

Sierra Nevada Gold Inc

ARBN 653 575 618

Annual Report - 31 December 2022

For personal use only

| | |
|--|---|
| Directors | Peter Moore, Executive Chairman Robert Gray, Non-executive Director Alan Wilson, Non-executive Director |
| Company secretary | Tony Panther |
| Registered office - United States of America | Suite 210, 241 Ridge Street Reno, Nevada 89501 United States of America |
| Registered office - Australia | C/o Vistra Australia Pty Ltd Level 4, 96-100 Albert Road South Melbourne VIC 3205 AUSTRALIA Phone: +61 3 9692 7222 |
| Principal place of business | Suite 101, 5470 Louie Lane Reno, Nevada 89511 United States of America |
| Share Registry | Computershare Investor Services Pty Limited Yarra Falls, 452 Johnston Street Abbotsford VIC 3067 Australia Telephone: 1300 850 505 (within Australia); +61 3 9415 4000 (outside Australia) |
| Auditor | RSM Australia Partners Level 21, 55 Collins Street Melbourne VIC 3000 |
| Stock exchange listing | Sierra Nevada Gold Inc Chess Depositary Interest (CDI's) are listed on the Australian Securities Exchange (ASX code: SNX) |
| Website | www.sngold.com.au |

Letter from the Chairman

Dear Fellow Shareholders,

Welcome to the 2022 Annual Report for Sierra Nevada Gold Limited (ASX: SNX). It gives me great pleasure to present this report, our first since completing an Initial Public Offer (IPO) and listing of its Chess Depositary Interests (CDIs) on the Australian Securities Exchange (ASX) on 29 April 2022.

During 2022, we drilled four of our five projects in Nevada, USA, namely the Colorback, New Pass and Warrior projects and our porphyry target at Blackhawk.

The highlight of the first year of operations was the excellent results received from the Warrior Project – it will now be the focus of our activities in 2023. We are excited by the large number of exploration targets identified and by the scale of the interpreted mineral system at Warrior.

An initial drilling program at Warrior was completed in December and six reverse circulation (RC) holes were drilled for 1329m. The drilling program has strongly indicated a large mineral system at Warrior with high-grade gold targets identified over more than 10km of strike.

During the year, we also completed a 1200m diamond core hole at our Blackhawk copper-gold porphyry project. Blackhawk is already a world-class sized porphyry system with significant potential to host porphyry-related copper-gold mineralisation. The results of this drilling are expected in Q2 2023. In addition, we are continuing geological work on the coincidentally occurring Blackhawk Epithermal Vein System project that previously returned high-grade precious and base metal rock chip results and we plan to follow up a discovery hole drilled in 2018.

Elsewhere, we completed initial drilling at the New Pass project, with four holes. New Pass displays all the characteristics of a large-scale mineral system. It has witnessed both historic and more recent mining with high-grade, vein-hosted gold mineralisation exposed at surface and exploited to approximately 150m below surface. We have commenced targeted drilling both down dip and along strike of already defined veins, and we believe that New Pass has potential to deliver a high-grade gold resource.

Drilling at the Colorback Project was also completed during the year and recent assay results from RC drilling succeeded in verifying the historic drilling that outlined zones of near-surface oxidised gold mineralisation. We interpret these as leakage anomalies from deeper mineralisation. Colorback is located in the prolific Battle Mountain Trend in the immediate vicinity of the world-class Cortez and Pipeline mining centres as well as the neighbouring Robertson deposit, which is expected to produce at least 250,000 ounces of gold per year over a 10-plus year mine life for Barrick Gold.

I would like to thank my fellow Board members for their support and our entire team for the hard work throughout the year. I'm particularly proud of the strong start to the exploration work across our entire portfolio following our successful IPO, which marked a significant achievement for the Company. I also thank our Shareholders for their support in our first year as a publicly listed company.

SNX has a strong portfolio of highly prospective projects that our experienced management and technical team, which has proven success in Nevada, believe will yield discoveries for the benefit of all stakeholders. I look forward to an exciting year as we strive to realise value for all shareholders, and I thank you for your support in that quest.



Peter Moore
Executive Chairman

For personal use only

The directors present the report, together with the financial statements, of the consolidated entity (referred to hereafter as the 'Consolidated Entity') consisting of Sierra Nevada Gold Inc (referred to hereafter as the 'Company' or 'parent entity') and the entity it controlled at the end of, or during, the year ended 31 December 2022.

Directors

The following persons were directors of Sierra Nevada Gold Inc during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr Peter Moore
Mr Michael Ramsden (resigned 14 July 2022)
Mr Robert Gray
Dr Alan Wilson

Principal activities

During the financial year the principal continuing activities of the Consolidated Entity consisted of exploration and evaluation of the Consolidated Entity's five mineral exploration projects across the state of Nevada, USA.

The Consolidated Entity also carried out work on its Initial Public Offering (IPO) and listing of its CDIs on the Australian Securities Exchange (ASX). The IPO prospectus was issued in March 2022 and the IPO was completed in April 2022. The Consolidated Entity listed on the ASX in May 2022.

Dividends

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

Review of operations

The loss for the Consolidated Entity for the year after providing for income tax amounted to \$2,568,300 (2021: loss of \$1,124,996)

The loss for the current year was higher than the corresponding prior year due mainly to increases in the Consolidated Entity's activities, and resultant costs, arising from its Initial Public Offer (IPO) and ASX listing process. These were reflected by an increase in Administration expenses (in particular new employment-related expenses arising from new appointments of directors and employees) and specific costs related to the IPO and listing costs, including additional costs for capital raising, legal and consulting services.

Net assets have increased by \$9,331,465 from \$6,150,257 at 31 December 2022 to \$15,481,722 at the end of the financial year (2021: decreased by \$895,316 from \$7,045,573 to \$6,150,257), with the increase attributable to the issue of new IPO shares partially offset by the operating loss referred to above.

The Consolidated Entity continued its exploratory activities on its Nevada exploration projects. The Consolidated Entity expended \$3,771,480 on geological consulting, exploration and evaluation assets during the year (2021: \$1,061,216).

Overview of activities

Sierra Nevada Gold Limited (ASX: SNX) has been actively engaged in the acquisition and exploration of precious and base metal projects in the highly prospective mineral trends in Nevada, USA since 2011. The Company is exploring five 100%-controlled projects in Nevada, comprising four gold and silver projects and a large copper/gold porphyry project, all representing significant discovery opportunities for the Company.

SNX listed on the Australian Securities Exchange (ASX) in May 2022.

Blackhawk Project

SNX has identified two major and extensive components of a large mineralised system at its Blackhawk Project – an epithermal component and a porphyry component.

The Blackhawk epithermal vein system is prospective for high-grade, structurally controlled Ag-Au and base metal deposits and is partially coincident with, and adjacent to, the northern edge of the extensive Blackhawk porphyry system. At least eight historic mining areas were operated within the Blackhawk epithermal vein system between the 1860s and the early 1900s, the main mining areas being around the Endowment, Morning Star and Blackhawk mines. The epithermal vein system covers an area of approximately 5km² and contains up to 22-line kilometres of mostly untested veins.

The porphyry system is defined by a world-class scale, fertile alteration system measuring more than 30km², which remains open. Centrally, the porphyry system is marked by a 4km diameter ring of historic mines that have exploited various porphyry style mineralisation types which is, in turn located coincidentally with a large +13km² zone of high chargeability (sulphides) defined by IP geophysics. The porphyry system is regarded as having significant potential to host porphyry-related Cu-Au mineralisation. The Blackhawk Project consists of 636 contiguous 20-acre claims covering 49km², close to existing highways and extensive infrastructure.

An Induced Polarisation (IP) survey of the Blackhawk copper-gold porphyry project in the tier-one mining jurisdiction of Nevada, USA, added to SNX's understanding of the large sulphide alteration system that underpins Blackhawk. SNX's program of IP built on previous successful surveys the Company has completed since 2017. SNX acquired more than 62-line km of high quality DP-DP IP data over the porphyry target. This dataset defines a very large and significant sulphide shell (+13km², and open) that outcrops and underlies the mapped, large and zoned prograde and retrograde porphyry alteration system. The IP data reinforced other complementary datasets underpinning the interpretation that the large hydrothermal alteration footprint mapped at Blackhawk is the result of a multiphase porphyry mineralised system.

Since 2014, SNX has acquired numerous complimentary exploration datasets including drilling, detailed helimagnetics, close-spaced gravity data, spectral data, soil and rock geochemical surveys and detailed geological/alteration mapping programs over the Blackhawk Project. These helped define a substantial and fertile mineral system with a large porphyry footprint and a well-developed epithermal vein component. These datasets have allowed SNX to generate numerous high quality drill targets on both the porphyry and epithermal systems, with a high-grade discovery beneath the Endowment Mine (BHD006).

Drilling

During the July quarter, SNX commenced drilling at Blackhawk, following the arrival of a core rig on site. SNX tested several key targets within the Blackhawk porphyry system, which have undergone progressive modelling using a wide range of geological, geochemical and geophysical exploratory techniques.

SNX completed the first diamond core hole (SNX001D) to a total depth of 1196.98m. SNX planned the hole to test depth extensions of previously mined high-grade precious and base metal and porphyry style "D" type veins, and the northern limits of a large and vertically attenuated high chargeability anomaly. It also aimed to test a well-defined zone of high resistivity interpreted as a potential zone of alteration and/or intrusion. SNX extended the hole beyond the planned depth of 800m to a total depth of 1196.98m, due to encountering encouraging porphyry style alteration throughout the hole.

Core processing, logging, and sampling is underway, and assays are expected in Q1 CY2023.

SNX's RC rig completed casing of an RC pre-collar to 301m for a second planned diamond core hole (SNX002RCD) targeting copper/gold porphyry mineralisation.

New Pass Project

The New Pass Project is prospective for vein-style gold deposits and jasperoid-hosted, Carlin-style gold deposits within the NW orientated Austin Trend. The Austin Trend is south of, and parallel to, the prolific Carlin and Battle Mountain Trends of central Nevada. The New Pass Project centres on the New Pass Mining centre, which until recently produced gold at an estimated average grade of 17g/t Au from two parallel NS striking quartz veins. Approximately 40koz of gold (non-JORC) is estimated to have been extracted by various private operators over its history.

The New Pass Project contains 6.5km of largely unexplored structurally prospective strike, most of which is covered by thin post mineral sediments and volcanics. Large scale argillic alteration with highly anomalous zinc is present 1km northwest from the main mining centre and presents Sierra Nevada with an immediate prospective area to test outside of the mined areas.

The New Pass mining centre displays all the characteristics of a large-scale mineral system. It has witnessed both historic and more recent mining with high grade, vein-hosted gold mineralisation exposed at surface and exploited to approximately 150m below surface. North-south oriented gold-bearing veins are present at the historically and recently worked Superior, Thomas West, Gold Belt and Valley View mines and the lightly prospected and exploited Julie, Lander, True-Blue, and Wildcat zones. Complementary datasets across the project indicate a large-scale and highly prospective structural, hydrothermal, and geochemical setting for the formation of vein deposits.

With targeted drilling both down dip and along strike of already defined veins, SNX believes that a pathway to a high-grade gold resource can be mapped within 18 months. Considerable potential also exists north of the mine area within the "Saddle Target", an area of extensive argillic and sulphide alteration displaying highly enriched zinc anomalism.

Drilling

By December 2022, SNX had completed the first six holes (1353m) of the planned Phase 1, 3600m reverse circulation (RC) drill program at New Pass. SNX announced its first assays which included 1.22m @ 26.7g/t gold from 186.53m downhole in NP001RC. This hole intersected the Superior Vein down dip beneath the current level of mining and represents an 80m depth extension of this high-grade gold structure.

NP001RC also intersected 1.22m @ 7.79g/t gold from the near-surface expression of the True Blue Vein, a sub-parallel vein to the Superior Vein that has only seen minor historical mining. This is the first exploration drill hole to intersect the True Blue vein structure. Given this strong first drilling result, SNX plans to further test the True Blue structure as part of its ongoing explorations of the New Pass Project.

Later in December, SNX reported it had identified visible gold in one of its recently completed reverse circulation (RC) holes at New Pass. Drill hole NP006RC, drilled to test the southern extension of the Thomas West (Thomas W) vein below the historic Thomas W mine, successfully intersected what is interpreted to be the main Thomas W vein between 274.32m and 275.54m. Assay results from NP006RC and the remaining drill holes are expected in Q1 CY2023.

The impressive first results attest to SNX's belief that New Pass has the potential to host a significant high-grade gold vein system. Drilling is planned to resume as soon as practicable following winter.

