Company has consistently applied the following accounting policies to all periods presented in the financial statements. The Company has considered the implications of new and amended Accounting Standards applicable for annual reporting periods beginning after 1 July 2021 but determined that their application to the financial statements is either not relevant or not material.

(b) *Going concern*

The financial report has been prepared on a going concern basis.

The Directors believe there are sufficient grounds to believe that the business will be able to continue to pay its debts as and when they fall due. This is based on future cash forecasts, existing cash reserves and the ability to significantly reduce activity to preserve cash if necessary. Furthermore, the Directors are also of the opinion that a capital raising could be achieved to raise additional funds if required.

(c) *Principles of consolidation*

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent, Zuleika Gold Limited (ZAG or the Company) and the Company's subsidiaries, if any. At balance date the Company did not have any subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation.

(c) *Principles of consolidation (continued)*

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

(d) *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, is the full Board of Directors.

(e) *Income tax*

The income tax expense or revenue for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

1. Summary of significant accounting policies (continued)

(e) Income tax (continued)

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates (if any) operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(f) Business combinations

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the statement of profit or loss and other comprehensive income, but only after a reassessment of the identification and measurement of the net assets acquired. Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(g) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(h) Cash and cash equivalents

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

1. Summary of significant accounting policies (continued)

(i) Trade and other receivables

Trade receivables are initially measured at the transaction price if the receivables do not contain a significant financing component in accordance with AASB 15. Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original contractual terms.

(j) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation is provided on plant and equipment. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate (%)
Plant and equipment	25.00 – 33.33

(k) Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument. Financial instruments (except for trade receivables) are measured initially at fair value adjusted by transactions costs, except for those carried “at fair value through profit or loss”, in which case transaction costs are expensed to profit or loss. Where available, quoted prices in an active market are used to determine the fair value. In other circumstances, valuation techniques are adopted. Subsequent measurement of financial assets and financial liabilities are described below.

Trade receivables are initially measured at the transaction price if the receivables do not contain a significant financing component in accordance with AASB 15.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement

Financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Recognition, initial measurement and derecognition

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- amortised cost;
- fair value through other comprehensive income (FVOCI); and
- fair value through profit or loss (FVPL).

Classifications are determined by both:

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

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

1. Summary of significant accounting policies (continued)

(k) Financial instruments (continued)

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through other comprehensive income

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and

The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling the financial asset.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI.

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132 Financial Instruments: Presentation and are not held for trading.

Financial assets at fair value through profit or loss (FVPL)

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, gains and losses arising on changes in fair value are recognised in profit or loss.

Impairment

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(l) Earnings per share

i. Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners 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 bonus elements in ordinary shares issued during the year.

ii. Diluted earnings per share

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

1. Summary of significant accounting policies (continued)

(m) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(n) Exploration and evaluation expenditure

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
 - (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
 - (b) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or in relation to, the area of interest are continuing

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities directly related to each area of interest. Consultants' fees related to the overall exploration programmes are allocated across the tenements on a pro-rata basis. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The assessment of impairment indicators as per AASB 6 is undertaken at least annually. Where there are impairment indicators, the recoverable amount of the exploration and evaluation asset is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to

- (i) abandon the entire area of interest; or
- (ii) allow the entire area of interest expires without renewal; or
- (iii) it is reasonably likely that the area of interest will expiry in the near future; or
- (iv) a decision is made to no longer undertaken exploration work.

Then the exploration and evaluation assets will be written off.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

(o) Trade and other payables

Trade payables and other payables represent the liabilities for goods and services received by the Company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability. Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

(p) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(q) Intangible assets

Costs associated with developing the Company's website are recognised as an asset as incurred. External development costs that are directly attributable to the manufacture of the website are recognised as intangible assets.

The Company amortises intangible assets with limited useful lives using the straight-line method over 3 years.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

1. Summary of significant accounting policies (continued)

(r) Leases

For any new contracts entered into each year, the Company must consider whether a contract is, or contains a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, the Company must assess whether the contract meets three key evaluation which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company.
- The Company has the right to obtain substantially all of the economic benefits from the use of the identified asset through the period of use, considering its rights within the defined scope of the contract.
- The Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct "how and for what purpose" the asset is used throughout the period of use.

Measurement and recognition of lease as a lease

At the commencement of the lease, the Company recognises a right to use asset and a lease liability on the balance sheet. The right to use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial costs incurred by the Company, an estimate of any cost to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement dates.

The Company depreciates the right-of-use-assets on a straight line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use-asset or the end of the lease term. The Company also assesses the right-of-use assets for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of the fixed payments, variable payments based on an index and amounts expected to be payable under a residual value guarantee. Payments which are subject to an option will only be included if there is strong objective evidence to suggest that option will be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset has been reduced to zero.

The Company has elected to account for short term leases and leases of low value asset using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in the profit and loss on a straight line basis over the lease term.

On the statement of financial position, a right -of-use asset is included in property, plant and equipment and the lease liability is classified separately

(s) New and revised accounting standards adopted by the Company

The Company has adopted all new standards or interpretations. No standard has had an impact on the financial statements.

(t) Other standards not yet applicable

The Company has not early adopted any new pronouncements for this reporting period.

(u) Critical accounting judgements, estimates and assumptions

The preparation of these financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

1. Summary of significant accounting policies (continued)

(u) Critical accounting judgements, estimates and assumptions (continued)

Capitalised exploration and evaluation expenditure

The Company has capitalised significant exploration and evaluation expenditure on the basis either that this is expected to be recouped through future successful development (or alternatively sale) of the areas of interest concerned or on the basis that it is not yet possible to assess whether it will be recouped.

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Company decides to exploit the related lease itself, or, if not, whether it successfully recovers the related exploration and evaluation expenditure through sale. Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

Share-based payments

The Company measures the cost of equity settled transactions with employees and suppliers by reference to the fair value of the equity instruments at the date at which they are granted if the fair value is not present in the agreement. The fair value is determined using a recognised pricing model.

Environmental rehabilitation provisions

The Company assesses its rehabilitation provision at each reporting date. Significant estimates and assumptions are made in determining the provision for rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases/decreases, and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at balance date represents management's best estimate of the future rehabilitation costs required. Changes to estimated future costs are recognised in the Statement of Financial Position by adjusting the rehabilitation asset and liability.

Deferred taxation

Deferred tax assets are only recognised for deductible temporary differences when management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

Provision for legal fees

The Company recognised an estimate of the legal costs in the prior period that it would occur for the Vango proceedings. The estimate is based on the most available information as at the reporting date and facts and circumstances may come to light in future periods that materially change this estimate.

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NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

2. Financial Risk Management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

Risk management is carried out by the full Board of Directors as the Company believes that it is crucial for all Board members to be involved in this process. The Chairman, with the assistance of senior management as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the Board on risk management.

