

**DATELINE
RESOURCES**

2022
**ANNUAL
REPORT**

ASX:DTR

ABN: 63 149 105 653

Contents >

Corporate Directory	1
Review of Operations	2
Directors' Report	8
Auditor's Independence Declaration	17
Consolidated Statement of Profit or Loss and Other Comprehensive Income	18
Consolidated Statement of Financial Position	19
Consolidated Statement of Changes in Equity	20
Consolidated Statement of Cash Flows	21
Notes to the Financial Statements	22
Directors' Declaration	53
Independent Auditor's Report	54
Additional Information	58

Corporate Directory >

Directors & Officers

Mark Johnson AO - Chairman
Stephen Baghdadi - Managing Director
Greg Hall - Non-Executive Director
Tony Ferguson - Non-Executive Director
Bill Lannen - Non-Executive Director
Mark Ohlsson - Company Secretary

Registered Office

Level 29
2 Chifley Square
Sydney NSW 2000

PO Box 553
South Hurstville NSW 2221

T: +61 (02) 8231 6640
F: +61 (02) 8231 6487
E-mail: info@datelineresources.com.au

Website: www.datelineresources.com.au

Securities Exchange

Australian Securities Exchange Limited
("ASX")

Home Exchange – Sydney

ASX Symbol – DTR (ordinary shares)

Australian Company Number

ACN 149 105 653

Australian Business Number

ABN 63 149 105 653

Bankers

Commonwealth Bank of Australia
48 Martin Place
Sydney NSW 2000
Website: www.commbank.com.au

Auditors

HLB Mann Judd (Assurance) NSW Pty Ltd
Level 19, 207 Kent Street
Sydney NSW 2000
Website: www.hlb.com.au

Share Registry

Automic Pty Ltd
L5, 126 Phillip Street
Sydney NSW 2000
Website: www.securitytransfer.com.au

Solicitors

K & L Gates
Level 31, 1 O'Connell Street
Sydney NSW 2000
Website: www.klgates.com

Domicile and Country of Incorporation

Australia
The Company's Corporate Governance
Statement can be found on the Company's
website www.datelineresources.com.au

Review of Operations >

Overview

The Company commenced gold production during the reporting period following commercial production from Gold Links. At the Colosseum Gold Mine in California, a significant mineral resource was defined and REE experts confirmed a genetic link to the Mountain Pass Rare Earth Mine, increasing the prospectivity of discovering a major rare earth deposit.



Location of Dateline's US assets

The Gold Links Project, located in Gunnison County, Colorado has a long, rich history of high-grade gold mining over the past century. Multiple high-grade veins are associated with the historical mine workings, with grades of 15-30g/t Au common during the main mining period from 1896-1942.

During the reporting period, the Company commenced ore mining and gold production from the Gold Links operation. Ore is mined and transported to the Lucky Strike mill for processing into gold concentrate. During the reporting period, the Company transitioned to an owner operated mining fleet and commenced the expansion of the Lucky Strike mill and flotation plant to 250tpd throughput.

The Company also owns the Colosseum Gold Mine, located in California. The mine was purchased from Barrick in 2021 and had no exploration from when the mine closed in 1993 through to the sale date. After compiling the data into a digital relational database and completing a confirmatory

drill program, the Company announced a Mineral Resource of 20.9Mt at 1.2g/t Au for 813,000 ounces of gold.

The Colosseum Project is also prospective for rare earths, with the Company's experts confirming the geology at Colosseum is genetically related to the nearby Mountain Pass Rare Earth Mine, the highest-grade rare earth mine globally. A gravity survey is planned to prioritise drill targets that are planned to be drilled during calendar 2022.

Review of Operations

Gold Links Gold Project (DTR 100%)

Dateline owns approximately 2,000 acres of freehold land in Gunnison County, Colorado USA. This region is part of the 'Gold Brick District' of the Colorado Mineral Belt.

Since acquiring the permitted Gold Links Mine in 2016, the Company has consolidated ownership of additional mining and exploration ground in the region and now owns 100% of six permitted gold mines (Gold Links, Upper Gold Links Sacramento, Raymond, Carter and the Lucky Strike) and a permitted mill (Lucky Strike), collectively known as the Gold Links Project.

During the reporting period, the Company's focus has been on developing access to deeper section of the 2150 vein which is located in the original Gold Links mine. A mining contractor was engaged and undertook ~600 metres of development to allow underground drilling of the 2150 and West veins. The drilling program commenced in July 2021 and is ongoing using our own company purchased drill rig and company employed drillers.

At the end of 2021, the Company made the Development Decision to commence ore mining from Gold Links. Ore was initially mined at a rate of between 50-100tpd to match the existing capacity of the Lucky Strike mill. Commissioning of the mill was initially undertaken at 50-80tpd, whilst during the reporting period, the Company made the decision to increase the circuit to 250tpd.

The installation and commissioning of the 250tpd circuit was ongoing at the end of the reporting period.

During the reporting period, the Company made the decision to transition to an owner operated mining and exploration fleet at Gold Links. An agreement with Komatsu provided for new and near new equipment to be supplied to site. A new owner operated underground excavator was purchased during the reporting period and was delivered in late August 2022. Underground exploration drilling recommenced in the September quarter.

Gold concentrate is produced at Lucky Strike, with the Company entering into an agreement with IXM International, for offtake of any concentrate produced for sale.

Gold Links Plans – Current Year

With the move to owner operated mining and exploration, the Company has increased flexibility with regards to opening new development areas and drill testing various vein sets. It is expected that development and exploration will be ongoing, providing a buffer of ore for future ore development.



Colosseum Gold Mine (DTR 100%)

In March 2021, the Company entered into an agreement with LAC Minerals (USA) LLC, a wholly owned subsidiary of Barrick Gold Corporation to acquire the Colosseum Gold Mine, located in San Bernadino County, California.

Colosseum was originally discovered in the early 1970's, with production of ~344,000 ounces of gold between 1988 and 1993 from two open pits.

At the time of cessation of activities, the gold price was at a cyclical low below \$350/oz. No exploration has been undertaken at site over the past 25 years.

Geology and Mining of the Breccia Pipes

The development of the breccia pipes at Colosseum is interpreted to have occurred ~100my ago with the intrusion of felsic magma into the Pre-Cambrian sedimentary basement rocks. This event is regionally extensive with felsic dyke outcrops exposed over a distance of 10km between Colosseum and the Mountain Pass Rare Earth Mine to the southeast.

The West and East breccia pipes have a tear-like appearance in plan view, each measuring ~800ft x 400ft. Both pipes are connected by a narrow dyke. The East pipe has a relatively consistent grade vertically of ~1.3g/t Au, whereas the West pipe has more variability, with grades ranging from ~2.0g/t Au up to 4.4g/t Au.

Mineral Resource Estimate

Dateline compiled many technical reports, maps and sections for the Colosseum Gold Mine into a digital relational database, the first time this had ever been completed.

A drill program was completed during the reporting period, designed to validate the drilling database and identify areas of mineralisation outside of the mineral resource envelope.

The drill program was successful and enabled the Company to confirm a Mineral Resource estimate of 20.9Mt at 1.2g/t Au for 813,000 ounces of gold. This initial mineral resource is in line with internal expectations, given a 1.1Moz resource was defined pre-mining in the 1980's and 344,000 oz of gold was produced.

The validation drill program intersected several high-grade zones that are outside of the published mineral resource. These intersections included:

- 100.6m @ 4.16g/t Au from 79.24m in CM22-05 confirmed with final assay results including
 - 19.81 metres of 5.19g/t Au from 79.24 metres
 - 3.05 metres of 13.78g/t Au from 80.77 metres
 - 16.8 metres of 6.76 g/t Au from 112.78 metres

Review of Operations

- 7.6 metres of 12.74 g/t Au from 132.59 metres
- 4.6 metres of 7.10g/t Au from 158.50 metres
- 10.67m @ 13.71g/t Au from 18.29m in CM22-04 including
 - 3.05 metres of 42.88g/t Au from 18.29 metres
- 1.52m of 2.70g/t Au from 70.10 metres
- 4.57m @ 6.96g/t Au from 18.29m in CM22-03

The drilling database includes two diamond drill holes (DDH-1 and DDH-2), drilled in 1972 by Draco Mines, with both drilled to ~3,000 feet (~1,000m). Both drillholes targeted a porphyry molybdenum deposit thought to lie beneath the pipes and not gold. Draco Mines intersected the high grade sedimentary breccia units at 2,600 feet (790m) below the surface.

The Company believes that excellent potential remains to significantly expand the mineral resource at Colosseum and is planning further diamond drilling to test the depth extents of mineralisation.

Rare Earth Mineralisation

As part of the data compilation for Colosseum, Dateline identified several unexplained radiometric anomalies in historic USGS datasets. Given that Colosseum is located ~10km along strike to the north of the Mountain Pass Rare Earth mine, the highest-grade rare earth mine globally, further investigations were undertaken with regards to the rare earth potential of the project.

The Company engaged US rare earth experts, Anthony Mariano PhD and Tony Mariano Jnr, to advise on the potential for rare earth mineralisation at Colosseum. Mapping and sampling by the experts identified a number of fenite dykes over an area of 1.6km at Colosseum. The majority of the samples assayed were anomalous for rare earths, with the REE experts opining that they believe there is potential for a significant carbonatite system at Colosseum.

A gravity survey was completed post the reporting period to prioritise targets for drilling during 2022.





The Colosseum Project is also prospective for rare earths, with the Company's experts confirming the geology at Colosseum is genetically related to the nearby Mountain Pass Rare Earth Mine, the highest-grade rare earth mine globally.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

The Directors submit their report on the consolidated entity ("the Group"), which consists of Dateline Resources Limited (the "Company" or "Dateline") and the entities it controlled during the financial year ended 30 June 2022.

1. INFORMATION ON DIRECTORS

The names and details of the Group's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire year unless otherwise stated.

Mr Mark Johnson AO

Non-Executive Chairman (Appointed 22 April 2013)

LLB MBA (Harvard)

Mr Johnson has worked in banking and corporate finance for more than forty years. He retired as Deputy Chairman of Macquarie Bank in mid-2007 and now divides his time between work in the private and public sectors.

Mr Johnson is a senior adviser to Gresham Partners, Chairman of Alinta Energy Ltd, and from 2002 to 2013 one of the three Australian members of the APEC Business Advisory Council (ABAC).

During the past three years, Mr Johnson held the following directorships in other ASX listed companies:

- Independent Director of OneMarket Limited (resigned December 2019)

Stephen Baghdadi

Managing Director and CEO (Appointed 3 July 2014)

Since 1993 Mr. Baghdadi has acted as an executive director for numerous ASX listed companies including the Horizon group of companies, Afro-West, Alamain Investments, Marino as well as privately held controlling interests in manufacturing, software development and property concerns. Mr. Baghdadi has completed several transactions in Australia, South East Asia, Europe and North America and brings to the table the ability to identify an undervalued asset or opportunity that has the potential to yield high returns

During the past three years, Mr Baghdadi held the following directorships in other ASX listed companies:

- Executive Director of Southern Cross Explorations N.L. (current).

Mr Gregory Hall

Non-Executive Director (Appointed 19 January 2015)

B. Applied Geology (1st Class Honours)

Mr Hall is an exploration geologist with over 40 years of international experience. From 1988-2005, he was employed by the Placer Dome group of companies, serving as Chief Geologist -World Wide during the last five years he was there.