Warrior Project

The Warrior Project centred on a large historic mining centre hosted within a substantial alteration system that is prospective for high-grade vein and disseminated Au-Ag epithermal, skarn breccia and Carlin style deposits. The Warrior Mineral system is analogous to the 20Moz Round Mountain deposit in the trend, and is well located 15km along strike from the high-grade Paradise Peak High Sulphidation epithermal Au/Ag deposit (+2MozAu, 40Moz Ag), 4km NE of the Simon Mine (high-grade polymetallic Ag).

The Warrior Project hosts a large mining camp with four main centres, each of which exploited high-grade epithermal mineralisation, with the Warrior, Hillside, Cute Maid, and Lou Mines mutually aligned on a prominent northeast lineament. The largest of these is located at the northeast of the camp where records from the 1920s reveal bonanza grade veins were sampled, over significant vein lengths including 90m at 52.38g/t Au (Discovery Shaft Level 1), 15m at 59.93g/t Au (Discovery Shaft Winze) and 33m at 27.35g/t Au (Gold Coin Shaft). To date, no follow-up drilling has been recorded.

SNX's initial drilling program aims to target the historically mined Discovery Shaft and Gold Coin mine areas, where historic sampling of remnant vein material (circa 1920s) suggest bonanza grade veins are present. SNX commenced a 2000m initial RC drilling program at its Warrior project and a three-line, 9km Dipole-Dipole Induced Polarisation (DDIP) survey targeting interpreted hydrothermal fluid conduits/outflow zones potentially feeding the known mining centres. Six holes were completed (WARC007-12) before the onset of winter conditions.

Colorback Project

The Colorback project is situated within the heart of the Battle Mountain Trend (BMT), which hosts the giant Pipeline deposit (20Moz gold), the Cortez Complex (15Moz gold) and Barrick's Goldrush and Fourmile discoveries (+15Moz gold and growing) as well as the Robertson deposit, which is under development by Nevada Gold Mines, a joint venture between Barrick and Newmont. The BMT is a remarkable gold province that hosts several world-class gold deposits with total production and reserves of more than 100Moz Au.

Through its data acquisition and exploration program, SNX identified large-scale fertile structures with the potential to host a significant Carlin-style mineral system within the Colorback project.

Drilling

In October, SNX completed its maiden drill program at the Colorback gold project, completing five reverse circulation (RC) holes for 378m. The Colorback holes aimed to confirm previous historic drilling by testing a shallow oxide gold target situated within the intersection of two major structures, a northwest trending structure that can be traced back to the Cortez Complex mine and a NNE trending structure that can be traced back to the Pipeline deposit. First results from this drilling were reported in February 2023.

Next Steps

The remaining assay results from this first program of RC and core drilling are to be returned and reported during early H1 CY2023, with the resumption of RC drilling planned to commence in H1 2023 once weather conditions allow. Field activities including geological mapping and sampling is planned to recommence during H1 CY2023. The resumption of Induced Polarisation geophysical programs at Warrior and the Blackhawk epithermal vein targets is planned to commence during H1 CY2023.

Corporate

SNX commenced trading on the ASX on 3 May 2022 after an IPO which raised A\$10M. It is using funds raised in the IPO for planned exploration programs on its projects, project generation, as well as IPO costs and general working capital requirements.

SNX's Board and Management comprises an experienced team with US\$12M invested in project generation and exploration over the past 10 years.

At SNX's general meeting held on 23 August 2022, all resolutions passed via a poll. These were:

- Re-election of Mr Robert Gray as a Director of the Company
- Approval of 10% Placement Capacity

Material business risks

The Consolidated Entity is subject to a range of risks, some specific to the Company and its Consolidated Entity's business activities, and others being general risks arising from and affecting the general economy as a whole.

An outline of these risks was included in the Consolidated Entity's Prospectus, issued in March 2022.

Current material risks most relevant to the Consolidated Entity and its future prospects, are:

Covid-19 or other pandemic risks

The global pandemic COVID-19 is having a significant and material impact on global markets and providing substantial impingement on the day-to-day operations of businesses. In particular, Covid-19 or other pandemics may prevent the Consolidated Entity from carrying out its planned exploration activities, disrupt its supply chains, lead to increases in costs of goods and services and affect access to employees and contractors. The current pandemic may also have a severe negative impact on the economies in which Sierra Nevada operates, which may affect Sierra Nevada's ability to raise capital, decrease incomes of the Consolidated Entity and/or affect its ability to pay its creditors in the event that its operations are negatively affected.

The Board is constantly assessing the status of COVID-19 and is seeking alternative potential suppliers of goods and services to minimise the risk of disruption to operations.

Continuity of tenure of mining claims

The ownership of mineral rights, patented mining claims, unpatented mining claims are governed by Nevada law. The procedures for the location and maintenance of unpatented mining claims are governed by United States law and Nevada law.

The Consolidated Entity follows the mandated processes under the relevant Nevada and United States legislation to ensure continuity of its mining tenure and planned activities and maintains internal monitoring procedures to ensure all federal annual mining claim maintenance fee obligations are identified and paid in a timely manner.

Drilling operations health and safety risks

The conduct of the Consolidated Entity's exploratory drilling operations, often in remote locations, may give risk to occupational health and safety risks for the Consolidated Entity's employees and contractors.

The Consolidated Entity ensures that it only engages drilling contractors which have in place comprehensive occupational health and safety policies and procedures which comply with all relevant legislative and industry requirements. The Consolidated Entity also ensures that its employees and contractors undergo applicable training and induction processes. The Consolidated Entity also carries all required employee compensation insurances.

Environmental risks

The operations and activities of the Consolidated Entity are subject to State and Federal laws and regulations concerning the environment. As is typical of most exploration projects and mining operations globally, the Consolidated Entity's activities may have an impact on the local environment of operation, particularly if advanced exploration or mine development proceeds. Such impact can give rise to substantial costs for environmental rehabilitation, damage, control and losses.

The Consolidated Entity ensures that it complies with relevant laws relating to its exploration operations and, where applicable, undertakes any required rehabilitation processes.

Foreign exchange risks

The Consolidated Entity is domiciled in, and undertakes its exploration operations in, the United States and the majority of its expenditure is incurred in US dollars. However, as it has securities listed on the Australian Securities Exchange, it expects a portion of its ongoing costs, including listing, compliance and some employment-related costs, to be incurred and paid in Australian dollars.

The Consolidated Entity has decided not to actively manage its foreign exchange risks arising from this structure. In order to minimise ongoing foreign exchange currency risks, the Consolidated Entity has estimated future Australian dollar-denominated costs that it expects to incur, in the short to medium term, and will hold Australian dollars to match those expected expenditures as far as practicable.

Significant changes in the state of affairs

On 27 January 2022, the Company issued 300,000 Performance Shares as Restricted Stock Units (RSUs) under the Company's Equity Incentive Plan to Alan Wilson, Non-Executive Director of the Company.

On 27 January 2022, the Company issued 300,000 Performance Shares as Restricted Stock Units (RSUs) under the Company's Equity Incentive Plan to Michael Ramsden, Non-Executive Director of the Company.

On 27 January 2022, the Company issued 600,000 Performance Shares as Restricted Stock Units (RSUs) under the Company's Equity Incentive Plan to Robert Gray, Non-Executive Director of the Company.

On 27 January 2022, the Company issued 1,050,000 Performance Shares as Restricted Stock Units (RSUs) under the Company's Equity Incentive Plan to Brett Butlin, Chief Geologist of the Company.

On 27 February 2022, all Series 1 Converting Notes were converted to 5,047,928 shares in the Company.

On 21 April 2022, the IPO's application period closed with the IPO having raised approximately A\$10,031,000 (approximately US\$7.1m), exclusive of costs of the IPO. These funds were raised pursuant to the offer under its replacement prospectus dated 10 March 2022 by the issue, on 27 April 2022, of 20,062,000 CHESS Depository Interests ('CDIs') at an issue price of A\$0.50 per CDI.

On 22 April 2022, all Series 2 Converting Notes were converted to 6,865,065 shares in the Company.

On 27 April 2022, the Company issued 1,782,210 options, with an exercise price of A\$0.625 (62.5 Australian cents) and an expiry date of 27 April 2025 to Bell Potter, as consideration for lead manager services in connection with the Company's IPO.

On 28 April 2022, the Company issued 1,095,000 Performance Shares as Restricted Stock Units (RSUs) under the Company's Equity Incentive Plan to Peter Moore, Executive Chairmen of the Company.

On 29 April 2022, The Consolidated Entity was admitted to the Official List of ASX.

On 14 July 2022, the Consolidated Entity announced that Mr Michael Ramsden had resigned as a Non-Executive Director of the Consolidated Entity. 300,000 Performance Shares held by Mr Ramsden lapsed upon his resignation.

On 18 August 2022, the Consolidated Entity released 817,800 CDIs from escrow.

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

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Likely developments and expected results of operations

The Consolidated Entity expects to continue its exploration activities on its Nevada projects, as described in the "Review of Operations" section of this report.

Environmental regulation

The Consolidated Entity is not subject to any significant environmental regulation under Australian Commonwealth or State law as it does not conduct exploration activities in these jurisdictions.

The Company's operations are subject to general environmental regulation under the laws of the state of Nevada (USA) in which it operates. This regulation is contained in the Nevada Revised Statutes and the Nevada Administrative Code.

In addition, the various exploration claims held by the Company impose environmental obligations on it in relation to site remediation following sampling and drilling programs. The Board is aware of these requirements and management has been instructed to ensure that they are complied with. The Company engages an experienced and qualified local environmental consultant to assist it in managing all of its environmental and rehabilitation obligations and drill permitting necessary for its exploration activities in Nevada.

The Board of Directors are not aware of any breaches of these environmental regulations and license obligations during the year.

Information on directors

| | |
|--------------------------------------|---|
| Name: | Peter Moore |
| Title: | Executive Chairman |
| Qualifications: | B.A., LLB |
| Experience and expertise: | Peter is a former commercial lawyer and the founder and President and CEO of Sierra Nevada since 2011. He has over 40 years' experience in the resource exploration space. Peter owned and managed Geoflite USA Inc., a geo technical consulting company, for over 20 years operating extensively in the USA and worldwide. Peter was formerly founder and Managing Director of former ASX listed K2 Energy Limited (NSX:KTE) Peter holds Bachelor of Laws and Bachelor of Arts degrees from Monash University. |
| Other current directorships: | None |
| Former directorships (last 3 years): | None |
| Interests in shares: | 3,213,027 Chess Depository Interests (CDIs) (equivalent to 3,213,027 shares of common stock (Shares)) |
| Interests in options: | 1,095,000 Performance Shares as Restricted Stock Units (RSUs) under the Company's Equity Incentive Plan |

Name: Robert Gray
Title: Non-executive Director
Qualifications: B. Comm, MSc.
Experience and expertise: Robert has over 30 years' experience in corporate and project finance, M&A, funds management and private equity investment in the natural resources sector in Australia, USA, Europe and sub Saharan Africa including with RMB Resources Ltd and Bankers Trust. Robert is an Executive Director of Main Ridge Capital Partners.

Robert holds a Bachelor of Commerce from the University of Western Australia and a MSc in Mineral Economics from the Colorado School of Mines.

Other current directorships: None
Former directorships (last 3 years): None
Interests in shares: 818,415 Chess Depositary Interests (CDIs) (equivalent to 818,415 shares of common stock (Shares))
Interests in options: 600,000 Performance Shares as Restricted Stock Units (RSUs) under the Company's Equity Incentive Plan

Name: Alan Wilson
Title: Non-executive Director
Qualifications: BSc, MSc, PhD, CGeol
Experience and expertise: Alan is an economic geologist with over 28 years of experience in the exploration for base and precious metal deposits globally. He has held senior exploration and business development roles with major companies including Antofagasta, Anglo American, Newcrest and BHP. Alan has extensive experience in large scale Cu-Au porphyry systems including completing his PhD thesis on the Cadia Au-Cu Porphyry deposit in NSW.

Alan is a non-executive director of Faraday Copper Corp, listed on the Canadian Stock Exchange (CSE:FDY) and Heliostar Metals Limited, listed on the Toronto stock exchange (TSX.V:HSTR).

Alan has a PhD in Economic Geology from the University of Tasmania, an MSc in Exploration and Mining Geology from Leicester University and a BSc in Geology from Edinburgh University. Alan is a Fellow of the Society of Economic Geologists, a Fellow of the Geological Society of London and holds Chartered Geologist accreditation through the Geological Society.

Other current directorships: Faraday Copper Corp. (CSE: FDY)
Heliostar Metals Limited (TSX.V:HSTR)
Former directorships (last 3 years): None
Interests in shares: None
Interests in options: 300,000 Performance Shares as Restricted Stock Units (RSUs) under the Company's Equity Incentive Plan.

