

Southern Cross Gold Ltd

ABN 70 652 166 795

Financial Statements - 31 May 2023

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Directors	Ernest (Tom) Thomas Eadie (Non-Executive Chairman) Michael Robert Hudson (Managing Director) Georgina Margaret Carnegie (Non-Executive Director) David Alan Henstridge (Non-Executive Director)
Company secretary	Mr Justin Mouchacca
Notice of annual general meeting	The Company will hold its Annual General Meeting of shareholders on 30 October 2023.
Registered office	Level 21, 459 Collins Street Melbourne, VIC 3000 Ph: +61 3 8630 3321
Principal place of business	Level 21, 459 Collins Street Melbourne, VIC 3000
Share register	Computershare Investor Services Pty Ltd Yarra Falls 45 Johnson Street Abbotsford Ph: 1300 555 159 (within Australia) Ph: +61 3 8610 5000 (outside Australia)
Auditor	William Buck Level 20, 181 William Street Melbourne VIC 3000
Stock exchange listing	Southern Cross Gold Ltd shares are listed on the Australian Securities Exchange (ASX code: SGX)
Website	www.southerncrossgold.com.au
Corporate Governance Statement	Corporate governance statements are available on Southern Cross Gold Ltd's website. Refer to: https://www.southerncrossgold.com.au/corporate/corporate-governance

Dear Investors and Stakeholders,

It is with great pleasure that I present to you Southern Cross Gold Ltd's ("SXG") 2023 Annual Report, which details the exciting progress we have made in our exploration program at our 100% owned Sunday Creek project in central Victoria, Australia.

Victoria is well known for its historic gold discoveries and production; however, the geological and economic successes in recent years of the Fosterfield and Costerfield mines demonstrate the huge potential that remains in Victoria, but that is still relatively under explored.

Our activities reported during the past year have continued to build an asset of size and grade since our IPO in May 2022. I believe we have one of the best and most exciting gold and antimony exploration projects in the world today.

The successful \$16 million capital raise we undertook in November 2022 demonstrates we are not alone in our belief about the potential for Sunday Creek. That raise brought a number of global institutional shareholders onto our register and provided us with the confidence to undertake a 30,000 m diamond drill campaign for calendar year 2023 and beyond.

Through the 52 diamond drill holes for 19,254.9 m drilled at Sunday Creek in this past year, we have shown to the market that the project has all the attributes to become a globally significant deposit and potential mine. Our team of geologists have further defined the known mineralisation in the one km long main drill area at the project between the historic Golden Dyke and Apollo mines both along strike to the east of the Apollo prospect and to depths of greater than 900 m at Rising Sun.

There remains significantly more upside at the project as we still have substantial zones at the main drill area that are yet to be drill tested. In addition, this year we undertook the first ever drill campaign within the 10 km of mineralised trend that stretches northeast beyond the main drill area. This trend has seen historic gold production throughout its whole length from the 1880's. We await assay results from the drilling at the Tonal and Leviathan prospects to share with you.

I have also been pleased to see the growth of a technically excellent team of geologists and field assistants who have shown great insight and dedication to meet the daily challenges that advanced-stage exploration programs present. We moved into a new core facility during year that streamlines the cost-effective handling, logging and cutting of our drill core.

A great project, with cash is only as good as the narrative in explaining the story. The management team at SXG did a wonderful job of marketing the Company during the year. They attended more than one conference or event a month here in Australia and also offshore. Each press release was accompanied by an explanatory video.

At least once a quarter we hosted groups on what are now very popular site visits to the drill site and core shed. More than 100 people have enjoyed coming to site to visit us during this year to learn about the process of exploration and see the golden opportunities first hand. Specifically for local community members we hosted two site tours, two town hall meetings and, for the second year running, ran a booth at the Seymour Expo. Subsequent to the end of the year, SXG became a Foundation Member of the Melbourne Mining Club and have already hosted two tables at recent lunches, one being the first all female table for many years.

I know that under the senior leadership of Managing Director, Michael Hudson and General Manager, Lisa Gibbons, SXG will continue to successfully progress in a thoughtful, systematic and science-based approach using all of the best tools available to create optimum results for you, our shareholders and stakeholders, in the year ahead. Through the culture they have instilled at the Company, and our positive, proactive relations we have with our community, we are totally committed to undertaking our operations as a valued neighbour in the region.

We are well-funded with a fantastic project at Sunday Creek and are confident in the value we are creating through our operations. I would like to thank my fellow Directors and the whole team for the progress SXG has made this past year to become one of the best regarded exploration companies in the market. I encourage you to review our activities in greater detail as described in this annual report and thank you for your continued support.

Yours sincerely



Tom Eadie
Non-executive Chairman

28 August 2023

Company overview

Southern Cross Gold Ltd (ASX: SXG) is an exploration stage company with a focus on gold exploration in Australia. The Company's focus is primarily on the exploration and development of its portfolio of exploration projects through its wholly owned subsidiaries, Clonbinane Goldfield Pty Ltd, Mawson Victoria Pty Ltd and Mawson Queensland Pty Ltd which hold rights in the following the Projects:

1. Sunday Creek Project – Victoria - 100% ownership via Clonbinane;
2. Whroo Project – Victoria - earning up to 70% ownership via Mawson Victoria;
3. Redcastle Project – Victoria -70% ownership via Mawson Victoria; and
4. Mt Isa Project – 100% ownership via Mawson Queensland.

In Victoria, the Company controls three of the nine historic high grade epizonal goldfields in Central Victoria covering 471 km². The Mt Isa Project covers 458 km² of tenure in the Cloncurry/Mount Isa block in Queensland, over a combined 60 km of strike.

The Company also holds a strategic 9.2% ownership of Nagambie Resources Ltd (ASX: NAG) ('Nagambie') which entitles the Company to a Right of First Refusal over 3,000 km² of tenements controlled by Nagambie in central Victoria.

Sunday Creek Project

The 100%-owned Sunday Creek epizonal-style gold project is located 60 km north of Melbourne within 19,365 ha of granted exploration tenements. SXG is also the freehold landholder of 133.29 hectares that form the key portion in and around the main drilled area at the Sunday Creek Project.

Geologically, the project is located within the Melbourne Structural Zone in the Lachlan Fold Belt. The regional host to the Sunday Creek mineralisation is an interbedded turbidite sequence of siltstones and minor sandstones metamorphosed to sub-greenschist facies and folded into a set of open NW trending folds.

Sunday Creek has an 11 km mineralised trend that extends beyond the main drill area and is defined by historic workings and soil sampling. This large footprint is being drill tested for the very first time to depth by the fourth drill rig at the Tonstal and Leviathan prospects. Results are pending.

The Company considers Sunday Creek to be one of the best new exploration discoveries to come out of Australia in recent times with 31 individual intersections exceeding 50 AuEq g/t x m ("AuEq g/t x width in m") and 15 individual intersections exceeding 100 AuEq g/t x m.at period end. Mineralisation remains open at depth and along strike.

For the financial year 21/22 from 01 June 2022 to 31 May 2023, the Company completed 52 diamond drill holes for 19,254.9 m and reported 32 drill holes for 11,462.3 m (SDDSC034-064). Continuity, with great width and grades, is now evident down to 900 m vertical depth.

Mineralisation at Sunday Creek is structurally controlled, with increased mineralisation associated with brittle-ductile shear veins that show quartz-stibnite extension veining, stibnite-gold-matrix breccias and disseminated mineralisation in the form of arsenian pyrite, pyrite and arsenopyrite. The host for mineralisation is an east to north-east trending zone of intensely altered 'bleached' sericite-albitic siltstones, and sericite-carbonate-albite altered dyke rocks that ranges from 50 - 200 m wide. A larger arsenic anomaly is associated with gold mineralisation, mostly represented by arsenian-pyrite but arsenopyrite-bearing zones predominate below 700 m vertical depth with a clear spatial relationship to high-grade gold. A sulphidic (pyritic) halo, predominately in bleached pyrite-sericitic veins rounds out the larger visible alteration footprint.

Mineralised vein sets cross the host structure at on a predominate north-west orientation and are typically 10 m to 40 m wide (cut off dependent), 20 m to 60 m along strike, and 300 m to 830 m down dip. As compared to other deposits, Sunday Creek benefits from the presence of multiple high-grade veins. Mineralised shoots at Sunday Creek can also be formed at the intersection of the sub-vertical to shallower dipping 330 degree (NW) striking mineralised veins sets and the east-west striking, steeply north dipping structure hosting dioritic dykes and related intrusive breccias. Higher grades of mineralisation are often observed to concentrate on the dyke/alterd sediment interface within individual vein sets.

At Sunday Creek, and as is typical for epizonal deposits (for example Fosterville and Costerfield, Reefton (NZ)), visible gold becomes increasingly significant at depth below approximately 800 m. This represents the different temperatures and changes in structural regimes of formation of epizonal Au-Sb and Au dominant mineralisation. Gold at Sunday Creek is hosted in quartz and carbonate vein sets, associated with stibnite bearing veins and breccias.

Operations review

The 2022/23 reporting period was the first full 12-month period SXG operated as an ASX-listed company. During this period, the Company made tremendous progress in defining the host structure and increasing the known mineralisation at Sunday Creek. Reported results throughout the period successively were among the best results on the property when reported only to be superseded later in the year by follow up drilling. The Company targeted opportunities both near successful hits as well as extending mineralisation along strike and to depth to build on previous strong results. As the year progressed, numerous holes tested the vertical continuity of specific vein sets both above and below preceding holes.

The Company believes that, taken as a whole, the drill campaign undertaken throughout the year successfully achieved its objectives in increasing the size of the known mineralisation, increasingly found higher-grades on the property as well as refined understanding of the structural controls on gold mineralisation.

A majority of holes drilled during the period was concentrated at the main drilling zone at Sunday Creek as defined by the 800 m strike length between the Golden Dyke and Apollo prospects at the southwestern end of an 11 km mineralised trend. This mineralised trend is hosted by an interbedded turbidite sequence of siltstones, minor sandstones metamorphosed to sub-greenschist facies and folded into a set of open NW trending folds. Mineralisation at Sunday Creek is controlled by veining, stibnite-gold-matrix breccias and brittle faults. The immediate host for mineralisation is a zone of intensely altered white mica-pyritic siltstones, and white mica-pyrite-carbonate altered dyke rocks.

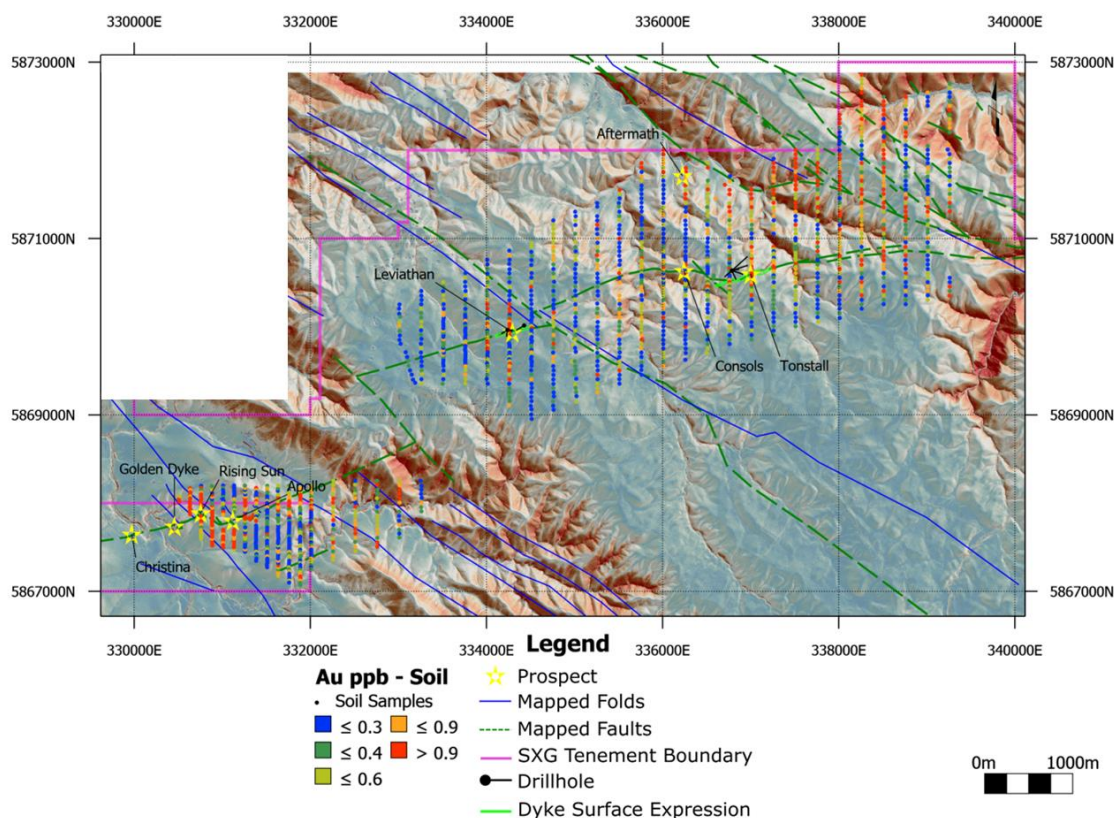


Figure 1: Sunday Creek regional plan view showing LiDAR, soil sampling, structural framework, regional historic epizonal gold mining areas and broad regional areas to be tested.

The Golden Dyke to Apollo drill area was host to historic gold mining between 1880-1920 where total production was reported as 41,000 oz gold at a grade of 33 g/t gold. Drilling during 1990-2000s focused on shallow, previously mined surface workings, covering an area of 100 m in width, 800 m length but only to 80 m depth.

During the period, SXG continued, and expanded on, a modern, oriented diamond drill program initiated in 2020 by Toronto Stock Exchange-listed Mawson Gold Ltd.

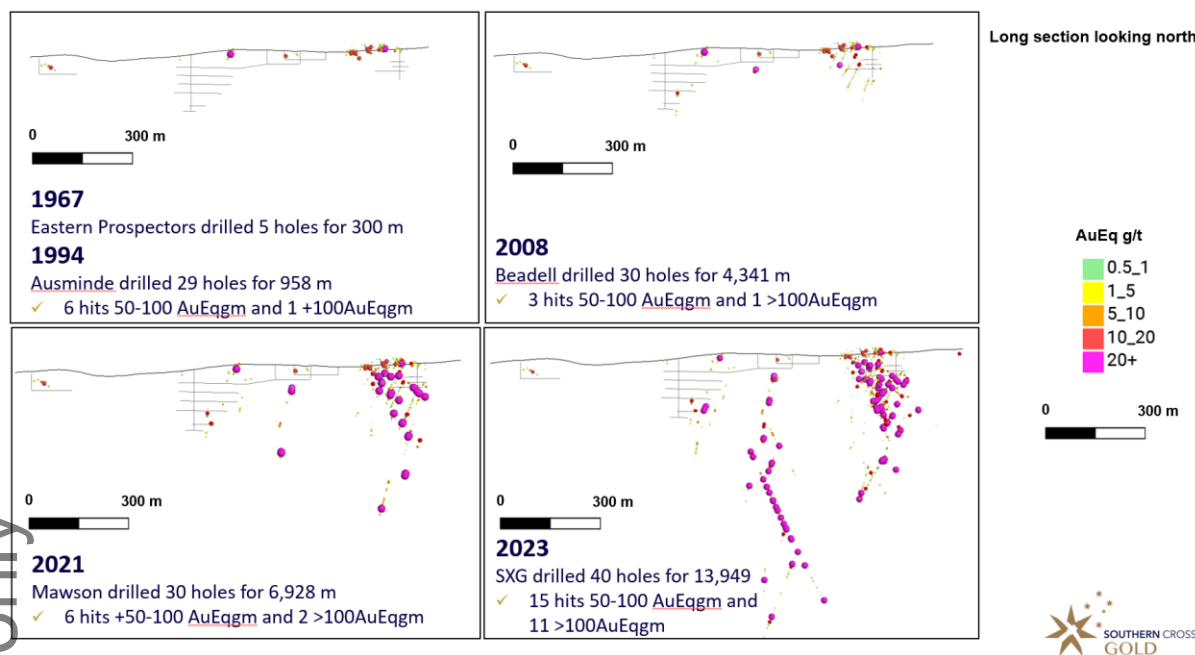


Figure 2: Long section looking north showing individual drill intersections showing the development of the expanding Sunday Creek project during each drill campaign. Also highlighted are AuEq g/t * m intersections achieved during each drill campaign.

Apollo zone

Drilling early in the period tested extensions of the Apollo shoot around the successful SDDSC033 (119.2m @ 3.2 g/t Au and 0.4% Sb (3.9 g/t AuEq)) reported in May 2022¹. In particular, drill holes SDDSC038-39 demonstrated **continuity of widths and grade in the Apollo shoot** around SDDSC033 and drilled over a 100 m distance, above and below that hole². Drill hole SDDSC039 was drilled 30 m below SDDSC033 and intersected **42.0 m @ 4.8 g/t AuEq (3.5 g/t Au and 0.8% Sb) from 166.0 m** whilst SDDSC038 was drilled 60 m above SDDSC033 and intersected **15.3 m @ 4.2 g/t AuEq (2.8 g/t Au and 0.9% Sb) from 141.0 m**.

Drill hole SDDSC040³, drilled towards 020, was designed as the first test in this orientation to drill down the dip of the diorite-dyke structure that hosts mineralisation, but at a higher angle to the high-grade 330-degree strike-oriented vein sets. The purpose of drilling in this orientation was to confirm the continuity of mineralisation within the main Apollo shoot and test the orientation of high-grade structures. The hole was successful in defining both continuity to depth and delineating higher grades returning intersections of **16.8 m @ 3.4 g/t AuEq (3.2 g/t Au and 0.2% Sb) from 116.0 m** and **17.9 m @ 2.7 g/t AuEq (2.3 g/t Au and 0.3% Sb) from 243.2 m**.

Drill holes SDDSC042 and SDDSC045⁴ were drilled in a NW-SE orientation across the NNE-trending Apollo shoot which demonstrated continuity of high-grade mineralisation and showed the true thickness of the Apollo shoot to be up to 50 m, with higher grades over 20 m - 40 m.

Drill hole SDDSC052⁵ was drilled as 40 m step out to test the most easterly extensions of the project at the Apollo prospect below historic mining areas from the 1880's. It intersected **three separate high-grade veins sets** and intercepted high grade zones including **10.7 m @ 4.8 g/t AuEq (3.9 g/t Au, 0.6 %Sb) from 88.5 m**, **19.5 m @ 1.9 g/t AuEq (1.7 g/t Au, 0.1 %Sb) from 166.5 m** and **11.6 m @ 7.5 g/t AuEq (6.4 g/t Au, 0.7 %Sb) from 209.4 m**.