Placer Dome was later acquired by Barrick Gold Corporation in early 2006.

Over the course of his career, Mr. Hall had a senior role in the discoveries of both Gold Field's Granny Smith mine and Rio Tinto's Yandi iron ore mine. In addition, he took part in the discoveries of Keringal and Wallaby in Australia's Eastern Goldfields, as well as the definition of AngloGold Ashanti's Sunrise gold mine.

During the past three years, Mr Hall held the following directorships in other ASX listed companies:

- Non-Executive Chairman of Greater Boulder Resources Limited (current);
- Non-Executive Director of Zeus Resources Limited (current).

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

Mr Anthony Ferguson

Non-Executive Director (Appointed 29 August 2019)

MBA (Dist), B.Sc, B.E (Hons)

Mr Ferguson is an investor, entrepreneur and an investment banker.

The majority of Mr. Ferguson's career was with Macquarie Group where he established and led the natural resources team that advised on many major transactions in the mining industry. He established Macquarie's presence in Canada, headed Macquarie's Asian investment banking operations, established and led the Asia Resources Fund. Mr. Ferguson's career included three years as Managing Director and Head of Investment Banking at Rothschild Australia and a Global Partner of Rothschild Investment Bank.

Before commencing his investment banking career Tony practiced as an engineer and worked at Rio Tinto's Woodlawn Mine.

During the past three years, Mr Ferguson held the following directorships in other ASX listed companies: NIL

Mr Francis William Lannen

Non-Executive Director (Appointed 15 January 2021)

B.E (Mining)(Hons)

Mr Lannen is a Mining Engineer with a Bachelor of Engineering (Mining) Honours, from the University of Sydney and holds statutory qualifications as a Mine Manager of underground and open pit mines in both NSW and Tasmania.

Mr. Lannen's early career was with Aberfoyle Ltd where he worked in both technical and operating rolls at Cleveland Tin, Ardlethan Tin and the Melbourne head office. His last project was to take the Hellyer base metal mine in Tasmania from feasibility to full production as the mine manager.

In 1990, Mr. Lannen started Mancala Pty Ltd, a specialist mining contractor and mine engineering group and managed Mancala's operations for over 25 years. As a mine contractor, Mancala has successfully completed projects in both metalliferous and coal in Australia and offshore. Projects have included whole of mine contracts in open pit and underground as well as specialist contracts in the development and recovery of shafts. Several key projects involved mechanized mining of narrow vein deposits.

During the past three years, Mr Lannen held the following directorships in other ASX listed companies: NIL

2. INFORMATION ON COMPANY SECRETARY

Mr John Smith

(Appointed 24 October 2013 – resigned 1 November 2021)

B. Com, MBA, FCPA

Mr Smith is a Certified Practising Accountant with over 30 years' experience as CFO and Company Secretary of ASX listed and unlisted companies.

Mr Mark Ohlsson

(Appointed 1 November 2021)

FCPA, Registered Tax Agent

Mr Ohlsson has been a Company Secretary or Director of a number of ASX-listed companies and his experience spans a wide range of industries. He has been involved in business management and venture capital for over 40 years.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

3. DIRECTORS' SHAREHOLDINGS

The following table sets out each current Director's relevant interest in shares and rights or options to acquire shares of the Company as at the date of this report.

Directors	Fully Paid Ordinary Shares	Unlisted Share Options
Mark Johnson	96,900,471	4,926,046
Stephen Baghdadi	26,003,541	4,926,046
Gregory Hall	2,099,995	4,926,046
Tony Ferguson	12,011,111	4,926,046
Bill Lannen	2,463,023	-
	139,478,141	19,704,184

4. DIRECTORS' MEETINGS

Directors	Number Eligible to Attend	Number Attended
Mark Johnson	9	9
Stephen Baghdadi	9	9
Gregory Hall	9	9
Tony Ferguson	9	9
Bill Lannen	9	9

Functions normally assigned to an Audit Committee and Remuneration Committee are undertaken by the full Board.

5. DIVIDENDS

No dividend has been paid during the financial year and no dividend is recommended for the financial year.

6. PRINCIPAL ACTIVITIES

Dateline Resources Limited (ASX: DTR) is an Australian publicly listed company focused on gold mining and exploration in North America. The Company has assets in Colorado and California

The Colosseum project in California is located less than 10km north of the Mountain Rare Earth mine. The Mountain Pass rare earth mine is the richest rare earth mine in the world and is the only operating rare earth mine in the USA. Work has commenced on identifying the source of the mantle derived rocks that are located at the Colosseum and are associated with carbonatites that host the Rare Earths.

The Colosseum Gold Mine is located in the Walker Lane Trend in East San Bernardino County, California and was mined for gold by Bond International Gold and LAC Minerals between 1988 and 1993. On July 6, 2022, Dateline announced to the ASX that the Colosseum Gold mine has a JORC-2012 compliant Mineral Resource estimate of 20.9Mt @ 1.2g/t Au for 813,000oz. Of the total Mineral Resource, 258koz @ 1.2g/t Au (32%) are classified as Measured, 322koz @ 1.2g/t Au (39%) as Indicated and 235koz @ 1.3g/t Au (29%) as Inferred.

Gold Links hosts a swarm of high-grade narrow gold veins over more than 5km strike length and a kilometre across strike. Historical mapping and drilling coupled with the Company's own exploration work has confirmed mineralisation is extensive throughout the Project. The company is actively developing

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2022

underground accessways to be able to extract known sections of mineralized vein and to be able to drill below historical workings.

The Lucky Strike mill is located 50km away from the Gold Links mine and is being upgraded to process 250 tonnes of ore per day.

7. FINANCIAL REVIEW

(a) Financial Performance & Financial Position

The financial results of the Group for the year ended 30 June 2022 and 2021 are:

	30-Jun-22	30-Jun-21	% Change
Cash & Cash equivalents (\$)	1,936,037	7,092,069	-72.7%
Net Assets (\$)	9,856,330	14,548,991	-32.3%
Revenue (\$)	-	-	-
Net Profit (Loss) After Tax (\$)	(14,359,734)	(5,894,399)	-143.6%
Profit/(Loss) per Share (Cents)	(3.2924)	(1.7720)	-85.8%
Dividend (\$)	-	-	-

(b) Business Strategies and Prospects for future financial years

The Group actively evaluates the prospects of each project as results from each program become available, these results are available via the ASX platform for shareholders information. The Group then assesses the continued exploration expenditure and further asset development. The Group will continue the evaluation and development of its existing mineral projects.

There are specific risks associated with the activities of the Group and general risks which are largely beyond the control of the Group and the Directors. The risks identified below, or other risk factors, may have a material impact on the future financial performance of the Group and the market price of the Company's shares.

(i) Operating Risks

The operations of the Group may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

(ii) Environmental Risks

The operations and proposed activities of the Group are subject to the laws and regulations of Australia, the USA and the Republic of Fiji concerning the environment. As with most exploration projects and mining operations, the Group's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Group's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

(iii) Economic

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Group's exploration, development and production activities, as well as on its ability to fund those activities.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

(iv) Market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- i. general economic outlook;
- ii. introduction of tax reform or other new legislation;
- iii. interest rates and inflation rates;
- iv. Commodity prices;
- v. changes in investor sentiment toward particular market sectors;
- vi. the demand for, and supply of, capital; and
- vii. terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

8. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Company during the year ended 30 June 2022.

9. AFTER BALANCE SHEET DATE EVENTS

On 31 August 2022 the Company announced the issue of 44,067,500 fully paid ordinary shares raising \$4,406,750 (before costs) at \$0.10 per new share.

The Gold Links mining contractor commenced legal action against the Company for US\$850k, whilst the Company is claiming a similar amount pursuant to the rights under the mining contract.

No other matter or event has arisen since 30 June 2022 that would be likely to materially affect the operations of the Group, or the state of affairs of the Company not otherwise disclosed in the Group's financial report.

10. ENVIRONMENTAL ISSUES

The Group needs to comply with environmental regulations at the sites where it has exploration activities. The Board is not aware of any breach of environmental requirements as they apply to the Group.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

11. REMUNERATION REPORT (Audited)

The Board of Dateline Resources Limited is responsible for determining and reviewing the remuneration of the Directors of the Company, within parameters approved by shareholders. No performance hurdles have been imposed so far, due to the size of the Group and the structure of the remuneration in respect of the non-executive Directors. Remuneration is not related to the company's financial performance. Accounting and administration services were provided by consultants at reasonable commercial rates.

The Company's Key Management Personnel comprise all of the Directors.

Company Secretarial services were provided by Mr. J Smith and Mr. M Ohlsson.

Remuneration of executives and consultants, whenever appointed, is determined by market conditions and is not linked to the Group's performance. There are no service agreements in place relating to Directors' fees paid.

During the 2021 financial year at the Company's 2020 Annual General Meeting held on 4 December 2020, shareholders approved the issue of a total of 19,704,184 unlisted options to Directors Mr. Johnson, Mr. Baghdadi, Mr Hall and Mr. Ferguson i.e. 4,926,046 each. These options were subsequently issued on 11 December 2020 with an exercise price of \$0.09575 and an expiry date of 11 December 2024. The options also have 3 separate vesting conditions, i.e. they will become capable of exercise in three separate tranches subject to the satisfaction of the following three performance/vesting hurdles:

1. **one third** of the Options granted to each of the above named Directors will vest immediately following the commencement of production by the Company (or any of its subsidiaries) of ore at the rate of 30,000 tonnes per annum;
2. **an additional one third** of the Options granted to each of the above named directors will vest immediately following the Company reporting that its proven JORC reserve has increased to 60,000 tonnes of gold bearing ore; and
3. the remaining **one third** of the Options granted to each of the above named Directors will vest immediately following the commencement of production by the Company (or any of its subsidiaries) of ore at the rate of 60,000 tonnes per annum.

Subject to the achievement of the above referred performance hurdles, no amount is payable by a Director in order to exercise their Options.

No equity based payments or other benefits were paid to Directors or consultants during the year under review; no shares or options were issued by way of remuneration.

Directors	Position	Duration of Appointment
Mark Johnson	Non-Executive Chairman	Appointed 22 April 2013
Stephen Baghdadi	Managing Director	Appointed 4 July 2014
Gregory Hall	Non-Executive Director	Appointed 19 January 2015
Tony Ferguson	Non-Executive Director	Appointed 29 August 2019
Bill Lannen	Non-Executive Director	Appointed 15 January 2021

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2022

Details of remuneration of the KMP of Dateline Resources Limited are shown below:

	Position	2022 \$	2021 \$
Mr Johnson	Director	-	-
Mr Johnson	Consultant	-	-
Mr Baghdadi	Director	-	-
Mr Baghdadi	Consultant	480,000	480,000
Mr Hall	Director	-	-
Mr Hall	Consultant	-	-
Mr Ferguson	Director	-	-
Mr Ferguson	Consultant	-	-
Mr Lannen	Director	-	-
Mr Lannen	Consultant	-	-
Mr Smith	Company Secretary	33,500	66,000
Mr Ohlsson	Company Secretary	26,640	-
Total		<u>540,140</u>	<u>546,000</u>

None of the current Directors have received Director's fees from the Company since their appointment.

Dateline Resources Limited, as an ASX listed company, has produced the Remuneration Report in accordance with Section 300A of the Corporations Act 2001.