(a) Market risk

i. Foreign exchange risk

As all operations are currently within Australia the Company is not exposed to foreign exchange risk.

ii. Price risk

The Company is exposed to gold commodity price risk. The gold price can be volatile and influenced by factors beyond the Company's control. As the Company is engaged in exploration and development activities, no sales of commodities are forecast for the next 12 months, and accordingly, no hedging or derivative transactions have been used to manage commodity price risk.

iii. Interest rate risk

The Company is exposed to movements in market interest rates on cash and cash equivalents. Company policy is to monitor the interest rate yield curve out to six months to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. Of the year-end balance of cash and cash equivalents and non-current term deposits for the Company, \$3,737,129 is subject to interest rate risk. The proportional mix of floating interest rates and fixed rates to a maximum of six months fluctuate during the year depending on current working capital requirements. The weighted average interest rate received on cash and cash equivalents by the Company was approximately 0.30%.

Sensitivity analysis

As at 30 June 2022, if interest rates had changed by +/-25 basis points with all other variables held constant, the loss for the Company would have been approximately \$6,867 lower or alternatively \$9,343 higher as a result of lower/higher interest income from cash and cash equivalents and non-current deposits.

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's main exposure to credit risk is through the investment of our surplus funds. To minimise this risk the Company only invests with counterparties that have an acceptable credit rating.

As the Company does not presently have any significant debtors, lending or significant stock levels, a formal credit risk management policy is not maintained.

(c) Liquidity risk

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Company. Due to the nature of the Company's activities, being mineral exploration and development, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitor the state of equity markets in conjunction with the Company's current and future funding requirements, with a view to initiating appropriate capital raisings as required.

The financial liabilities of the Company are confined to trade and other payables and lease liabilities as disclosed in the statement of financial position. All trade and other payables are non-interest bearing and due within 12 months of the reporting date.

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. All financial assets and financial liabilities of the Company at balance date are recorded at amounts approximating their carrying amount.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

3. Segment Information

The Company operates predominantly in the mineral exploration industry in Australia. For management purposes, the Company is organised into one main operating segment which involves the exploration of minerals in Australia. All of the Company's activities are interrelated and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

	2022	2021
	\$	\$
Revenue		
From continuing operations		
Exploration and evaluation	8,824	11,634
Profit / (loss)		
From continuing operations		
Exploration and evaluation	(3,371,539)	(6,176,821)
Total Assets		
From continuing operations		
Exploration and evaluation	9,545,057	9,410,893
Total Liabilities		
From continuing operations		
Exploration and evaluation	(627,835)	(1,510,381)

4. Loss from continuing operations

	2022	2021
	\$	\$
Loss from continuing operations before income tax has been determined after:		
(a) Revenue		
Interest revenue	8,824	11,634
(b) Expenses		
Depreciation and amortisation	72,663	44,166
(c) Other income – Research and development incentives	-	174,988

5. Income Taxes

	2022	2021
	\$	\$
Income tax recognised in profit or loss		
(a) Income tax expense comprises:		
Current tax expense	-	-
Deferred tax expense relating to the origination and reversal of temporary differences	-	-
Total tax benefit	-	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax expense	(3,371,539)	(6,176,821)
Prima facie tax benefit at the Australian tax rate of 25% (2021: 26.0%)	(842,885)	(1,605,974)
Adjustment of prior year income tax losses	216,732	(10,470)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share-based payments	310,731	1,120,982
Entertainment	1,712	2,547
Non-assessable income	-	(45,497)
	(313,710)	(538,412)
Movements in unrecognised temporary differences	(521,026)	(481,060)
Tax effect of current year tax losses for which no deferred tax asset has been recognised	834,736	1,019,472
Income tax benefit	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

5. Income Taxes (continued)

	2022 \$	2021 \$
(c) Unrecognised deferred tax balances		
Deferred Tax Assets (at 25.0%, 2021:25%)		
<i>On Income Tax Account</i>		
Legal expenses	337,622	216,528
Provision for expenses	57,432	207,251
Provision for impairment of loans	37,991	37,991
Provision for doubtful debts	147,939	147,939
Capital raising costs	45,517	61,854
Carry forward revenue and capital tax losses	8,591,388	7,756,652
	9,217,889	8,428,215
Deferred Tax Liabilities (at 25.0%, 2021: 25%)		
Prepayments	2,577	2,029
Unearned income	734	665
Tenement acquisition costs	1,402,734	1,088,211
	1,406,045	1,090,905

Net deferred tax assets have not been brought to account as it is not probable within the immediate future that taxable profits will be available against which deductible temporary differences and tax losses can be utilised.

The Company's ability to use losses in the future is subject to the Company satisfying the relevant tax authority's criteria for using these losses.

6. Current assets: Cash and cash equivalents

	2022 \$	2021 \$
Cash at bank and on hand (i)	1,537,129	1,060,507
Bank short term deposits (ii)	2,200,000	3,832,184
	3,737,129	4,892,691

(i) Cash at bank and on hand earns interest at floating rates based on daily bank deposit rates.

(ii) Available at call.

7. Current assets: Other receivables

	2022 \$	2021 \$
Exploration expenditure re-charged to Vango Mining Ltd	151,962	144,654
Provision for non-recovery	(151,962)	(144,654)
Interest receivable	2,936	2,661
Sundry receivables	174,217	140,916
	177,153	143,577

No receivables are considered past due other than those provided for and there are no expected credit losses.

8. Non-current assets: Property, plant & equipment

	2022 \$	2021 \$
Right of use assets – at cost	158,499	89,969
Less: Accumulated depreciation	(158,499)	(89,969)
	-	-
Plant & equipment – at cost	33,967	33,967
Less: Accumulated depreciation	(31,953)	(29,603)
	2,014	4,364

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

Non-current assets: Property, plant & equipment

8. (continued)

	2022 \$	2021 \$
Reconciliation/movement for the year		
Carrying amount at beginning of year	4,364	44,378
Additions	68,530	2,844
Disposals	-	-
Recognition of right to use asset	-	-
Depreciation charge	(70,880)	(42,858)
	<u>2,014</u>	<u>4,364</u>
Carrying amount at end of year	<u>2,014</u>	<u>4,364</u>

9. Non-current assets: Capitalised mineral exploration and evaluation expenditure

	2022 \$	2021 \$
Tenement acquisition costs carried forward in respect of mining areas of interest		
Opening balance	4,352,843	1,681,422
Tenement acquisition costs ¹	18,365	66,818
Add: Amount capitalised during the period ²	2,223,455	2,604,603
Less: write off of exploration assets ³	(983,729)	-
Closing net book amount	<u>5,610,934</u>	<u>4,352,843</u>

¹ During the prior period the Company paid \$31,818 in cash and agreed to issue 572,362 fully paid ordinary shares for the acquisition for the Ora Banda area of interest.

² Exploration and evaluation costs capitalised during the year.

³ During the period the Company re-assessed its areas of interest and determined that the disappointing results of the exploration programs undertaken on the Ruby Plains Project warranted a decision regarding the retention (or otherwise) of the project. The amount recorded in the balance sheet as an asset has been written off as at 30 June 2022.

⁴ On 2 February 2022, the Company issued 500,000 fully paid ordinary shares to acquire the gold rights for ML29/417 and ML29/418. The fair value of the consideration is \$18,365.