Name: Michael Ramsden
Title: Non-executive Director
Qualifications: LLB.
Experience and expertise: Michael is the Managing Director and founding Director of Terrain Capital. He is qualified lawyer with more than 30 years' experience as a corporate adviser with experience in funds management, mergers and acquisitions, corporate restructuring, equity raising and the general provision of corporate advice. Michael has worked for various international companies including CIBC Australia, JP Morgan and Scandinavian Pacific Investments Limited and he was formally a Director of D&D Tolhurst Stockbrokers and Tolhurst Corporate Ltd. He is the current Chairman of Australia Mines Limited (ASX:AUZ), Cremorne Capital Limited (Responsible Entity for the listed Lowell Resources Fund), African Mahogany Australia Pty Ltd and is Vice Chairman of the Victoria Racing Club.

Other current directorships: Australia Mines Limited (ASX:AUZ)
Former directorships (last 3 years): None
Interests in shares: N/A

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

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

Company secretary

Mr Anthony Panther CA AGIA ACIS

Mr Panther has over 30 years' experience in a variety of fields. Following completion of university commerce and law degrees he worked as an external auditor with a major international chartered accounting firm and has progressed to a range of internal audit, compliance, senior finance and company secretarial roles with a number of ASX-listed and unlisted public companies covering financial services, utilities, biotech, IT services and environmental technologies. He specialises in financial reporting and company secretarial practice.

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 31 December 2022, and the number of meetings attended by each director were:

| | Full Board Attended | Full Board Held |
|-------------|------------------------|--------------------|
| Peter Moore | 3 | 3 |
| Robert Gray | 3 | 3 |
| Alan Wilson | 3 | 3 |

Held: represents the number of meetings held during the time the director held office.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Consolidated Entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations. The remuneration amounts appearing in the remuneration report are presented in US dollars, which is the Company's functional and presentation currency.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

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

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

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

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

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

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration

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

For additional duties in assisting management beyond the normal time commitments of Non-Executive Directors, Non-Executive Directors are paid at a rate that is agreed between the Consolidated Entity and the Director, with the amounts approved by the Board.

Non-executive directors have also been awarded performance shares which, upon achievement of the relevant vesting conditions, shall convert to fully paid ordinary shares in the Company. The vesting conditions and the number of performance shares to which they apply for each non-executive director, are as follows:

| Director | Vesting Condition | | |
|-------------|--|--|---|
| | Completion of IPO & 12 months service after IPO completion | Completion of IPO & 24 months service after IPO completion | Completion of IPO & 12 months service after IPO completion + share price achieving 20 Day VWAP of 75c |
| Robert Gray | 300,000 | 150,000 | 150,000 |
| Alan Wilson | - | 150,000 | 150,000 |

Executive remuneration

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

The executive remuneration and reward framework has four components:

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

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

Fixed remuneration, consisting of base salary and superannuation are reviewed annually by the Board, based on individual and business unit performance, the overall performance of the Consolidated Entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Consolidated Entity and provides additional value to the executive. However, there are no fringe benefits programmes are currently in place.

The long-term incentives ('LTI') include long service leave and share-based payments. Executives, including the Executive Chairman, have been awarded performance shares which, upon achievement of the relevant vesting conditions, shall convert to fully paid ordinary shares in the Company. The vesting conditions and the number of performance shares to which they apply for each executive, are as follows:

| Executive | Completion of IPO & 12 months service after IPO completion | | | |
|--------------|--|--|--|---|
| | Completion of IPO & 12 months service after IPO completion | Completion of IPO & 24 months service after IPO completion | Completion of IPO & 36 months service after IPO completion | Completion of IPO & 12 months service after IPO completion + share price achieving 20 Day VWAP of 75c |
| Peter Moore | - | 365,000 | 365,000 | 365,000 |
| Brett Butlin | 120,000 | 310,000 | 310,000 | 310,000 |

Consolidated entity performance and link to remuneration

Remuneration for certain individuals is directly linked to the performance of the Consolidated Entity. As noted above, the vesting of some performance share is dependent on defined share price targets being met. Refer to the section 'Additional information' below for details of the earnings and total shareholders return for the last five years.

The Board is of the opinion that the continued improved results can be attributed in part to the adoption of performance based compensation and is satisfied that this improvement will continue to increase shareholder wealth if maintained over the coming years.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the Consolidated Entity are set out in the following tables.

The key management personnel of the Consolidated Entity consisted of the following directors of Sierra Nevada Gold Inc:

- Mr Peter Moore - Executive Chairman
- Mr Michael Ramsden - Non-Executive Director (Resigned effective 14 July 2022)
- Mr Robert Gray - Non-Executive Director
- Dr. Alan James Wilson - Non-Executive Director
- Mr. Brett Butlin – Chief Geologist

| 31 December 2022 | Short-term benefits | | Post-employment benefits | Share-based payments | Total |
|--|----------------------------|--------------------|--------------------------|----------------------|------------------|
| | Cash salary and fees \$ | Annual Leave \$ | Super-annuation \$ | Equity-settled \$ | |
| <i>Non-Executive Directors:</i> | | | | | |
| Mr Robert Gray | 42,008 | - | - | 133,500 | 175,508 |
| Dr. Alan Wilson | 34,324 | - | - | 57,092 | 91,416 |
| Mr Michael Ramsden* | 50,836 | - | - | - | 50,836 |
| <i>Executive Directors:</i> | | | | | |
| Mr Peter Moore** | 229,647 | 20,151 | 13,701 | 146,670 | 410,169 |
| <i>Other Key Management Personnel:</i> | | | | | |
| Brett Butlin*** | 210,082 | 17,259 | 15,585 | 178,623 | 421,549 |
| | <u>566,897</u> | <u>37,410</u> | <u>29,286</u> | <u>515,885</u> | <u>1,149,478</u> |

* Resigned effective 14 July 2022

** Mr Moore received bonus shares to a value of \$117,000 during the year ended 31 December 2021 in relation to past services performed.

*** Appointed 1 February 2022

The proportion of remuneration linked to performance and the fixed proportion are as follows:

| Name | Fixed remuneration | Fixed remuneration | At risk - STI | | At risk - LTI | |
|--|--------------------|--------------------|------------------|------------------|------------------|------------------|
| | 31 December 2022 | 31 December 2021 | 31 December 2022 | 31 December 2021 | 31 December 2022 | 31 December 2021 |
| <i>Non-Executive Directors:</i> | | | | | | |
| Mr Robert Gray | 24% | - | - | - | 76% | - |
| Mr Alan Wilson | 38% | - | - | - | 62% | - |
| Mr Michael Ramsden | 100% | - | - | - | - | - |
| <i>Executive Directors:</i> | | | | | | |
| Mr Peter Moore | 64% | - | - | 100% | 36% | - |
| <i>Other Key Management Personnel:</i> | | | | | | |
| Brett Butlin | 58% | - | - | - | 42% | - |

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: Mr Peter Moore
Title: Executive chairman
Agreement commenced: 1 March 2022
Term of agreement: Ongoing
Details: Mr Peter Moore's fixed remuneration is United States Dollars (**US\$**) equivalent of AUD\$380,000 per annum being \$USD285,000 for the first year of this Agreement and thereafter the applicable exchange rate to be applied to the agreed base annual salary for each subsequent year, shall be reviewed on each anniversary of this Agreement and the US\$ to AUD exchange rate to be applied to the base annual salary for each year of this Agreement shall be calculated based on the US\$ to AUD\$ exchange rate published by Bloomberg for the relevant prior 12 months (**Base Salary**); plus superannuation or retirement benefits payable under relevant legislation.

The executive can terminate the agreement with three (3) months' notice. The Company can terminate the agreement with six (6) months' notice, or payment in lieu thereof.

Name: Mr Robert Gray
Title: Non-Executive Director
Agreement commenced: 8 December 2021
Term of agreement: Ongoing
Details: Mr Gray's fixed remuneration is A\$60,000 per annum.

Name: Dr Alan James Wilson
Title: Non-Executive director
Agreement commenced: 8 December 2021
Term of agreement: Ongoing
Details: Dr Wilson's fixed remuneration is A\$60,000 per annum.

Name: Mr. Brett Butlin
 Title: Chief Geologist
 Agreement commenced: 1 February 2022
 Term of agreement: Ongoing
 Details: Mr. Butlin's fixed remuneration is A\$330,000 (Plus statutory superannuation) per annum.

The executive can terminate the agreement with three (3) months' notice. The Company can terminate the agreement with three (3) months' notice, or payment in lieu thereof.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

There were no fully paid ordinary shares issued to directors and other key management personnel as part of compensation during the year ended 31 December 2022.

Options

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 31 December 2022.

There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 31 December 2022.

An Equity Incentive Plan (the Plan) has been established by the Consolidated Entity, whereby the Consolidated Entity may issue securities to certain key management personnel of the Consolidated Entity.

Performance shares

An Equity Incentive Plan (the Plan) has been established by the Consolidated Entity, whereby the Consolidated Entity may issue securities to certain key management personnel of the Consolidated Entity. The Consolidated Entity has issued Performance Shares to directors and executive under the Plan.

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

| Grant date | Vesting date and exercisable date | Expiry date | Share price hurdle for vesting (A\$) | Fair value per performance share at grant date |
|------------|-----------------------------------|-------------|--------------------------------------|--|
| 27/01/2022 | 28/04/2023 | 27/01/2026 | \$0.00 | \$0.344 |
| 27/01/2022 | 28/04/2024 | 27/01/2026 | \$0.00 | \$0.344 |
| 27/01/2022 | 28/04/2023 | 27/01/2026 | \$0.75 | \$0.323 |
| 27/01/2022 | 28/04/2025 | 27/01/2026 | \$0.00 | \$0.341 |
| 28/04/2022 | 28/04/2024 | 28/04/2026 | \$0.00 | \$0.330 |
| 28/04/2022 | 28/04/2025 | 28/04/2026 | \$0.00 | \$0.330 |
| 28/04/2022 | 28/04/2023 | 28/04/2026 | \$0.75 | \$0.319 |

The Performance Shares were issued for a nil issue price. Subject to fulfilment of the relevant vesting conditions, as set out below, each Performance Share will entitle the holder to subscribe for one fully paid ordinary share in the Company for a nil exercise price. These grants of Performance Shares were made under the Equity Incentive Plan. The purpose of the issue of the Performance Shares is to advance the interests of the Consolidated Entity and its shareholders by providing an incentive to attract, retain and reward persons performing services for the Consolidated Entity and by motivating such persons to contribute to the growth and profitability of the Consolidated Entity. Performance Shares will lapse on the fourth anniversary of their grant date, if not converted to Shares before that date.

Performance Shares granted carry no dividend or voting rights.

The number of Performance Shares over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 31 December 2022 are set out below:

| Name | Number of performance shares granted during the year 31 December 2022 | Number of performance shares granted during the year 31 December 2021 | Number of performance shares vested during the year 31 December 2022 | Number of performance shares vested during the year 31 December 2021 |
|-----------------|---|---|--|--|
| Peter Moore | 1,095,000 | - | - | - |
| Robert Gray | 600,000 | - | - | - |
| Alan Wilson | 300,000 | - | - | - |
| Michael Ramsden | 300,000 | - | - | - |
| Brett Butlin | 1,050,000 | - | - | - |

Values of Performance Shares over ordinary shares granted, vested and lapsed for directors and other key management personnel as part of compensation during the year ended 31 December 2022 are set out below:

| Name | Value of performance shares granted during the year \$ | Value of performance shares vested during the year \$ | Value of performance shares lapsed during the year \$ | Remuneration consisting of performance shares for the year % |
|-----------------|--|---|---|--|
| Mr Peter Moore | 357,444 | - | - | 76% |
| Mr Robert Gray | 203,055 | - | - | 62% |
| Dr Alan Wilson | 99,975 | - | - | 33% |
| Michael Ramsden | 99,975 | - | (99,975) | - |
| Brett Butlin | 353,433 | - | - | 42% |

Additional information

The earnings of the Consolidated Entity for the five years to 31 December 2022 are summarised below:

| | 2022 \$ | 2021 \$ | 2020 \$ | 2019 \$ | 2018 \$ |
|---------------------------------|-------------|-------------|-----------|-----------|-----------|
| Profit/(loss) before income tax | (2,568,300) | (1,124,996) | (640,798) | (332,007) | (389,147) |
| Profit/(loss) after income tax | (2,568,300) | (1,124,996) | (640,798) | (332,007) | (389,147) |

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|------|------|------|------|------|
| Share price at financial year end (Australian cents per share) | 0.21 | - | - | - | - |
| Loss per share (US cents per share) | 5.49 | 4.74 | - | - | - |

Additional disclosures relating to key management personnel

Shareholding

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

| | Balance at the start of the year | Received as part of remuneration | Additions | Disposals/ other | Balance at the end of the year |
|------------------------|----------------------------------|----------------------------------|--------------|------------------|--------------------------------|
| <i>Ordinary shares</i> | | | | | |
| Peter Moore | 3,213,027 | - | - | - | 3,213,027 |
| Robert Gray | 818,415 | - | - | - | 818,415 |
| Brett Butlin | 1,547,287 | - | 4,000 | - | 1,551,287 |
| Michael Ramsden* | 615,996 | - | - | (615,996) | - |
| | <u>6,194,725</u> | <u>-</u> | <u>4,000</u> | <u>(615,996)</u> | <u>5,582,729</u> |

* Resigned effective 14 July 2022

Performance shares holding

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

| | Balance at the start of the year | Granted | Vested | Expired/ forfeited/ other | Balance at the end of the year |
|--|----------------------------------|------------------|----------|---------------------------|--------------------------------|
| <i>Performance shares over ordinary shares</i> | | | | | |
| Peter Moore | - | 1,095,000 | - | - | 1,095,000 |
| Robert Gray | - | 600,000 | - | - | 600,000 |
| Michael Ramsden* | - | 300,000 | - | (300,000) | - |
| Alan Wilson | - | 300,000 | - | - | 300,000 |
| Brett Butlin | - | 1,050,000 | - | - | 1,050,000 |
| | <u>-</u> | <u>3,345,000</u> | <u>-</u> | <u>(300,000)</u> | <u>3,045,000</u> |

* Resigned effective 14 July 2022

Other transactions with key management personnel and their related parties

During the financial year, management fees of \$40,000 (2021: \$240,000) were payable to Geoflite Inc. (an entity associated with Mr Peter Moore, Executive Chairman of the Company) for management services provided by that entity.