Key management personnel holdings

(i) UNLISTED OPTIONS OF KMP'S

Details of unlisted options held directly, indirectly or beneficially by key management personnel and their related parties at any time during the financial year ended 30 June 2022 are set out below.

Company Directors and Related Parties	Opening Balance	Received as Remuneration	Exercise of Options	Net Change Other	Closing Balance
Mr Johnson	4,926,046	-	-	-	4,926,046
Mr Baghdadi	4,926,046	-	-	-	4,926,046
Mr Hall	4,926,046	-	-	-	4,926,046
Mr Ferguson	4,926,046	-	-	-	4,926,046
	19,704,184	-	-	-	19,704,184

(ii) NON-RECOURSE LOANS OF KMP'S

During the 2021 year there were Non-Recourse Loans to purchase shares issued to key management personnel, which under AASB2 are considered to be options. These amounts to purchase shares are listed below. There were no other non-recourse loans issued to key management personnel during the 2022 financial year.

Company Directors and Related Parties	Opening Balance	Received as Remuneration	Exercise of Options	Net Change Other	Closing Balance
Mr Baghdadi	1,132,990	-	-	-	1,132,990
Mr Lannen	169,949	-	-	-	169,949
	1,302,939	-	-	-	1,302,939

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2022

(iii) SHAREHOLDINGS OF KMP'S

Details of shares held directly, indirectly or beneficially by key management personnel and their related parties at any time during the financial year ended 30 June 2022 are set out below.

Company Directors and Related	Opening Balance	Received as Remuneration	Exercise of Options	Net Change Other	Closing Balance
Parties					
Mr Johnson	75,780,551	-	20,619,920	500,000	96,900,471
Mr Baghdadi	23,692,430	-	-	2,311,111	26,003,541
Mr Hall	2,099,995	-	-	-	2,099,995
Mr Ferguson	10,900,000	-	-	1,111,111	12,011,111
Mr Lannen	2,463,023	-	-	-	2,463,023
	114,935,999	-	20,619,920	3,922,222	139,478,141

Details of shares held directly, indirectly or beneficially by key management personnel and their related parties at any time during the financial year ended 30 June 2021 are set out below:

Company Directors and Related	Opening Balance	Received as Remuneration	Exercise of Options	Net Change Other	Closing Balance
Parties					
Mr Johnson	63,897,385	-	-	11,883,166	75,780,551
Mr Baghdadi	3,272,275	-	-	20,420,155	23,692,430
Mr Hall	2,099,995	-	-	-	2,099,995
Mr Ferguson	10,000,000	-	-	900,000	10,900,000
Mr Lannen	-	-	-	2,463,023	2,463,023
	79,269,655	-	-	35,666,344	114,935,999

As the Company is not yet in the production phase, and therefore, not generating revenue, there is no direct link between performance and shareholder wealth.

The adoption of the Remuneration Report for the financial year ended 30 June 2021 was put to the shareholders of the Company at the Annual General Meeting held on 31 January 2022. The resolution was passed by a poll of shareholders without amendment. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

End of remuneration report.

12. OPTIONS

At the date of this report, there were 47,904,184 unlisted options as depicted below:

Number	Exercise Price	Grant Date	Expiry date	Vesting
4,000,000	\$0.20	28 Mar 2021	25 Feb 2023	Delineate 1m oz gold
7,000,000	\$0.135	30 Jul 2021	30 Jul 2023	Immediate
7,200,000	\$0.11	27 Apr 2022	27 Apr 2024	Immediate
5,000,000	\$0.10	30 Jun 2022	30 Jun 2024	Immediate
2,000,000	\$0.20	30 Jun 2022	30 Jun 2024	Escrow 9 months
1,000,000	\$0.15	30 Jun 2022	30 Jun 2024	Escrow 9 months
2,000,000	\$0.13	30 Jun 2022	30 Jun 2024	Escrow 9 months
19,704,184	\$0.0958	11 Dec 2020	11 Dec 2024	

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2022

19,704,184 options vesting in 3 equal tranches. The first at a production rate of 30k tonnes p.a. The second upon proven JORC reserve of 60k tonnes and the third at a production rate of 60k tonnes p.a.

6,000,000 options with an exercise price of \$0.15 expired on 28 February 2022.

10,000,000 options with an exercise price of \$0.025 expired on 31 December 2020.

During the 2021 year there were Non-Recourse Loans to purchase share in the company issued to 2 Directors (and approved by shareholders at General Meeting 21 May 2021) which under AASB2 are considered to be options. These are listed below:

Company Directors	Amount
Mr Baghdadi	\$1,132,990
Mr Lannen	\$169,949
TOTAL	\$1,302,939

13. 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 Group, or to intervene in any proceedings to which the Group is a party, for the purposes of taking responsibility on behalf of the Group for all or part of those proceedings.

14. INDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial year no premium was paid to insure Directors against claims while acting as a Director. No indemnity has been granted to the Auditor of the Company.

15. NON-AUDIT SERVICES

No non-audit services were provided by HLB Mann Judd (NSW) Pty Ltd to the Group during the financial year.

16. LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration as required under section 307C of the *Corporations Act 2001* for the financial year ended 30 June 2022 has been received and can be found on page 11.

Signed in accordance with a resolution of the Board of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.



Mr Mark Johnson
Non-Executive Chairman
4 October 2022

AUDITOR'S INDEPENDENCE DECLARATION



Auditor's Independence Declaration

To the directors of Dateline Resources Limited:

As lead auditor for the audit of the consolidated financial report of Dateline Resources 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:

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

This declaration is in relation to Dateline Resources Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'M. Muller', written over a horizontal line.

Sydney, NSW
4 October 2022

M D Muller
Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME **FOR THE YEAR ENDED 30 JUNE 2022**

	Note	30-Jun-22 \$	30-Jun-21 \$
Continuing operations			
Interest income		-	735
Other income	5	169,686	168,645
Unrealised exchange gain/(loss)		(389,136)	521,875
Interest expense		(1,608,787)	(920,466)
Borrowing costs		(138,389)	(744,002)
Employee and contractor costs		(4,365,653)	(450,626)
Mining and exploration expenses		(2,043,347)	(545,733)
Profit/(loss) on sale of asset		48,561	(1,947)
Depreciation expense		(1,268,920)	(580,360)
Share based payments expense		(316,568)	(1,484,939)
Option valuation expense		(346,593)	(149,786)
Administration expenses	6	<u>(4,100,588)</u>	<u>(1,707,795)</u>
Profit/(Loss) from continuing operations before income tax		(14,359,734)	(5,894,399)
Income tax expense	7	<u>-</u>	<u>-</u>
Profit/(loss) from continuing operations after income tax		(14,359,734)	(5,894,399)
Other comprehensive profit/(loss)			
Items that may be reclassified subsequently to profit or loss:			
Foreign Currency Translation Reserve		<u>(1,623,346)</u>	<u>14,515</u>
Total comprehensive profit/(loss) for the period		<u>(15,983,080)</u>	<u>(5,879,884)</u>
Profit/(loss) for the year is attributable to:			
Owners of the Company		<u>(14,359,734)</u>	<u>(5,894,399)</u>
		<u>(14,359,734)</u>	<u>(5,894,399)</u>
Total comprehensive profit/(loss) for the year attributable to:			
Owners of the Company		<u>(15,983,080)</u>	<u>(5,879,884)</u>
		<u>(15,983,080)</u>	<u>(5,879,884)</u>
Profit/(loss) per share from continuing operations attributable to the ordinary equity holders of the Company:		<u>Cents</u>	<u>Cents</u>
Basic and diluted profit/(loss) per share – cents per share	18	(3.29)	(1.77)

This Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Note	30-Jun-22 \$	30-Jun-21 \$
Current Assets			
Cash & cash equivalents	8	1,936,037	7,092,069
Trade & other receivables	9	36,659	355,614
Inventory	4	1,348,251	-
Financial assets	10	661,813	1,057,795
Total Current Assets		<u>3,982,760</u>	<u>8,505,478</u>
Non-Current Assets			
Plant & equipment land & buildings	11	18,122,570	16,989,702
Exploration & evaluation expenditure	12	15,457,451	8,531,559
Financial Assets	10	1,117,725	-
Right-of-use assets	19	3,018,444	-
Total Non-Current Assets		<u>37,716,190</u>	<u>25,521,261</u>
TOTAL ASSETS		<u>41,698,950</u>	<u>34,026,739</u>
Current Liabilities			
Trade & other payables	13	9,949,980	1,462,525
Financial liabilities to related parties	14	3,283,940	-
Short term loans	15	947,274	-
Lease liabilities	20	1,960,983	-
Total Current Liabilities		<u>16,142,177</u>	<u>1,462,525</u>
Non Current Liabilities			
Trade & other payables	13	-	5,934,953
Financial liabilities to related parties	14	848,071	2,988,552
Long term loan	15	13,052,149	9,091,718
Lease liabilities	20	1,800,223	-
Total Non-Current Liabilities		<u>15,700,443</u>	<u>18,015,223</u>
TOTAL LIABILITIES		<u>31,842,620</u>	<u>19,477,748</u>
NET ASSETS		<u>9,856,330</u>	<u>14,548,991</u>
Equity attributable to the equity holders of the Company			
Contributed equity	16(a)	46,986,850	36,942,050
Reserves	17	548,385	926,112
Accumulated losses		<u>(37,678,905)</u>	<u>(23,319,171)</u>
TOTAL EQUITY		<u>9,856,330</u>	<u>14,548,991</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

	Issued Capital	Accumulated Losses	Option Valuation Reserve	Share Based Payments Reserve	Foreign Currency Reserve	TOTAL
	\$	\$	\$	\$	\$	\$
Balance as at 1 July, 2021	36,942,050	(23,319,171)	270,161	1,302,939	(646,988)	14,548,991
Total profit / (loss)	-	(14,359,734)	-	-	-	(14,359,734)
Total other comprehensive income	-	-	-	-	(1,623,346)	(1,623,346)
Total comprehensive loss for the year	-	(14,359,734)	-	-	(1,623,346)	(15,983,080)
<i>Transactions with owners in their capacity as owners :</i>						
Options Issued	-	-	867,712	377,907	-	1,245,619
Contributions of equity	10,044,800	-	-	-	-	10,044,800
Balance as at 30th June 2022	46,986,850	(37,678,905)	1,137,873	1,680,846	(2,270,334)	9,856,330

	Issued Capital	Accumulated Losses	Option Valuation Reserve	Share Based Payments Reserve	Foreign Currency Reserve	TOTAL
	\$	\$	\$	\$	\$	\$
Balance as at 1 July, 2020	34,646,621	(17,636,602)	211,830	-	(661,503)	16,560,346
Total profit / (loss)	-	(5,894,399)	-	-	-	(5,894,399)
Total other comprehensive income	-	-	-	-	14,515	14,515
Total comprehensive loss for the year	-	(5,894,399)	-	-	14,515	(5,879,884)
<i>Transactions with owners in their capacity as owners :</i>						
Options expired	-	211,830	(211,830)	-	-	-
Options issued	-	-	270,161	1,302,939	-	1,573,100
Contributions of equity	2,295,429	-	-	-	-	2,295,429
Balance as at 30 June 2021	36,942,050	(23,319,171)	270,161	1,302,939	(646,988)	14,548,991

This Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

	Note	30-Jun-22 \$	30-Jun-21 \$
Cash flows used in operating activities			
Payment to suppliers and employees		(10,264,377)	(2,070,966)
Interest paid		(677,233)	(242,346)
Net cash flows used in operating activities	8a	(10,941,610)	(2,313,312)
Cash flows used in investing activities			
Payment for fixed assets		(1,850,758)	(877,693)
Deposits paid		(1,466,105)	(872,632)
Deposits refunded		770,244	-
Proceeds from sale of fixed assets		48,561	-
Payment for exploration & evaluation expenditure		(6,618,017)	(173,600)
Net cash flows used in investing activities		(9,116,075)	(1,923,925)
Cash flows from financing activities			
Repayment of loans		(135,984)	(3,120,255)
Advance of related party loans		3,100,000	-
Proceeds from issue of shares		8,329,508	1,010,929
Transaction costs relating to share issues		(759,694)	-
Proceeds from borrowings		4,733,370	13,280,270
Borrowing costs		(365,547)	-
Net cash flows from financing activities		14,901,653	11,170,944
Net increase/(decrease) in cash and cash equivalents		(5,156,032)	6,933,707
Cash and cash equivalents at beginning of year		7,092,069	158,362
Cash and cash equivalents at end of year	8	1,936,037	7,092,069

This Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying notes

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

1 REPORTING ENTITY

The financial report includes financial statements for the consolidated entity consisting of Dateline Resources Limited (the "Company") and the entities it controlled during the year ("the Group"). The Company is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange Limited ("ASX"). The Company is a for-profit entity for the purposes of preparing the financial statements. The address of its registered office and principal place of business is disclosed in the Corporate Directory of the annual report.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently in these financial statements.