10. Other assets

	2022 \$	2021 \$
Prepayments	10,307	8,115
Loan to franchisees	92,052	92,052
Provision for impairment	(92,052)	(92,052)
Loan to Aurigin Foods Pty Ltd	499,704	499,704
Provision for impairment	(499,704)	(499,704)
	<u>10,307</u>	<u>8,115</u>

11. Intangible assets

	2022 \$	2021 \$
Website – at cost	10,611	10,611
Less: Accumulated depreciation	(3,091)	(1,308)
	<u>7,520</u>	<u>9,303</u>

Reconciliation/movement for the year

Carrying amount at beginning of year		-
Additions	9,303	10,611
Disposals	-	-
Depreciation charge	(1,783)	(1,308)
	<u>7,520</u>	<u>9,303</u>
Carrying amount at end of year	<u>7,520</u>	<u>9,303</u>

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NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

12. Current liabilities: Trade and other payables

	2022 \$	2021 \$
Trade payables (i)	392,758	679,651
Other payables and accruals	235,077	130,730
	627,835	810,381

(i) Trade payables of \$10,353 were past due over 30 days as at 30 June 2022 (2021: \$65,469)

13. Provisions

	2022 \$	2021 \$
Provisions		
Current Provisions	-	700,000
Total	-	700,000

The Company has used the entire provision during the year with the completion of the trial proceedings. The Company is now awaiting the judgement before determining whether there are additional legal expense to be recorded.

Reconciliation/movement for the year

Carrying amount at beginning of year	700,000	78,600
Additions	-	700,000
Less: Amounts used during the year	(700,000)	(78,600)
Less: Amounts reversed	-	-
Carrying amount at end of year	-	700,000

14. Lease liability

	2022 \$	2021 \$
Current		
Lease liability	-	-
	-	-
Reconciliation/movement for the year		
Opening balance	-	42,144
Amounts recognised for new leases	68,530	-
Less: amount repaid	(68,530)	(42,144)
Other movements	-	-
Closing balance at end of year	-	-
Interest cost incurred for the year	3,099	1,190

The Company entered into two leases on 1 July 2021. The key inputs to the calculation are as follows:

Time Period: 12 months from 1 July 2021
 Rate: Implicit interest rate of 4.52%
 Fair Value of leases: \$68,530

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

15. Issued capital

(a) Equity (number of shares on issue and the amount paid (or value attributed) for the shares)

521,550,625 fully paid ordinary shares (30 June 2021: 410,093,373)

(b) The following changes to the shares on issue and the attributed value during the periods:

	2022 Number	2021 Number	2022 \$	2021 \$
Balance at the beginning of the year	410,093,373	267,985,995	34,746,551	28,380,420
Shares to be issued in a placement ¹	-	16,454,545	-	10,000
Issue of shares to consultants ²	-	520,000	-	15,600
Issue of shares upon exercise of options ³	-	535,715	-	32,143
Issue of shares in a placement ⁴	-	44,505,101	-	2,447,780
Issue of shares under the Auracle Agreement ⁵	-	11,000,000	-	330,000
Issue of shares to extinguish debt ⁶	-	1,040,909	-	57,250
Issue of shares in a placement ⁷	-	64,585,809	-	3,552,220
Issue of share for acquisition of tenements ⁸	-	572,362	-	35,000
Issue of shares to extinguish debt ⁹	-	2,892,937	-	142,973
Conversion of options to shares ¹⁰	3,000,000	-	60,000	
Issue of share for acquisition of gold rights ¹¹	500,000	-	18,365	
Issue of shares to extinguish debt ¹²	732,000	-	21,960	
Issue of shares in a placement ¹³	100,000,000	-	3,000,000	
Issue of shares to director ¹⁴	1,153,846	-	36,923	
Issue of shares to director ¹⁵	3,750,000	-	120,000	
Issue of shares to extinguish debt ¹⁶	2,321,406	-	75,000	
Share issue costs ¹⁷	-	-	-	(256,835)
Sub-total	521,550,625	410,093,373	38,078,799	34,746,551

- At a general meeting held on 30 July 2020, shareholders approved the issue of 15,454,545 shares at an issue price of \$0.022 and on 3 August 2020 the 15,454,545 shares were issued, raising \$340,000 (before costs) in working capital for the Company. The Company further issued 1,000,000 shares at an issue price of \$0.022 in oversubscriptions to raise an additional \$22,000.
- On 13 August 2020, the Company issued shares at the conclusion of the contract and the fair value contract was \$15,600.
- On 30 November 2020, the Company issued 535,715 shares following the exercise of 535,715 options each exercisable at \$0.06 and expiring 30 November 2020.
- On 14 December 2020, the Company issued 44,505,101 shares an issue price of \$0.055 to raise \$2,447,780 in working capital (before costs).
- Following the receipt of shareholder approval on 11 December 2020, the Company issued 10,000,000 shares at an issue price of \$0.03 to raise \$300,000 pursuant to a Loan Agreement with Auracle Group Pty Ltd (**Auracle**), a company associated with H Guo. In addition, a further 1,000,000 shares at an issue price of \$0.03 per share were issued to Auracle in consideration for the payment of a loan facility fee of \$30,000.
- On 14 December 2020, the Company issued 1,040,909 shares at an issue price of \$0.055 to repay creditors at a fair value of \$57,250.
- On 10 February 2021 the Company issued 64,585,809 shares at an issue price of \$0.055 per share to raise \$3,552,220 in working capital (before costs).
- On 10 February 2021 the Company issued 572,362 shares at an issue price of \$0.06115 in part consideration for the acquisition of two mining tenements.
- On 10 February 2021 the Company issued 2,892,937 shares to extinguish creditors at a fair value of \$142,973.
- On 25 January 2022 the Company issued 3,000,000 fully paid ordinary shares on the conversion of options at an issue price of \$0.02 per share.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

15. Issued capital (continued)

11. On 2 February 2022 the Company issued 500,000 fully paid ordinary shares at a fair value of \$18,365 in consideration for the acquisition of gold rights on two mining tenements, ML29/417 & ML29/418.
12. On 23 and 24 March 2022 the Company issued 732,000 fully paid ordinary shares to extinguish creditors at a fair value of \$21,960.
13. Following the receipt of shareholder approval on 18 March 2022, on 25 March 2022 the Company issued 100,000,000 fully paid ordinary shares at an issue price of \$0.03 per share to raise \$3,000,000.
14. Following the receipt of shareholder approval on 18 March 2022, on 25 March 2022 the Company issued 1,153,846 fully paid ordinary shares pursuant at a fair value of \$36,923 to Mr Graeme Purcell pursuant to his consulting agreement as an annual bonus.
15. Following the receipt of shareholder approval on 18 March 2022, on 25 March 2022 the Company issued 3,750,000 fully paid ordinary shares at a fair value of \$120,000 to Ms Hui Guo and Mr Graeme Purcell to provide executive directors with an incentive.
16. On 20 April 2022 the Company issued 2,321,406 fully paid ordinary shares to extinguish creditors at a fair value of \$75,000.
17. The Company incurred the costs of issue during the year.