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of Sierra Nevada Gold Inc under option at the date of this report are as follows:

| Grant date | Expiry date | Exercise price (A\$) | Number under option |
|---------------|---------------|----------------------|---------------------|
| 27 April 2022 | 27 April 2025 | \$0.63 | 1,782,210 |

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares under performance shares

There were no unissued ordinary shares of Sierra Nevada Gold Inc under performance shares outstanding at the date of this report.

Unissued ordinary shares of Sierra Nevada Gold Inc under performance shares at the date of this report are as follows:

| Grant date | Expiry date | Exercise price (A\$) | Number under performance shares |
|------------|-------------|----------------------|---------------------------------|
| 27/01/2022 | 27/01/2026 | \$0.00 | 420,000 |
| 27/01/2022 | 27/01/2026 | \$0.00 | 610,000 |
| 27/01/2022 | 27/01/2026 | \$0.75 | 310,000 |
| 27/01/2022 | 27/01/2026 | \$0.00 | 610,000 |
| 28/04/2022 | 28/04/2026 | \$0.00 | 365,000 |
| 28/04/2022 | 28/04/2026 | \$0.00 | 365,000 |
| 28/04/2022 | 28/04/2026 | \$0.75 | 365,000 |
| | | | 3,045,000 |

No person entitled to exercise the performance shares had or has any right by virtue of the performance share to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of performance shares

There were no ordinary shares of Sierra Nevada Gold Inc issued on the exercise of performance shares during the year ended 31 December 2022 and up to the date of this report.

Indemnity and insurance of officers

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

Indemnity and insurance of auditor

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

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

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 32 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 32 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the company who are former partners of RSM Australia Partners

There are no officers of the Company who are former partners of RSM Australia Partners.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor

RSM Australia Partners continues in office.

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



Peter Moore
Executive Chairman

29 March 2023

For personal use only

RSM Australia Partners

Level 21, 55 Collins Street Melbourne VIC 3000

PO Box 248 Collins Street West VIC 8007

T +61 (0) 3 9286 8000

F +61 (0) 3 9286 8199

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Sierra Nevada Gold Inc for the year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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



RSM AUSTRALIA PARTNERS



R J MORILLO MALDONADO

Partner

Melbourne, Victoria

Dated: 29 March 2023

Statement of profit or loss and other comprehensive income (amounts expressed in US dollars)

For the year ended 31 December 2022

| | | Consolidated | |
|--|------|---------------------------|---------------------------|
| | Note | 31 December 2022 \$ | 31 December 2021 \$ |
| Expenses | | | |
| IPO expenses | 5 | (501,033) | (217,453) |
| Share Based payment | 30 | (515,888) | (180,000) |
| Depreciation and amortisation expense | 6 | (64,691) | (31,526) |
| Administration expenses | | (805,643) | (155,098) |
| Legal and Consulting fees | | (147,187) | (84,874) |
| Forex exchange Loss | | (172,445) | - |
| Movement in fair value of derivative financial instruments | 6 | 19,008 | (6,019) |
| Other expenses | | (90,786) | (45,683) |
| Finance costs | 6 | (289,635) | (404,343) |
| Loss before income tax expense | | (2,568,300) | (1,124,996) |
| Income tax expense | 7 | - | - |
| Loss after income tax expense for the year | | (2,568,300) | (1,124,996) |
| Other comprehensive income for the year, net of tax | | - | - |
| Total comprehensive loss for the year | | <u>(2,568,300)</u> | <u>(1,124,996)</u> |
| | | Cents | Cents |
| Basic earnings per share | 33 | (5.49) | (4.74) |
| Diluted earnings per share | 33 | (5.49) | (4.74) |

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Sierra Nevada Gold Inc
Statement of financial position (amounts expressed in US dollars)
As at 31 December 2022



| | | Consolidated | |
|--------------------------------------|-------------|-------------------------|-------------------------|
| | Note | 31 December 2022 | 31 December 2021 |
| | | \$ | \$ |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 8 | 2,576,029 | 967,393 |
| Other prepayments | 9 | 456,459 | 135,508 |
| Total current assets | | <u>3,032,488</u> | <u>1,102,901</u> |
| Non-current assets | | | |
| Plant and equipment | 10 | 133,405 | 7,677 |
| Right-of-use assets | 11 | 113,218 | 22,244 |
| Intangibles | | - | 2,401 |
| Exploration and evaluation assets | 12 | 13,169,774 | 9,398,294 |
| Other receivables | 13 | 82,392 | 77,392 |
| Total non-current assets | | <u>13,498,789</u> | <u>9,508,008</u> |
| Total assets | | <u>16,531,277</u> | <u>10,610,909</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 14 | 821,309 | 258,245 |
| Borrowings | 15 | - | 3,010,560 |
| Lease liabilities | 17 | 35,008 | 22,605 |
| Other financial liabilities | 16 | - | 1,094,050 |
| Provisions | | 41,016 | - |
| Total current liabilities | | <u>897,333</u> | <u>4,385,460</u> |
| Non-current liabilities | | | |
| Lease liabilities | 18 | 77,030 | - |
| Provisions | 19 | 75,192 | 75,192 |
| Total non-current liabilities | | <u>152,222</u> | <u>75,192</u> |
| Total liabilities | | <u>1,049,555</u> | <u>4,460,652</u> |
| Net assets | | <u>15,481,722</u> | <u>6,150,257</u> |
| Equity | | | |
| Issued capital | 20 | 20,943,302 | 9,889,846 |
| Reserves | 21 | 846,309 | - |
| Accumulated losses | | <u>(6,307,889)</u> | <u>(3,739,589)</u> |
| Total equity | | <u>15,481,722</u> | <u>6,150,257</u> |

The above statement of financial position should be read in conjunction with the accompanying notes

Sierra Nevada Gold Inc
Statement of changes in equity (amounts expressed in US dollars)
For the year ended 31 December 2022



| Consolidated | Issued capital \$ | Reserves \$ | Accumulated losses \$ | Total equity \$ |
|--|----------------------------------|------------------------|--------------------------------------|----------------------------|
| Balance at 1 January 2021 | 9,660,166 | - | (2,614,593) | 7,045,573 |
| Loss after income tax expense for the year | - | - | (1,124,996) | (1,124,996) |
| Other comprehensive income for the year, net of tax | - | - | - | - |
| Total comprehensive loss for the year | - | - | (1,124,996) | (1,124,996) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | |
| Contributions of equity, net of transaction costs (note 20) | 49,680 | - | - | 49,680 |
| Share-based payments (note 30) | 180,000 | - | - | 180,000 |
| Balance at 31 December 2021 | 9,889,846 | - | (3,739,589) | 6,150,257 |

| Consolidated | Issued capital \$ | Reserves \$ | Accumulated losses \$ | Total equity \$ |
|--|----------------------------------|------------------------|--------------------------------------|----------------------------|
| Balance at 1 January 2022 | 9,889,846 | - | (3,739,589) | 6,150,257 |
| Loss after income tax expense for the year | - | - | (2,568,300) | (2,568,300) |
| Other comprehensive income for the year, net of tax | - | - | - | - |
| Total comprehensive loss for the year | - | - | (2,568,300) | (2,568,300) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | |
| Contributions of equity, net of transaction costs (note 20) | 11,053,456 | - | - | 11,053,456 |
| Share-based payments (note 30) | - | 846,309 | - | 846,309 |
| Balance at 31 December 2022 | 20,943,302 | 846,309 | (6,307,889) | 15,481,722 |

The above statement of changes in equity should be read in conjunction with the accompanying notes

Sierra Nevada Gold Inc
Statement of cash flows (amounts expressed in US dollars)
For the year ended 31 December 2022



| | | Consolidated | |
|--|------|---------------------------|---------------------------|
| | Note | 31 December 2022 \$ | 31 December 2021 \$ |
| Cash flows from operating activities | | | |
| Payments to suppliers | | (1,475,974) | (220,126) |
| Payments to suppliers IPO | | <u>(297,472)</u> | <u>(239,707)</u> |
| | | (1,773,446) | (459,833) |
| Interest and other finance costs paid | | <u>(1,903)</u> | <u>(1,089)</u> |
| Net cash used in operating activities | 31 | <u>(1,775,349)</u> | <u>(460,922)</u> |
| Cash flows from investing activities | | | |
| Payments for property, plant and equipment | 10 | (155,482) | - |
| Payments for exploration and evaluation | 12 | (3,182,900) | (1,061,216) |
| Payments for security deposits | | <u>(5,000)</u> | <u>-</u> |
| Net cash used in investing activities | | <u>(3,343,382)</u> | <u>(1,061,216)</u> |
| Cash flows from financing activities | | | |
| Proceeds from issue of shares | 20 | 7,117,668 | 49,680 |
| Proceeds from borrowings | 15 | - | 1,894,781 |
| Share issue transaction costs | | (183,780) | (135,508) |
| Repayment of lease liabilities | | <u>(34,077)</u> | <u>(29,258)</u> |
| Net cash from financing activities | | <u>6,899,811</u> | <u>1,779,695</u> |
| Net increase in cash and cash equivalents | | 1,781,080 | 257,557 |
| Cash and cash equivalents at the beginning of the financial year | | 967,393 | 709,836 |
| Effects of exchange rate changes on cash and cash equivalents | | <u>(172,444)</u> | <u>-</u> |
| Cash and cash equivalents at the end of the financial year | 8 | <u><u>2,576,029</u></u> | <u><u>967,393</u></u> |

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Sierra Nevada Gold Inc. as a consolidated entity consisting of Sierra Nevada Gold Inc. and the entity it controlled at the end of, or during, the financial year. The financial statements are presented in US dollars, which is Sierra Nevada Gold Inc's functional and presentation currency.

Sierra Nevada Gold Inc. limited is a listed public company limited by shares, incorporated and domiciled in the United States of America.

Registered office

Suite 210, 241 Ridge Street
Reno, Nevada 89501
United States of America

Principal place of business

Suite 101, 5470 Louie Lane
Reno, Nevada 89511
United States of America

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 March 2023. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

Basis of preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (collectively known as 'Australian Accounting Standards' / 'AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board. The preparation of financial statements in compliance with adopted Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires the Consolidated Entity's management to exercise judgment in applying the Consolidated Entity's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Sierra Nevada Gold Inc. ('Company' or 'parent entity') as at 31 December 2022 and the results of all subsidiaries for the year then ended. Sierra Nevada Gold Inc. and its subsidiary together are referred to in these financial statements as the 'Consolidated Entity'. A list showing the subsidiary is included in note 28. Reporting period and accounting policies of the subsidiary are consistent with the Company.

Subsidiaries are all those entities over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity 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 Consolidated Entity. They are de-consolidated from the date that control ceases.