(a) Statement of compliance

The financial report is a general-purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial report of the Group also complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board.

The financial statements were approved by the Board of Directors on 4 October 2022.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis unless otherwise stated.

(c) Principles of consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group.

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

(d) Foreign currency transactions

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

The consolidated financial statements are presented in Australian dollars, which is Dateline Resources Limited, Dateline Fiji Pty Limited and Gunnison Gold Pty Limited's functional and presentation currency.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. Foreign exchange gains and losses that relate to borrowings are presented in the income statement, within finance costs. All other foreign exchange gains and losses are presented in the income statement on a net basis within other income or other expenses.

(e) Revenue recognition

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

Sale of goods is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

Interest

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

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

(f) New accounting standards and interpretations

The Group has applied all new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. These and together with other amending Accounting Standards and Interpretations commencing from 1 July 2021 did not result in any material adjustments to the amounts recognised or disclosures in the financial report.

(g) Going concern

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

During the year, the consolidated entity incurred a net loss of \$14,359,734 (2021: \$5,894,399 loss) a net cash outflow of \$5,156,032 (2021: \$6,933,707 inflow) and net cash out flow from operations of \$10,941,610 (2021: \$2,313,312). As at 30 June 2022, the consolidated entity also had a working capital deficit of \$12,159,417 (2021: surplus \$7,042,953).

The ability of the Group to continue as a going concern is dependent upon the Group being able to generate sufficient funds to satisfy exploration commitments and working capital requirements. The Company has taken steps to ensure that it has adequate working capital to not only satisfy existing commitments but to also future expenditure required to meet its objectives. These include

- A capital raising in July 2021 of \$4,100,000,
- The finalisation in January 2022 of a US\$3,000,000 (approximately A\$4,350,000) loan facility at attractive rates which is repayable over a 10-year period.
- A capital raising in April 2022 of \$243,100
- A capital raising in June 2022 of \$4,305,000
- A capital raising in August 2022 of \$4,406,750
- The consolidated entity's projected cash flow analysis supporting its ability to meet its financial obligations, whereby we will control expenditure accordingly to our level of cash inflows.
- Mining and milling which will continue at Gunnison and Sooner Lucky Strike and gold concentrate will be sold.
- Additional funding that may be raised through various transactions including future fundraising from financial institutions and the market; and
- Issuing equity to settle future liabilities, if appropriate.

As a result of the above, the Company is very well placed to execute its corporate strategy and the directors believe that the going concern basis for the preparation of the financial report of the Group is appropriate. Should the Company not be able to execute its corporate strategy there will be a material uncertainty that exists relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. No adjustment has been made in relation to the recoverability and classification of recorded assets amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

(h) Reverse Acquisition Accounting

Dateline Resources Limited is listed on the Australian Securities Exchange. Dateline Resources Limited completed the legal acquisition of Dateline Fiji Pty Limited on 3rd October 2013.

Under the principles of AASB 3 *Business Combinations* Dateline Fiji Pty Limited was deemed to be the acquirer for accounting purposes. Therefore, the transaction has been accounted for as a reverse acquisition under AASB3. Accordingly, the consolidated financial statements of Dateline Resources Limited have been prepared as a continuation of the consolidated financial statements of Dateline Fiji Pty Limited.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

(i) Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax is recognised except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit; and in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will not reverse in the foreseeable future and the group is able to control the timing of the reversal of the temporary differences.

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.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and deferred tax liabilities shall be offset only if:

- (j) there is a legally enforceable right to set-off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (a) the same taxable entity; or
 - (b) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the Statement of Profit or Loss and Other Comprehensive Income.

(i) Other taxes

Revenues, expenses, assets and liabilities are recognised net of the amount of GST except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables are stated with amounts of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Commitments or contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(j) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk or changes in value, and bank overdrafts.

(k) Plant and equipment

Owned assets

Items of plant and equipment are stated at cost less accumulated depreciation (see below) and any impairment losses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a work condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components).

Subsequent costs

The Group recognises in the carrying amount of an item of plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the profit or loss as an expense as incurred.

Depreciation

Depreciation is charged to the profit or loss using a straight-line method over the estimated useful lives of each part of an item of plant and equipment.

The estimated useful lives in the current financial year are as follows:

- Plant and equipment 3 years.
- Office equipment 3 years.
- Fixtures and fittings 3 years.
- Motor Vehicles 3 years.
- Mining equipment 10 years.

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually. Depreciation is commenced on plant, property and equipment once they are ready for use.

(l) Exploration and evaluation

Exploration costs are accounted for under the "Area of Interest" method, whereby costs are carried forward provided that rights to tenure of the area of interest are current and either there is a reasonable probability of recoupment through successful development and exploitation or by their sale, or exploration activities in the area have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable mineral reserves and active and significant operations in, or in relation to, the area are continuing. The ultimate recoupment of costs carried forward in respect of areas of interest still in the exploration or evaluation phases is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas. Exploration & Evaluation Assets are assessed for impairment when facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

(m) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(n) Contributed equity

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

(o) Earnings per share

Basic earnings per share

Basic earnings per share is determined by dividing net profit or loss after income tax attributable to members of the Group, 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.

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.

(p) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

(q) Share Based Payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

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

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

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

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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

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

(r) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

(s) Convertible Notes

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

(t) Critical accounting estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

(i) Exploration & Evaluation Expenditure

The Group's accounting policy for exploration and evaluation is set out in Note 2(l) above. If, after having capitalised expenditure under this policy, the Directors conclude that the Group is unlikely to recover the expenditure by future exploration or sale, then the relevant capitalised amount will be written off to the Statement of Profit or Loss and Other Comprehensive Income.

(iii) Discounting

The Group has discounted non-interest bearing payables to the vendors of acquired subsidiaries, refer note 13. This discount rate is reviewed annually.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

(iii) *Share Based Payments*

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to note 17 for further information.

(iv) *Lease term*

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

(v) *Incremental borrowing rate*

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment

(u) **Inventory**

Inventories are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity.

Cost is determined on the following basis:

- (a) Gold and other metals on hand is valued on an average total production cost method
- (b) Ore stockpiles are valued at the average cost of mining and stockpiling the ore, including haulage
- (c) A proportion of related depreciation and amortisation charge is included in the cost of inventory

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

(v) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(w) Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(x) Finance costs

Finance costs attributable to the group's financial arrangements are capitalised as part of the borrowing and amortised over the term of that borrowing or financial instrument. All other finance costs are expensed in the period in which they are incurred.

3 SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The segments are consistent with the internal management reporting information that is regularly reviewed by the chief operating decision maker, being the Board of Directors.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

The reportable segments are based on aggregated operating segments determined by the similarity of economic characteristics, the nature of the activities and the regulatory environment in which those segments operate.

Management has identified three reportable operating segments based on the three principal locations of its projects – Australia, USA and Fiji. Unallocated results, assets and liabilities represent corporate amounts that are not core to the reportable segments. Segment assets include the costs to acquire tenements and the capitalised exploration costs of those tenements.

	Australia	USA	Fiji	Consolidation Entries	TOTAL
30 June 2022	A\$	A\$	A\$	A\$	A\$
Revenues	-	2,773,721	-	(2,773,721)	-
Segment Result	(5,744,288)	(8,125,100)	-	(490,346)	(14,359,734)
Total Segment Assets	52,559,236	40,077,675	4,501,504	(55,439,464)	41,698,951
Total Segment Liabilities	16,232,028	32,446,335	5,257,672	(22,093,415)	31,842,620
30 June 2021	A\$	A\$	A\$	A\$	A\$
Revenues	-	750,350	-	(580,970)	169,380
Segment Result	(3,053,250)	(2,260,179)	-	(580,970)	(5,894,399)
Total Segment Assets	40,912,364	27,683,210	4,457,293	(39,026,128)	34,026,739
Total Segment Liabilities	10,131,282	10,429,005	5,212,265	(6,294,804)	19,477,748

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

4	INVENTORY (CURRENT)	30-Jun-22	30-Jun-21
		\$	\$
	Gold & Silver concentrate on hand	<u>1,348,251</u>	<u>-</u>
		<u>1,348,251</u>	<u>-</u>
	Gold & Silver on hand as at 30 June 2022 has a net realisable value of \$1,348,251 (2021: \$nil) measured at the spot rate of \$2,623 (gold) and \$29.44 (silver) per ounce and allowing for processing and other costs (2021: n/a).		
5	OTHER INCOME	30-Jun-22	30-Jun-21
		\$	\$
	Other Income	<u>169,686</u>	<u>168,645</u>
		<u>169,686</u>	<u>168,645</u>
6.	ADMINISTRATION EXPENSES	30-Jun-22	30-Jun-21
		\$	\$
	Consulting and corporate expenses	3,999,098	1,650,633
	Compliance and regulatory expenses	<u>101,490</u>	<u>57,162</u>
		<u>4,100,588</u>	<u>1,707,795</u>
7.	INCOME TAX EXPENSE	30-Jun-22	30-Jun-21
		\$	\$
(a)	Income tax expense		
	Current tax	-	-
	Deferred tax	<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
(b)	Numerical reconciliation of income tax expense to prima facie tax payable		
	Loss from continuing operations before income tax expense	(14,359,734)	(5,894,399)
	Tax at the Australian tax rate of 25% (2021 - 26%)	(3,589,934)	(1,532,544)
	Tax effects of amounts which are not deductible (taxable) in calculating taxable income:		
	Temporary difference not brought to account	<u>3,589,934</u>	<u>1,532,544</u>
	Income tax expense	<u>-</u>	<u>-</u>
(c)	Tax losses		
	Unused tax losses *	13,184,191	9,594,258
* The entities in the group have not formed a tax consolidated group and the unused tax losses consists of tax losses from entities in the group calculated on a stand alone basis.			
8	CASH & CASH EQUIVALENTS	30-Jun-22	30-Jun-21