¹ Refer to ASX Announcement 30 May 2022 – SXG intersects spectacular 119.2m @ 3.9 g/t AuEq

² Refer to ASX Announcement 9 August 2022 – SXG Intersects 1.2m @ 121.8 g/t Gold in Deepest Hole

³ Refer to ASX Announcement 20 September 2022 – Gold mineralisation intersected within 429 metre interval

⁴ Refer to ASX Announcement 17 October 2022 – SXG Drills 0.3m @ 362.5 g/t Gold and 0.4m @ 52.5 g/t Gold

⁵ Refer to ASX Announcement 23 January 2023 – SXG Easterly Step-out intersects further high-grades

Rising Sun zone

At the time of its release in early October, drill hole SDDSC046⁶ was the single best intersection to date at Sunday Creek with the highest-grade mineralisation intersected in a new area at Rising Sun, located 350 m from the Apollo shoot. Overall, drill hole SDDSC046 graded **21.5 m @ 15.0 g/t AuEq (12.2 g/t Au and 1.7% Sb) from 183.6 m**, including **2.1 m @ 121.6 g/t AuEq (115.5 g/t Au and 3.9% Sb)** with abundant visible gold and assays **up to 380.6 g/t AuEq over 0.4 m**.

Drill hole SDDSC050⁷ was then designed to test under the Rising Sun shoot, however, mineralisation continued in a never-before-drilled area between Rising Sun and Gladys. SDDSC050 had a total of 861 g/t AuEq x m cumulative intersection from 319.2 m to 840.0 m (**for 520.8 m @ 1.7 g/t AuEq no lower cut**) with thirteen individual veins sets identified over >0.5 km from the first to last high-grade gold intersection.

Better assays from the bottom portion of SDDSC050, from 651 m – 923.7 m (end of hole) included **0.3 m @ 54.6 g/t AuEq** (54.6 g/t Au, 0.1 %Sb) from 667.1 m, **9.0 m @ 7.3 g/t AuEq** (7.2 g/t Au, 0.1 %Sb) from 712.0 m and **4.9 m @ 8.8 g/t AuEq** (8.7 g/t Au, 0.1 %Sb) from 835.1 m.

At the time, drill hole SDDSC050 was the deepest hole on the Sunday Creek project by 278 m and demonstrated the **changing nature of mineralisation with thick quartz carbonate veins up to 1 m wide with gold and arsenic, but no antimony mineralisation**. This is a typical change in epizonal deposits in Victoria which transition from gold-antimony to gold only zones at depth.

SDDSC050 was drilled parallel to the host breccia dyke but at a high angle to the predominant NW high-grade mineralisation trend and therefore the true thickness of the mineralised interval is interpreted to be approximately 60-70% of the sampled thickness.

Drill hole SDDSC055⁸ was designed as a cross hole drilled from the NE to SW across the upper levels of SDDSC050 and 90 m below MDDSC021⁹ (**21.7 m @ 6.2 g/t AuEq** (4.7g/t Au, 1.0% Sb) from 274.7 m). It was the first of six planned NE-SW oriented drillholes that are to be drilled across the trace of SDDSC050 from 400 m to 800 m to constrain the position of the host breccia dyke which will allow deeper drilling in an east west direction below SDDSC050 to be better targeted. The hole intersected mineralisation up to 60 m above and 40 m east of SDDSC050 in the plane of the Rising Sun structure, highlighting the undulating nature of the dyke host rock, suggesting a thickening or bulging of the host structure at depth. Also noted were the high antimony grades of up to 31.4% Sb.

SDDSC059¹⁰ (**14.6 m @ 7.3 g/t AuEq** including 1.0 m @ 73.8 g/t AuEq) was designed to test a new vein set 25 metres along strike and at a high angle from SDDSC050 (5.0 m @ 36.1 g/t AuEq including 0.4 m @ 158.7 g/t AuEq) which demonstrated relationship between these holes and the predictable high-grades within the multiple individual north-west trending veins sets at -300 m RL (620 m vertically below surface). The Company predicted a new vein set to be located 25 metres along strike from SDDSC050 and it hit the mineralised vein as expected.

SDDSC061¹¹ intersected **12.0 m @ 7.4 g/t AuEq** (7.4 g/t Au, 0.0 %Sb) from 688.0 m and is located 270 m vertically below the Rising Sun Shoot intersection in SDDSC050 which returned 14.5 m @ 4.9 g/t AuEq (4.2 g/t Au, 0.5% Sb) from 439.8 m. Multiple points of visible gold were observed between 691.0 m to 695.1 m in SDDSC061. In a horizontal plane, SDDSC061 is located 187 m west from SDDSC050 and is the second deepest mineralised intersection on the project to date at 690 m vertically below surface. It is interpreted that SDDSC061 remained in the structural hanging wall of the dyke breccia host sequence and did not exit into the footwall of the structure.

⁶ Refer to ASX Announcement 4 October 2022 – SXG Drills Highest Grades on 350 Metre Step Out

⁷ Refer to ASX Announcements 21 November 2022 and 14 December 2022 – SXG Drills 305.8 m @ 2.4 AuEq (1.6 g/t Au, 0.5% Sb) and High-Grade Mineralisation continues in Drill Hole SDDSC050

⁸ Refer to ASX Announcement 28 February 2023 – SXG Drills 18.6m @ 4.1g/t AuEq at Rising Sun

⁹ Refer to Mawson Gold Ltd TSX Announcement 27 October 2021 – Mawson drills 0.4m @ 145.5 g/t gold and 20% antimony within 21.7m @ 4.7 g/t gold and 1% antimony in deepest hole drilled at Sunday Creek, Victoria, Australia (<https://mawsongold.com/news-releases/mawson-drills-0.4m-145.5-g-t-gold-and-20-antimony-within-21.7m-4.7-g-t-gold-and-1-antimony-in-deepest-hole-drilled-at-sunday/>)

¹⁰ Refer to ASX Announcement 1 May 2023 – SXG Intersects 14.6m @ 7.3 g/t AuEq INCL. 1.0m @ 73.8 g/t

¹¹ Refer to ASX Announcement 30 March 2023 – SXG Intersects 249.5 g/t Gold over 0.3m from 691m

SDDSC064¹² drilled in the Rising Sun area of Sunday Creek and was designed to extend mineralisation to depth as a scissor hole (drilled in an opposite direction) to SDDSC050 (305.8 m @ 2.4 g/t AuEq). It achieved this as the deepest mineralisation (**1.2 m @ 121.8 g/t AuEq** (121.8 g/t Au, 0.1 %Sb) **from 889.6 m** including: 0.5 m @ 158.5 g/t Au and 0.4 m @ 177.5 g/t Au) (830 m vertically below surface) and one of the two highest grade intersections on the Sunday Creek project with increasing abundance of visible gold.

Gold Equivalent Calculation

SXG considers that both gold and antimony that are included in the gold equivalent calculation ("AuEq") have reasonable potential to be recovered at Sunday Creek, given current geochemical understanding, historic production statistics and geologically analogous mining operations. Historically, ore from Sunday Creek was treated onsite or shipped to the Costerfield mine, located 54km to the northwest of the project, for processing during WW1. The Costerfield mine corridor, now owned by Mandalay Resources Ltd contains 2 million ounces of equivalent gold (Mandalay Q3 2021 Results), and in 2020 was the sixth highest-grade global underground mine and a top five global producer of antimony.

SXG considers that it is appropriate to adopt the same gold equivalent variables as Mandalay Resources Ltd in its Mandalay Technical Report, 2022 dated 25 March 2022. The gold equivalence formula used by Mandalay Resources was calculated using recoveries achieved at the Costerfield Property Brunswick Processing Plant during 2020, using a gold price of US\$1,700 per ounce, an antimony price of US\$8,500 per tonne and 2021 total year metal recoveries of 93% for gold and 95% for antimony, and is as follows: **$AuEq = Au (g/t) + 1.58 \times Sb (\%)$** .

Additional Drill Rigs Mobilised and Regional Exploration Commenced

As the Company continued to deliver wide and high-grade mineralisation results at Sunday Creek, it increased the number of drill rigs at site from an original one to a total of four by the end of the period as a reflection of the confidence it has in the project.

The deployment of additional rigs allowed for an increase in the speed in the number and location of holes drilled at the property to fulfil the Company's strategy to expand the gold-antimony mineralisation to depth and define further mineralised shoots.

The arrival of the fourth rig on site in March enabled the Company to undertake the first ever drill program at the regional Tonstal prospect, located 7.5 km to the northeast of the main drill area. The Tonstal – Western Consols prospect forms a 1.5 km long series of historic workings that is reported to host the same style of high-grade dyke hosted gold mineralisation as the main drill area. LiDAR analysis shows the same mineralisation style with a broad NE dyke trend containing NW high grade veins sets.

Results of the initial drill program at Tonstal had not been released by the period end whilst three rigs remained at the main drill area.

Antimony – The Most Critical Metal You Have Never Heard Of

Southern Cross Gold Ltd owns the globally significant Sunday Creek gold-stibnite project in Victoria Australia which has the potential to produce a long-term supply of antimony-gold concentrate. Sunday Creek is an epizonal gold-antimony deposit. Epizonal deposits in Victoria often have associated high levels of the critical metal, antimony, and Sunday Creek is no exception.

Historically and economically, antimony is the second most important metallic commodity in Victoria, Australia after gold. Victoria can join a select group of global producers and build a consistent and reliable alternative antimony supply chain. SXG has been working actively with local and international participants in the antimony supply chain to help build awareness of the opportunities that Sunday Creek may present.

Geoscience Australia reported that as at 2019, antimony is a critical metal where China and Russia combined produce approximately 82% of the antimony raw material supply. Antimony features highly on the critical minerals lists of many countries including Australia, the United States of America, Canada, Japan and the European Union. Australia ranks seventh for antimony production despite all production coming from a single mine at Costerfield in Victoria, located nearby to all SXG projects.

¹² Refer to ASX Announcement 16 May 2023 – SXG Intersects 1.2m @ 121.8 g/t Gold in Deepest Hole

From semiconductors and printed circuit boards to the coating around wiring and the glass in our cell phones, we use antimony every day. The quantity in any one application is small but essential and we can do more of the transformation from metal to processed material in Australia.

Seventeen percent of global antimony supply is used as a glass clarifier in solar panels or as a metal used to strengthen wind turbine components. Antimony also features as a major component in new battery technology that is attracting significant international investment, especially in the USA. Therefore, antimony plays an important role in producing clean energy.

Increase in Geology and Field Staff and new Core Shed

A reflection of the success and increase in size of the drill program throughout the year was an increase in both the geology and field staff teams employed by the Company. In addition to the growing staff base, the Company relocated its core shed to a larger, dedicated facility in the town of Kilmore, 20 km away from the main drill area. Centralising the transportation, storage and cutting of core at the new facility eliminated multiple re-handling and hundreds of kilometres of transportation of core which has led to cost savings and reduced the environmental impact of the process.

Successful Capital Raise

On 22 November 2022 the Company announced that it had received commitments from institutional and sophisticated investors to raise \$16 million (before costs) at \$0.58 per New Share, which was an 11.5% premium to the 15-day volume-weighted average price ("VWAP") and a 1.7% discount to the last traded price prior to the Placement being announced. As a result, the Company issued 27.4 million new shares.

The capital from the raise was to add additional drill rigs and to advance exploration at Sunday Creek.

In accordance with the Placement, an investment of \$110,000 from the Directors of the Company was subject to shareholder approval which was granted at a General Meeting subsequent to the close of the period.

Redcastle and Whroo Projects

During the period there was no significant exploration activities carried out at the Redcastle and Whroo JV exploration projects.

Queensland Projects

During the period there was no significant exploration activities carried out at the Company's Queensland exploration permits. EPM 26483 was due for renewal and following a review of the exploration conducted to date and depth of cover, the Company elected not to renew this permit.

Table 1: Drill collar summary table for drillholes with assays released during the period. Datum UTM, Projection GDA94 Zone 55.

Hole_ID	Depth (m)	Prospect	East	North	Elevation	Azimuth	Plunge	Status
SDDSC034	165.3	Apollo	331089	5867789	313	221	-63	reported during FY22/23
SDDSC035	280.0	Apollo	331124	5867845	304	210	-60	reported during FY22/23
SDDSC036	290.0	Apollo	331154	5867856	305	238	-50	reported during FY22/23
SDDSC037	420.0	Gladys	331112	5867975	319	216	-60	reported during FY22/23
SDDSC038	401.9	Apollo	330965	5867725	315	64	-37	reported during FY22/23
SDDSC039	323.0	Apollo	331172	5867842	306	249	-57	reported during FY22/23
SDDSC040	472.2	Apollo	331050	5867715	324	16	-63	reported during FY22/23
SDDSC041	174.0	Rising Sun	330777	5867891	295	221	-67	reported during FY22/23
SDDSC042	250.5	Apollo	331019	5867840	299	138	-62	reported during FY22/23
SDDSC043	323.4	Rising Sun	330753	5868023	295	198	-62	reported during FY22/23
SDDSC044	338.9	Apollo	330977	5867848	297	92	-64	reported during FY22/23
SDDSC045	237.3	Apollo	331019	5867840	299	139	-70	reported during FY22/23
SDDSC046	240.0	Rising Sun	330753	5868022	295	189	-47	reported during FY22/23

SDDSC047	260.8	Golden Dyke	330613	5867886	300	209	-61	reported during FY22/23
SDDSC048	62.6	Apollo	330814	5867599	296	37	-49	reported during FY22/23
SDDSC049	308.0	Golden Dyke	330616	5867886	300	218	-55	reported during FY22/23
SDDSC050	923.7	Rising Sun	330539	5867885	296	77	-64	reported during FY22/23
SDDSC051	263.5	Apollo	331191	5867848	307	227	-75	reported during FY22/23
SDDSC052	245.4	Apollo	331191	5867848	307	247	-67	reported during FY22/23
SDDSC053	601.9	Rising Sun	330617	5867891	300	79	-62	reported during FY22/23
SDDSC054	285.0	Apollo	331180	5867848	307	240	-77	reported during FY22/23
SDDSC055	522.2	Gentle Annie	330883	5868075	307	224	-60	reported during FY22/23
SDDSC056	194.0	Apollo	331111	5867851	303	231	-35	reported during FY22/23
SDDSC057	414.2	Apollo	331112	5867975	319	184	-71	reported during FY22/23
SDDSC058	303.0	Golden Dyke	330535	5867882	296	188	-70	reported during FY22/23
SDDSC059	641.9	Root Hog	330883	5868075	307	214	-76	reported during FY22/23
SDDSC060	263.8	Golden Dyke	330535	5867882	296	167	-70	reported during FY22/23
SDDSC061	821.8	Gentle Annie	330754	5868022	294	210	-82	reported during FY22/23
SDDSC062	339.3	Golden Dyke	330537	5867883	296	199	-74	reported during FY22/23
SDDSC063	41.1	Apollo	331293	5867825	316	68	-35	reported during FY22/23
SDDSC064	1013.5	Root Hog	331032	5868098	325	240	-69	reported during FY22/23
SDDSC065	40.1	Apollo	331293	5867825	316	92	-39	reported during FY22/23
SDDSC066	669.9	Apollo	331291	5867823	317	279	-57	results reported after FY22/23
SDDSC067	551.0	Rising Sun	330754	5868022	294	220	-70	results reported after FY22/23
SDDSC069	385.8	Rising Sun	330875	5868005	307	234	-59	results reported after FY22/23
SDDSC067	551.0	Rising Sun	330754	5868022	294	220	-70	results reported after FY22/23
SDDSC069	385.8	Rising Sun	330875	5868005	307	234	-59	results reported after FY22/23
SDDSC070	911.3	Rising Sun	331032	5868098	325	231	-75	results reported after FY22/23
SDDSC071	329.3	Rising Sun	330875	5868005	307	232	-51	results reported after FY22/23
SDDSC072	259.7	Rising Sun	330875	5868005	307	222	-43	results reported after FY22/23
SDDSC073	770.0	Apollo	331254	5868097	354	212	-69	results reported after FY22/23
SDDSC074	898.1	Root Hog	331108	5867975	319	255	-73	results reported after FY22/23
SDDSC075	283.1	Root Hog	330951	5868007	314	211	-40	results reported after FY22/23
SDDTS001	179.8	Tonstal	336788	5870637	525	156	-50	results reported after FY22/23
SDDTS002	182.6	Tonstal	336788	5870637	525	111	-42	results reported after FY22/23
SDDTS003	197.8	Tonstal	336788	5870637	525	111	-73	results reported after FY22/23
SDDTS004	62.6	Tonstal	336788	5870637	525	79	-60	results reported after FY22/23
SDDTS004A	170.6	Tonstal	336788	5870637	525	79	-60	results reported after FY22/23
SDDTS005A	256.0	Tonstal	336788	5870637	525	70	-42	results reported after FY22/23
SDDTS006	368.6	Tonstal	336788	5870637	525	48	-50	results reported after FY22/23
SDDTS007	179.6	Tonstal	336788	5870637	525	230	-50	results reported after FY22/23
SDDCN001	200.0	Consols	336270	5870700	507	220	-60	results reported after FY22/23

Table 2: Tables of mineralised drill hole intersections from SDDSC034 – SDDSC064 reported during the financial year using two intersection criteria