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

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

Note 2. Significant accounting policies (continued)

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

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

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

Going concern

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

The Consolidated Entity made a loss after tax of \$2,568,300 during the year ended 31 December 2022 and had operating cash outflows of \$1,775,349 and investing cash outflows of \$3,343,382. The continuing viability of the Consolidated Entity and its ability to continue as a going concern is dependent upon the Consolidated Entity being successful in its continuing efforts in exploration projects and accessing additional sources of capital to meet the commitments within one year from the date of signing the financial report.

Given the Consolidated Entity is still in the exploratory phase the past results were not unexpected. The Consolidated Entity's past financial losses were funded by a combination of debt and equity capital raisings.

The Directors believe that it is reasonably foreseeable that the Consolidated Entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report, after considering the following matters:

- The Consolidated Entity has nominal fixed/contracted costs and no significant commitments and has the ability and flexibility to adjust the timing and scope of its exploration and evaluation activities as funds are available;
- The Consolidated Entity's directors and senior management have provided written confirmation that they authorise the entity to partially defer cash payments of any directors' fees, salaries and other remuneration for a minimum period of twelve months from the signing of the financial statements, if such payments would jeopardise the solvency of the Consolidated Entity;
- The Consolidated Entity has a track record of raising funds when required; and
- The Company is listed on the ASX and has access to capital markets for the purpose of raising funds in the future as and when required.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Consolidated Entity only. Supplementary information about the parent entity is disclosed in note 34.

Operating segments

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

Income tax

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

Note 2. Significant accounting policies (continued)

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

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

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

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

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

Current and non-current classification

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

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

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

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

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, 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 of changes in value.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

Plant and equipment

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

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment (excluding land) over their expected useful lives as follows:

| | |
|-------------------|-----------|
| Vehicles | 5 years |
| Office equipment | 5-7 years |
| Computer hardware | 5 years |

Note 2. Significant accounting policies (continued)

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Consolidated Entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

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.

Exploration and non-financial assets

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Impairment of exploration and non-financial assets

Exploration and evaluation assets are assessed annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other non-financial assets are reviewed for indications of impairment on a regular basis.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

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

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at fair value and are Level 3 liabilities in the fair value hierarchy.

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.

Note 2. Significant accounting policies (continued)

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 that is considered to be equity in nature is not remeasured in the subsequent years. The carrying amount of the conversion option that is considered to be debt in nature is remeasured at fair value in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

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.

Provisions

Provisions are recognised when the Consolidated Entity has a present (legal or constructive) obligation as a result of a past event, it is probable the Consolidated Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

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.

Note 2. Significant accounting policies (continued)

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.

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.

Issued capital

Ordinary shares are classified as equity.

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

Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

Value Added Tax ('VAT') and other similar taxes

The Consolidated Entity is not registered for sales tax in the USA. Nor is it registered for VAT, GST, or other similar taxes in the USA, Australia, or any other jurisdiction applicable to the entity.

All expenses incurred are therefore recognised gross of any applicable sales tax or VAT, as are any liabilities payable. Accordingly, cashflows disclosed are gross of any applicable VAT and similar taxes.

Note 3. Critical accounting judgements, estimates and assumptions

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

Share-based payment transactions

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

Fair value measurement hierarchy

The Consolidated Entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

Impairment of exploration and non-financial assets

The Consolidated Entity assesses impairment of exploration and evaluation assets at each reporting date by evaluating conditions specific to the Consolidated Entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Provision for rehabilitation

A provision has been made for future costs estimated to be incurred in rehabilitating mining leases. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. These cost estimates are as per the Bureau of Land Management, who also holds a deposit from the Consolidated Entity equal to the provision of rehabilitation. This deposit is accounted for as an other non-current asset within the balance sheet of the Consolidated Entity.

The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the Consolidated Entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Note 4. Operating segments

Identification of reportable operating segments

Operating segments are identified on the basis of internal reports about the components of the Consolidated Entity that are regularly reviewed by the chief operating decision maker (the Board of the Consolidated Entity) in order to allocate resources to the segment and to assess its performance. In the current year the Board has determined that the Consolidated Entity has one operating segment, being mineral exploration within the state of Nevada, United states of America.

Assets and liabilities by geographical area

All assets and liabilities and operations are based in United states of America with the exception of an Australian Dollar bank account which is held with an Australian bank in Australia. The balance of this bank account at 31 December 2022 was US\$1,395,481.

Accounting policy for operating segment

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

Note 5. IPO expenses

| | Consolidated | |
|---|-------------------------|-------------------------|
| | 31 December 2022 | 31 December 2021 |
| | \$ | \$ |
| Accounting fees | 9,318 | 54,520 |
| Legal Fees | 97,636 | 153,489 |
| Audit Fees | 7,398 | 9,444 |
| Prospectus cost - IPO | 16,861 | - |
| Broker and manager fees - IPO | 157,656 | - |
| Broker and manager fees - IPO (share based expense) | 212,164 | - |
| | <u>501,033</u> | <u>217,453</u> |

Note 6. Expenses

| | Consolidated | |
|--|-------------------------|-------------------------|
| | 31 December 2022 | 31 December 2021 |
| | \$ | \$ |
| Loss before income tax includes the following specific expenses: | | |
| <i>Management fees</i> | | |
| Management fees (1) | - | 120,000 |
| <i>Depreciation and amortisation expense</i> | | |
| Depreciation expense | 64,691 | 31,256 |
| Share-based payments expense-employees & directors | 515,888 | 180,000 |
| Share-based payments expense- IPO expense | 212,164 | - |
| Total share based payments expense | 728,052 | 180,000 |
| <i>Finance costs</i> | | |
| Interest and finance charges paid/payable on lease liabilities | 1,903 | 1,089 |
| Interest associated with converting notes | 287,732 | 403,254 |
| Finance costs expensed | 289,635 | 404,343 |
| <i>Net loss on derivatives not qualifying as hedges</i> | | |
| Net loss on derivatives not qualifying as hedges (2) | (19,008) | 6,019 |

(1) Management fees are paid to Geoflite Inc, an entity associated with and controlled by a director of the Company, refer to note 27 for details.

(2) Movement in fair value of embedded option associated with convertible loan.

Note 7. Income tax expense

| | Consolidated | |
|--|-------------------------|-------------------------|
| | 31 December 2022 | 31 December 2021 |
| | \$ | \$ |
| <i>Numerical reconciliation of income tax expense and tax at the statutory rate</i> | | |
| Loss before income tax expense | (2,568,300) | (1,124,996) |
| Tax at the statutory tax rate of 21% | (539,343) | (236,249) |
| Tax effect amounts which are not deductible/(taxable) in calculating taxable income: | | |
| Share-based payments | 152,891 | 37,800 |
| Movement in Fair Value of Derivative Financial instruments | (3,992) | 1,264 |
| Non-deductible interest expense on converting loan | 60,424 | 84,683 |
| IPO expenses | 60,662 | 50,338 |
| | (269,358) | (62,164) |
| Current year temporary differences not recognised | 52,144 | 242 |
| Deferred tax in respect to carrying forward losses not recognised | 217,214 | 61,922 |
| Income tax expense | - | - |

Note 7. Income tax expense (continued)

| | Consolidated | Consolidated |
|---|---------------------|---------------------|
| | 31 December | 31 December |
| | 2022 | 2021 |
| | \$ | \$ |
| <i>Tax losses not recognised</i> | | |
| Unused tax losses for which no deferred tax asset has been recognised | 2,379,407 | 2,162,193 |
| Potential tax benefit @ 21% | 499,675 | 454,061 |

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the conditions for utilisation are met at the relevant times.

Note 8. Current assets - cash and cash equivalents

| | Consolidated | Consolidated |
|--------------|---------------------|---------------------|
| | 31 December | 31 December |
| | 2022 | 2021 |
| | \$ | \$ |
| Cash at bank | 2,576,029 | 967,393 |

Note 9. Current assets - other prepayments

| | Consolidated | Consolidated |
|-------------|---------------------|---------------------|
| | 31 December | 31 December |
| | 2022 | 2021 |
| | \$ | \$ |
| Prepayments | 456,459 | 135,508 |

Prepayments at 31 December 2022 include an amount of \$415,990 paid to drilling contractors for future drilling work.

Note 10. Non-current assets - plant and equipment

| | Consolidated | Consolidated |
|----------------------------------|---------------------|---------------------|
| | 31 December | 31 December |
| | 2022 | 2021 |
| | \$ | \$ |
| Leasehold improvements - at cost | 28,665 | - |
| Less: Accumulated depreciation | (796) | - |
| | 27,869 | - |
| Motor vehicles - at cost | 213,712 | 99,488 |
| Less: Accumulated depreciation | (121,577) | (96,638) |
| | 92,135 | 2,850 |
| Computer equipment - at cost | 4,792 | 4,792 |
| Less: Accumulated depreciation | (4,737) | (3,687) |
| | 55 | 1,105 |
| Office equipment - at cost | 26,853 | 14,260 |
| Less: Accumulated depreciation | (13,507) | (10,538) |
| | 13,346 | 3,722 |
| | 133,405 | 7,677 |

Note 10. Non-current assets - plant and equipment (continued)

Reconciliations

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

| Consolidated | Motor vehicles \$ | Computer equipment \$ | Office equipment \$ | Leasehold improvements \$ | Total \$ |
|-----------------------------|----------------------------------|--------------------------------------|------------------------------------|--|---------------------|
| Balance at 1 January 2021 | 3,800 | 3,402 | 4,529 | - | 11,731 |
| Write off of assets | - | (1,965) | - | - | (1,965) |
| Depreciation expense | (950) | (332) | (807) | - | (2,089) |
| Balance at 31 December 2021 | 2,850 | 1,105 | 3,722 | - | 7,677 |
| Additions | 114,224 | - | 12,593 | 28,665 | 155,482 |
| Depreciation expense | (24,939) | (1,050) | (2,969) | (796) | (29,754) |
| Balance at 31 December 2022 | <u>92,135</u> | <u>55</u> | <u>13,346</u> | <u>27,869</u> | <u>133,405</u> |

Note 11. Non-current assets - right-of-use assets

| | Consolidated 31 December 2022 \$ | 31 December 2021 \$ |
|-----------------------------------|---|------------------------------------|
| Land and buildings - right-of-use | 123,510 | 182,598 |
| Less: Accumulated depreciation | (10,292) | (160,354) |
| | <u>113,218</u> | <u>22,244</u> |

Additions to the right-of-use assets during the financial year were \$123,510, with a right-of-use asset with an original cost of \$182,598 having expired during that period.

The Consolidated Entity leases land and buildings for its offices under an agreement of 3 years with an option to extend. The leases has an escalation clause. On renewal, the terms of the lease are expected to be renegotiated.

The Consolidated Entity leases office equipment under agreements of less than 2 years. These leases are either short-term or low-value, so have been expensed as incurred and not capitalised as right-of-use assets.

Note 12. Non-current assets - exploration and evaluation assets

| | Consolidated 31 December 2022 \$ | 31 December 2021 \$ |
|-----------------------------------|---|------------------------------------|
| Exploration and evaluation assets | <u>13,169,774</u> | <u>9,398,294</u> |

Note 12. Non-current assets - exploration and evaluation assets (continued)

Reconciliations

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

| Consolidated | Exploration and evaluation assets \$ | Total \$ |
|-----------------------------|---|---------------------|
| Balance at 1 January 2021 | 8,337,078 | 8,337,078 |
| Additions | 1,061,216 | 1,061,216 |
| Balance at 31 December 2021 | 9,398,294 | 9,398,294 |
| Additions | 3,771,480 | 3,771,480 |
| Balance at 31 December 2022 | <u>13,169,774</u> | <u>13,169,774</u> |

Additions for the year ended 31 December 2022 included approximately \$589,000 payables at the reporting date.

Note 13. Non-current assets - other receivables

| | Consolidated 31 December 2022 \$ | 31 December 2021 \$ |
|--|---|------------------------------------|
| Rental bond deposits | 7,200 | 2,200 |
| Deposit with the Bureau of Land Management for make good provision | 75,192 | 75,192 |
| | <u>82,392</u> | <u>77,392</u> |

Note 14. Current liabilities - trade and other payables

| | Consolidated 31 December 2022 \$ | 31 December 2021 \$ |
|----------------|---|------------------------------------|
| Trade payables | 741,039 | 62,627 |
| Other payables | 80,270 | 195,618 |
| | <u>821,309</u> | <u>258,245</u> |

Refer to note 23 for further information on financial instruments.

Related party payables include \$55,618 (2021: \$195,618) of management fees payable to Geoflite Inc. Refer to note 27 for further details on related party transactions.