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	\$	\$
Cash at bank and in hand	<u>1,936,037</u>	<u>7,092,069</u>
	<u>1,936,037</u>	<u>7,092,069</u>

Reconciliation of net (loss) after tax to net cash flows used in operating activities

	30-Jun-22	30-Jun-21
	\$	\$
(a) Net profit / (loss) after income tax	(14,359,734)	(5,894,399)
Adjustments for:		
Depreciation	1,268,920	580,360
Debt forgiveness	(169,686)	(168,645)
Foreign exchange	389,136	(521,875)
Share based payments and option valuation	663,161	1,634,725
Proceeds from sale of PPE	(48,561)	-
Borrowing costs	138,387	-
Finance costs	1,608,787	-
Change in assets and liabilities		
(Increase)/decrease in inventory	(1,348,251)	-
Increase/(decrease) in trade and other payables	916,231	2,056,522
Net cash flows used in operating activities	<u>(10,941,610)</u>	<u>(2,313,312)</u>
(b) Non-Cash Financing and Investing Activities		
Transfer of loans owed to Southern Cross Exploration NL to Mr Johnson. (Note 14)	-	1,217,521
Transfer of loans owed to Mr. Johnson to Convertible Notes. (Note 14)	-	3,853,552
Conversion of Mr Johnson's convertible note to equity	2,061,992	865,000
Forgiveness of PPP Loan. (Note 13)	-	182,462
Capitalised borrowing costs	811,018	-

9	TRADE & OTHER RECEIVABLES	30-Jun-22	30-Jun-21
		\$	\$
	Other receivables	<u>36,659</u>	<u>355,614</u>
		36,659	355,614

- (a) Trade receivables past due but not impaired**
There were no trade receivables past due but not impaired.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

(b) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to Note 21 for more information on the risk management policy of the Group and the credit quality of the Group's trade receivables.

10 FINANCIAL ASSETS	30-Jun-22	30-Jun-21
	\$	\$
Current		
ANZ term deposits	13,084	12,798
Exploration deposits	300,348	1,044,997
Equipment rental deposit	348,381	-
	<u>661,813</u>	<u>1,057,795</u>
Exploration deposits:	30-Jun-22	30-Jun-21
Deposits held as security by government authorities	-	115,629
Amounts held in escrow for exploration contractors	300,348	265,534
Amount held in escrow as deposit for Colosseum acquisition.	-	663,834
	<u>300,348</u>	<u>1,044,997</u>
Non-current		
Security Deposit:		
Deposits held as security by Government authorities	1,117,725	-
	<u>1,117,725</u>	<u>-</u>
11 PLANT & EQUIPMENT LAND & BUILDINGS	30-Jun-22	30-Jun-21
	\$	\$
Carrying amount of plant & equipment land & buildings	<u>18,122,570</u>	<u>16,989,702</u>
(a) Plant and Equipment		
At Cost	251,799	53,682
Less accumulated depreciation	<u>(80,029)</u>	<u>(53,682)</u>
Total plant and equipment	<u>171,770</u>	<u>-</u>
Movement during the year		
Balance at the beginning of the year	-	-
Additions	198,117	-
Depreciation expense	<u>(26,347)</u>	<u>-</u>
Balance at the end of the year	<u>171,770</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

(b) Office Equipment		30-Jun-22	30-Jun-21
		\$	\$
At Cost		77,162	69,466
Less accumulated depreciation		<u>(62,313)</u>	<u>(56,990)</u>
Total office equipment		<u>14,849</u>	<u>12,476</u>
Movement during the year		30-Jun-22	30-Jun-21
Balance at the beginning of the year		12,476	4,128
Additions		7,696	10,199
Depreciation expense		<u>(5,323)</u>	<u>(1,851)</u>
Balance at the end of the year		<u>14,849</u>	<u>12,476</u>
(c) Mining Plant & Equipment			
At Cost		6,527,847	4,959,092
Less accumulated depreciation		<u>(1,567,012)</u>	<u>(929,913)</u>
Total mining plant & equipment		<u>4,960,835</u>	<u>4,029,179</u>
Movement during the year			
Balance at the beginning of the year		4,029,179	3,814,262
Additions		1,568,755	762,817
Depreciation expense		<u>(637,099)</u>	<u>(547,900)</u>
Balance at the end of the year		<u>4,960,835</u>	<u>4,029,179</u>
(d) Mine & Mill Development			
At Cost		<u>5,375,598</u>	<u>5,375,598</u>
Total Mine and Mill Development		<u>5,375,598</u>	<u>5,375,598</u>
Movement during the year			
Balance at the beginning of the year		5,375,598	5,375,598
Additions		<u>-</u>	<u>-</u>
Balance at the end of the year		<u>5,375,598</u>	<u>5,375,598</u>
(e) Mining Land & Buildings			
At Cost		<u>7,425,963</u>	<u>7,425,963</u>
Total Mining land and buildings		<u>7,425,963</u>	<u>7,425,963</u>
Movement during the year			
Balance at the beginning of the year		7,425,963	7,425,963
Additions		<u>-</u>	<u>-</u>
Balance at the end of the year		<u>7,425,963</u>	<u>7,425,963</u>
(f) Furniture & Fixtures			
At Cost		23,914	5,761
Less accumulated depreciation		<u>(3,052)</u>	<u>(2,590)</u>
Total Furniture & Fixtures		<u>20,862</u>	<u>3,171</u>
Movement during the year			
Balance at the beginning of the year		3,171	8,918
Additions		18,153	-
Disposals		-	(4,757)
Depreciation expense		<u>(462)</u>	<u>(990)</u>
Balance at the end of the year		<u>20,862</u>	<u>3,171</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

(g) Motor Vehicles		30-Jun-22	30-Jun-21
		\$	\$
At Cost		244,761	186,722
Less accumulated depreciation		(92,067)	(43,407)
Total Furniture & Fixtures		152,694	143,315
Movement during the year		30-Jun-22	30-Jun-21
Balance at the beginning of the year		143,315	65,447
Additions		58,039	107,643
Depreciation expense		(48,660)	(29,775)
Balance at the end of the year		152,694	143,315
12 EXPLORATION & EVALUATION EXPENDITURE			
Carrying amount of exploration expenditure		15,457,451	8,531,559
Movement during the year			
Balance at the beginning of the year		8,531,559	8,357,959
Expenditure incurred during the year		6,925,892	173,600
Balance at the end of the year		15,457,451	8,531,559

Exploration and evaluation expenditure capitalised relates to expenditure incurred and capitalised for the Udu Polymetallic Exploration Project in Fiji, the Gold Links Project located in Colorado USA and the Colosseum Project in California USA. This expenditure has been accounted for in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources. The fair value of the tenements acquired on acquisition of Gunnison Gold Pty Ltd have also been accounted for here.

The ultimate recoupment of costs carried forward for exploration expenditure is dependent on the successful development and commercial exploitation, or alternatively, the sale of the respective area of interest and also dependent on the Group's ability to renew the expired tenements without exception.

13 TRADE & OTHER PAYABLES		30-Jun-22	30-Jun-21
		\$	\$
Current			
Trade and sundry creditors		2,598,527	1,407,523
Amount owed to the vendors of CRG Mining LLC		3,458,736	-
Amount owed to the vendors of ALSH LLC		3,458,738	-
Accruals		433,979	55,002
		9,949,980	1,462,525
Current trade and sundry creditors of \$2,598,527 are non-interest bearing and are settled on 30 day terms.			
Non-Current			
Amount owed to the vendors of CRG Mining LLC		-	2,875,880
Amount owed to the vendors of ALSH LLC		-	2,875,880
PPP Loan Liability		-	161,496
Other loans		-	21,697
		-	5,934,953

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

The amounts owed to the vendors of CRG Mining LLC and ASL LLC with a carrying value of \$6,917,474 (2021 : \$5,751,760) were arrived at after applying an annual discount of 10% (2021 : 10%) to future payments with a total face value of US\$5 million, are all payable on 31 December 2022.

14 FINANCIAL LIABILITIES TO RELATED PARTIES	30-Jun-22	30-Jun-21
	\$	\$
Current		
Loan - Mr. Mark Johnson	3,023,700	-
Convertible Notes Mr. Mark Johnson	160,240	-
Loan - Mr. Stephen Baghdadi	100,000	-
	<u>3,283,940</u>	<u>-</u>
Non-Current		
Convertible Notes Mr. Mark Johnson	848,071	2,988,552
	<u>848,071</u>	<u>2,988,552</u>

At a General Meeting of the Company's shareholders held on 21 May 2021, it was approved that the Company issue to Mr. Mark Johnson 3,853,552 unsecured Convertible Notes in accordance with the convertible note subscription agreement entered into by the Company on 20 April 2021.

The consideration for the issuance of these Convertible Notes is the cancellation/extinguishment by Mr Johnson's of all amounts owing by the Company to Mr Johnson (or his nominee) immediately after the completion of a debt novation agreement which was also presented to and passed by shareholders at the same General Meeting.

On 28 May 2021, the Company received from Mr. Johnson a Conversion Notice to covert 865,000 Convertible Notes into 8,650,000 shares at an issue price of \$0.10 per share. Mr Johnson converted a further 1,100,000 Convertible Notes to 11,000,000 shares in July 2021 and another 916,992 to 9,619,920 shares in June 2022. This reduced the Convertible Notes outstanding as at 30 June 2022 to \$1,008,311 (2021: \$2,988,552).

The Convertible Note Agreement approved by shareholders at the above meeting, provides for interest to be capitalised annually at a rate of 5% per annum. Interest expense of \$108,720 has been accrued during the year to meet this requirement.

Directors Loans

During the financial year Mr Johnson lent a total of \$3,000,000 unsecured loan with interest payable at 5% p.a., repayable on 185 days' notice. Interest of \$23,700 has been accrued as at 30 June 2022.

Mr Baghdadi made a short-term loan of \$100,000 on 2 June 2022 which was repaid in July. No interest was payable.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

15 LOANS

Current

Short term loans

Loan US Eagle Federal Credit Union

Non-current

Loan US Eagle Federal Credit Union

Less: capitalised borrowing costs

Other loans

	30-Jun-22	30-Jun-21
	\$	\$
	615,069	
	332,205	-
	947,274	-
	13,819,608	9,091,718
	(811,018)	
	43,559	
	13,052,149	9,091,718

As announced to the market on 24 March 2021, the Company has secured a working capital facility of \$9,091,718 (US\$6,847,882). The loan has a maturity date of 23 March 2031. The first 3 years of the loan are interest only followed by principal and interest for the remainder of the term. The interest rate is 2.75% plus the US prime rate per annum (based on a 360-day year). The interest rate at 30th June 2022 was 6.25%. The facility is secured and ringfenced by the Company's Gold Links project in Colorado USA. In January 2022 the Company borrowed a further US\$3,000,000. This loan has a 10-year maturity date, interest and principal monthly repayments immediately. Interest is payable at 2.75% plus the US prime rate per annum.

All those facilities have been fully drawn down at balance date.