5.0 g/t AuEq cutoff over a maximum of 1m

Drill Hole	from (m)	to (m)	width (m)	Au g/t	Sb %	AuEq g/t
SDDSC034	44.0	46.0	2.0	5.6	0.3	6.0
SDDSC034	64.5	64.8	0.3	1.5	2.2	5.0
SDDSC034	131.2	131.5	0.3	0.0	4.8	7.6
SDDSC035	100.5	101.1	0.6	16.4	0.0	16.4
SDDSC035	111.4	112.0	0.6	5.2	5.9	14.6
SDDSC036	160.4	160.7	0.3	7.0	0.2	7.3
SDDSC036	164.8	165.2	0.4	1.9	2.2	5.4
SDDSC036	170.5	172.4	1.9	2.5	1.2	4.4
SDDSC038	98.5	99.3	0.8	0.3	13.3	21.3
SDDSC038	101.7	103.0	1.3	0.1	5.4	8.6
SDDSC038	142.4	142.7	0.3	3.6	15.5	28.1
SDDSC038	148.0	148.3	0.3	11.4	4.0	17.7
SDDSC038	149.6	152.3	2.7	12.9	2.6	17.1
SDDSC038	195.8	197.2	1.4	12.5	0.2	12.8
SDDSC038	217.8	218.4	0.6	1.7	3.0	6.4
SDDSC038	235.0	236.9	1.9	5.1	2.3	8.7
SDDSC038	238.0	238.2	0.2	8.2	1.2	10.0
SDDSC038	240.6	240.9	0.3	3.0	1.8	5.8
SDDSC038	306.3	306.9	0.6	0.9	17.4	28.3
SDDSC039	78.9	79.3	0.4	1.4	3.8	7.3
SDDSC039	194.8	195.1	0.3	2.2	3.0	7.0
SDDSC039	197.6	200.8	3.2	13.1	3.0	17.8
SDDSC039	202.0	203.9	1.8	43.2	11.4	61.2
SDDSC040	116.9	117.4	0.5	4.1	1.9	7.1
SDDSC040	120.8	125.8	5.0	6.5	0.1	6.7
SDDSC040	130.2	130.7	0.5	21.8	0.9	23.2
SDDSC040	244.6	245.0	0.4	14.3	1.6	16.8
SDDSC040	251.8	252.7	0.8	13.9	2.0	17.1
SDDSC040	255.3	255.7	0.3	7.9	1.3	9.9
SDDSC040	264.7	265.3	0.7	8.1	5.2	16.3
SDDSC040	412.0	412.3	0.3	0.3	4.3	7.1
SDDSC040	416.0	416.5	0.5	4.5	2.6	8.6
SDDSC040	419.4	420.2	0.8	3.7	8.1	16.6
SDDSC042	137.5	137.7	0.2	0.9	7.2	12.3
SDDSC042	140.3	143.8	3.5	6.7	0.2	6.9
SDDSC043	241.4	241.9	0.5	1.8	7.6	13.7
SDDSC043	243.1	243.9	0.8	2.6	2.3	6.2
SDDSC043	248.8	251.6	2.8	3.0	1.1	4.8
SDDSC044	172.5	172.9	0.5	11.3	0.0	11.3
SDDSC044	243.1	244.7	1.6	11.1	4.1	17.6

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SDDSC044	248.0	249.9	1.8	4.1	7.9	16.6
SDDSC044	275.4	276.1	0.7	0.7	5.5	9.3
SDDSC045	127.1	127.4	0.3	7.0	0.7	8.1
SDDSC045	131.3	131.5	0.3	4.3	1.0	5.8
SDDSC045	163.4	164.0	0.6	6.5	2.2	9.9
SDDSC045	174.7	175.1	0.4	52.4	0.0	52.5
SDDSC045	184.3	184.6	0.3	362.5	0.0	362.6
SDDSC046	187.5	187.7	0.2	12.7	17.5	40.4
SDDSC046	191.3	191.6	0.3	1.1	6.4	11.2
SDDSC046	193.1	193.6	0.6	0.3	12.2	19.5
SDDSC046	194.8	195.1	0.3	0.6	6.0	10.1
SDDSC046	196.8	197.9	1.1	5.2	10.0	21.0
SDDSC046	199.0	201.1	2.1	115.5	3.9	121.6
SDDSC047	197.8	198.0	0.3	5.1	0.0	5.1
SDDSC048A	493.5	494.0	0.4	2.5	8.5	15.9
SDDSC048A	500.0	500.4	0.4	6.3	1.5	8.7
SDDSC049	195.8	196.2	0.4	0.7	14.1	23.0
SDDSC049	204.4	207.1	2.7	10.4	6.6	20.9
SDDSC049	211.0	213.3	2.3	24.7	2.0	27.9
SDDSC049	255.6	256.0	0.4	2.0	3.9	8.1
SDDSC050	326.0	326.3	0.4	59.8	2.6	63.9
SDDSC050	334.0	335.0	1.0	5.2	1.7	7.9
SDDSC050	343.5	343.9	0.3	42.2	4.9	49.8
SDDSC050	399.2	399.9	0.7	4.5	2.2	8.0
SDDSC050	419.2	419.7	0.4	29.6	9.4	44.5
SDDSC050	441.9	442.2	0.3	6.9	0.3	7.4
SDDSC050	444.8	445.8	0.9	49.1	5.9	58.4
SDDSC050	464.4	464.8	0.4	18.2	1.6	20.8
SDDSC050	469.1	469.4	0.3	0.2	4.9	7.8
SDDSC050	487.0	487.9	0.9	1.0	2.6	5.1
SDDSC050	490.0	490.9	0.9	33.2	0.1	33.4
SDDSC050	492.1	494.0	1.9	2.8	10.7	19.7
SDDSC050	513.6	513.9	0.3	0.3	31.4	49.9
SDDSC050	525.3	525.6	0.3	181.0	9.7	196.3
SDDSC050	549.2	549.6	0.3	40.1	0.6	41.0
SDDSC050	568.9	570.8	1.9	11.8	8.4	25.1
SDDSC050	579.8	580.1	0.3	5.4	8.1	18.1
SDDSC050	583.0	583.3	0.3	14.9	4.3	21.6
SDDSC050	585.5	585.8	0.3	4.9	3.0	9.5
SDDSC050	589.0	590.0	1.0	40.9	9.1	55.3
SDDSC050	613.0	615.7	2.7	1.4	2.1	4.8
SDDSC050	620.0	623.9	3.9	33.7	7.9	46.1
SDDSC050	667.1	667.4	0.3	54.6	0.1	54.6
SDDSC050	713.0	714.5	1.5	41.3	0.1	41.5

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SDDSC050	837.2	839.0	1.8	22.7	0.1	22.8
SDDSC052	88.5	88.8	0.3	20.2	0.0	20.2
SDDSC052	96.3	96.7	0.4	73.2	13.8	95.0
SDDSC052	172.9	173.2	0.3	33.0	0.0	33.0
SDDSC052	175.9	176.6	0.7	3.7	1.5	6.1
SDDSC052	210.2	213.6	3.4	21.2	2.3	24.8
SDDSC053	271.3	271.8	0.4	3.6	2.0	6.8
SDDSC053	272.9	273.4	0.5	2.8	2.0	5.9
SDDSC053	279.5	280.0	0.5	1.7	3.9	7.9
SDDSC053	317.5	317.9	0.4	18.0	11.4	35.9
SDDSC054	140.0	140.8	0.8	4.2	0.8	5.5
SDDSC055	388.5	389.4	0.9	4.1	13.2	25.0
SDDSC055	392.0	392.4	0.4	9.8	31.4	59.3
SDDSC055	400.4	402.5	2.1	4.7	4.3	11.5
SDDSC055	405.9	406.2	0.3	5.1	2.0	8.3
SDDSC055	417.9	418.1	0.2	12.6	9.0	26.8
SDDSC055	420.8	421.3	0.6	7.9	1.6	10.4
SDDSC056	77.0	78.0	1.0	0.1	7.4	11.7
SDDSC056	134.5	135.0	0.5	9.9	10.0	25.7
SDDSC056	150.1	150.6	0.5	6.3	0.0	6.3
SDDSC056	173.8	174.4	0.6	9.9	0.6	10.8
SDDSC057	328.2	329.0	0.8	2.0	6.1	11.7
SDDSC059	573.2	573.9	0.7	5.3	0.6	6.3
SDDSC059	575.3	578.0	2.7	3.6	2.6	7.7
SDDSC059	583.0	584.0	1.0	73.7	0.1	73.8
SDDSC061	691.1	691.4	0.3	249.5	0.0	249.5
SDDSC062	281.0	281.8	0.8	6.1	0.0	6.1
SDDSC062	310.5	311.0	0.5	1.3	2.4	5.1
SDDSC063	26.2	26.7	0.5	12.2	3.2	17.2
SDDSC064	715.8	716.1	0.4	44.6	2.5	48.5
SDDSC064	725.8	726.0	0.3	15.6	0.4	16.3
SDDSC064	882.7	883.6	0.9	5.2	0.2	5.6
SDDSC064	889.9	890.8	0.9	166.9	0.1	167.0
SDDSC064	907.3	907.8	0.6	8.6	2.5	12.6

0.3 g/t lower cutoff over a maximum of 3m

Drill Hole	from (m)	to (m)	width (m)	Au g/t	Sb %	AuEq g/t
SDDSC034	2.0	3.2	1.2	0.3	0.0	0.3
SDDSC034	7.0	10.0	3.0	1.1	0.0	1.2
SDDSC034	28.6	30.0	1.4	2.0	0.1	2.2
SDDSC034	38.8	40.0	1.2	0.3	0.1	0.5
SDDSC034	43.8	50.0	6.2	2.5	0.1	2.7
SDDSC034	64.0	65.5	1.6	0.8	0.6	1.7

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SDDSC034	105.3	109.0	3.7	2.0	0.1	2.1
SDDSC034	131.2	131.5	0.3	0.0	4.8	7.6
SDDSC034	144.8	146.4	1.6	1.2	0.0	1.2
SDDSC035	90.2	92.0	1.8	0.4	0.1	0.5
SDDSC035	98.2	102.1	3.9	2.7	0.1	2.8
SDDSC035	107.4	121.8	14.4	1.3	0.4	2.0
SDDSC035	125.5	129.8	4.3	0.3	0.0	0.3
SDDSC035	147.7	148.1	0.4	0.4	0.0	0.4
SDDSC035	172.2	175.3	3.1	0.6	0.0	0.6
SDDSC036	160.0	172.4	12.4	1.4	0.3	1.9
SDDSC036	187.0	189.0	2.0	0.5	0.0	0.5
SDDSC036	193.0	199.0	6.0	0.5	0.0	0.5
SDDSC036	205.0	207.0	2.0	0.9	0.0	0.9
SDDSC036	212.9	213.6	0.7	0.7	0.0	0.7
SDDSC036	225.0	225.6	0.6	0.5	0.0	0.5
SDDSC037	271.7	272.0	0.3	0.7	0.0	0.7
SDDSC037	301.4	301.9	0.5	0.3	0.0	0.3
SDDSC037	344.0	347.5	3.5	0.2	0.1	0.3
SDDSC037	358.2	359.8	1.6	0.6	0.0	0.6
SDDSC037	363.0	364.0	1.0	1.6	0.0	1.6
SDDSC037	368.6	369.6	1.0	0.1	0.6	1.1
SDDSC038	17.0	18.0	1.0	0.7	0.0	0.7
SDDSC038	24.0	25.6	1.6	1.3	0.0	1.4
SDDSC038	51.8	53.9	2.1	1.7	0.2	2.0
SDDSC038	92.0	109.6	17.6	0.9	1.2	2.7
SDDSC038	113.9	117.4	3.5	0.5	0.0	0.6
SDDSC038	120.7	124.0	3.3	0.4	0.0	0.4
SDDSC038	130.0	131.0	1.0	2.3	0.0	2.3
SDDSC038	141.0	152.8	11.8	3.6	1.2	5.5
SDDSC038	171.6	172.5	0.9	1.0	0.0	1.0
SDDSC038	195.8	197.2	1.4	12.5	0.2	12.8
SDDSC038	209.2	212.7	3.5	0.4	0.1	0.5
SDDSC038	215.8	218.4	2.6	0.9	0.7	2.1
SDDSC038	221.0	222.6	1.6	0.5	0.2	0.8
SDDSC038	224.6	230.0	5.4	0.7	0.1	0.8
SDDSC038	234.0	243.5	9.5	1.9	0.7	3.0
SDDSC038	287.0	288.0	1.0	0.3	0.0	0.3
SDDSC038	294.7	295.1	0.4	0.3	0.0	0.3
SDDSC038	305.5	307.8	2.3	0.3	5.1	8.3
SDDSC038	380.0	382.0	2.0	0.7	0.1	0.8
SDDSC039	72.6	73.6	1.0	0.4	0.1	0.5
SDDSC039	78.9	83.0	4.1	0.4	0.5	1.1
SDDSC039	101.4	101.8	0.4	0.6	0.0	0.6
SDDSC039	166.0	166.8	0.8	0.3	0.0	0.4

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SDDSC039	169.6	187.0	17.4	1.0	0.1	1.1
SDDSC039	194.0	207.0	13.0	10.0	2.5	13.9
SDDSC039	212.0	212.4	0.4	2.6	0.2	2.9
SDDSC039	296.0	296.8	0.8	0.1	2.9	4.7
SDDSC040	2.0	12.0	10.0	0.5	0.0	0.5
SDDSC040	28.0	40.0	12.0	0.5	0.0	0.5
SDDSC040	103.0	112.5	9.5	0.5	0.0	0.6
SDDSC040	116.0	132.8	16.8	3.2	0.2	3.4
SDDSC040	201.0	202.0	1.0	0.5	0.0	0.5
SDDSC040	216.0	217.0	1.0	0.6	0.0	0.6
SDDSC040	224.0	226.0	2.0	0.5	0.0	0.5
SDDSC040	243.2	261.0	17.9	2.3	0.3	2.7
SDDSC040	264.2	275.2	11.0	0.9	0.3	1.4
SDDSC040	291.3	292.0	0.7	0.3	0.0	0.3
SDDSC040	310.0	311.0	1.0	1.1	0.0	1.1
SDDSC040	318.0	320.0	2.0	2.0	0.5	2.8
SDDSC040	410.7	413.5	2.8	0.1	1.0	1.6
SDDSC040	416.0	422.0	6.0	1.1	1.3	3.2
SDDSC040	425.5	428.5	3.0	0.5	0.1	0.7
SDDSC041	72.0	79.4	7.3	0.6	0.1	0.7
SDDSC041	82.5	86.0	3.6	0.6	0.3	1.0
SDDSC041	129.7	130.1	0.4	0.9	0.0	0.9
SDDSC042	111.9	125.9	14.0	1.2	0.0	1.3
SDDSC042	137.5	143.8	6.3	4.1	0.4	4.7
SDDSC042	167.0	167.5	0.5	0.6	0.0	0.6
SDDSC042	177.0	178.0	1.0	0.5	0.0	0.5
SDDSC043	241.4	253.5	12.1	1.1	0.8	2.4
SDDSC043	257.7	261.4	3.7	0.3	0.0	0.3
SDDSC044	4.7	5.7	1.0	0.3	0.0	0.3
SDDSC044	171.2	172.9	1.8	3.4	0.0	3.4
SDDSC044	242.3	249.9	7.6	3.8	2.8	8.3
SDDSC044	256.3	257.0	0.8	1.0	0.5	1.7
SDDSC044	265.0	266.4	1.4	0.1	0.5	0.9
SDDSC044	273.7	276.1	2.4	0.4	1.6	3.0
SDDSC045	97.4	105.0	7.6	1.6	0.0	1.6
SDDSC045	126.8	128.1	1.3	2.8	0.6	3.6
SDDSC045	131.3	131.5	0.3	4.3	1.0	5.8
SDDSC045	138.8	139.1	0.3	0.5	0.0	0.5
SDDSC045	154.0	165.2	11.2	0.8	0.1	1.1
SDDSC045	168.9	177.7	8.8	2.8	0.0	2.8
SDDSC045	184.3	186.1	1.8	59.1	0.0	59.2
SDDSC046	183.6	205.1	21.5	12.2	1.7	15.0
SDDSC047	177.0	178.6	1.6	0.4	0.0	0.4
SDDSC047	183.2	183.8	0.7	0.3	0.0	0.3

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SDDSC047	192.8	203.0	10.2	0.9	0.0	0.9
SDDSC047	215.0	216.9	1.9	0.5	0.0	0.5
SDDSC048A	449.9	450.8	0.9	1.3	0.0	1.3
SDDSC048A	493.5	502.0	8.5	1.3	0.6	2.3
SDDSC048A	505.7	506.3	0.6	0.3	0.0	0.4
SDDSC048A	520.0	520.5	0.5	0.3	0.0	0.3
SDDSC048A	546.9	548.4	1.5	0.6	0.4	1.3
SDDSC048A	579.0	583.4	4.4	0.5	0.0	0.5
SDDSC049	182.0	186.0	4.0	0.4	0.1	0.6
SDDSC049	190.1	191.0	0.9	0.2	0.1	0.3
SDDSC049	195.8	197.2	1.4	0.3	4.1	6.8
SDDSC049	201.3	215.0	13.7	6.6	1.8	9.4
SDDSC049	218.4	219.3	0.9	1.5	0.1	1.7
SDDSC049	251.0	252.0	1.0	3.9	0.0	3.9
SDDSC049	255.6	256.0	0.4	2.0	3.9	8.1
SDDSC050	205.3	206.1	0.9	0.3	0.0	0.3
SDDSC050	315.4	316.0	0.6	0.3	0.0	0.3
SDDSC050	319.2	349.0	29.8	1.7	0.3	2.1
SDDSC050	367.0	368.0	1.0	0.2	0.1	0.4
SDDSC050	378.0	379.0	1.0	0.4	0.0	0.4
SDDSC050	393.3	408.7	15.4	0.5	0.3	1.0
SDDSC050	412.6	414.4	1.7	0.9	0.1	1.1
SDDSC050	419.2	430.2	11.0	1.3	0.5	2.1
SDDSC050	439.8	454.3	14.5	4.2	0.5	4.9
SDDSC050	458.7	459.1	0.5	0.3	0.1	0.4
SDDSC050	464.4	472.2	7.8	1.2	0.3	1.8
SDDSC050	475.0	495.0	20.0	2.2	1.4	4.4
SDDSC050	502.5	503.1	0.6	0.0	0.2	0.3
SDDSC050	513.6	513.9	0.3	0.3	31.4	49.9
SDDSC050	519.6	520.5	0.9	0.1	0.3	0.5
SDDSC050	524.2	530.0	5.8	10.4	0.7	11.5
SDDSC050	533.0	552.2	19.2	1.1	0.2	1.3
SDDSC050	561.0	573.6	12.6	2.1	1.6	4.7
SDDSC050	578.9	592.0	13.2	3.9	1.1	5.6
SDDSC050	595.8	596.6	0.9	0.2	0.1	0.4
SDDSC050	611.0	615.7	4.7	1.0	1.4	3.2
SDDSC050	620.0	625.0	5.0	26.4	6.2	36.1
SDDSC050	667.1	667.4	0.3	54.6	0.1	54.6
SDDSC050	712.0	721.0	9.0	7.2	0.1	7.3
SDDSC050	758.0	760.1	2.1	1.5	0.0	1.6
SDDSC050	768.3	769.8	1.5	0.8	0.0	0.8
SDDSC050	781.0	782.0	1.0	0.6	0.0	0.6
SDDSC050	790.7	796.9	6.2	0.4	0.0	0.5
SDDSC050	802.7	806.7	4.0	0.2	0.0	0.2