Note 15. Current liabilities - borrowings

| | Consolidated 31 December 2022 \$ | 31 December 2021 \$ |
|--------------------------|---|------------------------------------|
| Converting notes payable | - | 3,010,560 |

Note 15. Current liabilities - borrowings (continued)

Refer to note 23 for further information on financial instruments.

Series 1 Converting Notes

During July 2019, the Company raised \$1.38 million through an issue of 416 converting notes. In accordance with the terms of the converting note agreements, these notes were expected to be settled by issuing shares of the Company during the first semester of the year 2021, subject to the success of a planned Initial Public Offering (IPO). There was no interest payable on the converting notes.

All Series 1 Converting notes were converted to shares in the Company on 27 February 2022.

Series 2 Converting Notes

On 18 August 2021, the Consolidated Entity issued 25,744 unsecured converting notes (Notes), at an issue price of \$A100 per note (Issue Price), raising funds of \$A2,574,400 (\$US1,894,781) before issue costs.

The key features of the converting notes included:

- Notes were unsecured;
- no interest was payable on a Note;
- the Notes' conversion date (Conversion Date), where an Offer (as defined by the Notes agreements) had been made, is the earlier of: (a) where the Company made a public offer: (i) the date the Company confirmed to noteholders it could fulfill ASX listing conditions; or (ii) if not seeking ASX listing, the date the Company issued shares under the public offer); or (b) if the Offer was not a public offer: (i) the date the Offer became unconditional; or (ii) the date before the completion of closure of that Offer;
- Notes would automatically convert to shares on Conversion Date;
- on Conversion Date, each Note would be converted into the number of Shares equal to the Issue Price divided by 75% of the IPO offer price of the Share (Offer Conversion Price);
- it would be a condition of any Initial Public Offer (IPO) undertaken by the Company that any shares issued upon conversion of the Notes would be transmuted into ASX-listed securities with the same terms and conditions as those offered under the IPO.

All Series 2 Converting notes were converted to shares in the Company on 22 April 2022.

Note 16. Current liabilities - other financial liabilities

| | Consolidated | |
|--------------------------------|-------------------------|-------------------------|
| | 31 December 2022 | 31 December 2021 |
| | \$ | \$ |
| Financial derivative liability | - | 1,094,050 |

Refer to note 23 for further information on financial instruments.

Financial derivative liability reflected the fair value of the embedded derivative relating to the Company's converting notes.

Valuation techniques for fair value measurements categorised within Level 3.

The basis of the valuation of converting notes, including the Financial derivative liability, is fair value using management internal assessments.

Note 17. Current liabilities - lease liabilities

| | Consolidated | |
|-----------------|-------------------------|-------------------------|
| | 31 December 2022 | 31 December 2021 |
| | \$ | \$ |
| Lease liability | <u>35,008</u> | <u>22,605</u> |

Refer to note 23 for further information on financial instruments.

Note 18. Non-current liabilities - lease liabilities

| | Consolidated | |
|-----------------|-------------------------|-------------------------|
| | 31 December 2022 | 31 December 2021 |
| | \$ | \$ |
| Lease liability | <u>77,030</u> | <u>-</u> |

Refer to note 23 for further information on financial instruments.

Note 19. Non-current liabilities - provisions

| | Consolidated | |
|--|-------------------------|-------------------------|
| | 31 December 2022 | 31 December 2021 |
| | \$ | \$ |
| Provision for restoration and rehabilitation | <u>75,192</u> | <u>75,192</u> |

Restoration and rehabilitation provision

The provision represents the present value of estimated costs of the remediation work that will be required to comply with environmental and legal obligations. This amount is held by the Bureau of Land Management as disclosed in note 13.

Note 20. Equity - issued capital

| | Consolidated | | | |
|------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 31 December 2022 | 31 December 2021 | 31 December 2022 | 31 December 2021 |
| | Shares | Shares | \$ | \$ |
| Ordinary shares - fully paid | <u>56,062,000</u> | <u>24,087,007</u> | <u>20,943,302</u> | <u>9,889,846</u> |

Note 20. Equity - issued capital (continued)

Movements in ordinary share capital

| Details | Date | Shares | | \$ |
|--|------------------|-------------------|------------|-------------------|
| Balance | 1 January 2021 | 9,536 | | 9,660,166 |
| Share issues | August 2021 | 24 | \$2,069.87 | 49,680 |
| Bonus Shares | September 2021 | 200 | \$900.00 | 180,000 |
| New shares issued from share split | 8 December 2021 | <u>24,077,247</u> | \$0.00 | - |
| Balance | 31 December 2021 | 24,087,007 | | 9,889,846 |
| Shares issued upon conversion of series 1 converting notes | 27 February 2022 | 5,047,928 | \$0.27 | 1,384,491 |
| Transfer of series 1 converting note financial derivative liability to issued capital upon conversion of notes | 27 February 2022 | - | \$0.00 | 462,453 |
| Shares issued upon conversion of series 2 converting notes | 22 April 2022 | 6,865,065 | \$0.27 | 1,894,792 |
| Transfer of series 2 converting note financial derivative liability to issued capital upon conversion of notes | 22 April 2022 | - | \$0.00 | 631,598 |
| IPO Shares issued | 27 April 2022 | 20,062,000 | \$0.35 | 7,117,668 |
| Capital Raising Costs | | <u>-</u> | \$0.00 | <u>(437,546)</u> |
| Balance | 31 December 2022 | <u>56,062,000</u> | | <u>20,943,302</u> |

Ordinary shares

Ordinary Shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the Shares held. The fully paid ordinary Shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

CHESSE Depository Interests (CDIs)

The ASX uses an electronic system called CHESSE for the clearance and settlement of trades on the ASX. As a company incorporated in the state of Nevada in the United States, to enable the Company to have its securities cleared and settled electronically through CHESSE, Depository instruments called CDIs are issued to investors in the Company, as the actual underlying shares in the Company cannot be traded on the ASX. CDIs represent the beneficial interest in the underlying shares in a foreign company such as Sierra Nevada and are traded in a manner similar to shares of Australian companies listed on the ASX. Each Share of Sierra Nevada will be equivalent to one CDI. The actual shares in the Company are held by CHESSE Depository Nominees Pty Ltd on behalf of and for the benefit of the CDI holders

Share buy-back

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

Note 21. Equity - reserves

| | Consolidated | |
|------------------------------|------------------|------------------|
| | 31 December 2022 | 31 December 2021 |
| | \$ | \$ |
| Share-based payments reserve | <u>846,309</u> | <u>-</u> |

Share-based payments reserve

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

Note 22. Equity - dividends

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

Note 23. Financial instruments

Financial risk management objectives

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

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

Market risk

Foreign currency risk

The Consolidated Entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The average exchange rates and reporting date exchange rates applied were as follows:

| | Average exchange rates | | Reporting date exchange rates | |
|--------------------|------------------------|------------------|-------------------------------|------------------|
| | 31 December 2022 | 31 December 2021 | 31 December 2022 | 31 December 2021 |
| US dollars | | | | |
| Australian dollars | 1.4395 | 1.3308 | 1.4687 | 1.3872 |

The carrying amount of the Consolidated Entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

| | Assets | | Liabilities | |
|--------------------------------------|------------------|------------------|------------------|------------------|
| | 31 December 2022 | 31 December 2021 | 31 December 2022 | 31 December 2021 |
| Consolidated | \$ | \$ | \$ | \$ |
| Australian dollars - Cash at bank | 1,395,481 | 804,707 | - | - |
| Australian dollars - Trade Creditors | - | - | (86,150) | (31,714) |
| | <u>1,395,481</u> | <u>804,707</u> | <u>(86,150)</u> | <u>(31,714)</u> |

The Consolidated Entity had net assets denominated in foreign currencies of \$1,309,331 (assets of \$1,395,481 less liabilities of \$86,150) as at 31 December 2022 (2021: \$772,993 (assets of \$804,707 less liabilities of \$31,714)). Based on this exposure, had the US dollars weakened by 4%/strengthened by 6% (2021: weakened by 5%/strengthened by 6%) against this foreign currency with all other variables held constant, the Consolidated Entity's profit before tax for the year would have been \$56,697 higher/\$75,881 lower (2021: \$37,655 higher/\$42,516 lower) and equity would have been \$56,697 higher/\$75,881 lower (2021: \$37,655 higher/\$42,516 lower). The percentage change is the expected overall volatility of the relevant significant currency, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 12 months each year and the spot rate at each reporting date.

Note 23. Financial instruments (continued)

Price risk

The Consolidated Entity is not exposed to any significant price risk.

Liquidity risk

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

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

Remaining contractual maturities

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

| | Weighted average interest rate | 1 year or less | Between 1 and 2 years | Between 2 and 5 years | Over 5 years | Remaining contractual maturities |
|------------------------------------|--------------------------------------|-------------------|--------------------------|--------------------------|--------------|--|
| Consolidated - 31 December 2022 | % | \$ | \$ | \$ | \$ | \$ |
| Non-derivatives | | | | | | |
| <i>Non-interest bearing</i> | | | | | | |
| Trade and Other payables | - | 702,570 | - | - | - | 702,570 |
| Accrued expenses | - | 38,469 | - | - | - | 38,469 |
| Other payables | - | 80,270 | - | - | - | 80,270 |
| <i>Interest-bearing - fixed</i> | | | | | | |
| Lease liability | 5.52% | 35,008 | 42,262 | 34,768 | - | 112,038 |
| Total non-derivatives | | 856,317 | 42,262 | 34,768 | - | 933,347 |

| | Weighted average interest rate | 1 year or less | Between 1 and 2 years | Between 2 and 5 years | Over 5 years | Remaining contractual maturities |
|------------------------------------|--------------------------------------|-------------------|--------------------------|--------------------------|--------------|--|
| Consolidated - 31 December 2021 | % | \$ | \$ | \$ | \$ | \$ |
| Non-derivatives | | | | | | |
| <i>Non-interest bearing</i> | | | | | | |
| Trade payables | - | 62,627 | - | - | - | 62,627 |
| Other payables | - | 195,618 | - | - | - | 195,618 |
| Converting notes payables | - | 3,010,560 | - | - | - | 3,010,560 |
| Financial derivative liability | - | 1,094,050 | - | - | - | 1,094,050 |
| <i>Interest-bearing - fixed</i> | | | | | | |
| Lease liability | 4.42% | 22,605 | - | - | - | 22,605 |
| Total non-derivatives | | 4,385,460 | - | - | - | 4,385,460 |

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 24. Contingent liabilities and assets

There were no contingent liabilities or assets as at 31 December 2022 and 31 December 2021.

Note 25. Commitments

| | Consolidated 31 December 2022 | 31 December 2021 |
|--|----------------------------------|---------------------|
| | \$ | \$ |

Lease commitments - operating

Committed at the reporting date but not recognised as liabilities, payable:

Within one year

| | |
|--------|---|
| 32,200 | - |
| 32,200 | - |

There were no other material commitments at 31 December 2022 and as at 31 December 2021.

Note 26. Key management personnel disclosures

Directors

The following persons were directors of Sierra Nevada Gold Inc during the financial year:

| | |
|--------------------|--|
| Mr Peter Moore | Executive chairmen |
| Mr Michael Ramsden | Non-executive director (resigned effective 14 July 2022) |
| Mr Robert Gray | Non-executive director |
| Dr Alan Wilson | Non-executive director |

Other key management personnel

The following person also had the authority and responsibility for planning, directing and controlling the major activities of the Consolidated Entity, directly or indirectly, during the financial year:

| | |
|--------------|-----------------|
| Brett Butlin | Chief Geologist |
|--------------|-----------------|

Compensation

The aggregate compensation made to directors and other members of key management personnel of the Consolidated Entity is set out below:

| | Consolidated 31 December 2022 | 31 December 2021 |
|------------------------------|----------------------------------|---------------------|
| | \$ | \$ |
| Short-term employee benefits | 604,307 | - |
| Post-employment benefits | 29,286 | - |
| Share-based payments | 515,885 | 117,000 |
| | 1,149,478 | 117,000 |

Note 27. Related party transactions

Parent entity

Sierra Nevada Gold Inc is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 28.

Transactions with related parties

Management fees are payable to Geoflite Inc., a company associated with a shareholder and director of the Consolidated Entity, Peter Moore. Management fees incurred from Geoflite Inc. of \$40,000 capitalized to exploration and evaluation assets during the year (2021 expensed: \$120,000 and capitalized: \$120,000) and are included in the additions to exploration and evaluation assets disclosed at note 12. During the year payments to Geoflite Inc. amounted to \$180,000 (2021: \$270,000). The balance of management fees payable to Geoflite Inc at 31 December 2022 was \$55,618 (2021: \$195,618).