(c) Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

16. Reserves

	2022 \$	2021 \$
Option reserves (a)	4,459,891	4,458,445
Other reserves (b)	1,304,684	250,129
	<u>5,764,575</u>	<u>4,708,574</u>

(a) The following changes to the options on issue and the attributed value during the periods:

	2022 Number	2021 Number	2022 \$	2021 \$
Balance at the beginning of the year	143,500,000	17,100,000	4,458,445	391,132
Issue of Options - Farm-in ¹		10,000,000		-
Options issues to consultants ²		5,000,000		-
Options issues to consultants ³		1,200,000		10,000
Options issues for funding facility ⁴		80,000,000		3,308,111
Options issues as remuneration to directors ⁵		20,000,000		696,520
Options issues to consultants ⁶		10,000,000		50,000
Options issued as part of a prospectus ⁷		200,000		1,000
Options issued to director ⁸	1,000,000		1,446	1,682
Expiry and exercise of options	(22,100,000)			
Sub-total	<u>122,400,000</u>	<u>143,500,000</u>	<u>4,459,891</u>	<u>4,456,763</u>
Balance at the end of the year	<u>122,400,000</u>	<u>143,500,000</u>	<u>4,459,891</u>	<u>4,458,445</u>

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

16. Reserves (continued)

1. The Company has issued 10,000,000 options on 3 August 2020 to Torian Resources Limited as it had commenced the farm-in of the Zuleika prospect. The options will have an exercise price of \$0.15 and expire 2 years after issue. The fair value of each option is \$0.0036 and the total cost for the 2020 year was \$35,870. The Company valued the options using a Black Scholes Option Pricing model with the following inputs:
 - (a) Grant Date - 20 April 2020
 - (b) Exercise date - 1 August 2022
 - (c) Market price of securities - \$0.022
 - (d) Exercise price of securities - \$0.15
 - (e) Risk free rate - 0.23%
 - (f) Volatility - 107.83%
2. On 3 August 2020, the Company issued 5,000,000 options each exercisable at \$0.05 and expiring 31 March 2022 to Alto Capital for corporate services. The fair value of each option was \$0.0136 and the total cost recognised in the 2020 year was \$67,862. The Company valued the options using a Black Scholes Option Pricing model with the following inputs:
 - (a) Grant Date - 16 June 2020
 - (b) Expiry date - 31 March 2022
 - (c) Market price of securities - \$0.03
 - (d) Exercise price of securities - \$0.05
 - (e) Risk free rate - 0.26%
 - (f) Volatility - 116.68%
3. On 14 December 2020, the Company issued 1,200,000 options each exercisable at \$0.05 and expiring 14 December 2022 to a consultant in consideration for the provision of corporate services. The fair value of the options was based on the fair value of the services which was \$10,000.
4. Following the receipt of shareholder approval, on 14 December 2020 the Company issued 80,000,000 options each exercisable at \$0.05 and expiring 14 December 2025 to Auracle Group Pty Ltd (a company associated with H Guo) in relation to a loan facility to fund the litigation against Vango Mining Limited. The fair value of each option is \$0.0414 and the total cost for the period was \$3,308,111. The Company valued the options using a Black Scholes Option Pricing model with the following inputs:
 - (a) Grant Date - 11 December 2020
 - (b) Expiry date - 14 December 2025
 - (c) Market price of securities - \$0.06
 - (d) Exercise price of securities - \$0.05
 - (e) Risk free rate - 0.10%
 - (f) Volatility - 84.96%
5. Following the receipt of shareholder approval, on 14 December 2020 the Company issued a total of 20,000,000 options each exercisable at \$0.05 and expiring 14 December 2023 to two Directors to provide a performance linked incentive component in their remuneration. The Company valued the options using a Black Scholes Option Pricing model with the following inputs:
 - (a) Grant Date - 11 December 2020
 - (b) Expiry date - 14 December 2023
 - (c) Market price of securities - \$0.06
 - (d) Exercise price of securities - \$0.05
 - (e) Risk free rate - 0.10%
 - (f) Volatility - 84.96%
6. On 30 March 2021 the Company issued 10,000,000 options to consultants for corporate services with an exercise price of \$0.10 expiry on 31 January 2023. The fair value of the options was based on the fair value of the services which was \$50,000.
7. On 29 March 2021 the Company issued options under a cleansing prospectus which included an offer of 200,000 options issued at \$0.005 per option. The Company raised \$1,000 before costs. The options are exercisable at \$0.10 and expire on 31 January 2023.
8. On 8 March 2021 the Company engaged Mr Graeme Purcell under a consulting agreement. The agreement included the issue of 1 million options at an exercise price of \$0.10 per option with an expiry date 3 years from the date of issue. The Company received shareholder approval on 19 November 2021 and the updated final valuation of the options using a Black Scholes Option Pricing model using the following inputs:
 - (a) Grant Date - 19 November 2021
 - (b) Expiry date - 3 years after the date of issue
 - (c) Market price of securities - \$0.020
 - (d) Exercise price of securities - \$0.10
 - (e) Risk free rate - 0.10%
 - (f) Volatility - 79.28%

A provisional expense amount of \$1,682 was recognised in the 2021 financial year with the remaining balance expensed in the current period.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

16. Reserves (continued)

(b) Performance rights

	2022 Number	2021 Number	2022 \$	2021 \$
Balance at the beginning of the year	32,000,000	8,000,000	250,129	4,973
Rights granted during the prior year ¹	-	-	3,750	7,500
Rights granted during the prior year	-	24,000,000	1,057,041	237,656
Rights forfeited during the year ³	(4,000,000)		(6,236)	
Balance as at period end	28,000,000	32,000,000	1,304,684	250,129

1. On 19 December 2019 the Company obtained shareholder approval to issue 8,000,000 Performance Rights to Hui Guo and Malcolm Carson based on the following hurdles.

Class of Rights	Hurdle	Number	Fair value	Probability
Class A	48 Months – Defined JORC Resource of 25,000 ounces above 1 gmpt	2,000,000	\$0.015 per Right	100%
Class B	48 Months – Defined JORC Resource of 55,000 ounces above 1 gmpt	2,000,000	\$0.015 per Right	-%
Class C	48 Months – Defined JORC Resource of 75,000 ounces above 1 gmpt	2,000,000	\$0.015 per Right	-%
Class D	48 Months – Defined JORC Resource of 100,000 ounces above 1 gmpt	2,000,000	\$0.015 per Right	-%

The Company continues to monitor the performance of the hurdles during the period and no adjustment in probability was deemed necessary.

Class A Performance Rights are being expenses over the vesting period. \$3,750 was expenses in the current period (2021: \$7,500)

2. On 11 December 2020, the Company obtained shareholder approval to issue 24,000,000 Performance Rights (8,000,000 per class and 12,000,000 per Director) to two Directors in order to provide a performance linked incentive component in their remuneration package. The Performance Rights will vest and convert into shares upon satisfaction of the milestones listed below:

The fair value of the Performance Rights was determined using a Monte Carlo simulation model with each hurdle valued as follows:

	Class A Performance Rights	Class B Performance Rights	Class C Performance Rights
VWAP Milestone (\$) *	0.06	0.08	0.10
Methodology	Monte Carlo	Monte Carlo	Monte Carlo
Simulation iterations	50,000	50,000	50,000
Grant date	11 Dec 20	11 Dec 20	11 Dec 20
Assumed expiry date	11 Dec 23	11 Dec 23	11 Dec 23
Share price at grant date (\$)	0.06	0.06	0.06
Exercise price (\$)	Nil	Nil	Nil
Risk-free rate (%)	0.1001	0.1001	0.1001
Volatility (%)	84.96	84.96	84.96

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

16. Reserves (continued)

Fair value of the Performance Rights (continued):

Fair value per security (\$)	0.0577	0.0539	0.0502
Fair value (\$)	461,958	431,136	401,604

* The volume weighted average price for the Company's Shares as traded on ASX over 20 consecutive trading days must exceed the milestone.