16 CONTRIBUTED EQUITY

(a) Share Capital

Ordinary Capital - Number of Shares

Ordinary Capital - Paid Up

	Consolidated 30-Jun-22	30-Jun-21
	495,730,320	380,776,200
	\$46,986,850	\$36,942,050

(b) Movements in Share Capital

1 July 2021 **Opening Balance**
14 Jul 2021 Issue of shares
02 Aug 2021 Issue of shares
03 Aug 2021 Convertible Notes conversion
05 Oct 2021 Issue of shares
14 Apr 2022 Issue of shares
26 Apr 2022 Issue of shares
26 Apr 2022 Convertible Notes conversion
17 Jun 2022 Issue of shares
22 Jun 2022 Issue of shares

	Consolidated No. of Shares	\$
	380,776,200	36,942,050
	600,000	-
	42,133,333	3,792,000
	11,000,000	1,100,000
	3,422,222	308,000
	1,910,000	210,100
	3,218,645	127,400
	9,619,920	961,992
	25,060,000	2,506,000
	17,990,000	1,799,000
	-	(759,692)
Closing Balance	495,730,320	46,986,850

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

27 May 2021 (after receiving the approval of shareholders at a General Meeting on 21 May 2021), the Company did effect a 25 to 1 consolidation of fully paid ordinary shares. This reduced the number of fully paid ordinary shares from 8,831,078,076 shares to 353,243,021 as at 27 May 2021.

On 28 May 2021 (after receiving the approval of shareholders at a General Meeting on 21 May 2021), the Company did issue to related parties a total of 18,883,179 fully paid ordinary shares (Mr. Stephen Baghdadi : 16,420,156 and Mr. Bill Lannen : 2,463,023). These shares were issued with the consideration payable by Mr. Baghdadi and Mr. Lannen for the shares funded by an interest free and limited recourse loan advanced by the Company. Under AASB2, the issuance of these shares is treated as share based payments, the value of these were assessed by Directors based on information including an independent valuation (using an option pricing model) at \$1,302,939 and are recorded in the Share Based Payments Reserve (Note 17).

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. At shareholders meetings, each ordinary share is entitled to one vote per share when a poll is called, otherwise each shareholder has one vote on a show of hands.

At 30 June 2022 there were 495,730,320 (2021: 380,776,200) fully paid ordinary shares on issue, which are freely tradeable, other than 600,000 escrowed until 14 July 2023, 800,000 escrowed until 14 April 2023, 423,729 escrowed until 14 April 2024 and 1,694,916 escrowed until 14 April 2025. There are no preference shares on issue.

(c) Capital Management

The Group's capital includes share capital, reserves and accumulated losses. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to achieve this, the Group may issue new shares in order to meet its financial obligations. There are no externally imposed capital requirements.

17 RESERVES

	30-Jun-22	30-Jun-21
	\$	\$
Option Valuation Reserve	1,137,873	270,161
Foreign Currency Translation Reserve	(2,270,334)	(646,988)
Share Based Payments Reserve	1,680,846	1,302,939
	<u>548,385</u>	<u>926,112</u>

Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of foreign controlled subsidiaries.

Option Valuation Reserve

Balance at 30 June 2020 - \$211,830

19,704,184 unlisted options recognised in the options valuation reserve at \$149,786 were issued on 11 December 2020¹

10,000,000 unlisted options recognised in the options valuation reserve at \$211,830 lapsed on 31 December 2020.

10,000,000 unlisted options recognised in the options valuation reserve at \$120,375 were issued on 26 March 2021²

Balance at 30 June 2021 - \$270,161

6,000,000 unlisted options valued at \$63,485 lapsed on 28 February 2022²

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

4,000,000 unlisted options valued at \$56,890 was removed from the options valuation reserve on 28 February 2022²

7,200,000 unlisted options recognised in the options valuation reserve at \$582,453 were issued on 27 April 2022³

10,000,000 unlisted options recognised in the options valuation reserve at \$264,022 were issued on 30 June 2022⁴

In relations to the 19,704,184 options issued on 11 December 2020, \$141,607 was recognised in the options reserve over the vesting period¹

Balance at 30 June 2022 - \$1,137,873

¹On 11 December 2020, 19,704,184 options were issued to directors as approved by shareholders at the Annual general Meeting on 4 December 2020. The assessed fair value at grant date of options issued was \$456,133. The fair value at grant date is determined using the Black Scholes Model. The options vest in 3 equal tranches. The first at 30k tonnes of production. The second at 60k tonnes of reserves and the third at 60k tonnes of production.

The model inputs for the options granted included:

- (a) Exercise price: \$0.09575
- (b) Grant date: 11 December 2020
- (c) Expiry date: 11 December 2024
- (d) Share price at grant date: \$0.05
- (e) Expected price volatility of the Company's shares: 100%
- (f) Risk-free interest rate: 0.25%

²On 26 March 2021 10,000,000 options were issued to pay the facilitators of the Colosseum transaction. The assessed fair value at grant date of options issued was \$120,375. The fair value at grant date is determined using the Black Scholes Model. 6,000,000 of the options lapsed on 28 February 2022. We believe the remaining 4,000,000 options are unlikely to achieve its vesting conditions. We have therefore reversed \$120,375 from the options reserve and taken an expense in the profit & loss.

The model inputs for the options granted included:

- (a) Exercise price: \$0.15 for 6,000,000 unlisted options and \$0.20 for 4,000,000 unlisted options
- (b) Grant date: 26 March 2021
- (c) Expiry date: 6,000,000 28 February 2022 and 4,000,000 28 February 2023
- (d) Share price at grant date: \$0.10
- (e) Expected price volatility of the Company's shares: 100%
- (f) Risk-free interest rate: 0.41%

³On 27 April 2022 7,200,000 options were issued in consideration of the provision of loan funds. The assessed fair value at grant date of options issued was \$582,453. The fair value at grant date is determined using the Black Scholes Model.

The model inputs for the options granted included:

- (a) Exercise price: \$0.11
- (b) Grant date: 27 April 2022
- (c) Expiry date: 27 April 2024
- (d) Share price at grant date: \$0.135

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

- (e) Expected price volatility of the Company's shares: 105%
- (f) Risk-free interest rate: 2.38%

⁴On 30 June 2022 10,000,000 options were issued to various suppliers. 5,000,000 issued in consideration of loans made and vest immediately. 5,000,000 are escrowed for 9 months. Of these 500,000 are conditional on mining approval at Colosseum, 1,500,000 are conditional on commencing operations at the Colosseum mine and 3,000,000 conditional on mining production targets being met. The assessed fair value at grant date of options issued was \$471,000. The fair value at grant date is determined using the Black Scholes Model.

The model inputs for the options granted included:

- (a) Exercise price: 5,000,000 at \$0.10, 2,000,000 at \$0.13, 1,000,000 at \$0.15 and 2,000,000 at \$0.20
- (b) Grant date: 30 June 2022
- (c) Expiry date: 30 June 2024 – (the 2,000,000 options issued at \$0.20 have an expiry date of 30 June 2025)
- (d) Share price at grant date: \$0.10
- (e) Expected price volatility of the Company's shares: 105%
- (f) Risk-free interest rate: 2.73%

Share Based Payments Reserve

On 28 May 2021 (after receiving the approval of shareholders at a General Meeting on 21 May 2021), the Company did issue to related parties a total of 18,883,179 fully paid ordinary shares (Mr. Baghdadi: 16,420,156 and Mr. Lannen : 2,463,023). These shares were issued with the consideration payable by Mr. Baghdadi and Mr. Lannen for the shares funded by an interest free and limited recourse loan advanced by the Company. Under AASB2, the issuance of these shares is treated as share-based payments, the cost of these were independently valued (using an option pricing model) at \$1,302,939 and are recorded in the Share Based Payments Reserve.

7,000,000 unlisted options recognised in the share-based reserve at \$357,161 were issued on 30 July 2021

On 30 July 2021 7,000,000 options were issued to PAC Partners. The assessed fair value at grant date of options issued was \$357,161. The fair value at grant date is determined using the Black Scholes Model.

The model inputs for the options granted included:

- (a) Exercise price: \$0.135
- (b) Grant date: 30 July 2021
- (c) Expiry date: 30 July 2023
- (d) Share price at grant date: \$0.09
- (e) Expected price volatility of the Company's shares: 130%
- (f) Risk-free interest rate 0.02%

On 14 July 2021 the Company issued to two employees 400,000 and 200,000 fully paid ordinary shares. These shares were issued with the consideration payable by the employees for the shares funded by interest free and limited recourse loans of \$40,000 and \$20,000 advanced by the Company, secured against the 400,000 and 200,000 ordinary shares respectively. Under AASB2, the issuance of

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

these shares is treated as share-based payments, the cost of these were independently valued (using an option pricing model) at \$20,746 and are recorded in the Share Based Payments Reserve.

18 EARNINGS PER SHARE

The calculation of basic loss per share at 30 June 2022 was based on the loss attributable to ordinary shareholders of \$14,359,734 (2021 : loss \$5,894,399) and a weighted average number of shares outstanding during the financial year ended 30 June 2022 of 436,141,402 (2021 : 332,547,427) calculated as follows :

(a) Basic profit/(loss) per share	30-Jun-22	30-Jun-21
Net profit/(loss) per share attributable to ordinary equity holders of the Company (\$)	(\$14,359,734)	(\$5,894,399)
Weighted average number of ordinary shares	436,141,402	332,547,427
Continuing operations		
- Basic profit/(loss) per share (cents)	(3.2924)	(1.7725)

(b) Diluted profit/(loss) per share

Potential ordinary shareholders are not considered dilutive, thus diluted profit/(loss) per share is the same as basic loss per share.

19 RIGHT-OF-USE ASSETS (NON-CURRENT)

	30-Jun-22	30-Jun-21
	\$	\$
Mining Equipment - right of use	2,964,031	-
Less: Accumulated depreciation	(327,180)	-
	<u>2,636,851</u>	<u>-</u>
Motor Vehicles - right of use	607,769	-
Less: Accumulated depreciation	(226,176)	-
	<u>381,593</u>	<u>-</u>

Additions to the right-of-use assets during the year were \$3,571,800.

The consolidated entity leases motor vehicles and mining equipment under agreements of between one to three years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The consolidated entity leases other equipment under agreements of less than one year, those leases are either short-term or low-value, so have been expensed as incurred and not capitalised as right-of-use assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

20 LEASE LIABILITIES

	30-Jun-22	30-Jun-21
	\$	\$
Lease liabilities (current)	1,960,983	-
Lease liabilities (non-current)	1,800,223	-

21 FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments consist of deposits with banks, receivables, other financial assets and payables. At the reporting date, the Group had the following mix of financial assets and liabilities.

	30-Jun-22	30-Jun-21
	\$	\$
Financial Assets		
Cash & cash equivalents	1,936,037	7,092,069
Trade & other receivables	36,659	355,614
Financial Assets	661,813	1,057,795
Bonds	1,117,724	-
	<u>3,752,233</u>	<u>8,505,478</u>
Financial Liabilities		
Trade & other payables	9,949,980	7,397,478
Short term loans	947,274	-
Financial liabilities to related parties	4,132,011	2,988,552
Lease liabilities	3,761,206	-
Long term loans	13,052,149	9,091,718
	<u>31,842,620</u>	<u>19,477,748</u>
Net exposure	<u>(28,090,387)</u>	<u>(10,972,270)</u>

Financial risk management

The main risks arising from the Group's financial instruments are interest rate risk, credit risk, foreign currency risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. Primary responsibility for identification and control of financial risks rests with the Board of Directors.