Note 27. Related party transactions (continued)

During the previous financial year ended 31 December 2021, consulting fees were paid to GFS Trust, an entity associated with a director of the Consolidated Entity, Robert Gray. Mr Gray was appointed as a non-executive director of the Consolidated Entity on 8 December 2021. During the period that Mr Gray was a director of the Consolidated Entity, GFS Trust was paid \$17,908 for consulting services provided to the Consolidated Entity during that period by Mr Gray. The consulting services were in addition to, and outside of the scope of, his services as non-executive director of the Consolidated Entity and were based on normal commercial rates for services of that kind.

There were no other transactions with related parties during the current and previous financial year.

Note 28. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 2:

| Name | Principal place of business / Country of incorporation | Ownership interest | |
|--------------------------------|---|--------------------------|--------------------------|
| | | 31 December 2022 % | 31 December 2021 % |
| Sierra Nevada Minerals Pty Ltd | Australia | 100.00% | 100.00% |

Note 29. Events after the reporting period

No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Note 30. Share-based payments

The Consolidated Entity may, from time to time, issue securities to employee and third parties as consideration for goods and/or services provided to the Consolidated Entity by those parties. All such transactions are settled in equity and vest immediately, unless otherwise stated.

During the financial year ended 31 December 2022 the Consolidated Entity made the following share based payments:

- Issue of options to a service provider as consideration for lead manager services in connection with the Consolidated Entity's IPO;
- issues of performance shares (**Performance Shares**) to directors and employees as remuneration.

Options

Set out below is a summary of options granted:

31 December
2022

| Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted | Exercised | Expired/forfeited/other | Balance at the end of the financial year |
|------------|-------------|----------------|----------------------------------|-----------|-----------|-------------------------|--|
| 27/04/2022 | 27/04/2022 | \$0.625 | - | 1,782,210 | - | - | 1,782,210 |
| | | | - | 1,782,210 | - | - | 1,782,210 |

An Equity Incentive Plan (the **Plan**) has been established by the Consolidated Entity, whereby the Consolidated Entity may issue securities to certain key management personnel of the Consolidated Entity.

Performance Shares

Note 30. Share-based payments (continued)

Set out below are summaries of Performance Shares granted under the Plan:

31 December
2022

| Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted | Exercised | Expired/ forfeited/ other | Balance at the end of the year |
|------------|-------------|----------------|----------------------------------|-----------|-----------|---------------------------|--------------------------------|
| 27/01/2022 | 27/01/2026 | \$0.00 | - | 2,250,000 | - | (300,000) | 1,950,000 |
| 28/04/2022 | 28/04/2026 | \$0.00 | - | 1,095,000 | - | - | 1,095,000 |
| | | | - | 3,345,000 | - | (300,000) | 3,045,000 |

The Performance Shares were issued for a nil issue price. Subject to fulfilment of the relevant vesting conditions, as set out below, each Performance Share will entitle the holder to subscribe for one fully paid ordinary share in the Consolidated Entity for a nil exercise price. These grants of Performance Shares were made under the Equity Incentive Plan. The purpose of the issue of the Performance Shares is to advance the interests of the Consolidated Entity and its shareholders by providing an incentive to attract, retain and reward persons performing services for the Consolidated Entity and by motivating such persons to contribute to the growth and profitability of the Consolidated Entity. Performance Shares will lapse on the fourth anniversary of their grant date, if not converted to Shares before that date.

Performance shares summary

| Recipient | Peter Moore (Executive Chairman) | Robert Gray (Non-Executive Director) | Michael Ramsden (Non-Executive Director) | Alan Wilson (Non-Executive Director) | Brett Butlin (Chief Geologist) | Vesting dates |
|---|-------------------------------------|---|---|---|-----------------------------------|---------------|
| Grant dates: | 28/04/2022 | 27/01/2022 | 27/01/2022 | 27/01/2022 | 27/01/2022 | |
| <i>Vesting conditions:</i> | | | | | | |
| Completion of IPO and 12 months continuous service following IPO | - | 300,000 | - | - | 120,000 | 28/04/2023 |
| Completion of IPO and 24 months continuous service for following IPO | 365,000 | 150,000 | 150,000 | 150,000 | 310,000 | 28/04/2024 |
| Completion of IPO and 36 months continuous service for following IPO | 365,000 | - | - | - | 310,000 | 28/04/2025 |
| Completion of IPO and a post-Offer 20-day VWAP ≥ 150% of IPO Offer price and 12 months continuous service for following IPO | 365,000 | 150,000 | 150,000 | 150,000 | 310,000 | 28/04/2023 |
| | <u>1,095,000</u> | <u>600,000</u> | <u>300,000</u> | <u>300,000</u> | <u>1,050,000</u> | |

Valuation model inputs

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

| Grant date | Expiry date | Share price at grant date | Exercise price | Expected volatility | Dividend yield | Risk-free interest rate | Fair value at grant date |
|------------|-------------|---------------------------|----------------|---------------------|----------------|-------------------------|--------------------------|
| 27/04/2022 | 27/04/2025 | \$0.500 | \$0.625 | 87.000% | - | 2.680% | \$0.185 |

Note 30. Share-based payments (continued)

For the Performance Shares granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

| Grant date | Expiry date | Share price at grant date A\$ | Exercise price | Expected volatility % | Dividend yield | Risk-free Interest rate % | Fair Value at grant date |
|------------|-------------|----------------------------------|----------------|--------------------------|----------------|------------------------------|--------------------------|
| 27/01/2022 | 28/04/2026 | \$0.500 | \$0.000 | 87.000% | - | 1.009% | \$0.344 |
| 27/01/2022 | 28/04/2026 | \$0.500 | \$0.000 | 87.000% | - | 1.009% | \$0.344 |
| 27/01/2022 | 28/04/2026 | \$0.500 | \$0.000 | 87.000% | - | 1.307% | \$0.341 |
| 27/01/2022 | 28/04/2026 | \$0.500 | \$0.000 | 87.000% | - | 1.613% | \$0.323 |
| 28/04/2022 | 28/04/2026 | \$0.500 | \$0.000 | 87.000% | - | 2.427% | \$0.330 |
| 28/04/2022 | 28/04/2026 | \$0.500 | \$0.000 | 87.000% | - | 2.688% | \$0.330 |
| 28/04/2022 | 28/04/2026 | \$0.500 | \$0.000 | 87.000% | - | 2.805% | \$0.319 |

Overview of share based payments

An overview of the share-based payments made in the financial year ended 31 December 2022 is as follows:

| | Consolidated | |
|---|------------------|------------------|
| | 31 December 2022 | 31 December 2021 |
| | \$ | \$ |
| Share Based Payments expense - directors | 337,265 | 117,000 |
| Share Based Payments expense - employee | 178,623 | - |
| Share Based Payments expense - IPO manager Options | 212,164 | - |
| Share Based Payments expense - other | - | 63,000 |
| Total share-based payment expense | <u>728,052</u> | <u>180,000</u> |
| Share based payments recorded in equity - IPO manager Options | <u>118,258</u> | <u>-</u> |
| | <u>846,310</u> | <u>180,000</u> |

Note 31. Reconciliation of loss after income tax to net cash used in operating activities

| | Consolidated | |
|--|--------------------|------------------|
| | 31 December 2022 | 31 December 2021 |
| | \$ | \$ |
| Loss after income tax expense for the year | (2,568,300) | (1,124,996) |
| Adjustments for: | | |
| Depreciation and amortisation | 64,692 | 31,526 |
| Share-based payments | 728,050 | 180,000 |
| Foreign exchange differences | 172,446 | - |
| Movement in Fair Value of Derivative Financial instruments | (19,008) | 6,019 |
| Write down of office equipment | - | 5,868 |
| Non-cash interest recognised on converting note | 287,732 | 403,254 |
| Change in operating assets and liabilities: | | |
| Decrease in other receivables | - | 5,273 |
| Increase in prepayments | (456,459) | - |
| Increase in trade and other payables | 15,498 | 32,134 |
| Net cash used in operating activities | <u>(1,775,349)</u> | <u>(460,922)</u> |

Note 32. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by RSM Australia Pty Ltd, the auditor of the Consolidated Entity, and its network firms:

| | Consolidated | Consolidated |
|--|---------------------|---------------------|
| | 31 December | 31 December |
| | 2022 | 2021 |
| | \$ | \$ |
| <i>Audit services - RSM Australia Partners</i> | | |
| Audit and review of the financial statements | 31,766 | 39,164 |
| <i>Other services - network firms</i> | | |
| Tax consulting | 5,888 | - |
| Investigating accountants' report | - | 49,600 |
| | 5,888 | 49,600 |
| | <u>37,654</u> | <u>88,764</u> |

Note 33. Earnings per share

| | Consolidated | Consolidated |
|---|---------------------|---------------------|
| | 31 December | 31 December |
| | 2022 | 2021 |
| | \$ | \$ |
| <i>Earnings per share for loss from continuing operations</i> | | |
| Loss after income tax | (2,568,300) | (1,124,996) |
| | Number | Number |
| Weighted average number of ordinary shares used in calculating basic earnings per share | 46,810,093 | 23,719,534 |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | 46,810,093 | 23,719,534 |
| | Cents | Cents |
| Basic earnings per share | (5.49) | (4.74) |
| Diluted earnings per share | (5.49) | (4.74) |

Note 34. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

| | Parent | Parent |
|--------------------------|--------------------|--------------------|
| | 31 December | 31 December |
| | 2022 | 2021 |
| | \$ | \$ |
| Loss after income tax | (2,568,300) | (1,124,996) |
| Total comprehensive loss | (2,568,300) | (1,124,996) |

Note 34. Parent entity information (continued)

Statement of financial position

| | Parent | |
|------------------------------|--------------------------|-------------------------|
| | 31 December 2022 | 31 December 2021 |
| | \$ | \$ |
| Total current assets | <u>3,032,488</u> | <u>1,102,901</u> |
| Total assets | <u>16,531,277</u> | <u>10,610,909</u> |
| Total current liabilities | <u>897,333</u> | <u>4,385,460</u> |
| Total liabilities | <u>1,049,555</u> | <u>4,460,652</u> |
| Equity | | |
| Issued capital | 20,943,302 | 9,889,846 |
| Share-based payments reserve | 846,309 | - |
| Accumulated losses | <u>(6,307,889)</u> | <u>(3,739,589)</u> |
| Total equity | <u><u>15,481,722</u></u> | <u><u>6,150,257</u></u> |

Contingent liabilities

The parent entity had no contingent liabilities as at 31 December 2022 and 31 December 2021.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 31 December 2022 and 31 December 2021.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Consolidated Entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Sierra Nevada Gold Inc
Directors' declaration
31 December 2022



In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 31 December 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read "Peter Moore".

Peter Moore
Executive Chairman

29 March 2023

RSM Australia Partners

Level 21, 55 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007

T +61 (0) 3 9286 8000
F +61 (0) 3 9286 8199

www.rsm.com.au

INDEPENDENT AUDITOR'S REPORT

To the Members of Sierra Nevada Gold Inc

Opinion

We have audited the financial report of Sierra Nevada Gold Inc. ('the Company') and its subsidiary (together 'the Consolidated entity'), which comprises the consolidated statement of financial position as at 31 December 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.