The fair value of the Performance Rights is being expensed over the assumed vesting period.

- On 10 February 2022, the Company announced the passing of Mr Malcom Carson, executive Chairman of the Company. As a result, 4,000,000 Performance Rights granted during the 30 June 2020 financial year were forfeited and the \$6,236 expensed in the prior period has been reversed.

(c) The following are changes to options issue at no cost during the periods:

	2022	2021	2022	2021
	Number	Number	\$	\$
Balance at the beginning of the year	49,696,971	18,690,482	-	-
Expiry and conversion of options ¹	-	(5,357,149)	-	-
Issue of Options ²	-	14,835,034	-	-
Issue of Options ³	-	21,528,604	-	-
Issue of Options ⁴	100,000,000			
Expiry of options ⁵	(13,333,333)			
Balance as at 30 June 2022	<u>136,363,638</u>	<u>49,696,971</u>	<u>-</u>	<u>-</u>

- On 30 November 2020, the Company issued 535,715 shares following the exercise of 535,715 options each exercisable at \$0.06 and expiring 30 November 2020 and the remaining options of 4,821,434 expired without been exercised.
- On 14 December 2020 the Company issued 14,835,034 free attaching options with an exercise price of \$0.10 per option to shareholders expiring on 31 January 2023.
- On 10 February 2021 the Company issued 21,528,604 free attaching options with an exercise price of \$0.10 per option to shareholders expiring on 31 January 2023.
- On 25 March 2022 the Company issued 100,000,000 free attaching options with an exercise price of between \$0.05 and \$0.10 per option to shareholders expiring on 28 February 2025.
- On 31 March 2022, options expired without being exercised.

Weighted average exercise of options on issue

	2022	2022	2021	2021
	Number	Exercise Price \$	Number	Exercise Price \$
Balance at the beginning of the year	193,196,971	0.068	35,790,482	0.57
Issue of options farm in			10,000,000	0.15
Options to consultants	-	-	5,000,000	0.05
Options to consultants	-	-	1,200,000	0.05
Options for funding facility	-	-	80,000,000	0.05
Options issued to directors	-	-	20,000,000	0.05
Options issued to consultants	-	-	10,000,000	0.10
Options issued for cash	-	-	200,000	0.10
Options issued as free attaching options	-	-	14,835,034	0.10
Options issued as free attaching options	-	-	21,528,604	0.10
Options issued to consultants	-	-	10,000,000	0.10
Expiry of options	-	-	(5,357,149)	0.06
Expiry and conversion of options	(35,433,333)	(0.041)	-	-
Options issued to shareholders	50,000,000	0.050	-	-
Options issued to shareholders	30,000,000	0.070	-	-
Options issued to shareholders	20,000,000	0.100	-	-
Options issued to director	1,000,000	0.100	-	-
Balance as at end of the year	<u>258,763,638</u>	<u>0.069</u>	<u>193,196,971</u>	<u>0.068</u>

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

17. Risk management

The Company's objective when managing capital is to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Company's activities, being mineral exploration, the Company does not have ready access to credit facilities for operational purposes, with the primary source of funding being equity raisings. Therefore, the focus of Company's capital risk management is the current working capital position against the requirements of the Company to meet exploration programmes and corporate overheads. The Company's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating cost requirements with a view to initiating appropriate capital raisings as required. The working capital position of the Company as at the reporting date is as follows:

	2022 \$	2021 \$
Cash and equivalents	3,737,129	4,892,691
Trade and other receivables	177,217	143,577
Trade and other payables	(392,758)	(679,651)
Working capital position	3,521,588	4,356,617

18. Dividends

No dividends were paid during the financial year. No recommendation for payment of dividends has been made.

19. Key management personnel disclosures

	2022 \$	2021 \$
(a) Key management personnel compensation		
Short-term benefits	600,652	588,618
Post-employment benefits	8,835	7,916
Share-based payments	1,242,924	943,358
	1,852,411	1,539,892

Detailed remuneration disclosures are provided in the remuneration report within the directors' report.

(b) Loans to key management personnel

There were no loans to key management personnel during the year.

(c) Transactions with key management personnel

- Mineral Resource Consultants Pty Ltd, a company with which the Company's Chairman Malcolm Carson is associated, was paid \$133,500 (2021: \$231,000) in director's and consulting fees at normal commercial rates and superannuation at the statutory rate. At 30 June 2022, there was nil outstanding to Mineral Resource Consultants Pty Ltd.
- Ms Guo was paid \$231,000 (2021: \$231,000) in director's fees and consulting fees at normal commercial rates and superannuation at the statutory rate. At 30 June 2022, there was \$15,755 outstanding to Ms Guo.
- Mr Higginson was paid \$44,984 (2021: \$40,771) in company secretarial fees at normal commercial rates. At 30 June 2022, there was \$3,951 (excl. GST) owing to Mr Higginson.
- Mr Purcell was paid \$168,500 (2021: 43,799) in director's fees and consulting fees at normal commercial rates and superannuation at the statutory rate. At 30 June 2022, there was nil outstanding.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

20. Commitments and contingencies

	2022	2021
	\$	\$
(a) Exploration commitments		
Not longer than 1 year	1,455,679	915,285
Longer than 1 year and not longer than 5 years	2,904,007	1,594,939
Greater than 5 years	1,455,827	156,768
	<u>5,815,513</u>	<u>2,666,992</u>
(b) Contingencies		

At balance date there are no contingent assets or liabilities (other than as disclosed below) noted by the Company.

Following the sale of DPPL to Vango, the Company has a contingent asset of \$6m in the form of additional consideration of up to \$4m and a royalty of up to \$2m.

The \$4m consideration comprises the following amounts to be paid by Vango:

- \$1,000,000 (excluding GST) on production of a total of 45,000 ounces of gold from the Project tenements;
- \$1,000,000 (excluding GST) on production of a total of 100,000 ounces of gold from the Project tenements;
- \$1,000,000 (excluding GST) on production of a total of 200,000 ounces of gold from the Project tenements; and
- \$1,000,000 (excluding GST) on production of a total of 300,000 ounces of gold from the Project tenements.