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SDDSC050	812.8	818.0	5.2	0.6	0.1	0.7
SDDSC050	835.1	840.0	4.9	8.7	0.1	8.8
SDDSC050	859.0	860.0	1.0	0.3	0.0	0.3
SDDSC051	118.0	119.0	1.0	0.4	0.0	0.5
SDDSC052	81.9	82.2	0.3	0.4	0.0	0.4
SDDSC052	88.5	99.2	10.7	3.9	0.6	4.8
SDDSC052	145.0	146.0	1.0	0.6	0.0	0.6
SDDSC052	166.5	186.0	19.5	1.7	0.1	1.9
SDDSC052	200.9	202.0	1.1	0.5	0.0	0.5
SDDSC052	209.4	221.0	11.6	6.4	0.7	7.5
SDDSC052	228.0	229.0	1.0	0.5	0.0	0.5
SDDSC053	258.3	259.6	1.4	0.7	0.2	1.0
SDDSC053	270.6	281.0	10.4	0.7	0.5	1.5
SDDSC053	286.3	287.0	0.7	0.2	0.1	0.4
SDDSC053	291.0	295.8	4.8	0.3	0.1	0.5
SDDSC053	302.0	303.0	1.0	0.0	0.3	0.4
SDDSC053	307.0	321.0	14.0	0.9	0.4	1.5
SDDSC053	400.5	411.5	11.0	0.6	0.3	1.0
SDDSC053	421.2	421.6	0.4	0.4	0.1	0.5
SDDSC053	447.4	447.7	0.3	0.3	0.0	0.3
SDDSC054	140.0	141.6	1.6	2.4	0.4	3.1
SDDSC054	198.7	199.7	1.0	0.6	0.0	0.6
SDDSC054	207.0	207.7	0.7	2.1	0.0	2.1
SDDSC055	357.0	359.0	2.0	0.2	0.0	0.2
SDDSC055	372.8	384.2	11.4	0.2	0.2	0.5
SDDSC055	388.5	407.1	18.6	1.2	1.8	4.1
SDDSC055	410.3	413.0	2.7	0.5	0.2	0.7
SDDSC055	417.9	423.0	5.1	1.7	0.7	2.8
SDDSC056	77.0	78.0	1.0	0.1	7.4	11.7
SDDSC056	117.0	122.0	5.0	0.6	0.0	0.7
SDDSC056	126.0	127.0	1.0	0.3	0.1	0.3
SDDSC056	132.0	151.6	19.6	1.0	0.3	1.5
SDDSC056	163.9	165.4	1.4	0.5	0.0	0.5
SDDSC056	172.6	175.0	2.4	3.5	0.2	3.8
SDDSC057	325.2	331.0	5.8	0.6	0.9	1.9
SDDSC057	337.1	338.2	1.0	0.3	0.0	0.4
SDDSC058	121.0	121.6	0.6	0.4	0.0	0.4
SDDSC058	224.0	226.4	2.4	0.3	0.1	0.4
SDDSC058	233.0	235.3	2.3	0.5	0.2	0.8
SDDSC059	569.8	584.4	14.6	6.3	0.6	7.3
SDDSC059	596.8	598.5	1.7	0.4	0.2	0.7
SDDSC059	605.4	607.8	2.4	0.2	0.1	0.4
SDDSC060	215.0	227.7	12.7	0.3	0.0	0.3
SDDSC061	656.0	664.0	8.0	1.2	0.1	1.3

SDDSC061	673.0	674.0	1.0	0.8	0.0	0.8
SDDSC061	688.0	700.0	12.0	7.4	0.0	7.4
SDDSC061	724.0	726.0	2.0	0.8	0.0	0.8
SDDSC061	735.0	738.0	3.0	0.6	0.0	0.6
SDDSC061	746.6	750.0	3.4	0.3	0.0	0.3
SDDSC061	758.0	759.1	1.1	0.7	0.0	0.7
SDDSC061	769.0	770.0	1.0	0.7	0.0	0.8
SDDSC062	273.4	276.0	2.6	0.7	0.0	0.8
SDDSC062	279.8	284.2	4.4	1.6	0.0	1.6
SDDSC062	291.4	292.6	1.2	1.9	0.5	2.7
SDDSC062	297.3	302.2	4.9	0.4	0.1	0.5
SDDSC062	306.0	316.0	10.0	0.7	0.5	1.5
SDDSC062	326.3	328.2	1.9	0.9	0.0	0.9
SDDSC063	24.0	26.7	2.7	3.4	0.7	4.4
SDDSC064	693.3	694.7	1.4	0.9	0.0	0.9
SDDSC064	703.0	708.0	5.0	0.2	0.1	0.3
SDDSC064	712.0	712.8	0.8	0.4	0.4	1.0
SDDSC064	715.8	716.1	0.4	44.6	2.5	48.5
SDDSC064	725.8	727.0	1.3	3.4	0.2	3.7
SDDSC064	734.0	735.9	1.9	0.2	0.3	0.7
SDDSC064	741.0	753.0	12.0	0.5	0.1	0.6
SDDSC064	756.9	764.0	7.1	0.7	0.2	1.0
SDDSC064	812.0	814.0	2.0	0.9	0.0	0.9
SDDSC064	854.5	856.0	1.5	0.3	0.0	0.3
SDDSC064	861.0	863.0	2.0	0.8	0.0	0.8
SDDSC064	869.8	872.7	2.9	0.4	0.0	0.4
SDDSC064	880.8	886.0	5.2	1.5	0.1	1.6
SDDSC064	889.6	890.8	1.2	121.8	0.1	121.8
SDDSC064	898.3	921.9	23.6	0.7	0.1	0.9
SDDSC064	925.1	928.5	3.4	0.2	0.1	0.3
SDDSC064	952.0	953.0	1.0	0.6	0.0	0.7
SDDSC064	957.0	959.0	2.0	0.6	0.1	0.6

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The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Southern Cross Gold Ltd (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 May 2023.

Directors

The following persons were directors of Southern Cross Gold Ltd during the whole of the reporting year and up to the date of this report, unless otherwise stated:

Tom Eadie	Non-Executive Chairman
Michael Hudson	Managing Director
Georgina Carnegie	Non-Executive Director
David Henstridge	Non-Executive Director

Principal activities

The principal activity of the consolidated entity during the year was the exploration for natural resources, including metals, precious metals, lithium and minerals. The consolidated entity operates four exploration projects across Australia, including:

- Sunday Creek, Victoria
- Redcastle, Victoria
- Whroo, Victoria
- Mt Isa, Queensland

There have been no significant changes in the nature of those activities during the year.

Dividends

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

Comparative figures

Comparative figures for the prior period presented in the financial statements are not for a full year as the company was incorporated on 21 July 2021. Therefore, the comparative figures represent 10 months of operations. The comparative figures have been included to provide a basis for comparison and do not represent a complete set of financial statements for the prior period.

Financial performance

The loss of the consolidated entity after providing for income tax amounted to \$3,955,335 for the year ended 31 May 2023.

The loss for the year is primarily driven by:

- employee benefit expense of \$1,419,419
- administration and corporate costs of \$846,395
- decrease in market value of investments of \$574,404
- impairment of exploration and evaluation assets of \$1,041,408.

Included in the loss for the year are the following non-cash expenditure of significance:

- depreciation and amortisation of \$69,702
- share based payments recognised through employee benefits expense of \$411,536
- decrease in market value of investments of \$574,404
- impairment of exploration and evaluation assets of \$1,041,408.

Excluding these non-cash transactions, the loss for the year amounted to \$1,858,285. This loss was largely attributable to employee benefits, administration and corporate costs incurred by the company.

In addition, at 31 May 2023 the consolidated entity recorded:

- cash and cash equivalents of \$15,186,850
- net assets of \$31,179,652
- working capital of \$13,975,272.

Impairment of exploration and evaluation assets of \$1,041,408 for the year ended 31 May 2023 is attributable to the following:

- On 17 October 2022, Mawson Queensland Pty Ltd, a subsidiary of Southern Cross Gold Ltd, surrendered tenement EPM 26483 located at Mount Isa, Queensland. Accordingly, the directors recorded an impairment charge of \$101,892.
- Following recent successful drilling results which the consolidated entity has produced at its Sunday Creek project, and the increased level of expenditure at this area of interest, the directors reviewed the residual carrying amount of its Queensland exploration assets for impairment. Whilst the consolidated entity will continue to hold these tenements in good standing, substantive expenditure on further exploration in this area is not planned whilst it progresses exploration at Sunday Creek. Accordingly, the directors recorded an impairment charge of \$939,516.

Refer to the preceding Review of Operations for further details on the operations of the company.

Financial position

Net assets of the consolidated entity at 31 May 2023 were \$31,179,652, increasing from \$19,687,434 as at 31 May 2022. Current assets of the consolidated entity at 31 May 2023 were \$15,374,149, exceeding current liabilities of \$1,398,877.

The increase in financial position of the company during the year was largely due to the capital raisings amounting to \$15,889,998 before equity raising costs.

Cash flow

The company raised proceeds from issue of shares of \$15,889,998 (before costs) for the year ended 31 May 2023. Cash and cash equivalents of the consolidated entity at 31 May 2023 were \$15,186,850.

Refer to the detailed review of operations preceding this report for further information on the consolidated entity's activities.

Significant changes in the state of affairs

On 21 November 2022, Southern Cross Gold Ltd announced another spectacularly wide intersection of gold-antimony mineralisation grading at its 100%-owned Sunday Creek Project in Victoria. As a result, Southern Cross Gold Ltd's share price increased from \$0.59 (59 cents) on 21 November 2022 to \$0.68 (68 cents) on 22 November 2022. The company's share price subsequently increased to \$0.855 (85.5 cents) on 30 November 2022.

On 22 November 2022, Southern Cross Gold Ltd announced that it had secured firm commitments for a placement of shares to institutional and sophisticated investors. Following this announcement, on 28 November 2022, Southern Cross Gold Ltd issued 23,948,272 fully paid ordinary shares with an issue price of \$0.58 (58 cents) per share, raising \$13,889,998 (before costs). This resulted in a change of interests of a substantial shareholder, with Mawson Gold Ltd's voting power decreasing from 60.00% to 52.03% as of 28 November 2022.

On 28 November 2022, Southern Cross Gold Ltd issued 3,000,000 options over fully paid ordinary shares to Bell Potter Securities Limited, whom were the Lead Manager under the Broker Options Offer in connection with the aforementioned capital raise announced on 22 November 2022. The options over ordinary shares have an exercise price of \$0.87, expiring 3 years from the date of the capital raise.

On 9 December 2022, Southern Cross Gold Ltd acquired an additional 2,039,669 fully paid ordinary shares at \$0.07 (7 cents) per share in Nagambie Resources Limited (ASX: NAG) for consideration of \$142,777. Following the placement, Southern Cross Gold Ltd's shareholding in Nagambie Resources Limited increased to 53,361,046 shares, representing a 10% ownership interest.

On 13 December 2022, an employee of the company, who is not considered key management personnel, exercised 166,667 options over fully paid shares at an exercise price of \$0.30 (30 cents) in exchange for consideration of \$50,000. These options were issued under an employee share ownership plan in connection with the consolidated entity's IPO on 16 May 2022.

On 19 December 2022, Southern Cross Gold Ltd issued a further 3,448,276 fully paid ordinary shares at an issue price of \$0.58 (58 cents) per share, raising a further \$2,000,000. The remaining shares from the placement will be subject to shareholder approval, which will be sought at a general meeting of shareholders proposed to be held over the coming months. This resulted in a change in interests of a substantial shareholder, with Mawson Gold Ltd's voting power decreasing from 52.03% to 51.00% as of 19 December 2022.

Funding raised via the placements occurring on 22 November 2022 and 19 December 2022 will be used to add up to five diamond drill rigs (up from three active drill rigs) to advance exploration at Sunday Creek.

On 9 January 2023, Mawson Victoria Pty Ltd, which is a 100% owned subsidiary of Southern Cross Gold Ltd, entered into a lease agreement for a commercial premises in Kilmore, Victoria. The key terms of the lease are as follows:

- Commencement date of 1 February 2023
- Lease payments of \$70,000 ex-GST per annum
- Initial lease term of two years, with three two year options available.

This lease has been recognised as a right-of-use asset and lease liability on Southern Cross Gold Ltd's statement of financial position.

On 21 March 2023, Southern Cross Gold Ltd announced an increase in the number of drill rigs operating with four drill rigs now active at the Sunday Creek site, representing a significant milestone for the company.

On 15 May 2023:

- An employee of the company, who is not considered key management personnel, exercised 40,000 options over fully paid shares at an exercise price of \$0.30 (30 cents) in exchange for consideration of \$12,000. These options were issued under an employee share ownership plan in connection with the consolidated entity's IPO on 16 May 2022. The conditional rights of 206,667 options over fully paid shares at an exercise price of \$0.30 (30 cents) lapsed because the conditions had become incapable of being satisfied. These options were issued under an employee share ownership plan in connection with the consolidated entity's IPO on 16 May 2022. The options were scheduled to expire on 5 May 2026.
- The conditional rights of 206,667 options over fully paid shares at an exercise price of \$0.30 (30 cents) lapsed because the conditions had become incapable of being satisfied. These options were issued under an employee share ownership plan in connection with the consolidated entity's IPO on 16 May 2022. The options were scheduled to expire on 5 May 2027.

During the year ended 31 May 2023, the fair value of the consolidated entity's investment in Nagambie Resources Limited decreased by \$574,404.

There were no other significant changes in the state of affairs of the consolidated entity during the reporting year.

Matters subsequent to the end of the financial year

On 19 July 2023, Southern Cross Gold Ltd announced the acquisition of Prospecting Licence PL6415 for \$300,000, which is located in the Redcastle district of the Victorian goldfields. The strategic acquisition has secured 100% of one of the higher-grade parts of the Redcastle goldfield, where recent drilling has identified very high grades within continuous and targetable structures. The acquisition has increased the consolidated entities exploration and evaluation assets by \$300,000 and reduced the consolidated entities cash and cash equivalents by \$300,000 subsequent to balance date.

On 21 July 2023, Southern Cross Gold Ltd announced the acquisition of 0.65 ha freehold land for \$366,420 within the 100%-owned Sunday Creek epizonal-style gold project located 60 km north of Melbourne. The acquired freehold land lies adjacent to both the main access and current freehold ownership, securing surface access and providing the consolidated entity with sufficient area for any potential future gold operation. Whilst there are no current plans for alternative use, the consolidated entity may in the future consider other uses for the freehold land, such as renewable energy options, livestock grazing or agistment to help maintain the property. The acquisition has increased the consolidated entities property, plant and equipment by \$366,420 and reduced the consolidated entities cash and cash equivalents by \$366,420 subsequent to balance date.

On 21 July 2023, following shareholder approval granted at Southern Cross Gold Ltd's general meeting of shareholders on 21 June 2023, the consolidated entity announced the issuance of 189,658 fully paid ordinary shares with an issue price of \$0.58 (58 cents) to directors of Southern Cross Gold Ltd:

- Tom Eadie acquired an additional 51,725 fully paid ordinary shares for consideration of \$30,000.50.
- Michael Hudson acquired an additional 51,725 fully paid ordinary shares for consideration of \$30,000.50.
- David Henstridge acquired an additional 51,725 fully paid ordinary shares for consideration of \$30,000.50.
- Georgina Carnegie acquired an additional 34,483 fully paid ordinary shares for consideration of \$20,000.14.

The abovementioned fully paid ordinary shares were issued to directors at a premium, with the issue price of \$0.58 (58 cents) exceeding Southern Cross Gold Ltd's share price of \$0.44 (44 cents) on 21 July 2023, reflecting the directors' commitment to the company's activities and investment into the future. The issue of such shares was a new/separate share issue and was not made in settlement of any existing accrued director fees at 31 May 2023.

Subsequent to balance date and up until the date of signing, the fair value of the consolidated entity's investment in Nagambie Resources Limited decreased by \$320,166 with the share price decreasing from \$0.04 (4 cents) at 31 May 2023 to \$0.034 (3.4 cents) prior to the signing of the financial report. This has decreased the consolidated entity's net profit and net asset position by \$320,166 subsequent to balance date.

On 15 August 2023, Southern Cross Gold Ltd announced that it had issued 2,000,000 unlisted options to employees in accordance with the company's Employee Security Ownership Plan. Each option is exercisable at \$0.66 (66 cents) per option on or before 15 August 2026.

No other matter or circumstance has arisen since 31 May 2023 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

Southern Cross Gold Ltd is a party to an Option and Joint Venture Agreements with Nagambie Resources Limited for the Redcastle Joint Venture tenements. At 31 May 2023, Southern Cross Gold Ltd had met its minimum exploration commitments for the Redcastle Joint Venture tenements and is proceeding to form a joint venture ("JV") with Nagambie Resources Limited. The JV is expected to be formed during the quarter ended 30 November 2023. Refer to Note 20 for further information.

In addition, during the current financial year, the company has entered into agreements to acquire new projects and project rights and the success of the company will depend on exploration activities proposed to be carried out on the current projects areas of interest which have been acquired or granted to the consolidated entity.

The company continues to review potential new opportunities, if the directors are successful in acquiring new projects or entering into a joint venture, it is expected that part of the funding held by the company may be directed to the purchase of that project and to the exploration and development plan for that project.

Environmental regulation

The consolidated entity holds participating interests in a number of exploration tenements. The various authorities granting such tenements require the tenement holder to comply with the terms of the grant of the tenement and all directions given to it under those terms of the tenement. To the best of the directors' knowledge, the consolidated entity has adequate systems in place to ensure compliance with the requirements of all environmental legislation described above and are not aware of any breach of those requirements during the year ended 31 May 2023 and up to the date of the directors' report.

Risk statement

The consolidated entity is committed to the effective management of risk to reduce uncertainty in the consolidated entity's business outcomes and to protect and enhance shareholder value. There are various risks that could have a material impact on the achievement of the consolidated entity's strategic objectives and future prospects.

Key risks and mitigation activities associated with the consolidated entity's objectives are set out below:

Exploration risk

The consolidated entity's projects are at various stages of exploration, and potential investors should understand that mineral exploration is a high-risk undertaking. There can be no assurance that exploration of these projects, or any other tenements that may be acquired in the future, will result in the discovery of an economic mineral deposit.

The future exploration activities of the consolidated entity may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, local title processes, changing government regulations and many other factors beyond the control of the consolidated entity.

In addition, the tenements forming the projects of the consolidated entity may include various restrictions excluding, limiting or imposing conditions upon the ability of the consolidated entity to conduct exploration activities. While the consolidated entity will formulate its exploration plans to accommodate and work within such access restrictions, there is no guarantee that the consolidated entity will be able to satisfy such conditions on commercially viable terms, or at all.

The consolidated entity uses a number of exploration techniques in order to reduce the level of exploration risks and continues to explore new and innovative technologies through its day to day operations.