(a) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group is exposed to interest rate risk as it invests funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate deposits.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	30-Jun-22	30-Jun-21
Financial Assets	\$	\$
Cash & cash equivalents	1,936,037	7,092,069
Financial liability – long term loan	(13,053,149)	-

Sensitivity

Based on the cash and cash equivalent held on 30 June 2022, had the interest rate increased by 1%, the group's post-tax loss would have been decreased by \$19,360 and had the interest rate decreased. By 1% the group's post tax loss would have been increased by \$19,360. Based on the cash and cash equivalent held on 30 June 2021, had the interest rate increased by 1%, the group's post-tax loss would have been decreased by \$70,920 and had the interest rate decreased by 1% the group's post tax loss would have been increased by \$70,920.

The Company has 3 long terms loans totaling US\$9,847,000 (2021: \$6,847,000). Interest is payable monthly at the US Prime Rate plus 2.75% p.a. Currently the interest rate is 6% p.a.

Based on the borrowings at held on 30 June 2022, had the interest rate increased by 1%, the group's post-tax loss would have been increased by \$US98,470 (\$A135,670) and had the interest rate decreased by 1% the group's post tax loss would have been decreased by \$US98,470 (\$A\$135,670). Based on the borrowings held on 30 June 2021, had the interest rate increased by 1%, the group's post-tax loss would have been increased by US\$68,470 (\$A92,128) and had the interest rate decreased by 1% the group's post tax loss would have been decreased by US\$68,470 (\$A92,128).

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financing loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The carrying amount of financial assets recorded in the financial statements, net of any provision for losses, represents the Group's maximum exposure to credit risk. All trade and other receivables are due within 30 days and none are past due.

(i) Cash and cash equivalents

The Group's primary banker is Commonwealth Bank of Australia (2021 : Commonwealth Bank of Australia). The Board considers the use of this financial institution, which has a short term rating of AA- from Standards and Poors to be sufficient in the management of credit risk with regards to these funds.

	30-Jun-22	30-Jun-21
	\$	\$
Cash at Bank and short term banks deposits	1,936,037	7,092,069

(ii) Trade & other receivables

While the Group has policies in place to ensure that transactions with third parties have an appropriate credit history, the management of current and potential credit risk exposures is limited as far as is considered commercially appropriate. Up to the date of this report, the Board has placed no requirement for collateral on existing debtors.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

(b) Foreign currency risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US and Fijian dollar. Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the Company's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting. The group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian Dollars, was as follows:

	<u>30-Jun-22</u>	<u>30-Jun-21</u>
	\$	\$
Cash at Bank and short-term bank deposits	294,953	5,967,154
Financial assets	1,765,758	-
Payables	(2,678,058)	(6,867,350)
Borrowings	(14,210,441)	(9,091,718)

SENSITIVITY

At 30 June 2022, had the Australian dollar weakened by 10% against the US and Fijian dollar, with all other variables being constant, the net assets of the group would have reduced by \$1,497,726 (2021: \$1,110,213) and loss would have increased by \$1,497,726 (2021: \$1,110,213).

At 30 June 2022, had the Australian dollar strengthened by 10% against the US and Fijian dollar, with all other variables being constant, the net assets of the group would have increased by \$1,225,413 (2021: \$908,356) and loss would have reduced by \$1,225,413 (2021: \$908,356).

Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The Group manages liquidity risk by continually monitoring cash reserves and cash flow forecasts to ensure that financial commitments can be met as and when they fall due.

The terms of the group's financial liabilities are detailed in notes 13, 14 and 15.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

22 KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key management personnel compensation

	<u>30-Jun-22</u>	<u>30-Jun-21</u>
	\$	\$
Compensation by category		
Short term employee benefits	<u>580,140</u>	<u>546,000</u>
	<u>580,140</u>	<u>546,000</u>

Information regarding individual Directors and Executive compensation and some equity instruments disclosures as permitted by Corporations Regulation 2M.3.03 is provided in the remuneration report section of the Directors' report.

(b) Material contracts

(i) Directors' Deeds of Indemnity

With every Director appointment, the Group enters into a deed of indemnity, insurance and access with each of its Directors. Under these deeds, the Group agrees to indemnify each Director to the extent permitted by the Corporations Act 2001 against any liability arising as a result of the Director acting in the capacity as a Director of the Group. The Group is also required to maintain insurance policies for the benefit of the Directors and must also allow the Directors to inspect Group documents in certain circumstances.

(ii) Loans to Directors

On 28 May 2021 (after receiving the approval of shareholders at a General Meeting on 21 May 2021), the Company did issue to related parties a total of 18,883,179 fully paid ordinary shares (Mr. Stephen Baghdadi : 16,420,156 and Mr. Bill Lannen-: 2,463,023). These shares were issued with the consideration payable by Mr. Baghdadi and Mr. Lannen for the shares funded by an interest free and limited recourse loan advanced by the Company. Under AASB2, the issuance of these shares is treated as share-based payments, the cost of these were independently valued (using an option pricing model) at \$1,302,939 and are recorded in the Share Based Payments Reserve (Note 17).

Other Fees Paid to/accrued for Directors

Other than that provided in the remuneration section of the Directors' report, there were no other fees paid to Directors.

(iii) Balances outstanding

As at 30 June 2022 the following amounts were unpaid to KMP and or Directors:

	<u>30-Jun-22</u>	<u>30-Jun-21</u>
	\$	\$
Mr Baghdadi	-	238,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

23 RELATED PARTY DISCLOSURES

(i) Key management personnel

Disclosures relating to directors and executives are set out in note 22 Key Management Personnel Disclosures.

(ii) Transactions with related parties

FINANCIAL LIABILITIES TO RELATED PARTIES	30-Jun-22	30-Jun-21
	\$	\$
Current		
Loan – Mr. Mark Johnson	3,023,700	-
Convertible Notes Mr. Mark Johnson	160,240	-
Loan – Mr. Stephen Baghdadi	100,000	-
	<u>3,283,940</u>	<u>-</u>
Non-Current		
	-	-
Convertible Notes Mr. Mark Johnson	<u>848,071</u>	<u>2,988,552</u>
	<u>848,071</u>	<u>2,988,552</u>

At a General Meeting of the Company's shareholders held on 21 May 2021, it was approved that the Company issue to Mr. Mark Johnson 3,853,552 unsecured Convertible Notes in accordance with the convertible note subscription agreement entered into by the Company on 20 April 2021.

The consideration for the issuance of these Convertible Notes is the cancellation/extinguishment by Mr Johnson's of all amounts owing by the Company to Mr Johnson (or his nominee) immediately after the completion of a debt novation agreement which was also presented to and passed by shareholders at the same General Meeting.

The total debt owed to Mr. Johnson as at 21 May 2021, was \$3,853,552.

On 28 May 2021, the Company received from Mr. Johnson a Conversion Notice to covert 865,000 Convertible Notes into 8,650,000 shares at an issue price of \$0.10 per share. Mr Johnson converted a further 1,100,000 Convertible Notes to 11,000,000 shares in July 2021 and another 916,992 to 9,619,920 shares in June 2022. This reduced the Convertible Notes outstanding as at 30 June 2022 to \$1,008,311 (2021: \$2,988,552).

The Convertible Note Agreement approved by shareholders at the above meeting, provides for interest to be capitalised annually at a rate of 5% per annum. Interest expense of \$108,730 has been accrued during the year to meet this requirement.

Directors Loans

During the financial year Mr Johnson lent a total of \$3,000,000 unsecured loan with interest payable at 5% p.a., repayable on 185 days' notice. Interest of \$23,700 has been accrued as at 30 June 2022.

Mr Baghdadi made a short-term loan of \$100,000 on 2 June 2022 which was repaid in July. No interest was payable.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

(iii) Subsidiaries and associates

Name of subsidiary	Country of Incorporation	Ownership Interest (%) 30.6.22	Ownership Interest (%) 30.6.21
Dateline Fiji Pty Limited	Australia	100%	100%
Matai Holdings (Fiji) Ltd	Fiji	100%	100%
Golden Phoenix Resources Limited	Australia	100%	100%
Golden Phoenix Australia Pty Ltd	Australia	100%	100%
Gunnison Gold Pty Ltd	Australia	100%	100%
Colosseum Mines Pty Ltd	Australia	100%	100%
Fossil Creek Mines LLC	USA	100%	100%
CRG Mining LLC	USA	100%	100%
Saguache Mining LLC	USA	100%	100%
SLV Minerals LLC	USA	100%	100%
Colosseum Rare Metals Inc.	USA	100%	100%
ALSH LLC	USA	100%	100%
Sooner Lucky Strike Mine LLC	USA	100%	100%

During the year ended 30 June 2021, Colosseum Mines Pty Ltd and Colosseum Rare metals Inc, were incorporated on 24 March 2021 and 26 March 2021 respectively.

24 COMMITMENTS

(a) Operating Commitments

	30-Jun-22	30-Jun-21
	\$	\$
Within one year	1,506,929	-
After one year but not more than five years	407,163	-
Total minimum commitment	<u>1,914,092</u>	<u>-</u>

The commitments above are subject to mining expenditure. They relate to the exploration tenements granted to, and under application by the Group.

(b) Exploration and Evaluation Commitments

There were no exploration and evaluation commitments at year end.

25 SUBSEQUENT EVENTS

On 31 August 2022 the Company announced the issue of 44,067,500 fully paid ordinary shares raising \$4,406,750 (before costs) at \$0.10 per new share.

The Gold Links mining contractor commenced legal action against the Company for US\$850k, whilst the Company is claiming a similar amount pursuant to the rights under the mining contract.

No other matter or event has arisen since 30 June 2022 that would be likely to materially affect the operations of the Group, or the state of affairs of the Company not otherwise as disclosed in the Group's financial report.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

26 CONTINGENT LIABILITIES

For the year ended 30 June 2022 and for the year ended 30 June 2021, the following contingent liabilities existed.

There are contracted contingent liabilities in regard to Royalty Arrangements to the vendors of CRG Mining LLC. (CRG). The vendors of CRG are entitled to receive royalty payments at a rate of US\$50 for each ounce of gold produced from any mining operations conducted on the acquired tenements up to a maximum of US\$5 million (Maximum Amount). Regardless of production, an aggregate minimum amount of US\$2.5 million will be paid by 31 December 2022 which is included in the deferred consideration. (Refer note 13).

On the acquisition of Sooner Lucky Strike Mine there is a contingent liability in regard to Royalty Arrangements to the vendors of ALSH LLC. (ALSH). The vendors of ALSH are entitled to receive royalty payments at a rate of US\$50 for each ounce of gold produced from any mining operations conducted on the acquired tenements up to a maximum of US\$5 million (Maximum Amount). Regardless of production, an aggregate minimum amount of US\$2.5 million will be paid by 31 December 2022 which is included in the deferred consideration. (Refer note 13).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Royalties payable to the previous owner of Gunnison Property

During the year ended 30 June 2018 the Company acquired freehold land over the Gold Links property. The agreement entitles the previous owner of this land to Royalty payments as detailed below:

The Company shall pay Royalties to the previous owner based on a percentage of Net Smelter Returns based on the Gold Price per Ounce as follows:

Gold Price per Ounce (USD)	Ownership Percentage of Net Smelter Returns
\$1,000 and below	1.0%
\$1,001 to 1,500	An Additional 0.1% for every \$100 in excess of \$1,000 up to \$1,500
\$1,501 to \$2,000	2.0%
\$2,001 to \$5,500	2.0% plus additional 0.1% for every \$100 in excess of \$2,000 up to \$5,500
\$5,501 and above	7.0%

The percentage will be adjusted bi-annually if the total amount of gold produced over a 6 month period is greater than one ounce per ton. The adjustment is calculated by multiplying the average Ownership Percentage of Net Smelter returns during each 6 month period by the Gold Ratio. The Gold Ratio is the ratio of the amount of ounces of gold produced verses the tonnes of ore mined and milled.