The \$2m royalty is payable by Vango in gold or cash on overall production from the Project tenements as follows:

- 1.0% on each ounce of gold produced from the Project tenements as of the date of issue of the mint receipt, calculated at the London Spot Fix AM (USD/oz) on that day, where the London Spot Fix AM (USD/oz) is equal to or greater than US\$1,175/oz, or
- 2.0% on each ounce of gold produced from the Project tenements as of the date of issue of the mint receipt, calculated at the London Spot Fix AM (USD/oz) on that day, where the London Spot Fix AM (USD/oz) is equal to or greater than US\$1,250/oz, or
- 3.0% on each ounce of gold produced from the Project tenements as of the date of issue of the mint receipt, calculated at the London Spot Fix AM (USD/oz) on that day, where the London Spot Fix AM (USD/oz) is equal to or greater than US\$1,400/oz, or
- 4.0% on each ounce of gold produced from the Project tenements as of the date of issue of the mint receipt, calculated at the London Spot Fix AM (USD/oz) on that day, where the London Spot Fix AM (USD/oz) is equal to or greater than US\$1,500/oz.

Contingent liabilities

K2 Project: As advised to shareholders through the ASX announcement dated 19 November 2019, Vango Mining Limited ("Vango") and the Company are in dispute over various matters related to this project. On 12 February 2020, the Company announced that it has issued to Vango a letter of demand for the payment by Vango of \$21,573,813 being the estimated losses incurred to date by the Company. On 26 May 2020, Zuleika commenced legal proceedings in the Supreme Court of Western Australia against Vango Mining Limited (ASX: VAN, Vango), seeking damages, costs and an order requiring the transfer of its beneficial interest earned pursuant to the K2 Project Farm-in Joint Venture Binding Terms Sheet signed on 12th May 2017. The Supreme Court proceedings also includes a claim for unpaid royalty payments and milestone payments arising from the Plutonic Dome Purchase and Sale Agreement. On 23 June the Company announced the lodgement of a statement of claim in the Supreme Court of Western Australia to expediate the proceedings. On 3 August 2020 the Company provided a further update outlining the status of the court proceedings and outlined the significant steps involved for the remaining 2020 year. On 11 November, the Directors attended the mediation between the Company and Vango, however, despite best endeavours a settlement could not be reached. The Company announced on 30 June 2021 that a trial date has been set and is expected to proceed in March / April 2022. The Company announced on 16 May 2022 that the court proceedings had been heard for 6 days between 21 March and 25 March and on 30 March 2022 and the Company now awaits the decision.

The K2 Project has been re-named by Vango as PHB-1 and has become Vango's "flagship project".

No asset has been recorded in the financial report for this value as the outcome is unknown. In the event that the dispute does not conclude satisfactorily for the Company, material additional costs may be incurred.

The Company may be liable to pay special consideration as defined in the Auracle Group loan agreement as outlined in note 21 (c) below in the event that there is a favourable outcome in the Vango proceedings.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

21. Related party transactions

(a) Key management personnel

Disclosures relating to key management personnel are set out in note 19.

(b) Loans to and transactions with related parties

Disclosures relating to key management personnel are set out in note 20.

During the year the Company incurred office rent of \$62,400 (2021: \$52,000) at normal commercial rates paid/payable to Ms Guo for rental of a Company office. At 30 June 2022, there were no amounts outstanding to Ms Guo for office rent.

The Company had no outstanding receivables from its directors or other related parties as at 30 June 2022.

(c) Auracle loan

The Auracle loan remained in place during this financial year. Auracle Group Pty Limited is associated with the Company's executive chair, Hui Guo.

The Loan Agreement is structured as follows:

- (a) an initial advance by Auracle Group to the Company of \$300,000 was converted to equity by the issue of 10,000,000 shares at an issue price of \$0.03 per share and the issue of 80,000,000 options each exercisable at \$0.05 and expiring 14 December 2025. Information on issue of shares is in note 15(a) and the fair value and information for the options is in note 16(a);
- (b) at Auracle Group's sole discretion, a loan facility of up to \$700,000 which may be drawn down by the Company over a 5-year period starting from the date of the Loan Agreement, after approval was obtained from shareholders on 11 December 2020. The maximum aggregate face value is up to \$700,000, depending on the litigation funding requirements;
- (c) On 11 December 2020, 1,000,000 shares at an issue price of \$0.03 per share were issued to Auracle Group in consideration for the payment of a loan facility fee of \$30,000.
- (d) Interest is payable at 8% per annum and is accrued and calculated monthly for the date of each advance.

On successful completion of court proceedings with Vango or a settlement in favour of the Company (**Settlement**), Auracle Group is entitled to receive special consideration for providing the Loan as calculated below (**Special Consideration**).

If the amount provided by Auracle Group under the Loan Agreement covers 100% of the Action Costs, the Special Consideration is:

- 35% of the amount recovered either through the ultimate judgement or a settlement (**Recovery**);
- Repayment of the Loan Agreement plus accrued interest.

All of the Special Consideration is paid in cash.

If the amount provided by Auracle Group under the Loan Agreement covers part but not all of the Action Costs, the Special consideration is calculated based on:

- the lower of 35% Recovery; or
- an amount equal to 5 multiples of the total Litigation Funds plus accrued interest;
- repayment in full of the total drawn down amount under the Loan Agreement plus accrued interest.

In the event of an unsuccessful completion of litigation or settlement which is not in favour of the Company:

- Auracle Group is not entitled to receive a payment of any Special Consideration; and
- the Company bears any costs related to the litigation in excess of the Loan Agreement.

As at 30 June 2022 there has been no draw down on the loan facility.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

22. Subsequent events

On 18 July 2022, the Company announced the appointment of its managing director, Mr Jonathan Lea. Mr Lea's contract includes the issue of 1,000,000 fully paid ordinary shares (escrowed for 12 months after issue) and 2,000,000 options exercisable at \$0.06 per option and expiring 3 years after issue. The securities are subject to shareholder approval.

On 12 September 2022, the Company announced the expiry of the following options:

- 10,000,000 expired on 1 August 2022;
- 18,333,333 expired on 31 August 2022;
- 6,000,000 expired on 31 July 2021;
- 8,100,000 expired on April 2022;

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.

23. Notes to the statement of cash flows

Reconciliation of net loss after income tax to net cash outflow from operating activities

	2022	2021
	\$	\$
Loss for the year	(3,371,539)	(6,176,821)
Adjusted for:		
Depreciation and amortisation	72,663	44,166
Share-based payments	1,242,924	4,311,470
Settlement of debts via equity	96,960	245,823
Impairment of exploration expenditure	983,730	-
Change in operating assets and liabilities		
(Increase) in trade and other receivables	(33,577)	(68,310)
(Increase) in prepayments	(2,192)	(6,198)
(Decrease) in trade and other payables	(21,049)	(55,436)
Increase/(Decrease) in provisions	(700,000)	621,401
Net cash outflow from operating activities	(1,732,080)	(1,083,905)

Non-cash investing and financing activities

The following non-cash activities occurred during the prior year and current year:

Prior year

1. On 11 December 2020, the Company issued shares as settlement of liabilities at a fair value was \$15,600.
2. The Company issued 1,000,000 shares at an issue price of \$0.03 per share were issued to Auracle Group in consideration for the payment of a loan facility fee of \$30,000.
3. On 10 February 2021 the Company issued 2,892,937 shares to extinguish creditors at a fair value of \$142,973.
4. On 10 February 2021 the Company issued 572,362 in part consideration for the acquisition of two mining tenements for \$35,000.
5. On 14 December 2020, the Company issued 1,040,909 shares at an issue price of \$0.055 to repay creditors at a fair value of \$57,250.