Regulatory risk

The consolidated entity's mining and exploration activities are dependent upon the maintenance (including renewal) of the tenements in which the consolidated entity has or acquires an interest. Maintenance of the consolidated entity's tenements is dependent on, among other things, the consolidated entity's ability to meet the licence conditions imposed by relevant authorities.

Although the consolidated entity has no reason to think that the tenements in which it currently has an interest will not be renewed, there is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed by the relevant authority or whether the consolidated entity will be able to meet the conditions of renewal on commercially reasonable terms, if at all.

The consolidated entity works with local government and mining departments to ensure it meets the required level of reporting requirements and to reduce any potential for breach of regulatory requirements.

Future funding risk

The consolidated entity has no operating revenue and is unlikely to generate any operating revenue in the foreseeable future. Exploration and development costs and pursuit of its business plan will use funds from the consolidated entity's current cash reserves.

The development of one or more of its projects may require the consolidated entity to raise additional capital.

Any additional equity financing may be dilutive to shareholders, as it may be undertaken at lower prices than the then market price or may involve restrictive covenants which limit the consolidated entity's operations and business strategy. Debt financing, if available, may involve restrictions on financing and operating activities.

Although the directors believe that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the consolidated entity or at all.

If the consolidated entity is unable to obtain additional financing as needed, it may be required to reduce the scope of its activities and this could have a material adverse effect on the consolidated entity's activities and could affect the consolidated entity's ability to continue as a going concern. The consolidated entity's funding requirements are reviewed on a regular basis in order to mitigate future funding risk.

Information on directors

Name:	Tom Eadie
Title:	Non-Executive Chairman
Experience and expertise:	Mr Eadie has over 40 years' experience as an exploration leader and geophysicist in the resources industry. He is the former Executive Chairman of Copper Strike, founding Chairman of Syrah Resources and previously Executive General Manager - Exploration and Technology at Pasminco.
Other current directorships:	Alderan Resources Ltd (ASX: AL8) and Pursuit Minerals Limited (ASX: PUR).
Former directorships (last 3 years):	Strandline Resources Ltd (ASX: STA)(Resigned 1 July 2022)
Interests in shares:	601,725 fully paid ordinary shares
Interests in options:	400,000 Class A Options exercisable at \$0.30 (30 cents) on or before 5 May 2025 400,000 Class B Options exercisable at \$0.30 (30 cents) on or before 5 May 2026 400,000 Class C Options exercisable at \$0.30 (30 cents) on or before 5 May 2027

Name: Michael Hudson
Title: Managing Director
Experience and expertise: Mr Hudson has over 30 years of experience and is a professional geologist and company director. He commenced his career underground for three years in Broken Hill in 1990 with Pasminco Ltd. He has managed and developed exploration to pre-feasibility projects in Pakistan, Australia, Peru, Argentina, Mexico, Finland, Spain, Portugal and Sweden for major and junior mining companies. He was an integral team member for the development or discovery of the Western A Lode Zn mine in Broken Hill, NSW, the Portia gold mine in the Olary district of SA, the Duddar Pb-Zn mine in Pakistan, the Norra Karr REE deposit in Sweden, the Bongara Zn-Pb, San Martin Cu-Ag and Valiente Cu-Au discoveries in Peru, the Rompas-Rajapalot 1Moz gold cobalt deposit in Finland and the Sunday Creek Au-Sb project in Victoria. He is a Fellow of the Australasian Institute of Mining and Metallurgy and Member of both the Society for Economic Geologists and Australian Institute of Geoscientists.

Other current directorships: Mawson Gold Ltd (TSX:MAW), Hannan Metals Ltd (TSXV:HAN) and a director of Sixty Six Capital Inc. (CVE:SIX).

Former directorships (last 3 years): None
Interests in shares: 614,225 fully paid ordinary shares
Interests in options: 1,000,000 Class A Options exercisable at \$0.30 (30 cents) on or before 5 May 2025
1,000,000 Class B Options exercisable at \$0.30 (30 cents) on or before 5 May 2026
1,000,000 Class C Options exercisable at \$0.30 (30 cents) on or before 5 May 2027

Name: Georgina Carnegie
Title: Non-Executive Director
Experience and expertise: Ms Carnegie is an economist and international business consultant. She has over forty years' experience in international research and advisory work. Her early career involved senior positions in the Australian government and life insurance sectors. She recently spent more than a decade as Senior Advisor to the Chairman of a large natural resources focused private equity firm.

Ms Carnegie has a B Economics (Monash) and an MPA (Kennedy School of Government, Harvard).

Other current directorships: Hannan Metals Ltd (TSXV:HAN).
Former directorships (last 3 years): None
Interests in shares: 284,483 fully paid ordinary shares
Interests in options: 350,000 Class A Options exercisable at \$0.30 (30 cents) on or before 5 May 2025
350,000 Class B Options exercisable at \$0.30 (30 cents) on or before 5 May 2026
350,000 Class C Options exercisable at \$0.30 (30 cents) on or before 5 May 2027

Name: David Henstridge
Title: Non-Executive Director
Experience and expertise: Mr Henstridge is a geologist with 50 years' experience in the mining industry including 30 years managing public-listed companies. He has been associated with many mineral discoveries worldwide including in Australia, Peru and Finland. Moving into the Canadian capital markets in 1993, he has been associated with Companies raising more than \$200,000,000 for exploration and project development, been a co-founder of five capital pool Companies listed on the Toronto Venture Exchange, all succeeding with qualifying transactions in the exploration industry and the reconstruction and re-listing of several more defunct Companies.

Other current directorships: Hannan Metals Ltd (TSXV:HAN), Whitewater Acquisition Corp (TSXV:WWA-P.V) and Auscan Resources Inc. (TSXV:ACR-H.V)

Former directorships (last 3 years): Mawson Gold Ltd (TSX:MAW) (Retired 8 November 2022), Kingsman Resources Ltd (TSXV-KNG) (Retired 30 January 2023).

Interests in shares: 464,225 fully paid ordinary shares
Interests in options: 350,000 Class A Options exercisable at \$0.30 (30 cents) on or before 5 May 2025
350,000 Class B Options exercisable at \$0.30 (30 cents) on or before 5 May 2026
350,000 Class C Options exercisable at \$0.30 (30 cents) on or before 5 May 2027

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 Justin Mouchacca, CA FGIA

Mr Mouchacca is a qualified Chartered Accountant and Fellow of the Governance Institute of Australia with over 16 years' experience in public company responsibilities including statutory, corporate governance and financial reporting requirements. He graduated from RMIT University in 2008 with a Bachelor of Business majoring in Accounting. Mr Mouchacca completed the Chartered Accountants Program in 2011 and has been appointed Company Secretary and Financial Officer for a number of entities listed on the ASX and unlisted public companies. He is also a Fellow of the Governance Institute of Australia.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 31 May 2023, and the number of meetings attended by each director were:

	Full Board Eligible	Attended
Tom Eadie	8	8
Michael Hudson	8	8
Georgina Carnegie	8	8
David Henstridge	8	8

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.

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 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.

The board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the company.

The reward framework is designed to align executive reward to shareholders' interests. The board have considered that it should seek to enhance shareholders' interests by focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value.

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 and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at a shareholder meeting held on 10 January 2022, where the shareholders approved a maximum annual aggregate remuneration of \$350,000.

Executive remuneration

The company 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 two components:

- base pay and non-monetary benefits
- share-based payments

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

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the board of directors based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

The long-term incentives ('LTI') include long service leave and share-based payments. No options were issued to directors during the year ended 31 May 2023 which formed part of their remuneration.

The company did not use any external remuneration consultants during the financial year.

Consolidated entity performance and link to remuneration

The remuneration of directors and executives are not linked to the performance, share price or earnings of the consolidated entity.

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.

	Cash salary and fees \$	Superannuation \$	Equity settled \$	Total \$
2023				
<i>Non-Executive Directors:</i>				
David Henstridge	48,367	5,045	51,750	105,162
Georgina Carnegie*	100,894	5,045	51,750	157,689
Tom Eadie	58,065	6,056	59,143	123,264
<i>Executive Directors:</i>				
Michael Hudson	275,000	-	147,857	422,857
	<u>482,326</u>	<u>16,146</u>	<u>310,500</u>	<u>808,972</u>

* Included in cash salary and fees for this director is \$52,527 (ex-GST) consulting services to address the antimony supply chain and government relations.

	Cash salary and fees \$	Superannuation \$	Equity settled \$	Total \$
For the period 21 July 2021 to 31 May 2022				
<i>Non-Executive Directors:</i>				
David Henstridge	2,534	253	31,871	34,658
Georgina Carnegie	2,534	253	31,871	34,658
Tom Eadie	3,064	307	36,424	39,795
<i>Executive Directors:</i>				
Michael Hudson	14,046	-	91,061	105,107
	<u>22,178</u>	<u>813</u>	<u>191,227</u>	<u>214,218</u>

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

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2023	For the period 21 July 2021 to 31 May 2022	2023	For the period 21 July 2021 to 31 May 2022	2023	For the period 21 July 2021 to 31 May 2022
<i>Non-Executive Directors:</i>						
David Henstridge	51.00%	7.00%	-	-	49.00%	93.00%
Georgina Carnegie	67.00%	7.00%	-	-	33.00%	93.00%
Tom Eadie	52.00%	8.00%	-	-	48.00%	92.00%
<i>Executive Directors:</i>						
Michael Hudson	65.00%	13.00%	-	-	35.00%	87.00%

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:	Michael Hudson
Title:	Managing Director
Agreement commenced:	12 May 2022
Term of agreement:	This contract will continue from commencement date until terminated.
Details:	Mr. Hudson is remunerated at \$275,000 per annum (exclusive of GST). Mr. Hudson does not receive leave entitlements as he is appointed as a contractor.

Either party may terminate the Agreement by providing 6 months' notice in writing.

Name:	Georgina Carnegie
Title:	Lead Director - Antimony
Agreement commenced:	1 October 2022
Term of agreement:	This contract will continue from commencement date until terminated.
Details:	Ms. Carnegie is remunerated at \$6,600 per month (exclusive of GST).

Either party may terminate the Agreement by providing five days' notice in writing.

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 shares issued to directors and other key management personnel as part of compensation during the year ended 31 May 2023.

Options

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

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Tom Eadie	400,000	5/05/2022	5/05/2022	5/05/2025	\$0.30	\$0.08
Michael Hudson	1,000,000	5/05/2022	5/05/2022	5/05/2025	\$0.30	\$0.08
Georgina Carnegie	350,000	5/05/2022	5/05/2022	5/05/2025	\$0.30	\$0.08
David Henstridge	350,000	5/05/2022	5/05/2022	5/05/2025	\$0.30	\$0.08
Tom Eadie	400,000	5/05/2022	12/05/2023	5/05/2026	\$0.30	\$0.10
Michael Hudson	1,000,000	5/05/2022	12/05/2023	5/05/2026	\$0.30	\$0.10
Georgina Carnegie	350,000	5/05/2022	12/05/2023	5/05/2026	\$0.30	\$0.10
David Henstridge	350,000	5/05/2022	12/05/2023	5/05/2026	\$0.30	\$0.10
Tom Eadie	400,000	5/05/2022	12/05/2024	5/05/2027	\$0.30	\$0.11
Michael Hudson	1,000,000	5/05/2022	12/05/2024	5/05/2027	\$0.30	\$0.11
Georgina Carnegie	350,000	5/05/2022	12/05/2024	5/05/2027	\$0.30	\$0.11
David Henstridge	350,000	5/05/2022	12/05/2024	5/05/2027	\$0.30	\$0.11

Service periods, which are satisfied on the vesting date, are the only vesting criteria attached to options over ordinary shares issued to directors and other key management personnel. Options granted carry no dividend or voting rights.

Additional information

The earnings of the consolidated entity for the two years to 31 May 2023 are summarised below:

	2023 \$	For the period 21 July 2021 to 31 May 2022 \$
Revenue	164	16
Net profit/(loss) before income tax	(3,955,335)	(1,833,947)
Net profit/(loss) after income tax	(3,955,335)	(1,833,947)

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

	2023	For the period 21 July 2021 to 31 May 2022
Share price at start of financial year (\$)	0.64	-
Share price at end of financial year (\$)	0.48	0.64
Basic earnings per share (cents per share)	(0.02)	0.04
Diluted earnings per share (cents per share)	(0.02)	0.04

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>					
Tom Eadie	550,000	-	-	-	550,000
Michael Hudson	562,500	-	-	-	562,500
Georgina Carnegie	250,000	-	-	-	250,000
David Henstridge	412,500	-	-	-	412,500
	<u>1,775,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,775,000</u>

Option holding

The number of options 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	Exercised	Expired/ forfeited/ other	Balance at the end of the year
<i>Options over ordinary shares</i>					
Tom Eadie	1,200,000	-	-	-	1,200,000
Michael Hudson	3,000,000	-	-	-	3,000,000
Georgina Carnegie	1,050,000	-	-	-	1,050,000
David Henstridge	1,050,000	-	-	-	1,050,000
	<u>6,300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,300,000</u>

Loans to key management personnel and their related parties

There were no loans provided to key management personnel and their related parties during the year ended 31 May 2023.

Other transactions with key management personnel and their related parties

There were no other transactions with key management personnel and their related parties during the year ended 31 May 2023.

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of Southern Cross Gold Ltd under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
5/05/2022	5/05/2025	\$0.30	2,783,333
5/05/2022	5/05/2026	\$0.30	2,783,333
5/05/2022	5/05/2027	\$0.30	2,783,333
5/05/2022	16/05/2025	\$0.30	6,500,000
28/11/2022	28/11/2025	\$0.87	3,000,000
15/08/2023	15/08/2026	\$0.66	<u>2,000,000</u>
			<u>19,849,999</u>

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 issued on the exercise of options

There were no ordinary shares of Southern Cross Gold Ltd issued on the exercise of options during the reporting year ended 31 May 2023 and up to the date of this report.

Indemnity and insurance of officers

The consolidated entity has agreed to indemnify all the directors of the consolidated entity for any liabilities to another person (other than the consolidated entity or related body corporate) that may arise from their position as directors of the consolidated entity, except where the liability arises out of conduct involving lack of good faith.

During the reporting year, the consolidated entity paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

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

Proceedings on behalf of the company

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

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial period by the auditor are outlined in Note 26 to the financial statements.

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

William Buck continues in office in accordance with section 327 of the *Corporations Act 2001*.

Rounding of amounts

Southern Cross Gold Ltd is a type of Company that is referred to in ASIC Corporations (Rounding in Financial Directors' Reports) Instrument 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest dollar.

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

On behalf of the directors



Tom Eadie
Non-executive Chairman

28 August 2023

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF SOUTHERN CROSS GOLD LTD

I declare that, to the best of my knowledge and belief, during the year ended 31 May 2023 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

N. S. Benbow

N. S. Benbow
Director
Melbourne, 28 August 2023

For personal use only

Southern Cross Gold Ltd
Consolidated Statement Of Profit Or Loss And Other Comprehensive Income
For the year ended 31 May 2023



	Note	2023 \$	2022 \$ For the period 21 July 2021 to 31 May 2022
Revenue			
Interest income		164	16
Expenses			
Employee benefits expense	5	(1,419,419)	(297,366)
Depreciation and amortisation expense		(69,702)	(23,485)
Administration and corporate costs	6	(846,395)	(709,148)
Decrease in fair value of investment in Nagambie Resources Limited	12	(574,404)	(803,964)
Impairment of exploration and evaluation assets	11	(1,041,408)	-
Finance costs		(4,171)	-
Loss for the year		(3,955,335)	(1,833,947)
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		<u>(3,955,335)</u>	<u>(1,833,947)</u>
Earnings per share calculated on loss for the year after income tax expense			
		\$	\$
Basic earnings per share	7	(0.02)	(0.04)
Diluted earnings per share	7	(0.02)	(0.04)

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

Southern Cross Gold Ltd
Consolidated Statement Of Financial Position
As at 31 May 2023



	Note	2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	8	15,186,850	7,946,407
GST receivable		185,745	68,749
Other assets and prepaid expenses		1,554	2,950
Total current assets		<u>15,374,149</u>	<u>8,018,106</u>
Non-current assets			
Property, plant and equipment	10	2,307,813	2,045,663
Exploration and evaluation	11	12,658,099	7,456,722
Investment in Nagambie Resources Limited	12	2,134,442	2,566,069
Right-of-use assets	9	237,308	-
Bonds and security deposits		46,370	26,956
Total non-current assets		<u>17,384,032</u>	<u>12,095,410</u>
Total assets		<u>32,758,181</u>	<u>20,113,516</u>
Liabilities			
Current liabilities			
Trade and other payables	13	1,338,810	426,082
Lease liabilities	14	60,067	-
Total current liabilities		<u>1,398,877</u>	<u>426,082</u>
Non-current liabilities			
Lease liabilities	14	179,652	-
Total non-current liabilities		<u>179,652</u>	<u>-</u>
Total liabilities		<u>1,578,529</u>	<u>426,082</u>
Net assets		<u>31,179,652</u>	<u>19,687,434</u>
Equity			
Issued capital	15	34,405,566	20,729,110
Reserves		2,563,368	792,271
Accumulated losses		(5,789,282)	(1,833,947)
Total equity		<u>31,179,652</u>	<u>19,687,434</u>

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

Southern Cross Gold Ltd
Consolidated Statement Of Changes In Equity
For the year ended 31 May 2023



	Issued capital \$	Share-based payment Reserve \$	Accumulated losses \$	Total equity \$
Balance at 21 July 2021	-	-	-	-
Loss for the year	-	-	(1,833,947)	(1,833,947)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	-	-	(1,833,947)	(1,833,947)
<i>Transactions with owners in their capacity as owners:</i>				
Shares issued during the period	21,924,000	-	-	21,924,000
Cost of equity raised in the period	(1,194,890)	-	-	(1,194,890)
Vesting of share based payments	-	792,271	-	792,271
Balance at 31 May 2022	20,729,110	792,271	(1,833,947)	19,687,434
	Issued capital \$	Share-based payment Reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 June 2022	20,729,110	792,271	(1,833,947)	19,687,434
Loss for the year	-	-	(3,955,335)	(3,955,335)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	-	-	(3,955,335)	(3,955,335)
<i>Transactions with owners in their capacity as owners:</i>				
Shares issued during the year through placement	15,889,998	-	-	15,889,998
Shares issued during the year from exercise of options over ordinary shares	78,533	(16,533)	-	62,000
Options issued to broker for capital raising during the year	(1,378,380)	1,378,380	-	-
Cost of equity raised in the year	(913,695)	-	-	(913,695)
Vesting of share based payments	-	441,961	-	441,961
Lapse of share options	-	(32,711)	-	(32,711)
Balance at 31 May 2023	34,405,566	2,563,368	(5,789,282)	31,179,652

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

Southern Cross Gold Ltd
Consolidated Statement Of Cash Flows
For the year ended 31 May 2023



	Note	2023 \$	2022 \$ For the period 21 July 2021 to 31 May 2022
Cash flows from operating activities			
Payments to suppliers, employees and taxation authorities		(2,044,443)	(432,499)
Interest received		164	16
Payments for interest associated with lease liability		(4,171)	-
Net cash used in operating activities	16	(2,048,450)	(432,483)
Cash flows from investing activities			
Payments for property, plant and equipment	10	(310,278)	(1,977,466)
Payments for exploration and evaluation costs	11	(5,216,669)	(1,963,369)
Payments for shares in listed entity	12	(142,777)	(70,033)
Proceeds from the acquisition of subsidiaries (including cash acquired)	21	-	543,749
Receipts from bonds and security deposits		(19,414)	26,095
Net cash used in investing activities		(5,689,138)	(3,441,024)
Cash flows from financing activities			
Proceeds for shares not issued		37,706	-
Payments for shares not issued		(37,706)	-
Proceeds from issue of shares	15	15,889,998	11,817,924
Proceeds from conversion of options	15	62,000	-
Proceeds from borrowings with related parties	23	-	999,891
Payments for the cost of issuing share capital	15	(954,804)	(633,081)
Repayment of borrowings with related parties	23	-	(364,820)
Repayment of principal component of lease liabilities		(19,163)	-
Net cash from financing activities		14,978,031	11,819,914
Net increase in cash and cash equivalents		7,240,443	7,946,407
Cash and cash equivalents at the beginning of the year		7,946,407	-
Cash and cash equivalents at the end of the year	8	15,186,850	7,946,407

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

Note 1. General information

The financial statements cover Southern Cross Gold Ltd as a consolidated entity consisting of Southern Cross Gold Ltd and the entities it controlled at the end of, or during, the year ended 1 June 2022 to 31 May 2023. The financial statements are presented in Australian dollars, which is Southern Cross Gold Ltd's functional and presentation currency.

