

PACGOLD LIMITED
ANNUAL REPORT
For the year ended
30 June 2021

PACGOLD LIMITED

ACN 636 421 782

Annual Report – 30 June 2021

Corporate directory	2
Chairman’s Letter	3
Directors’ report	4
Directors and Company Secretary	
Principal activities	
Dividends	
Review of operations	
Tenement list	
Significant changes in the state of affairs	
Likely developments and expected results of operations	
Events after reporting year	
Environmental regulation	
Information on Directors	
Meetings of Directors	
Remuneration Report (Audited)	
Shares under option	
Insurance of officers and indemnities	
Proceedings on behalf of the Company	
Non-audit services	
Auditor’s independence declaration	24
Corporate Governance Statement	25
Financial report	26
Directors’ declaration	54
Independent auditor’s report to the members	55

Corporate directory

Directors	C Moises (Non-executive Chair) T Schreck (Managing Director) M Pitt (Non-executive Director) S Goodwin (Non-executive Director)
Company Secretary	C Garde
Principal Place of Business	Level 4, Suite 4.02 360 Collins Street Melbourne VIC 3000 +61 3 9817 7076
Registered Office	Level 4, Suite 4.02 360 Collins Street Melbourne VIC 3000 +61 3 9817 7076
Auditor	BDO Audit (WA) Pty Ltd Level 1, 38 Station Road Subiaco WA 6008 www.bdo.com.au
Solicitors	Allens Linklaters Level 37, 250 St Georges Terrace Perth WA 6000 www.allens.com.au
Bankers	Westpac Banking Corporation
Share registry	Computershare Investor Services Pty Limited 452 Johnston Street Abbotsford VIC 3037 www.computershare.com/au +61 3 9415 400 or 1300 850 505 (within Australia)
Website address	www.pacgold.com.au

CHAIRMAN'S LETTER

Dear Fellow Shareholder,

Welcome to the 2021 Annual Report for Pacgold Limited (ASX: PGO), following the most pivotal year for the Company since its inception in September 2019.

On 8 July 2021, Pacgold achieved the significant milestone of listing on the Australian Securities Exchange following the completion of an oversubscribed Initial Public Offering (IPO) which raised A\$6 million through the issue of 24,000,000 shares at an issue price of \$0.25 per share. We are humbled by the enthusiasm and confidence that our investors placed in us and grateful to many months of hard work invested by our management team, employees, fellow board members and lead manager, Taylor Collison Limited to reach the status of a listed entity.

Through the IPO we welcomed to our register a strong mix of institutional investors, including resource-focussed funds, and both sophisticated and retail investors. For a small exploration company the quality of the share register is in my view outstanding.

Moving forward we are excited to be able to progress our exploration and drilling program at Alice River, bolstered by the proceeds of the IPO. Drilling will initially focus on three priority targets over 4,000m, covering 7km of the gold bearing shear zone. We have completed a detailed IP geophysical survey to refine high-grade gold targets and with drilling underway in late August 2021.

It is my great pleasure to hold the position of Chair of the Board of Pacgold and am joined by an experienced team of Directors consisting of Managing Director Mr Tony Schreck, Non-Executive Director Mr Shane Goodwin and Non-Executive Director Mr Michael Pitt. I believe that the Pacgold Board and senior executive team is superbly positioned to deliver on the potential the Alice River Gold Project given the depth of industry experience and strong track record of our team.

I extend my personal thanks to all of our management team and employees for their exceptional efforts in helping Pacgold achieve such a successful year, and to all of our shareholders for the confidence you have placed in us.

I look forward to keeping you updated on the progress of Alice River in the coming months.

Yours faithfully



Cathy Moises
Non-Executive Chair

DIRECTORS' REPORT

Your Directors present their report on the Company for the year ended 30 June 2021.

DIRECTORS AND COMPANY SECRETARY

The following persons were Directors of Pacgold Limited during the financial year and up to the date of this report:

Catherine Moises (appointed 11 February 2021)
Anthony Schreck (appointed 4 December 2020)
Michael Pitt (appointed 28 August 2020)
Shane Goodwin (appointed 28 August 2020)
Patrick Walta (appointed 25 September 2019, resigned 10 April 2021)

The Company Secretary is Ms C Garde. Ms Garde was appointed to the position of Company Secretary on 28 August 2020. Ms Garde is an experienced lawyer and qualified company secretary. She is a graduate of the Company Directors and Governance Institute of Australia.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the financial year was the exploration of its key asset being the Alice River Gold Project comprising a portfolio of eight mining leases and five exploration permits for minerals tenements in the Alice River region of North Queensland.