Current year

6. On 2 February 2022 the Company issued 500,000 fully paid ordinary shares at a fair value of \$18,365 in consideration for the acquisition of gold rights on two mining tenements, ML29/417 & ML29/418.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

	2022 \$	2021 \$
24. Profit/(loss) per share		
From continuing operations		
Basic (cents per share)	(0.77)	(1.81)
Diluted (cents per share)	(0.77)	(1.81)
<p>The average market price of the Company's shares did not exceed the exercise price of any of the options on issue at 30 June 2022.</p>		
(a) Reconciliation of earnings used in calculating loss per share		
Loss attributable to the owners of the Company used in calculating basic and diluted loss per share	<u>(3,371,539)</u>	<u>(6,176,821)</u>
	2022	2021
	No. of shares	No. of shares
(b) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	<u>440,412,327</u>	<u>340,841,662</u>

25. Share-based payments

(a) Employees and contractor's equity instruments

The Company has issued a number of securities to directors and contractors during the year and the information in relation to these transactions are outlined in notes 15 (a) and (b) and 16 (a) and (b).

(b) Share based payment expense

The total expense recognised for the period for historical options and rights was \$1,446 for unlisted options, \$186,923 for proposed or issued shares and \$1,054,555 for the performance rights, totalling 1,242,924.

Due to the passing of Mr Malcolm Carson, the expense previously recognised for the 2019 rights has been reversed (\$6,236) but the 2019 rights issued to Hui Guo continue to the expensed (\$3,750).

As a result of the re-assessment of the nature of the vesting conditions attached to the rights issued on 11 December 2020, the Company has determined that the conditions are non-vesting conditions and as such the remaining expense of \$1,057,041 relating to the remaining fair value of the rights has been fully expensed during this year.

Reconciliation of expense in the statement of profit or loss

	June 2022 Number	June 2022 \$
Options to be issued to director (current year amortisation)	1,000,000	1,446
Issue of performance rights to directors 2020 (current year amortisation)	-	1,057,041
Issue of shares to director for incentives	4,903,846	156,923
Issue of performance rights to directors 2019 (current year amortisation)	-	(2,486)
Proposed issue of securities to Mr Purcell	-	<u>30,000</u>
Share based payments expense in the profit and loss		<u>1,242,924</u>

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

25. Share-based payments (continued)

Reconciliation of expense in the statement of profit or loss

	June 2021 Number	June 2021 \$
Issue of shares to Auracle (related party)	1,000,000	30,000
Options issued to directors	20,000,000	696,520
Options to be issued to director		1,682
Issue of performance rights to directors (prior year, amortisation only)		7,500
Issue of performance rights to directors (current year amortisation)	24,000,000	237,657
- Sub-total		943,359
Issue of options to consultants	10,000,000	50,000
Issue of options to Auracle (related party)	80,000,000	3,308,111
Issue of options to consultants	1,200,000	10,000
- Sub-total		3,368,110
Share based payments expense in the profit and loss		4,341,470

26. Subsidiary information

The Company has the following subsidiary:

Name	Country of Incorporation	% Equity interest		\$ investment	
		2022	2021	2022	2021
Quarry Master Mining Pty Ltd	Australia	100	100	100	100

This subsidiary was dormant during the year and therefore consolidated accounts have not been prepared.

27. Remuneration of auditors

	2022 \$	2021 \$
Audit and review of the financial report	45,000	34,000
	45,000	34,000

The auditor of Zuleika Gold Limited is Stantons International Audit and Consulting Pty Ltd.

DIRECTORS' DECLARATION

The Directors declare that:

- (a) 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;
- (b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with Australian Accounting Standards and International Financial Reporting Standards as disclosed in note 1(a) and give a true and fair view of the financial position of the Company as at 30 June 2022 and its performance for the year ended on that date;
- (c) the audited remuneration disclosures set out in the Directors' Report comply with Accounting Standard AASB 124 Related Party Disclosures and the Corporations Act and Regulations 2001; and
- (d) the Directors have been given the declarations required by s.295A of the Corporations Act 2001 for the year ended 30 June 2022.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors



Hui Guo
Executive Chair
30 September 2022

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ZULEIKA GOLD LIMITED****Report on the Audit of the Financial Report****Opinion**

We have audited the financial report of Zuleika Gold Limited ("the Company"), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

We have determined the matters described below to be Key Audit Matters to be communicated in our report.

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.

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Key Audit Matters
How the matter was addressed in the audit
Carrying Value of Exploration and Evaluation Assets

As at 30 June 2022, the carrying value of the Company's Exploration and Evaluation Assets totalled \$5,610,934 as disclosed in note 9 to the financial statements.

The carrying value of exploration and evaluation assets is a key audit matter due to:

- The significance of the expenditure capitalised representing 59% of total assets;
- The necessity to assess management's application of the requirements of the accounting standard Exploration for and Evaluation of Mineral Resources ("AASB 6"), in light of any indicators of impairment that may be present; and
- The assessment of significant judgements made by management in relation to the capitalised exploration and evaluation expenditure.

Inter alia, our audit procedures included the following:

- i. Assessing the Company's right to tenure over exploration assets by corroborating the ownership of the relevant licences for mineral resources to government registries and relevant third-party documentation;
- ii. Reviewing the directors' assessment of the carrying value of the capitalised exploration and evaluation costs, ensuring the veracity of the data presented and assessing management's consideration of potential impairment indicators, commodity prices and the stage of the Company's projects also against AASB 6;
- iii. Evaluating the Company documents for consistency with the intentions for continuing exploration and evaluation activities in areas of interest and corroborated in discussions with management. The documents we evaluated included:
 - Minutes of the board and management; and
 - Announcements made by the Company to the Australian Securities Exchange; and
- iv. Considering the requirements of accounting standard AASB 6 and reviewed the financial statements to ensure appropriate disclosures are made.

Key Audit Matters
How the matter was addressed in the audit
Measurement of Share-based Payments

As disclosed in Note 25 to the financial statements, during the year the Company granted 4,903,846 shares and 1,000,000 options to directors or director related companies, management, consultants, advisors and as compensation for the acquisition of tenements. The total fair value recognised as share-based payments amounted to \$1,242,924.

The Company accounted for these shares, options and performance rights in accordance AASB 2: Share-based Payment.

Measurement of share-based payments is a key audit matter as they involved judgement in assessing the fair value of the equity instruments granted, the grant date, vesting conditions and vesting periods.

Inter alia, our audit procedures included the following:

- i. Obtained an understanding of the underlying transactions, reviewing agreements, minutes of the Board meetings and ASX announcements;
- ii. Reviewed management's determination of the fair value of the share-based payments granted, considering the appropriateness of the valuation models used, the underlying assumptions used and discussing with management the justification for these inputs;
- iii. Assessed the accounting treatment and its application in accordance with AASB 2; and
- iv. Assessed the adequacy of the disclosures in accordance with the applicable accounting standards.

Other Information

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

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Company 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 Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control.

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.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We 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 Company'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 Company to cease to continue as a going concern.