The maximum percentage payable is capped at 7%.

Minimum payment if no production occurs

If no production is undertaken after 31 October 2018 the previous owner is entitled to US\$15,000 per calendar year if the following condition is met:

A commercial quantity (as determined by the previous owner's project engineer and geologist) of ore is available

Colosseum Gold Mine

In March 2021, the Company entered into an agreement with LAC Minerals (USA) LLC, a wholly owned subsidiary of Barrick Gold Corporation to acquire the Colosseum Gold Mine, located in San Bernadino County, California. Colosseum was originally discovered in the early 1970's, with production of ~344,000 ounces of gold between 1988 and 1993 from two open pits. At the time of closure, the gold price was at a cyclical low below \$350/oz. No exploration has been undertaken at the site over the past 25 years.

In October 2021 Dateline announced that all outstanding conditions precedent for the completion of the acquisition had been fulfilled. As part of the transaction, Dateline has provided US\$770,000 in reclamation bonds to replace the Barrick bonds with the relevant authorities. At this time the Company cannot reliably estimate the cost or timing of any remediation expenditure that may be required.

As part of the acquisition a further payment of US\$1,500,000 to Barrick will be payable following successful completion of a bankable feasibility study or commencement of site development for the extraction of ore or sale of the properties. Barrick is also entitled to a 2.5% Net Smelter Return royalty of all future production of any metals from the mine.

27 DIVIDENDS

No dividend has been paid during the financial year and no dividend is recommended for the financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

28 REMUNERATION OF AUDITORS

	30-Jun-22	30-Jun-21
	\$	\$
(a) HLB Mann Judd Assurance (NSW) Pty Ltd		
An audit or review of the financial report of the Company	60,000	54,000
	<u>60,000</u>	<u>54,000</u>
(b) HLB Mann Judd (NSW) Pty Ltd		
Income tax services	-	20,000
	<u>-</u>	<u>20,000</u>

29 PARENT ENTITY INFORMATION

(a) Financial Position

	30-Jun-22	30-Jun-21
	\$	\$
Assets		
Current assets	10,063,826	1,073,332
Non-current assets	27,819,600	27,810,535
Total Assets	<u>37,883,426</u>	<u>28,883,867</u>
Liabilities		
Current liabilities	12,941,467	448,674
Non-Current liabilities	928,730	8,820,971
Total Liabilities	<u>13,870,197</u>	<u>9,269,645</u>
Net Assets	<u>24,013,229</u>	<u>19,614,222</u>
Equity		
Issued equity	45,524,865	35,480,067
Reserves	3,247,896	2,002,281
Accumulated losses	(24,759,532)	(17,868,126)
Total Equity	<u>24,013,229</u>	<u>19,614,222</u>

(b) Financial Performance

Profit/(Loss) for the year	(6,891,406)	(2,309,055)
Other comprehensive income	-	-
Total Comprehensive Income	<u>(6,891,406)</u>	<u>(2,309,055)</u>

(c) Guarantees Entered Into By The Parent Entity

No guarantees have been entered into by the parent entity in relation to the debts of its subsidiaries.

(d) Commitments And Contingencies of the Parent Entity

There were no commitments and contingencies for the parent entity as at 30 June 2022 or 30 June 2021 other than that disclosed in notes 24 and 26.

30. ENTITIES ACQUIRED DURING THE YEAR

Year ended 30 June 2022 - NIL
Year ended 30 June 2021 - NIL

DIRECTOR'S DECLARATION FOR THE YEAR ENDED 30 JUNE 2022

In the Directors' opinion:

- a) the financial statements and notes set out on pages 12 to 46 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date, and
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 2(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Equivalent Chief Executive Officer and the Equivalent Chief Financial Officer required by Section 295A of the Corporations Act 2001.

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

On behalf of the Board of Directors



Mr Mark Johnson
Non-Executive Chairman
4th October 2022

INDEPENDENT AUDITOR'S REPORT



Independent Auditor's Report to the Members of Dateline Resources Limited

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

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

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

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material Uncertainty Regarding Going Concern

We draw attention to Note 2(g) in the financial report, which indicates that the Group incurred a net loss of \$14,359,734 during the year ended 30 June 2022 and, as of that date, the current liabilities exceeded its current assets by \$12,159,417. As stated in Note 2(g), these events or conditions, along with other matters as set forth in Note 2(g), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT



Key Audit Matters

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

Key Audit Matter	How our audit addressed the key audit matter
Share based payments and option valuation Note 17	
The Group provides benefits to Directors and others in the form of share based payment transactions, whereby the Directors or others render services and receive shares or the option to purchase shares. These share based payment transactions are classified by the Group as equity settled share based payment transactions.	Our procedures included but were not limited to: Considering the design and implementation of controls surrounding review of valuations at the Board level;
The accounting for share based payments is a key audit matter because the expense recognised incorporates a judgemental value. Black Scholes model's include inputs which require judgement.	Obtaining agreements for options and limited recourse share purchase loans and assessing the accounting treatment in conjunction with the terms;
The share based payment expenses were split between share based payment expenses / reserves or option valuation expenses / reserves, depending on their type as requested by management, however, are all captured under AASB 2 Share Based Payments.	Obtaining management or expert valuation using Black Scholes models and supporting the inputs in the calculations to publicly available data;
Options issued to directors were valued by management using a Black Scholes model, and the vesting periods were determined by the directors. These options were accounted for in the option valuation reserve.	Considering the objectivity, competence and capabilities of any management expert used; Examining the disclosures made in the financial report.
Limited recourse share purchase loans, which were accounted for as options under AASB 2 Share Based Payments were valued with the assistance of an expert valuer who also used a Black Scholes model. The limited recourse share purchase loans are within the share based payments reserve.	
The impact on the financial report for the year ended 30 June 2022 reflected a profit or loss charge of \$316,568 to share based payments expense and \$346,593 to option valuation expense.	

Information Other than the Financial Report and Auditor's Report Thereon

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

INDEPENDENT AUDITOR'S REPORT



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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

INDEPENDENT AUDITOR'S REPORT



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

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

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

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

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

In our opinion, the Remuneration Report of Dateline Resources 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.

A handwritten signature in black ink that reads 'HLB Mann Judd'.

HLB Mann Judd Assurance (NSW) Pty Ltd
Chartered Accountants

Sydney, NSW
4 October 2022

A handwritten signature in black ink that appears to read 'M. Muller'.

M D Muller
Director

ADDITIONAL INFORMATION FOR THE YEAR ENDED 30 JUNE 2022

The following additional information was applicable as at 21 October 2022.

1. Number of Holders of each class of equity security and the voting rights attached:

Class of Security	No. of Holders	Voting Rights Attached
Ordinary Shares	1,141	Each shareholder is entitled to one vote per share held
Unlisted Options	47	N/A

There are a total of 434,509,533 ordinary fully paid shares on issue. There are no shares subject to voluntary escrow.

2. Distribution schedule of the number of holders of fully paid ordinary shares is as follows:

Distribution of Holders	Number of Fully Paid Ordinary Shareholders
1 - 1,000	141
1,001 - 5,000	116
5,001 - 10,000	135
10,001 - 100,000	406
100,001 and above	343

3. Holders of non-marketable parcels

Holders of non-marketable parcels are deemed to be those who shareholding is valued at less than \$500.

- There are 296 shareholders who hold less than a marketable parcel of shares.
- The number of fully paid ordinary shareholdings held in less than marketable parcels is 653,012.

4. Substantial shareholders

As at report date there are three substantial shareholders.

5. Share buy-backs

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

ADDITIONAL INFORMATION FOR THE YEAR ENDED 30 JUNE 2022

6. Top 20 Shareholders

The top 20 largest fully paid ordinary shareholders together held 65.78% of the securities in this class and are listed below:

	Holder Name	Holding	% IC
1	Mark Johnson	98,394,958	17.51%
2	SSX	95,832,698	17.05%
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	53,259,187	9.48%
4	Stephen Baghdadi	26,028,541	4.63%
5	MUTUAL TRUST PTY LTD	12,302,000	2.19%
6	SPINITE PTY LTD	9,400,000	1.67%
7	BOND STREET CUSTODIANS LIMITED<MCAM - V94194 A/C>	9,011,111	1.60%
8	MR KEVIN STEPHEN DAVIS & MRS ANNETTE MARIA DAVIS <THE DAVIS SUPER'N FUND A/C>	7,711,500	1.37%
9	BNP PARIBAS NOMS PTY LTD<DRP>	7,216,664	1.28%
10	CITICORP NOMINEES PTY LIMITED	5,904,715	1.05%
11	MR CLIVE THOMAS	4,978,934	0.89%
12	J STUART FOLEY & AUGHTON PTY LTD<FOLEY FAMILY A/C>	4,900,000	0.87%
13	BICKHAM COURT SUPERANNUATION PTY LTD<BC SUPER FUND A/C>	4,810,393	0.86%
14	MR ROBERT GEOFFREY PAGE & MRS ANGELA MARGARET PAGE <PAGE GROUP SUPER FUND A/C>	4,360,000	0.78%
15	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	4,065,403	0.72%
16	ONE MANAGED INVESTMENT FUNDS LTD<STRATEGIC GLOBAL A/C>	4,001,884	0.71%
17	JCR INVESTMENTS CO P/L<ADRIAN VENUTI FAMILY 3 A/C>	4,000,000	0.71%
17	SUNTRACK INVESTMENTS (BEVILLE) PTY LTD <SUNTRACK INV (BEVILLE) A/C>	4,000,000	0.71%
18	MR ANDREW JOHN PATTERSON	3,628,667	0.65%
19	TORNADO NOMINEES PTY LTD<ANGUS MIDDLETON S/F A/C>	3,016,598	0.54%
20	TORNADO NOMINEES PTY LTD<ANGUS MIDDLETON S/F A/C>	2,900,000	0.52%
	Total	369,723,253	65.78%
	Total issued capital	562,080,320	100.00%

7. Unquoted Equity Securities

The Company has no listed unquoted equity securities on issue

8. Interest in Mining Licences

The Company is an exploration entity, below is a list of its interest in licences, where the licences are situated and the percentage of interest held.

Project	Description / Number	Ownership	Location
Gold Links Permitted Mine	36 Patented Claims	100%	Colorado USA
Gold Links Permitted Mine	20 Unpatented Claims	100%	Colorado USA
Lucky Strike Permitted Mine	32 Patented Claims	100%	Colorado USA
Lucky Strike Permitted Mine	75 Unpatented Claims	100%	Colorado USA
Raymond & Carter Permitted Mine	81 Patented Claims	100%	Colorado USA
Raymond & Carter Permitted Mine	6 Unpatented Claims	100%	Colorado USA
Colosseum Permitted Mine	3 Patented Claims	100%	California USA
Colosseum Permitted Mine	80 Unpatented Claims	100%	California USA
Udu	SPL1387	100%	Fiji
Udu	SPL1396	100%	Fiji

For personal use only

ASX:DTR

T: + 61 (0)439 449 999

datelineresources.com.au

**DATELINE
RESOURCES**