Southern Cross Gold Ltd is a public company, which was incorporated on 21 July 2021 and is domiciled in Australia.

The company's registered office and principal administration office is:

Level 21, 459 Collins Street
Melbourne, Victoria, 3000
Australia

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 ('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 ('IASB').

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

These financial statements are presented in Australian dollars, which is the consolidated entity's functional currency. The amounts have been rounded to the nearest dollar.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the consolidated entity'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.

Comparative figures

Comparative figures for the prior period presented in these financial statements are not for a full year as the company was incorporated on 21 July 2021. Therefore, the comparative figures represent 10 months of operations. The comparative figures have been included to provide a basis for comparison and do not represent a complete set of financial statements for the prior period.

Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present information of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 22.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Southern Cross Gold Ltd ('company' or 'parent entity') as at 31 May 2023 and the results of all subsidiaries for the reporting year then ended. Southern Cross Gold Ltd and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

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.

Note 2. Significant accounting policies (continued)

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.

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

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

Impairment of assets

At the end of each year, the consolidated entity reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that an asset may be impaired. The assessment will include consideration of external sources of information and internal sources of information.

External sources of information include but are not limited to observable indications that an asset's value has declined during the year by significantly more than would be expected as a result of the passage of time or normal use. Internal sources of information include but are not limited to evidence of obsolescence or physical damage of an asset and significant changes with an adverse effect on the consolidated entity which changes the way in which an asset is used or expected to be used.

If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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. Short term employee benefits are not considered material to the financial statements.

Long-term employee benefits

Liabilities for wages and salaries, including long service leave, are presented as non-current in the statement of financial position if the consolidated entity has a conditional right to defer settlement for at least 12 months after the end of the year. Otherwise, such employee entitlements are classified as current liabilities.

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the year on high quality corporate bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the years in which the changes occur. Long-term employee benefits are not considered material to the financial statements.

Provisions

Provisions are recognised when the consolidated entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the year.

Note 2. Significant accounting policies (continued)

Restoration and rehabilitation costs

The mining, extraction and processing activities of the consolidated entity give rise to obligations for site restoration and rehabilitation. Restoration and rehabilitation obligations can include facility decommissioning and dismantling, removal or treatment of waste materials, land rehabilitation and site restoration. Provisions for the cost of each rehabilitation program are recognised at the time that environment disturbance occurs where such costs can be reliably measured.

Restoration and rehabilitation provisions are initially measured at the expected value of future cash flows required to rehabilitate the relevant site discounted to their present value. When provisions for restoration and rehabilitation are initially recognised, the corresponding cost of the related asset is progressively increased over time as the effect of discounting unwinds, creating an expense recognised in finance costs.

At the end of each year, the restoration and rehabilitation liability is re-measured to account for any new disturbance, updated cost estimates, inflation, changes to the estimated reserves and lives of operations, new regulatory requirements, environmental policies and revised discount rates. Changes to the restoration and rehabilitation liability are added to or deducted from the related rehabilitation asset and amortised accordingly.

A provision for restoration and rehabilitation costs has not been recognised on the statement of financial position at 31 May 2023. Refer to Note 3 for details of key judgements applied by the directors.

Goods and Services Tax ('GST') and other similar taxes

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

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

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

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

Accounting standards issued but not yet effective

An assessment of accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to the consolidated entity and their potential impact when adopted in future years is outlined below:

AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (applicable for reporting periods beginning commencing on or after 1 January 2025).

Adoption of this standard is not expected to have a material impact.

AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128, AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections and AASB 2021-7 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections (applicable for reporting periods beginning commencing on or after 1 January 2025).

Adoption of this standard is not expected to have a material impact.

There are no other accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to the consolidated entity in future reporting periods.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. The directors continually evaluate its judgements and estimates in relation to assets, liabilities, revenue and expenditure.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

The directors base their 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 within the next financial year are disclosed below.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise such temporary differences and losses. The directors have not recognised deferred tax assets on the statement of financial position.

Recognition and measurement of exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the consolidated entity may 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 relates to these activities and directly 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 or activities that are not at a stage that permits a reasonable estimate of the existence of economically recoverable reserves. When assessing the recoverability of capitalised costs, the consolidated entity also considers:

- The consolidated entity's ability to raise necessary capital, ensuring the consolidated entity's valuation exceeds its net assets.
- The status of tenements and compliance with tenement conditions, including whether or not the consolidated entity has met planned expenditures as required under each tenement.
- Assessing the results of exploration activity performed to date, including radar, drilling, survey and resources.

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 year in which this determination is made.

If a tenement has been relinquished or reduced, then an impairment charge is taken. This charge is generally based on the pro-rata area reduced, however there can be other reasons for not using such an approach. When a tenement is not relinquished or reduced but is thought to be of reduced carrying value then an impairment based on the directors' estimate of fair value has been applied. Any charge for impairment is recognised in profit or loss immediately.

The directors have assessed the balance of capitalised exploration costs in line with future planned exploration activities and the consolidated entity's accounting policy and have determined that an impairment adjustment of \$1,041,408 was necessary during the year ended 31 May 2023. Refer to Note 11 for further information.

Provision for restoration and rehabilitation costs

The consolidated entity has considered whether a provision for rehabilitation of any tenement is required. The directors do not consider that such a provision is necessary due to the fact that rehabilitation is being undertaken on a progressive basis. Whilst the consolidated entity is in the exploration phase it cannot reliably estimate the scope and costs of rehabilitation work that will need to be undertaken.

Share-based payment transactions for the year

The company measures the cost of equity-settled transactions with employees, consultants and suppliers by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black Scholes model taking into account the terms and conditions upon which the instruments were granted. A significant judgement comes from the expected price volatility of the underlying share. 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 year but may impact profit or loss and equity.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Impairment of right-of-use assets

The consolidated entity assesses each cash-generating unit (CGU) to determine whether there is any indication of impairment or reversal. Where an indicator of impairment or reversal exists, a formal estimate of the recoverable amount is made, which is deemed as being the higher of the fair value less costs of disposal and value in use. No impairment was recorded with respect to right-of-use assets during the year ended 31 May 2023.

Recognition and measurement of equity raising costs

Refer to Note 15 for details of the consolidated entity's accounting policy of recognising and measuring equity raising costs.

During the year ended 31 May 2023 the consolidated entity incurred equity raising costs of \$2,292,075 which were directly attributable to the issuance of ordinary shares as part of the capital raises that occurred between November and December 2022. Accordingly, such equity raising costs, which include the fair value of options over ordinary shares issued to brokers in connection with the placement, have been recognised as a cost of capital within the Statement of Changes in Equity. No apportionment to profit or loss has been required.

Note 4. Operating segments

Identification of reportable operating segments

The consolidated entity operates in one principal geographical area - in Australia. The consolidated entity carries out exploration for gold associated minerals in the area. The consolidated entity generated no revenue for the year ended 31 May 2023 due to the phase of such exploration activities.

Accounting policy for operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as internal reports provided to board. The board is responsible for the allocation of resources to operate segments and assessment their performance.

Note 5. Employment expenses

	2023 \$	2022 \$ For the period 21 July 2021 to 31 May 2022
Share based payment expense	428,069	272,271
Director fees	160,000	8,132
Consultant fees	408,120	14,046
Superannuation expense	62,454	1,004
Employee wages	360,776	1,913
	<hr/>	<hr/>
Total employment expenses	1,419,419	297,366
	<hr/>	<hr/>

Note 6. Administration and corporate costs

	2023 \$	2022 \$ For the period 21 July 2021 to 31 May 2022
Professional service fees	372,133	225,970
Listing costs	-	138,707
Marketing and public relation costs	279,222	185,116
Other expenses	195,040	159,355
	<hr/>	<hr/>
	846,395	709,148
	<hr/>	<hr/>

Note 7. Loss per share

(a) Basic and diluted earnings per share

The calculation of basic and diluted earnings per share has been based on the following loss attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding on a post-split basis:

	2023 \$	2022 \$ For the period 21 July 2021 to 31 May 2022
Loss	(3,955,335)	(1,833,947)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	170,014,766	52,234,976
Weighted average number of ordinary shares used in calculating diluted earnings per share	170,014,766	52,234,976
	\$	\$
Basic earnings per share	(0.02)	(0.04)
Diluted earnings per share	(0.02)	(0.04)

As at year end there were no equity or potential equity instruments that were dilutive to earnings per share as, owing to the loss result, they are antidilutive in nature.

The director, employee and broker options have not been included in the weighted average number of ordinary shares for the purposes of calculating diluted loss per share as they do not meet the requirements for inclusion in AASB 133: *Earnings per Share*. The options are non-dilutive as the consolidated entity has generated a loss for the year.

Accounting policy for earnings per share

Basic loss per share

Basic loss per share is calculated by dividing the profit attributable to the owners of Southern Cross Gold Ltd, 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 loss per share

Diluted loss 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.

Note 8. Cash and cash equivalents

	2023 \$	2022 \$
Current assets		
Cash at bank	15,158,784	7,918,341
Short-term investments in term deposits	28,066	28,066
	15,186,850	7,946,407

Accounting policy for cash and cash equivalents

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

Note 9. Right-of-use assets

	2023 \$	2022 \$
<i>Non-current assets</i>		
Land and buildings - right-of-use	258,881	-
Less: Accumulated depreciation	(21,573)	-
	<u>237,308</u>	<u>-</u>

Accounting policy for 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.

Note 10. Property, plant and equipment

	2023 \$	2022 \$
<i>Non-current assets</i>		
Land - at cost	1,961,500	1,958,500
Plant and equipment - at cost	152,767	45,871
Less: Accumulated depreciation	(26,280)	(16,501)
	<u>126,487</u>	<u>29,370</u>
Motor vehicles - at cost	250,075	67,618
Less: Accumulated depreciation	(47,508)	(14,064)
	<u>202,567</u>	<u>53,554</u>
Computer equipment - at cost	25,240	7,315
Less: Accumulated depreciation	(7,981)	(3,076)
	<u>17,259</u>	<u>4,239</u>
	<u>2,307,813</u>	<u>2,045,663</u>

Note 10. Property, plant and equipment (continued)

Movements in carrying amounts

Movements in carrying amounts for property, plant and equipment between the beginning and end of the year are disclosed below.

	Land \$	Plant and equipment \$	Motor vehicles \$	Computer equipment \$	Total \$
Balance at 21 July 2021	-	-	-	-	-
Additions	1,958,500	-	61,651	7,315	2,027,466
Additions through asset acquisitions	-	36,712	4,970	-	41,682
Depreciation expense	-	(7,342)	(13,067)	(3,076)	(23,485)
Balance at 31 May 2022	1,958,500	29,370	53,554	4,239	2,045,663
Additions	3,000	106,896	182,457	17,925	310,278
Depreciation expense	-	(9,779)	(33,444)	(4,905)	(48,128)
Balance at 31 May 2023	<u>1,961,500</u>	<u>126,487</u>	<u>202,567</u>	<u>17,259</u>	<u>2,307,813</u>

Accounting policy for property, plant and equipment

Land

Land is measured on the cost basis and is therefore carried at cost less any accumulated impairment losses.

Plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses. The consolidated entity's property, plant and equipment are tangible items that are held for the use in the supply of services or for administrative purposes which the consolidated entity expects to use during more than one period.

In the event the carrying amount of property, plant and equipment, except land, is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised either in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 2 for details of impairment).

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over the asset's useful life to the consolidated entity commencing from the time the asset is held ready for use.

For each class of depreciable assets the depreciation rates are:

Land	0%
Plant and equipment	20%
Motor Vehicles	25%
Computer equipment	50%

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in profit or loss.

Note 11. Exploration and evaluation

	2023 \$	2022 \$
Exploration and evaluation assets		
At cost	12,658,099	7,456,722
Total exploration and evaluation costs	<u>12,658,099</u>	<u>7,456,722</u>

Note 11. Exploration and evaluation (continued)

Movements in carrying amounts

Movements in carrying amounts for exploration and evaluation assets between the beginning and end of the year are disclosed below.

	Exploration and evaluation assets	Total
	\$	\$
Balance at 21 July 2021	-	-
Additions	1,963,369	1,963,369
Additions through asset acquisitions	5,493,353	5,493,353
Balance at 31 May 2022	7,456,722	7,456,722
Additions	6,242,785	6,242,785
Impairment of exploration and evaluation assets	(1,041,408)	(1,041,408)
Balance at 31 May 2023	<u>12,658,099</u>	<u>12,658,099</u>

The value of the consolidated entity's interest in exploration and evaluation assets is dependent upon:

- the continuance of the consolidated entity's right to tenure of the areas of interest
- the results of future exploration and evaluation
- the recoupment of costs through successful development and exploration of the areas of interest, or alternatively, by their sale
- no significant changes in laws and regulations that greatly impact the consolidated entity's ability to maintain tenure.

The directors of the consolidated entity reassessed the recoverable value of all tenement areas to which exploration and evaluation costs have been capitalised.

Impairment of exploration and evaluation costs of \$1,041,408 for the year ended 31 May 2023 is attributable to the following:

On 17 October 2022, Mawson Queensland Pty Ltd, a subsidiary of Southern Cross Gold Ltd, surrendered tenement EPM 26483 located at Mount Isa, Queensland, requiring the directors to test exploration and evaluation costs capitalised to this tenement area for impairment. As a result, the directors recorded an impairment charge of \$101,892 during the year ended 31 May 2023.

Following recent successful drilling results which the consolidated entity has produced at its Sunday Creek project, and the increased level of expenditure at this area of interest, the directors reviewed the residual carrying amount of its Queensland exploration assets for impairment. Whilst the consolidated entity will continue to hold these tenements in good standing, substantive expenditure on further exploration in this area is not planned whilst it progresses exploration at Sunday Creek. Accordingly, the directors recorded an impairment charge of \$939,516 during the year ended 31 May 2023.

Accounting policy for exploration and evaluation assets

Exploration and evaluation expenditure incurred by or on behalf of the consolidated entity is accumulated separately for each area of interest. Such expenditure comprises direct costs and does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

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.

Note 11. Exploration and evaluation (continued)

If the abovementioned criteria is no longer satisfied, or where a project or an area of interest has been abandoned, the expenditure incurred is written off in the period in which the criteria is no longer satisfied or decision to abandon is made.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount (refer to Note 2 for details of impairment).

Note 12. Investment in Nagambie Resources Limited

	2023 \$	2022 \$
<i>Non-current assets</i>		
Investment in Nagambie Resources Limited at fair value	<u>2,134,442</u>	<u>2,566,069</u>

As part of the Subscription Agreement Nagambie Resources Limited has granted the consolidated entity a right of first refusal. Refer to Note 20 for further information.

Movements in carrying amounts

Movements in carrying amounts for investments in Nagambie Resources Limited between the beginning and end of the period including movements in the quantity of shares held and the share price are disclosed below.

	Quantity of shares held in Nagambie Resources Limited	Fair value per share of Nagambie Resources Limited \$	Investments in Nagambie Resources Limited at fair value \$	Total carrying amount \$
Balance at 21 July 2021	-	0.085	-	-
Additions acquired by issue of share capital (refer to Note 15a)	50,000,000	0.066	3,300,000	3,300,000
Additions acquired by payment of cash	1,321,377	0.053	70,033	70,033
Decrease in fair value	-		(803,964)	(803,964)
Balance at 31 May 2022	<u>51,321,377</u>	<u>0.050</u>	<u>2,566,069</u>	<u>2,566,069</u>
Balance at 1 June 2022	51,321,377	0.050	2,566,069	2,566,069
Additions acquired by issue of share capital (refer to Note 15a)	-	-	-	-
Additions acquired by payment of cash	2,039,669	0.070	142,777	142,777
Decrease in fair value	-		(574,404)	(574,404)
Balance at 31 May 2023	<u>53,361,046</u>	<u>0.040</u>	<u>2,134,442</u>	<u>2,134,442</u>

The fair value of the consolidated entity's investment in Nagambie Resources Limited has changed materially since balance date. Refer to Note 25 for further information.

The directors recognise changes in fair value of equity investments through profit or loss. Fair value is assigned to such investments based on quoted prices using Level 1 of the fair value hierarchy.

Note 12. Investment in Nagambie Resources Limited (continued)

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 measured, which include the following:

- 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.
- 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.

Note 13. Trade and other payables

	2023 \$	2022 \$
<i>Current liabilities</i>		
Trade payables	769,505	268,921
Accrued expenses	547,137	155,749
Other payables	22,168	1,412
	<u>1,338,810</u>	<u>426,082</u>

Refer to Note 18 for further information on financial risk management.