We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the 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.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 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

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 18 of the directors' report for the year ended 30 June 2022.

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

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with 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.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit and Consulting Pty Ltd

Samir Tirodkar
Director
West Perth, Western Australia
30 September 2022

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ASX ADDITIONAL INFORMATION

The following additional information is required by the Australian Securities Exchange. The information is current as at 21 September 2022.

(a) Distribution schedule and number of holders of equity securities as at 21 September 2022

	1 - 1,000	1,001 - 5,000	5,001 - 10,000	10,001 - 100,000	100,001 and over	Total
Fully Paid Ordinary Shares	35	48	95	525	373	1,076
Options expiring 31 Jan 2023 \$0.10)	-	1	1	51	72	125
Options expiring 14 Dec 2023 (\$0.05)	-	-	-	-	2	2
Options expiring 14 Dec 2025 (\$0.05)	-	-	-	-	1	1
Options expiring 13 Dec 2022 (\$0.05)	-	-	-	-	1	1
Options expiring 28 Feb 2025 (\$0.05)	-	-	-	-	1	1
Options expiring 28 Feb 2025 (\$0.07)	-	-	-	-	1	1
Options expiring 28 Feb 2025 (\$0.10)	-	-	-	-	1	1
Options expiring 25 Mar 2026 (\$0.10)	-	-	-	-	1	1
Performance rights	-	-	-	-	3	3

The number of holders holding less than a marketable parcel of fully paid ordinary shares as at 21 September 2022 is 380.

(b) 20 Largest holders of quoted equity securities as at 21 September 2022

The names of the twenty largest holders of fully paid ordinary shares are:

Rank	Name	Units	% of Units
1	YANDAL INVESTMENTS PTY LTD	100,000,000	19.17
2	CHEN & QIN GOODLIFE FAMILY PTY LTD	23,533,017	4.51
3	MS QIAN HUANG	16,567,247	3.18
4	BNP PARIBAS NOMINEES PTY LTD	16,061,735	3.08
5	AURACLE GROUP PTY LTD	14,000,000	2.68
6	GLENEAGLE SECURITIES NOMINEES PTY LIMITED	13,600,000	2.61
7	DEZHI QIU	12,510,747	2.40
8	ENTERPRISE NO 2 PTY LIMITED	10,000,000	1.92
9	FUNG LIN WAH GROUP LIMITED	8,400,000	1.61
10	COLUMBUS MINERALS PTY LTD	8,321,982	1.60
11	TALEX INVESTMENTS PTY LTD	8,040,000	1.54
12	YAO DONG LIN	8,000,000	1.53
13	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	8,000,000	1.53
14	MINERAL RESOURCE CONSULTANTS PTY LTD	7,257,143	1.39
15	SPINITE PTY LTD	7,000,000	1.34
16	CCGF HOLDING PTY LIMITED	6,448,210	1.24
17	HUI GUO	6,000,000	1.15
18	MR ZHONGJIE GUO	5,919,350	1.13
19	MOTTE & BAILEY PTY LTD <BAILEY SUPER FUND A/C>	5,050,000	0.97
20	NEWMEK INVESTMENTS PTY LTD	4,712,303	0.90
	Total	195,949,981	55.49

ASX ADDITIONAL INFORMATION

The names of the twenty largest holders of options exercisable at \$0.10 and expiring 31 January 2023 are:

Rank	Name	Units	% of Units
1	CG NOMINEES (AUSTRALIA) PTY LTD	10,000,000	21.48
2	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	7,272,728	15.62
3	CITICORP NOMINEES PTY LIMITED	2,263,557	4.86
4	GLENEAGLE SECURITIES (AUST) PTY LTD	1,515,151	3.25
5	HONGLAN LIU	1,489,394	3.2
6	MR CORNELIS JOHANNES VAN STRIJP	1,462,500	3.14
7	BNP PARIBAS NOMINEES PTY LTD	1,333,333	2.86
8	WB MANAGEMENT PTY LTD	1,212,121	2.6
9	LSG RESOURCES PTY LTD	1,000,000	2.15
10	CAVALIER CORPORATE PTY LTD	750,000	1.61
11	MR CHRISTOPHER ROBERT CANNON	728,921	1.57
12	NATIONAL NOMINEES LIMITED	718,338	1.54
13	MR RICHARD ARTHUR LOCKWOOD	631,506	1.36
14	HMB SUPER PTY LTD	606,061	1.3
15	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	533,333	1.15
16	TALEX INVESTMENTS PTY LTD	520,993	1.12
17	ZHONGJIE GUO	500,000	1.07
18	MR RAYMOND HARRY CHADWICK	500,000	1.07
19	NATIONAL NOMINEES LIMITED	494,996	1.06
20	SIZZ PTY LTD	473,630	1.02
Total		34,006,562	73.03

Australian Securities Exchange Listing – Official Quotation has been granted for 521,550,625 ordinary fully paid shares and 46,563,638 options each exercisable at \$0.10 and expiring 31 January 2023.

(c) Substantial Shareholders

Substantial shareholders in Zuleika Gold Limited and the number of equity securities over which the substantial shareholder has a relevant interest as disclosed in substantial holding notices provided to the Company are listed below:

Substantial Shareholder	No of Shares Held
Yandal Investments Pty Ltd	100,000,000

(d) Unquoted Securities

There are 202,200,000 unquoted options and 28,000,000 unquoted performance rights on issue as at 21 September 2022.

(e) Names of persons holding more than 20% of a given class of unquoted securities (other than incentive securities issued to employees) as at 21 September 2022

Options expiring 14 Dec 2025 (\$0.05) – Auracle Group Pty Ltd holds 100% of the 80,000,000 options on issue

Options expiring 13 Dec 2022 (\$0.05) – GB & TM Ralston holds 100% of the 1,200,000 options on issue

Options expiring 28 Feb 2025 (\$0.05) – Yandal Investments Pty Ltd holds 100% of the 50,000,000 options on issue

Options expiring 28 Feb 2025 (\$0.07) – Yandal Investments Pty Ltd holds 100% of the 30,000,000 options on issue

Options expiring 28 Feb 2025 (\$0.10) – Yandal Investments Pty Ltd holds 100% of the 20,000,000 options on issue

Other than classes of incentive securities issued to employees, there are no other classes of unquoted securities on issue as at 21 September 2022.

(f) Restricted Securities at 21 September 2022

There are no restricted securities on issue as at 21 September 2022.

ASX ADDITIONAL INFORMATION

(g) Voting Rights

All fully paid ordinary shares carry one vote per ordinary share without restriction.

(h) Company Secretary

The Company Secretary is Mr Michael Higginson.

(i) Registered Office

The Company's Registered Office is Ground Floor, 8 Kings Park Road, West Perth, Western Australia 6005.

(j) Share Registry

The Company's Share Registry is:
Advanced Share Registry
110 Stirling Highway
Nedlands, Western Australia, 6009
+61 8 9389 8033 (Telephone)
*61 8 9262 3723 (Facsimile)
www.advancedshare.com.au

(k) On-Market Buy-back

The Company is not currently performing an on-market buy-back.

(l) Schedule of interests in mining tenements

Please refer to the Operations Report.

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