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

- (i) giving a true and fair view of the Consolidated entity's financial position as at 31 December 2022 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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

Key Audit Matters

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

Key Audit Matters (continued)

| Key Audit Matter | How our audit addressed this matter |
|--|---|
| <p>Going concern</p> <p>Refer to Note 2 in the financial statements</p> | |
| <p>For the year ended 31 December 2022, the Consolidated entity incurred in a loss of US\$2,568,300 and had net operating outflows amounting to US\$1,775,349.</p> <p>The directors have prepared the financial report on the going concern basis. The directors' assessment of the Consolidated entity's ability to continue as a going concern is based on a cash flow budget which includes future capital raisings and the ability of the entity to defer certain exploration and evaluation activities as funds are available.</p> <p>We determined this assessment of going concern to be a key audit matter due to the significant judgments involved in preparing the cashflow budget, and the potential material impact of the results of management's assessment.</p> | <p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> • Reviewing the current financial position and performance of the Consolidated entity; • Critically assessing the directors' reasons as to why they believe it is appropriate to prepare the financial report on a going concern basis, and why no material uncertainty related to going concern exists. This included assessing the reasonableness of the assumptions used in the cash flow forecasts and budgets prepared; • Reviewing the mathematical accuracy of the cash flow forecasts and budgets prepared by management; • Performing sensitivity testing on the assumptions applied; and • Assessing the adequacy of the going concern disclosures in the financial statements. |
| <p>Exploration and evaluation assets</p> <p>Refer to Note 12 in the financial statements</p> | |
| <p>As at 31 December 2022, the carrying value of the Consolidated entity's Exploration and evaluation assets amounted to US\$13,169,774.</p> <p>As required by AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i> ('AASB 6') management performed an assessment for impairment to determined when facts and circumstances suggested that the carrying amount of the Exploration and evaluation assets may exceed its recoverable amount.</p> <p>We determined this to be a Key Audit Matter due to the significance of these assets in the Consolidated statement of financial position (80% of the total assets of the Consolidated entity).</p> <p>In addition, the directors' assessment for impairment involves significant management judgement about the future underlying cash flows relating to the assets, including the quantity of mineral resource that will be able to be extracted and the viable of its commerciality.</p> | <p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> • Gathering an understanding of the status of the Development assets through discussions with management and review of the ASX announcements and other available information; • Obtaining evidence of the rights to explore in the specific areas of interest; • Critically assessing and evaluating management's assessment that no indicators of impairment existed, including the reviewing the forecasts, plans and management's intention to carry out significant exploration and evaluation activity in the relevant exploration areas; • Agreeing a sample of the additions to capitalised Exploration and evaluation assets to supporting documentation, to confirm they were capitalised in line the Consolidated entity's accounting policy and AASB 6; |

Key Audit Matters (continued)

| Key Audit Matter | How our audit addressed this matter |
|--|---|
| Exploration and evaluation assets Refer to Note 12 in the financial statements | |
| | <ul style="list-style-type: none"> Assessing the reasonableness of the basis on which it was determined whether the exploration activities have not yet progressed to the point where the existence or otherwise of an economically recoverable mineral resource may be determined; and Reviewing the disclosures in the financial statements to assess compliance with the disclosure requirements of Australian Accounting Standards. |

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated entity's annual report for the year ended 31 December 2022, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Consolidated entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Consolidated entity or to cease operations, or 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf

This description forms part of our auditor's report.

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 31 December 2022.

In our opinion, the Remuneration Report of Sierra Nevada Gold Inc., for the year ended 31 December 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 "RSM".

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink that reads "R J Morillo Maldonado".

R J MORILLO MALDONADO

Partner

Date: 29 March 2023
Melbourne, Victoria

The information set out below was current as at 24 March 2023.

Corporate Governance Statement

Refer to the Company's Corporate Governance statement at: <https://sngold.com.au/company/corporate-governance>.

Distribution of equity securities:

| Holding Ranges | Common Stock Holders | Common Stock % | CHES Depository Interests Holders | CHES Depository Interests % | Unquoted Options Holders | Unquoted Options % | Unquoted Performance Shares Holders | Unquoted Performance Shares % |
|-------------------|----------------------|----------------|-----------------------------------|-----------------------------|--------------------------|--------------------|-------------------------------------|-------------------------------|
| 1-1,000 | - | - | 6 | 1.41% | - | - | - | - |
| 1,001-5,000 | - | - | 158 | 37.00% | - | - | - | - |
| 5,001-10,000 | - | - | 73 | 17.10% | - | - | - | - |
| 10,001-100,000 | - | - | 132 | 30.91% | - | - | - | - |
| 100,001- and over | 1 | 100.00% | 58 | 13.58% | 1 | 100.00% | 4 | 100.00% |
| Total | 1 | | 427 | | 1 | | 4 | |

Number of holders holding less than a marketable parcel of CHES Depository Interests: 14

Equity security holders

Twenty largest quoted equity security holders

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

| | CHES Depository Interests (CDIs) | % of total issued |
|---|----------------------------------|-------------------|
| | Number held | |
| CITICORP NOMINEES PTY LIMITED (DOMESTIC HIN A/C) | 4,207,383 | 7.50 |
| GOLDCO INVESTMENTS LIMITED | 2,930,901 | 5.23 |
| ATHENA AX LLC | 1,931,830 | 3.45 |
| CAIRNGLEN INVESTMENTS PTY LTD | 1,670,417 | 2.98 |
| PENNINGTON INVESTMENTS PTY LTD | 1,670,394 | 2.98 |
| KENSINGTON TRUST SINGAPORE LTD (IS&P SINGAPORE RETIRE/F A/C) | 1,613,562 | 2.88 |
| TYARA PTY LTD (BRUCE WC WILSON PROPERTY A/C) | 1,270,394 | 2.27 |
| INDIGO PEARL CAPITAL LIMITED | 1,221,260 | 2.18 |
| THIRTY SIX VILMAR PTY LTD | 978,744 | 1.75 |
| SIRALAN PTY LTD (AW GUEST FAMILY A/C) | 784,397 | 1.40 |
| WILLIAM WYATT FAMILY INVESTMENTS PTY LTD (WILLIAM WYATT FAMILY INV A/C) | 784,397 | 1.40 |
| KENSINGTON TRUST (SGP) LTD (PINNACLE HIGGINS NO2 R/F A/C) | 756,726 | 1.35 |
| BELSIZE PARK SERVICES PTY LTD (THE RADEMAKER FAMILY A/C) | 750,000 | 1.34 |
| KENSINGTON TRUST (SGP) LTD (PINNACLE LESTER R/F A/C) | 736,060 | 1.31 |
| SMITH FAMILY US PORTFOLIO INVESTMENTS PTY LTD (THE SMITH FAMILY US INV A/C) | 659,476 | 1.18 |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 654,000 | 1.17 |
| BNP PARIBAS NOMINEES PTY LTD (IB AU NOMS RETAILCLIENT DRP) | 621,640 | 1.11 |
| GYOR INVESTMENTS PTY LTD | 600,000 | 1.07 |
| MAIN RIDGE CAPITAL PARTNERS | 585,082 | 1.04 |
| JOJO ENTERPRISES PTY LTD (SFI FAMILY A/C) | 560,000 | 1.00 |
| | 24,986,663 | 44.59 |

Unquoted equity securities

| | Number on issue | Number of holders |
|--|--------------------|----------------------|
| CHESSE Depository interests - restricted | 14,434,135 | 9 |
| Options over ordinary shares issued | 1,782,210 | 1 |
| Performance shares | 3,045,000 | 4 |

The following persons hold 20% or more of unquoted equity securities (other than securities issued under an employee incentive scheme):

| Name | Class | Number held |
|--|--|-------------|
| KENSINGTON TRUST SINGAPORE LTD (IS&P SINGAPORE RETIRE/F A/C) | CHESSE Depository interests - restricted | 3,215,543 |
| EDWARD MEADOWS PTY LTD (MOORE INVESTMENT A/C) | CHESSE Depository interests - restricted | 3,213,027 |
| ATHENA AX LLC | CHESSE Depository interests - restricted | 3,202,192 |
| CAIRNGLEN INVESTMENTS PTY LTD | CHESSE Depository interests - restricted | 3,168,688 |
| Bell Potter Securities Limited | Options over ordinary shares issued | 1,782,210 |

Voting rights

The voting rights attaching to each class of equity securities are set out below:

Common Stock (Shares)

Each share of the Common Stock carries one vote.

CHESSE Depository Interests (Common Stock 1:1)

As each CHESSE Depository Interest (**CDI**) represents one Share of the Common Stock, a CDI holder will be entitled to one vote for every CDI they hold. CDI holders have the following options to vote:

- instructing CHESSE Depository Nominees Pty Ltd (**CDN**), as the legal owner, to vote the Shares underlying their CDIs; or
- informing the Company that they wish to nominate themselves or another person to be appointed as CDN's proxy with respect to their shares underlying the CDIs for the purposes of attending and voting at shareholder meetings; or
- converting CDIs into a holding of Shares and voting these at the shareholder meeting.

Unquoted Options

All options do not carry the right to vote.

Performance Shares

All performance shares do not carry the right to vote.

Substantial Holders

Substantial holders in the Company, as disclosed in substantial holding notices given to the Company are set out below:

| | No. of CDIs in which holder has an interest |
|--|--|
| Athena Ax LLC. | 5,134,022 |
| Cairnglen Investments Pty Ltd | 4,839,105 |
| Kensington Trust Singapore Ltd atf IS&P Singapore Retirement Fund Sub Fund 288 | 4,829,105 |
| Peter Moore & Edward Meadows Pty Ltd | 3,213,027 |
| Goldco Investments Limited | 2,930,901 |

On-market buy-back

There is no current on-market buy-back.

Restricted Securities

| Class of securities | Escrow End | Number of securities |
|---|------------|----------------------|
| CHESS Depository Interests (1:1) Restricted | 3 May 2024 | 14,434,135 |

Annual report

Shareholders do not automatically receive a hard copy of the Company's Annual Report unless they notify the Share Registry in writing. An electronic copy of the Annual Report can be viewed on the Company's website: <https://sngold.com.au/>

ADDITIONAL INVESTOR INFORMATION

Company's Place of Incorporation

The Company was incorporated on 28 March 2011 in Nevada, United States.

Application of Corporations Act 2001 (Cth)

The Company is not subject to chapters 6, 6A, 6B and 6C of the *Corporations Act 2001* (Cth) dealing with the acquisition of its shares (including substantial holdings and takeovers).

Limitations on the acquisition of securities imposed by the Nevada or US law

There are no limitations on the acquisition of securities imposed by Nevada corporations law, other than restrictions that the Company may impose via its own articles of incorporation, or its bylaws.

The Company's CDIs were issued in reliance on the exemption from registration contained in Regulation S of the US Securities Act of 1933 ("Securities Act") for offers that are made outside the US. Accordingly, the CDIs have not been, and will not be, registered under the Securities Act or the laws of any state or other jurisdiction in the US. As a result of relying on the Regulation S exemption, the CDIs are "restricted securities" under Rule 144 of the Securities Act. This means that investors will not be able to sell the CDIs into the United States or to a U.S. Person for a period of 12 months from the date of allotment of the CDIs under the Offer, unless the resale of the CDIs is registered under the U.S. Securities Act or an exemption is available (including resales to Qualified Institutional Buyers (QIBs, as defined Rule 144A under the U.S. Securities Act).

To enforce the above transfer restrictions, all CDIs issued bear a "FOR US" designation on ASX. This designation restricts any CDIs from being sold on ASX to US persons. However, CDI holders still may freely transfer their CDIs on ASX to any person other than a US person.

Limitations on the acquisition of securities imposed under the Company's bylaws or articles of incorporation

The Company may refuse to acknowledge or register any transfer of shares of the Company's capital stock (including CDIs) held or acquired by a shareholder (including shares of the Company's capital stock that may be acquired upon exercise of a stock option, warrant or other right) that is not made:

- in accordance with the provisions of Regulation S under the U.S. Securities Act of 1933 and as supplemented by a 'no action' letter issued by the U.S. Securities and Exchange Commission to the ASX in January 2000;
- pursuant to registration under the U.S. Securities Act; or
- pursuant to an available exemption from registration under the U.S. Securities Act.

Use of cash

The Company, between the date of admission and the end of the reporting period, used the cash (and assets in a form readily convertible to cash), that it had at the time of admission to the Australian Securities Exchange in a way consistent with its business objectives, as set out in its Prospectus and the Review of Operations forming part of this Annual Report.

Mining Tenements - All the tenements are located in USA

| Description | Tenement number | Interest owned % |
|--|----------------------------------|------------------|
| Blackhawk BH Claims (206 Claims) | NMC1183493 | 100.00 |
| Blackhawk BK Claims (194 Claims) | NMC1165344 | 100.00 |
| Blackhawk EX/MEX Claims (230 Claims) | NMC1097391/NMC1116711/NMC1174223 | 100.00 |
| Blackhawk Blackhawk Claim (1 Claim) | NMC1110298 | 100.00 |
| Blackhawk GF Claims (8 Claims) | NMC1203497 | 100.00 |
| Blackhawk D, EN, MA Claims (12 Claims) | NMC1106537/ NMC1141061 | 100.00 |
| Blackhawk HP Claims (5 Claims) | NMC799825 | 100.00 |
| Blackhawk SFO Patent (1 Patent) | Patent 21683 | 100.00 |
| Colorback Colorback Claims (34 Claims) | NMC1045249 | 100.00 |
| Colorback Scotty Group Claims (8 Claims) | NMC1045242 | 100.00 |
| Warrior WA Claims (91 Claims) | NMC1061934 | 100.00 |
| Warrior WR Claims (156 Claims) | Not assigned | 100.00 |
| New Pass NP Claims (62 Claims) | NMC1085427 | 100.00 |
| New Pass PW Claims (114 Claims) | NMC1051851 | 100.00 |
| New Pass Jung Claims (4 Claims) | NMC870386 | 100.00 |
| New Pass Jung Patents (8 Patents) | Jung Patents | 100.00 |
| Warrior Hillside Claims (13 Claims) | NMC110779/ NMC343517/NMC343528 | 100.00 |

For personal use only