Accounting policy for trade and other payables

Trade and other payables represent the liabilities for goods and services received by the consolidated entity that remain unpaid at the end of the year. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Note 14. Lease liabilities

	2023 \$	2022 \$
<i>Current liabilities</i>		
Lease liability	<u>60,067</u>	<u>-</u>
<i>Non-current liabilities</i>		
Lease liability	<u>179,652</u>	<u>-</u>
	<u>239,719</u>	<u>-</u>

Refer to Note 18 for further information on financial risk management.

Accounting policy for 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.

Note 14. Lease liabilities (continued)

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.

Note 15. Issued capital

	2023 Shares	2022 Shares	2023 \$	2022 \$
Ordinary shares - fully paid	<u>183,850,965</u>	<u>156,247,750</u>	<u>34,405,566</u>	<u>20,729,110</u>

(a) Movements in issued capital

Movements in issued capital between the beginning and end of the period are disclosed below.

Details	Date	Shares	Issue price	\$
Balance	21 July 2021	-		-
Incorporation	21-Jul-21	-		-
Issue of shares for acquisition of subsidiaries from Mawson Gold Limited	09-Aug-21	1	\$1.00	1
Issue of shares for acquisition of Nagambie Resources Limited shares	29-Dec-21	4,537,500	\$0.73	3,300,000
Debt for equity swap with Mawson Gold Limited	31-Dec-21	16,087,502	\$0.42	6,806,075
Share split (4.54545388 : 1)	10-Jan-22	73,124,997		-
Pre-IPO raise	20-Jan-22	11,593,125	\$0.16	1,854,524
Pre-IPO raise	04-Feb-22	5,438,125	\$0.16	870,100
IPO	16-May-22	45,466,500	\$0.20	9,093,300
Less: capital raising costs		-		(1,194,890)
Balance	31 May 2022	156,247,750		20,729,110
Issue of shares via placement announced in November	28-Nov-22	23,948,272	\$0.58	13,889,998
Issue of shares following exercise of options by employees	13-Dec-22	166,667	\$0.30	50,000
Issue of shares via placement announced in November	19-Dec-22	3,448,276	\$0.58	2,000,000
Issue of shares following exercise of options by employees	15-May-23	40,000	\$0.30	12,000
Transfer from share-based payment reserve	15-May-23	-		16,533
Less: capital raising costs		-		(2,292,075)
Balance	31 May 2023	<u>183,850,965</u>		<u>34,405,566</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.

(b) Share issue details

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the consolidated entity, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up to the shares held.

(c) Voting entitlements

Ordinary shares entitle their holder to one vote, either in person or in proxy, at a meeting of the company. The fully paid ordinary shares have no par value and the consolidated entity does not have a limited amount of authorised capital.

Note 15. Issued capital (continued)

(d) Dividends

No dividends have been paid or provided for during the year ended 31 May 2023.

(e) Options

On 13 December 2022, an employee of the company, who is not considered key management personnel, exercised 166,667 options over fully paid shares at an exercise price of \$0.30 (30 cents) in exchange for consideration of \$50,000. These options were issued under an employee share ownership plan in connection with the consolidated entity's IPO on 16 May 2022.

On 15 May 2023:

- An employee of the company, who is not considered key management personnel, exercised 40,000 options over fully paid shares at an exercise price of \$0.30 (30 cents) in exchange for consideration of \$12,000. These options were issued under an employee share ownership plan in connection with the consolidated entity's IPO on 16 May 2022. The conditional rights of 206,667 options over fully paid shares at an exercise price of \$0.30 (30 cents) lapsed because the conditions had become incapable of being satisfied. These options were issued under an employee share ownership plan in connection with the consolidated entity's IPO on 16 May 2022. The options were scheduled to expire on 5 May 2026.
- The conditional rights of 206,667 options over fully paid shares at an exercise price of \$0.30 (30 cents) lapsed because the conditions had become incapable of being satisfied. These options were issued under an employee share ownership plan in connection with the consolidated entity's IPO on 16 May 2022. The options were scheduled to expire on 5 May 2027.

No other options were issued, exercised, lapsed or outstanding during the year ended 31 May 2023.

(f) Capital management

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

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

The consolidated entity held loans payable to its ultimate parent which were repaid in full at balance date. There have been no events of default on such borrowings during the period ended 31 May 2023.

The consolidated entity would look to raise capital as when required through a number of options, which can include through the issue of new shares in the company. The company recently listed on ASX and is able to issue up to 15% of its issued capital within any 12 month period without shareholder approval under placement, which can subsequently be refreshed at shareholder meetings.

The company seeks to ratify its placement capacity at each Annual General Meeting and General Meeting.

Accounting policy for issued capital

Ordinary shares are classified as equity in the statement of financial position. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. The costs of an equity transaction that is abandoned are recognised as an expense in profit or loss, alongside any other equity raising costs which are not directly attributable to the issue of new shares.

Note 16. Cash flow information

Reconciliation of loss to net cash provided by operating activities

	2023 \$	2022 \$ For the period 21 July 2021 to 31 May 2022
Loss for the year	(3,955,335)	(1,833,947)
Non cash items included in loss after income tax expense:		
Depreciation and amortisation	69,702	23,485
Share-based payments	428,069	272,271
Expenses incurred by ultimate controlling entity on behalf of consolidated entity	-	30,776
Decrease in market value of investment in Nagambie Resources Limited	574,404	803,964
Impairment of exploration and evaluation costs	1,041,408	-
Change in assets and liabilities:		
(Increase)/decrease in goods and services tax credits receivable	(116,996)	43,158
(Increase)/decrease in other assets and prepaid expenses	1,396	(1,990)
Increase/(decrease) in trade and other payables	(91,098)	229,800
Net cash used in operating activities	<u>(2,048,450)</u>	<u>(432,483)</u>

Note 17. Key management personnel disclosures

Directors

The following persons were directors of Southern Cross Gold Ltd during the financial year:

Tom Eadie (Non-Executive Chairman)
Michael Hudson (Managing Director)
Georgina Carnegie (Non-Executive Director)
David Henstridge (Non-Executive Director)

Compensation

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

	2023 \$	2022 \$ For the period 21 July 2021 to 31 May 2022
Short-term employee benefits	482,326	22,178
Post-employment benefits	16,146	813
Share-based payments	310,500	191,227
	<u>808,972</u>	<u>214,218</u>

Note 18. Financial risk management

The consolidated entities' financial instruments consisted mainly of deposits with banks, bonds and security deposits, accounts receivable and payable, investments in listed entities. The consolidated entity does not have any derivatives.

Note 18. Financial risk management (continued)

The board of directors is responsible for monitoring and managing the financial risk exposures of the consolidated entity, to which end it monitors the financial risk management policies and exposures and approves financial transactions and reviewed related internal controls within the scope of its authority.

The board of directors has determined that the only significant financial risk exposures of the consolidated entity are liquidity and market (price) risk. Other financial risks are not significant to the consolidated entity due to the following factors:

- The consolidated entity has no foreign exchange risk as all of its account balances and transactions are in Australian Dollars
- The consolidated entity has no receivable balances.
- The consolidated entity's mining operations are in the exploration phase and therefore have no direct exposure to movements in commodity prices.
- The consolidated entity's interest bearing instruments are held at amortised cost which have fair values that approximate their carrying value since all cash and payables have maturity dates within 12 months.
- The consolidated entity's financing is from equity.
- The consolidated entity has no externally imposed capital requirements.

Further details regarding the categories of financial instruments held by the consolidated entity that hold such risk exposure are detailed below.

(a) Categories of financial instruments

	Note	2023 \$	2022 \$
Financial assets			-
Cash and cash equivalents at amortised cost	8	15,186,850	7,946,407
Investment in Nagambie Resources Limited at fair value through profit or loss	12	2,134,442	2,566,069
Bonds and security deposits at amortised cost		46,370	26,956
		<u>17,367,662</u>	<u>10,539,432</u>
Financial liabilities			-
Trade and other payables at amortised cost	13	1,338,810	426,082
Lease liabilities at amortised cost	14	239,719	-
		<u>1,578,529</u>	<u>426,082</u>

At period end, the fair value of financial instruments approximated their carrying values.

(b) Price risk

The consolidated entity is exposed to securities price risk on investments in listed entities. At 31 May 2023 the consolidated entity held an investment in a listed entity for \$2,134,442, the entity of which operates within the mining sector. These shares are listed on the Australian Stock Exchange and the price will fluctuate.

The following table shows the impact of a 15% change in the price of those listed securities:

	% change	Average price increase		% change	Average price decrease	
		Effect on profit before tax	Effect on equity		Effect on profit before tax	Effect on equity
2023						
Shares in listed entities	15%	<u>320,166</u>	<u>320,166</u>	(15%)	<u>(320,166)</u>	<u>(320,166)</u>

Note 18. Financial risk management (continued)

2022	% change	Average price increase		% change	Average price decrease	
		Effect on profit before tax	Effect on equity		Effect on profit before tax	Effect on equity
Shares in listed entities	15%	<u>384,910</u>	<u>384,910</u>	(15%)	<u>(384,910)</u>	<u>(384,910)</u>

(c) Liquidity risk

The consolidated entity manages liquidity risk by monitoring forecast project and operating cash flows and ensuring that a minimum level of uncommitted cash is available for immediate use and consists of cash on deposit and/or borrowing facilities. At 31 May 2023 the consolidated entity held cash deposits of \$15,186,850 that are expected to readily generate cash inflows for managing liquidity risk. The consolidated entity's contractual obligations generally have maturity dates of 60 days or less.

Accounting policy for financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the consolidated entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the consolidated entity commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Classification and subsequent measurement

(i) Financial liabilities

Financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

A financial liability cannot be reclassified.

The consolidated entity recognises trade and other payables and borrowings in this category.

The consolidated entity does not utilise derivative financial instruments and has no financial liabilities designated at fair value through profit or loss.

(ii) Financial assets

Financial assets are subsequently measured at:

- amortised cost or
- fair value through profit or loss

on the basis of the two primary criteria:

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

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

- The financial asset is managed solely to collect contractual cash flows and
- payments of principal and interest on the principle amounts outstanding on specified dates.

Note 18. Financial risk management (continued)

By default, all other financial assets that do not meet the conditions of amortised cost are subsequently measured at fair value through profit and loss.

The consolidated entity measures its cash and cash equivalents and trade and other receivables at amortised cost, and its investments at fair value through profit or loss. The consolidated entity does not measure any financial assets at fair value through other comprehensive income.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

(i) Derecognition of financial liabilities

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(ii) Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred
- all risk and rewards of ownership of the asset have been substantially transferred and
- the consolidated entity no longer controls the asset (i.e. has no practical ability to make unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Note 19. Planned exploration expenditure

The amounts detailed below are the minimum expenditure required to maintain ownership of the current tenements held. An obligation may be cancelled if a tenement is surrendered:

	2023	2022
	\$	\$
Within one year	968,000	2,034,600
One to five years	4,095,400	5,560,500
More than five years	-	2,568,600
	<hr/>	<hr/>
Total planned exploration expenditure	<u><u>5,063,400</u></u>	<u><u>10,163,700</u></u>

Note 20. Contingent liabilities and contingent assets

Security deposits:

The consolidated entity holds security deposits, in the form of term deposits with its banker. These are guarantees for performance conditions set by the Department of Economic Development, Jobs, Transport and Resources Victoria on mining tenements held by the consolidated entity. Such guarantees are held to cover any future rehabilitation obligations the consolidated entity may have on the mining tenements. When all obligations in relation to a mining tenement are finalised, the relevant guarantee will be released and associated security deposit will be redeemed. The deposits are shown as noncurrent assets since it is not expected that they will be repaid within 12 months from balance date.

Note 20. Contingent liabilities and contingent assets (continued)

Redcastle joint venture:

The consolidated entity is party to an Option and Joint Venture Agreements with Nagambie Resources Limited for the Redcastle Joint Venture tenements. In meeting \$1,000,000 of exploration commitments over a 5 year period set under the Farm-in Agreements by 25 March 2025, the consolidated entity will have a 70% economic interest in those tenements. Once the consolidated entity earns a 70% economic interest, a joint venture between the parties will be formed. Nagambie Resources Limited may then contribute its 30% share of further exploration expenditures or, if it chooses to not contribute, dilute its interest.

Should Nagambie Resource Limited's interest be reduced to less than 5%, it will be deemed to have forfeited its interest in the joint venture to the consolidated entity in exchange for a 1.5% net smelter return royalty ("NSR") on gold revenue. Should Nagambie Resources Limited be granted the NSR, the consolidated entity will have the right to acquire the NSR for \$4,000,000 per property. As of this date, the consolidated entity has earned 70% and the companies are proceeding to form a joint venture ("JV"). The JV is expected to be formed during the quarter ended 30 November 2023.

Whroo joint venture:

The consolidated entity is party to an Option and Joint Venture Agreements with Nagambie Resources Limited for the Whroo Joint Venture tenements. In meeting \$2,500,000 of exploration commitments and \$250,000 cash payments over a 4 year period set under the Farm-in Agreements by 2 December 2024, the consolidated entity will have a 60% economic interest in those tenements. Once the consolidated entity earns a 60% economic interest, either party may elect by notice to the other to form a joint venture ("JV") under which the percentage ownership of each of Nagambie Resources Limited and the consolidated entity will be 40% and 60%, respectively.

Should the parties not elect to form a 40/60% JV, the consolidated entity will then have the option to earn an additional 10% interest in the Optioned Property (for an aggregate 70% interest) by incurring an additional \$1,500,000 of exploration expenditures on or before the end of year 6 (cumulative \$4,000,000 in years 1 to 6). Once the consolidated entity earns a 70% interest, a JV between the parties will be automatically formed. Nagambie Resources Limited may then contribute its 30% ownership with further exploration expenditures or, if it choose to not contribute, dilute its interest. Should Nagambie Resources Limited's interest be reduced to less than 5%, it will be deemed to have forfeited its interest in the JV to the consolidated entity in exchange for a 1.5% net smelter royalty ("NSR") on gold revenue.

Should Nagambie Resources Limited be granted the NSR, the consolidated entity will have the right to acquire the NSR for \$4,000,000. At 31 May 2023, the consolidated entity had met its minimum first year commitment, however it did not meet its minimum second-year commitment by 2 December 2022. Nevertheless, the directors of the consolidated entity note that both parties have agreed and consider the Option and Joint Venture Agreement to remain in good standing which has been extended by mutual consent.

Right of first refusal:

Nagambie Resources Limited has granted the consolidated entity a right of first refusal in respect of any proposal by Nagambie Resources Limited and a third party to relinquish, sell, grant an option over, conduct a joint venture in relation to, or enter into any tolling, streaming, royalty or similar arrangements or understanding in respect of part or all a tenement (as defined in the Subscription Agreement and inclusive of the tenements forming the Victorian projects of the consolidated entity, it being noted that the tenements forming the Sunday Creek project are wholly owned by the consolidated entity via its subsidiary Clonbinane Goldfield Pty Ltd). The right of first refusal is able to be exercised by the consolidated entity at any time from receipt of a right of first refusal notice from Nagambie Resources Limited up to 5:00pm on the 30th day after receipt of the right of first refusal notice. For the duration of the right of first refusal, Nagambie Resources Limited shall ensure all tenements remain current and in good standing, and that all fees, taxes, levies and payments of any kind associated with the tenements are up to date.

The right of first refusal is conditional upon the consolidated entity continuing to hold the 50,000,000 Nagambie Resources Limited shares initially subscribed for by Mawson Gold Limited and transferred to Southern Cross Gold Ltd. For the duration of the right of first refusal, Nagambie Resources Limited shall ensure all tenements remain current and in good standing, and that all fees, taxes, levies and payments of any kind associated with the tenements are up to date.

There are no other contingent assets or liabilities at 31 May 2023.

Note 21. Controlled entities

(a) Group structure

The consolidated financial statements include the financial statements of Southern Cross Gold Ltd and the subsidiaries listed below:

Entity	31 May 2023 Equity Interest	31 May 2022 Equity Interest	Country of Incorporation
Southern Cross Gold Ltd	Parent	Parent	
Subsidiaries			
Mawson Queensland Pty Ltd	100%	100%	Australia
Mawson Victoria Pty Ltd	100%	100%	Australia
Clonbinane Goldfield Pty Ltd	100%	100%	Australia

Note 22. Parent entity information

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

Statement of profit or loss and other comprehensive income

	2023 \$	2022 \$
		For the period 21 July 2021 to 31 May 2022
Loss	(2,785,604)	(8,636,258)
Other comprehensive income for the year	-	-
Total comprehensive loss	(2,785,604)	(8,636,258)

Statement of financial position

	2023 \$	2022 \$
Total current assets	23,724,241	10,591,932
Total non-current assets	2,109,531	2,538,003
Total assets	25,833,772	13,129,935
Total current liabilities	286,801	244,812
Total liabilities	286,801	244,812
Net assets	25,546,971	12,885,123
Equity		
Issued capital	34,405,464	20,729,110
Share-based payments reserve	2,563,368	792,271
Accumulated losses	(11,421,861)	(8,636,258)
Total equity	25,546,971	12,885,123

Note 22. Parent entity information (continued)

Contingent liabilities

There are no contingent liabilities at 31 May 2023.

Contingent asset

There are no contingent assets at 31 May 2023.

Ultimate controlling entity

The ultimate controlling entity at 31 May 2023 was Mawson Gold Limited, which owned 51% of the parent entity's shares.

Capital commitments

There are no capital expenditure commitments contracted for but not capitalised in the financial statements.

Financial support for controlled entities

The parent entity, Southern Cross Gold Ltd, is providing and will continue to provide financial support to all its controlled entities.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity as disclosed in Note 2.

Note 23. Related party transactions

Subsidiaries

Interests in subsidiaries are set out in Note 21.

Key management personnel

Disclosures relating to key management personnel are set out in Note 16 and the remuneration report included in the directors' report.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal market conditions.

Transactions and balances with related parties

Mawson Gold Limited is the major shareholder of Southern Cross Gold Ltd. There were no transactions and balances with Mawson Gold Limited during the year ended 31 May 2023.

During the year ended 31 May 2023 the consolidated entity entered into a contract with Carnegie Enterprises Pty Ltd (director-related entity of Georgina Carnegie) for the provision of consulting services to progress the company's Critical Metals strategy. Refer to the remuneration report (audited) for further information.

Note 24. Share-based payments

Issue of shares

The company issued no shares in lieu of payments during the year ended 31 May 2023.