DIVIDENDS

The Directors do not recommend the payment of a dividend. No dividend was paid during the year.

REVIEW OF OPERATIONS

INITIAL PUBLIC OFFER (IPO) & TRADING ON THE AUSTRALIAN SECURITIES EXCHANGE (ASX)

Gold exploration company, Pacgold Limited ("PGO", "Pacgold" or the "Company") commenced trading on the Australian Securities Exchange (ASX) on the 8th July 2021. The Company completed a fully subscribed Initial Public Offering (IPO) which raised \$6 million through the issue of 24,000,000 shares at an issue price of \$0.25 per share. Taylor Collison Limited acted as the Lead Manager to the IPO.

The proceeds of the IPO are being used to fund a two-year exploration and drilling programme at the Company's Alice River Gold Project in Northern Queensland (refer Figure 1), a potentially large-scale gold opportunity which has been previously underexplored.

ALICE RIVER GOLD PROJECT

During the year the Company secured 100% ownership of Alice River Gold Project consisting of eight mining leases (MLs) and five exploration permits minerals (EPMs) centered on a historical goldfield and open pit mine.



Figure 1: Location of Alice River Gold Project.

Initial exploration activities completed by Pacgold includes:

- Complete review of all historical data
- Data capture and reprocessing of historical geophysical data including IP gradient array and airborne magnetics/radiometric data
- Reprocessing and merging of historical airborne magnetic and radiometric surveys to create a set of images including RTP, 1VDRTP, TD
- Digital capture of all historical drilling logs and coding of the geology / mineralisation / alteration / weathering
- Field geological mapping of all new exposures including the open pits and alluvial/colluvial workings and council gravel pits and road cuttings/culverts

This initial work program resulted in Pacgold identifying three priority targets along the 30km long Alice River Shear zone (refer Figure 2). The targets include:

- Central Target – Strong geophysical targets along strike from open pit mine and down plunge extensions to high-grade gold mineralisation
- Southern Target – Broad untested gold surface geochemical anomalies 1.7km x 200m
- Northern Target – 2km-long interpreted vein system under shallow cover

An initial drilling programme comprising 4,000m metres commenced in August 2021 on the three priority gold targets which are located along a 7km long corridor.