Note 24. Share-based payments (continued)

Options to directors and employees

The company issued no options over fully paid ordinary shares to directors or employees of the company during the year ended 31 May 2023. However options over ordinary shares were both exercised and forfeited/expired during the year ended 31 May 2023 as follows:

- On 13 December 2022, an employee of the company, who is not considered key management personnel, exercised 166,667 options over fully paid shares at an exercise price of \$0.30 (30 cents) in exchange for consideration of \$50,000. These options were issued under an employee share ownership plan in connection with the consolidated entity's IPO on 16 May 2022.
- On 15 May 2023, an employee of the company, who is not considered key management personnel, exercised 40,000 options over fully paid shares at an exercise price of \$0.30 (30 cents) in exchange for consideration of \$12,000. These options were issued under an employee share ownership plan in connection with the consolidated entity's IPO on 16 May 2022.
- On 15 May 2023, the conditional rights of 206,667 options over fully paid shares at an exercise price of \$0.30 (30 cents) lapsed because the conditions had become incapable of being satisfied. These options were issued under an employee share ownership plan in connection with the consolidated entity's IPO on 16 May 2022. The options were scheduled to expire on 5 May 2026.
- On 15 May 2023, the conditional rights of 206,667 options over fully paid shares at an exercise price of \$0.30 (30 cents) lapsed because the conditions had become incapable of being satisfied. These options were issued under an employee share ownership plan in connection with the consolidated entity's IPO on 16 May 2022. The options were scheduled to expire on 5 May 2027.

Set out below are summaries of options granted to directors and employees during the year ended 31 May 2023:

2023

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
05/05/2022	05/05/2025	\$0.00	2,990,000	-	(206,667)	-	2,783,333
05/05/2022	05/05/2026	\$0.00	2,990,000	-	-	(206,667)	2,783,333
05/05/2022	05/05/2027	\$0.00	2,990,000	-	-	(206,667)	2,783,333
			8,970,000	-	(206,667)	(413,334)	8,349,999

The weighted average remaining contractual life of options outstanding to directors and employees of the company at the end of the period was approximately 3 years.

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
05/05/2022	05/05/2025	\$0.30	-	2,990,000	-	-	2,990,000
05/05/2022	05/05/2026	\$0.30	-	2,990,000	-	-	2,990,000
05/05/2022	05/05/2027	\$0.30	-	2,990,000	-	-	2,990,000
			-	8,970,000	-	-	8,970,000

Options to Lead Manager

During the year ended 31 May 2023, 3,000,000 options over fully paid ordinary shares were issued to the Lead Manager under the Broker Options Offer in connection with the capital raise announced on 22 November 2022, with an exercise price of \$0.87, expiring 3 years from the date of the capital raise.

Note 24. Share-based payments (continued)

Set out below are summaries of options granted to the Lead Manager during the year ended 31 May 2023:

2023

Grant date	Expiry date	Exercise price	Balance at the start of the period	Granted	Exercised	Expired / forfeited / other	Balance at the end of the period
05/05/2022	05/05/2025	\$0.30	6,500,000	-	-	-	6,500,000
28/11/2022	28/11/2025	\$0.87	-	3,000,000	-	-	3,000,000
			<u>6,500,000</u>	<u>3,000,000</u>	<u>-</u>	<u>-</u>	<u>9,500,000</u>

2022

Grant date	Expiry date	Exercise price	Balance at the start of the period	Granted	Exercise	Expired / forfeited / other	Balance at the end of the period
05/05/2022	05/05/2025	\$0.30	-	6,500,000	-	-	6,500,000

The weighted average remaining contractual life of options outstanding to the Lead Manager under the Broker Options Offer of the company at the end of the year was approximately 2 years.

The valuation model inputs used to determine the fair values at the grant date of options issued to the Lead Manager under the Broker Options Offer during the year ended 31 May 2023 are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Risk-free interest rate	Fair value per option	Dividend yield	Fair value of option
28/11/2022	28/11/2025	\$0.68	\$0.87	119.39%	3.13%	\$0.46		\$1,378,380

Accounting policy for share-based payments

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

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees and brokers in exchange for the rendering of services. The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using 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 and broker to receive payment. No account is taken of any other vesting conditions.

Note 25. Events after the reporting period

On 19 July 2023, Southern Cross Gold Ltd announced the acquisition of Prospecting Licence PL6415 for \$300,000, which is located in the Redcastle district of the Victorian goldfields. The strategic acquisition has secured 100% of one of the higher-grade parts of the Redcastle goldfield, where recent drilling has identified very high grades within continuous and targetable structures. The acquisition has increased the consolidated entities exploration and evaluation assets by \$300,000 and reduced the consolidated entities cash and cash equivalents by \$300,000 subsequent to balance date.

Note 25. Events after the reporting period (continued)

On 21 July 2023, Southern Cross Gold Ltd announced the acquisition of 0.65 ha freehold land for \$366,420 within the 100%-owned Sunday Creek epizonal-style gold project located 60 km north of Melbourne. The acquired freehold land lies adjacent to both the main access and current freehold ownership, securing surface access and providing the consolidated entity with sufficient area for any potential future gold operation. Whilst there are no current plans for alternative use, the consolidated entity may in the future consider other uses for the freehold land, such as renewable energy options, livestock grazing or agistment to help maintain the property. The acquisition has increased the consolidated entities property, plant and equipment by \$366,420 and reduced the consolidated entities cash and cash equivalents by \$366,420 subsequent to balance date.

On 21 July 2023, following shareholder approval granted at Southern Cross Gold Ltd's general meeting of shareholders on 21 June 2023, the consolidated entity announced the issuance of 189,658 fully paid ordinary shares with an issue price of \$0.58 (58 cents) to directors of Southern Cross Gold Ltd:

- Tom Eadie acquired an additional 51,725 fully paid ordinary shares for consideration of \$30,000.50.
- Michael Hudson acquired an additional 51,725 fully paid ordinary shares for consideration of \$30,000.50.
- David Henstridge acquired an additional 51,725 fully paid ordinary shares for consideration of \$30,000.50.
- Georgina Carnegie acquired an additional 34,483 fully paid ordinary shares for consideration of \$20,000.14.

The abovementioned fully paid ordinary shares were issued to directors at a premium, with the issue price of \$0.58 (58 cents) exceeding Southern Cross Gold Ltd's share price of \$0.44 (44 cents) on 21 July 2023, reflecting the directors' commitment to the company's activities and investment into the future. The issue of such shares was a new/separate share issue and was not made in settlement of any existing accrued director fees at 31 May 2023.

Subsequent to balance date and up until the date of signing, the fair value of the consolidated entity's investment in Nagambie Resources Limited decreased by \$320,166 with the share price decreasing from \$0.04 (4 cents) at 31 May 2023 to \$0.034 (3.4 cents) prior to the signing of the financial report. This has decreased the consolidated entity's net profit and net asset position by \$320,166 subsequent to balance date.

On 15 August 2023, Southern Cross Gold Ltd announced that it had issued 2,000,000 unlisted options to employees in accordance with the company's Employee Security Ownership Plan. Each option is exercisable at \$0.66 (66 cents) per option on or before 15 August 2026.

No other matter or circumstance has arisen since 31 May 2023 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 26. Auditor remuneration

The following fees were paid or payable for services provided by William Buck, the auditor of the company:

	2023 \$	2022 \$
<i>Audit services - William Buck</i>		
Audit or review of the financial statements	43,000	32,841
<i>Other services - William Buck</i>		
Investigating Accountant's Report	-	15,659
Total remuneration of auditors	<u>43,000</u>	<u>48,500</u>

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 May 2023 and of its performance for the reporting year ended on that date and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the directors



Tom Eadie
Non-executive Chairman

28 August 2023

For personal use only

Southern Cross Gold Ltd Independent auditor's report to members

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Southern Cross Gold Ltd (the Company) and its controlled entities (together, the consolidated entity), which comprises the consolidated statement of financial position as at 31 May 2023, 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 other explanatory information, 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 May 2023 and of its financial performance for the year ended on that date; 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 (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We 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.

CAPITALISATION OF EXPLORATION AND EVALUATION COSTS

Area of focus Refer also to notes 3 and 11	How our audit addressed it
<p>The consolidated entity has incurred exploration and evaluation costs for exploration projects in Australia of \$6,242,785 for the year ended 31 May 2023 and has elected to capitalise all these costs as a non-current asset in the Statement of Financial Position in accordance with the consolidated entity's accounting policies.</p> <p>There is a risk that the consolidated entity may lose or relinquish its rights to explore and evaluate those areas of interest and therefore amounts capitalised to the Statement of Financial Position from the current and historical periods, be no longer recoverable. Therefore, we considered this to be a key audit matter.</p> <p>During the year an impairment charge of \$1,041,408 was recognised in relation to exploration and evaluation which related to all the projects held in Queensland.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> — Understanding and vouching the underlying costs capitalised during year; — Examining project spend per each area of interest and comparing this spend to the minimum expenditure requirements set out in the underlying exploration expenditure plan; — Assessing the impairment charge recognised during the year; — Examining project spend to each area of interest to ensure that it is directly attributable to that area of interest; — From an overall perspective, comparing the market capitalisation of the consolidated entity to the net carrying value of its assets on the Statement of Financial Position to identify any other additional indicators of impairment; and — Assessing the adequacy of the consolidated entity's disclosures in the financial report.

SHARE BASED PAYMENTS

Area of focus Refer also to notes 3, 15 and 24	How our audit addressed it
<p>The consolidated entity has incurred share-based payments expenses during the year as part of capital raising services and under its existing employee share option plan during the year.</p> <p>There is a risk that the consolidated entity may not have valued these options appropriately due to the estimations and judgements involved and that the expense due to be recognised from these options issued during the year is incorrect. Therefore, we considered this to be a key audit matter.</p> <p>The options issued to employees were valued using a black scholes model with all options vesting immediately. The value of the options issued as part of capital raising services have been fully recognised in equity with the costs of the vesting of existing options previously issued being recognised in the profit or loss.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> — Understanding the terms of the options being issued including the number of options issued, grant date, expiry date, exercise price and the presence of any market or non-market conditions; — Assessing the black scholes models used by management's expert to determine the valuation of the options and examining the key inputs used in the model; — Recalculating the costs recognised within equity and the profit or loss respectively during the year in line with the terms of the options; and — Assessing the adequacy of the consolidated entity's disclosures in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information in the consolidated entity's annual report for the year ended 31 May 2023, 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 we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our independent 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 May 2023.

In our opinion, the Remuneration Report of Southern Cross Gold Ltd for the year ended 31 May 2023, 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.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

N. S. Benbow

N. S. Benbow
Director
Melbourne, 28 August 2023

The shareholder information set out below was applicable as at 23 August 2023.

Distribution of equitable securities

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

Ordinary shares			
	Number of holders	Number of shares	% of total shares issued
1 to 1,000	127	92,012	0.05
1,001 to 5,000	409	1,109,635	0.60
5,001 to 10,000	226	1,934,614	1.04
10,001 to 100,000	595	22,411,333	12.50
100,001 to 9,999,999,999	126	158,493,029	85.81
Total	1,483	184,040,623	100.00

Equity security holders

Twenty largest quoted equity security holders

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

	Ordinary shares	Ordinary shares
	Number held	% of total shares issued
Mawson Gold Limited	93,750,000	50.94
HSBC Custody Nominees (Australia) Limited	14,722,923	8.00
Davidson Nominees Pty Ltd (Davidson Holdings A/C)	2,725,000	1.48
Fresh Start Australia Pty Ltd	2,603,147	1.41
Starwest Pty Ltd	1,875,000	1.02
Firelight Investments LLC	1,724,138	0.94
Springtide Capital Pty Ltd (Cockatoo Valley Inv A/C)	1,724,138	0.94
Equity Trustees Limited (Lowell Resources Fund A/C)	1,671,377	0.91
Springtide Capital Pty Ltd (Cockatoo Valley Invest A/C)	1,560,267	0.85
Tintern (Vic) Pty Ltd (A&P Miller Family A/C)	1,521,200	0.83
J P Morgan Nominees Australia Pty Limited	1,504,864	0.82
Bell Potter Nominees Ltd (BB Nominees A/C)	1,500,000	0.82
HSBC Custody Nominees (Australia) Limited (GSCO Customers A/C)	1,300,000	0.71
Bnp Paribas Noms Pty Ltd (DRP)	1,031,085	0.56
Lien Pty Ltd (The Neil Pension Fund A/C)	882,195	0.48
Elton Holdings Pty Ltd	875,000	0.48
Mr Dane Charles Williams	700,000	0.38
Citicorp Nominees Pty Limited	665,770	0.36
Mr Raymond Charles Williams	617,347	0.34
Mrs Anna Sandilands	605,301	0.33
Top 20 holders of fully paid ordinary shares	133,558,752	72.60

Unquoted equity securities

The company has 19,849,999 unquoted options on issue as follows:

- 2,783,333 unlisted options exercisable at \$0.30 on or before 5 May 2025
- 6,500,000 unlisted options exercisable at \$0.30 on or before 16 May 2025
- 3,000,000 unlisted options exercisable at \$0.87 on or before 28 November 2025
- 2,783,333 unlisted options exercisable at \$0.30 on or before 5 May 2026
- 2,000,000 unlisted options exercisable at \$0.66 on or before 15 August 2026, and
- 2,783,333 unlisted options exercisable at \$0.30 on or before 5 May 2027

Substantial holders

The substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Mawson Gold Limited	93,750,000	50.94

Voting rights

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

Ordinary shares

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.

Restricted securities

The following restricted securities are on issue:

- Fully paid ordinary shares – 93,985,000 fully paid ordinary shares.
- 6,500,000 options exercisable at \$0.30 on or before 16 May 2025, classified by ASX as restricted securities and to be held in escrow until 16 May 2024, being 24 months from the date of Quotation.
- 2,200,000 options exercisable at \$0.30 on or before 5 May 2025, classified by ASX as restricted securities and to be held in escrow until 16 May 2024, being 24 months from the date of Quotation.
- 2,200,000 options exercisable at \$0.30 on or before 5 May 2026, classified by ASX as restricted securities and to be held in escrow until 16 May 2024, being 24 months from the date of Quotation.
- 2,200,000 options exercisable at \$0.30 on or before 5 May 2027, classified by ASX as restricted securities and to be held in escrow until 16 May 2024, being 24 months from the date of Quotation.

Consistency with business objectives - ASX Listing Rule 4.10.19

In accordance with ASX Listing Rule 4.10.9, the company states that it has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives. The business objectives are maximising performance, generating appropriate levels of shareholder value and financial return, and sustaining the growth and success of the company. Consistent with the use of funds which were disclosed in the company's Prospectus dated 17 March 2022, the company believes it has used its cash in a consistent manner.

Interests in Mining Tenements

Mining Tenement	Location	Beneficial Percentage Held
EL 6163 – Sunday Creek	Victoria, Australia	100%
EL 7232 – Sunday Creek	Victoria, Australia	100%
RL 6040 – Sunday Creek	Victoria, Australia	100%
PL 6415 - Laura	Victoria, Australia	100%
EL 6158 - Whroo	Victoria, Australia	- (* Subject to earn-in)
EL 6212 – Whroo	Victoria, Australia	- (* Subject to earn-in)
EL 7205 - Whroo	Victoria, Australia	- (* Subject to earn-in)
EL 7209 – Whroo	Victoria, Australia	- (* Subject to earn-in)
EL 7237 – Whroo	Victoria, Australia	- (* Subject to earn-in)
EL 7238 – Whroo	Victoria, Australia	- (* Subject to earn-in)
RL 2019 – Whroo	Victoria, Australia	- (* Subject to earn-in)
ELA 7653 – Whroo	Victoria, Australia	- (* Subject to earn-in)
EL 5546 - Redcastle	Victoria, Australia	**70%
EL 7498 – Redcastle	Victoria, Australia	**70%
EL 7499 – Redcastle	Victoria, Australia	**70%
EPM 26940 – Mt Isa	Queensland, Australia	100%
EPM 27022 – Mt Isa	Queensland, Australia	100%
EPM 27025 – Mt Isa	Queensland, Australia	100%
EPM 26481 – Mt Isa	Queensland, Australia	100%
EPM 27625 – Mt Isa	Queensland, Australia	100%
EPM 27626 – Mt Isa	Queensland, Australia	100%

*Whroo joint venture

A subsidiary of the Company, Mawson Victoria Pty Ltd, is party to an Option and Joint Venture Agreement with Nagambie Resources Limited for the Whroo Joint Venture tenements. In meeting \$2,500,000 of exploration commitments and \$250,000 cash payments over a 4-year period set under the Farm-in Agreements by 2 December 2024, Mawson Victoria Pty Ltd will have a 60% economic interest in those tenements. Upon Mawson Victoria Pty Ltd earning a 60% interest, either party may elect by notice to the other to form a joint venture ("JV") under which the percentage ownership of each of Nagambie Resources Limited and Mawson Victoria Pty Ltd will be 40% and 60%, respectively.

Should the parties not elect to form a 40/60% JV, Mawson Victoria Pty Ltd will then have the option to earn an additional 10% interest in the Optioned Property (for an aggregate 70% interest) by incurring an additional A\$1.5M of exploration expenditures on or before the end of year 6 (cumulative A\$4.0M in years 1 to 6). Once Mawson Victoria Pty Ltd earns a 70% interest, a JV between the parties will be automatically formed. Nagambie Resources Limited may then contribute its 30% ownership with further exploration expenditures or, if it chooses to not contribute, dilute its interest. Should Nagambie Resources Limited's interest be reduced to less than 5.0%, it will be deemed to have forfeited its interest in the JV to Mawson Victoria Pty Ltd in exchange for a 1.5% net smelter return royalty ("NSR") on gold revenue.

Should Nagambie Resources Limited be granted the NSR, Mawson Victoria Pty Ltd will have the right to acquire the NSR for A\$4,000,000. As of this date, Mawson Victoria Pty Ltd has met its minimum first year commitments and is working towards meeting its second-year commitment by 2 December 2022.

** Redcastle Joint Venture

A subsidiary of the Company, Mawson Victoria Pty Ltd, is party to an Option and Joint Venture Agreement with Nagambie Resources Limited for the Redcastle Joint Venture tenements.

In meeting \$1,000,000 of exploration commitments over a 5-year period set under the Farm-in Agreements by 25 March 2025, the consolidated entity will have a 70% economic interest in those tenements. Once the consolidated entity earns a 70% economic interest, a joint venture between the parties will be formed. Nagambie Resources Limited may then contribute its 30% share of further exploration expenditures or, if it chooses to not contribute, dilute its interest.

Should Nagambie Resource Limited's interest be reduced to less than 5%, it will be deemed to have forfeited its interest in the joint venture to the Company in exchange for a 1.5% net smelter return royalty ("NSR") on gold revenue. Should Nagambie Resources Limited be granted the NSR, the Company will have the right to acquire the NSR for \$4,000,000 per property. As of this date, the Company has earned 70% and the companies are proceeding to form a joint venture.