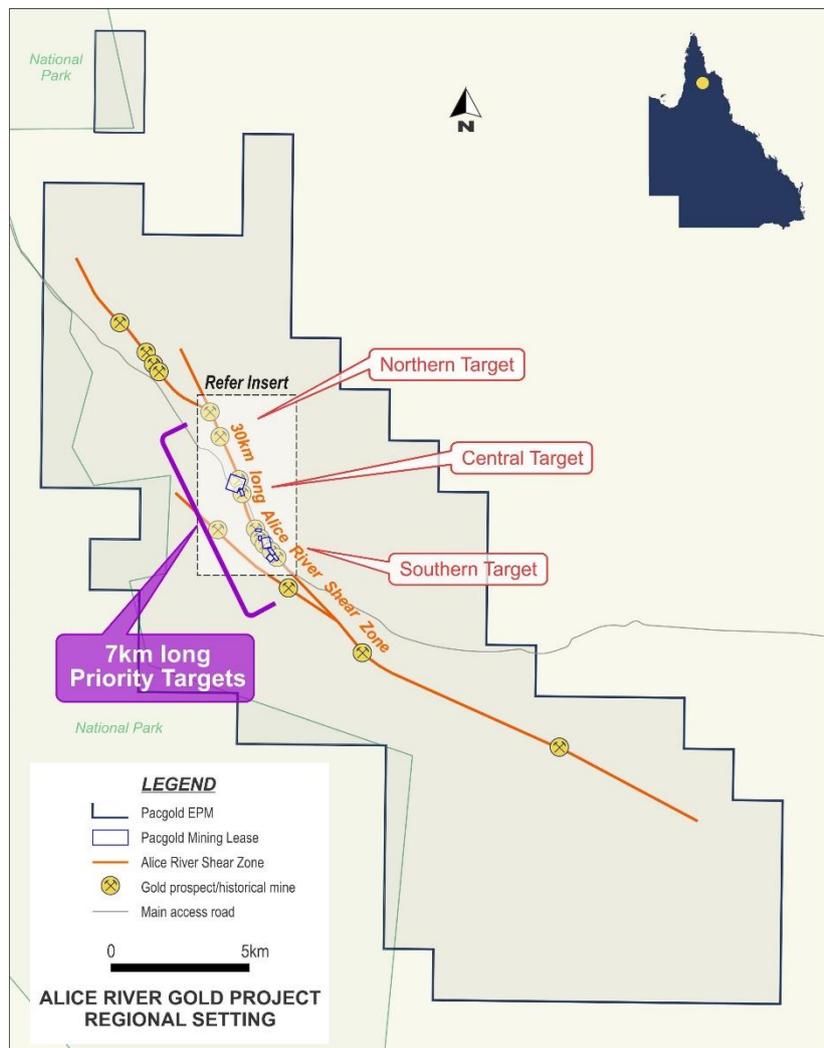


Figure 2: Alice River Gold Project showing main targets.

The Alice River Gold Project is situated within the Northeast Queensland Mineral Province, which contains several multi-Moz gold deposits to the south including Mt Leyshon, Pajingo, Kidston and Ravenswood. It is located approximately 400 km northwest of Cairns and 130 km west of Laura. Access to this area is via sealed roads to Laura, then approximately 150 km of high-quality unsealed roads to the west of Laura. On site, there is an exploration camp, minor infrastructure remaining from previous mining, and a nearby serviced airstrip suitable for small aircraft.

Gold mineralisation is associated with the Alice River Shear Zone which extends over more than 30km within the Project and is mostly concealed by shallow sand cover. The gold is generally hosted in quartz veins and quartz breccias, up to 10m wide and is associated with quartz-sericite-epidote alteration zones which extend 50-70m around the mineralised veins.

The Alice River Gold Project is centred on the Alice River Goldfield which was discovered in 1903 and produced 93.3kg of gold to 1917. Cyprus Gold Australia completed the majority of drilling (RAB, RC, DD) on the project in the late 1980's targeting the historical goldfield. Regional geochemical and RAB drilling was also completed. Cyprus joint ventured the project to Beckstar Pty Ltd (subsidiary of Goldminco) who recovered 30,330 oz Au at 5.6g/t Au from shallow open pit mining of the AQ prospect (formerly named Alice Queen).

Between 1991 and 1998, additional drilling and trenching was completed on several prospects. Beckstar mined alluvial and colluvial gold ores between 1999 and 2001 and recovered 2,750 oz Au, with production ceasing due to several issues including very low historical gold prices.

Tinpitch Pty Ltd acquired the Project in 2001 and completed limited exploration and joint ventured the project to Spitfire Materials Limited in 2017, who completed RC drilling before withdrawing from the joint venture to focus on their gold projects in Western Australia. High-grade gold was intersected in previous shallow drilling at the Central and Southern targets (refer Figure 3) with results including:

Central Target

- 5m @ 67.3g/t Au from 43m (ARD2)
- 16m @ 6.8g/t Au from 30m, inc. 4m @ 11.2g/t Au from 30m and 4m @ 14.9g/t Au from 38m (ARRC-70)

Southern Target

- 8m @ 55.9g/t Au from 18m, inc. 4m @ 111g/t Au from 18m (ARRC-33)
- 4m @ 22.7g/t Au from 32m (ARRC-45)
- 18m @ 4.6g/t Au from 16m inc. 8m @ 8.4g/t Au from 26m (ARAT-158)

A summary of significant drill hole intersections was disclosed in Pacgold's IPO Prospectus dated 25 May 2021 - ASX release 06/07/2021.

The Company has assembled a first-class team of exploration professionals and consultants with an impressive track record of discovery. In July 2021, highly credentialed exploration geologist Geoff Lowe joined the Pacgold team as Exploration Manager, further strengthening the team.

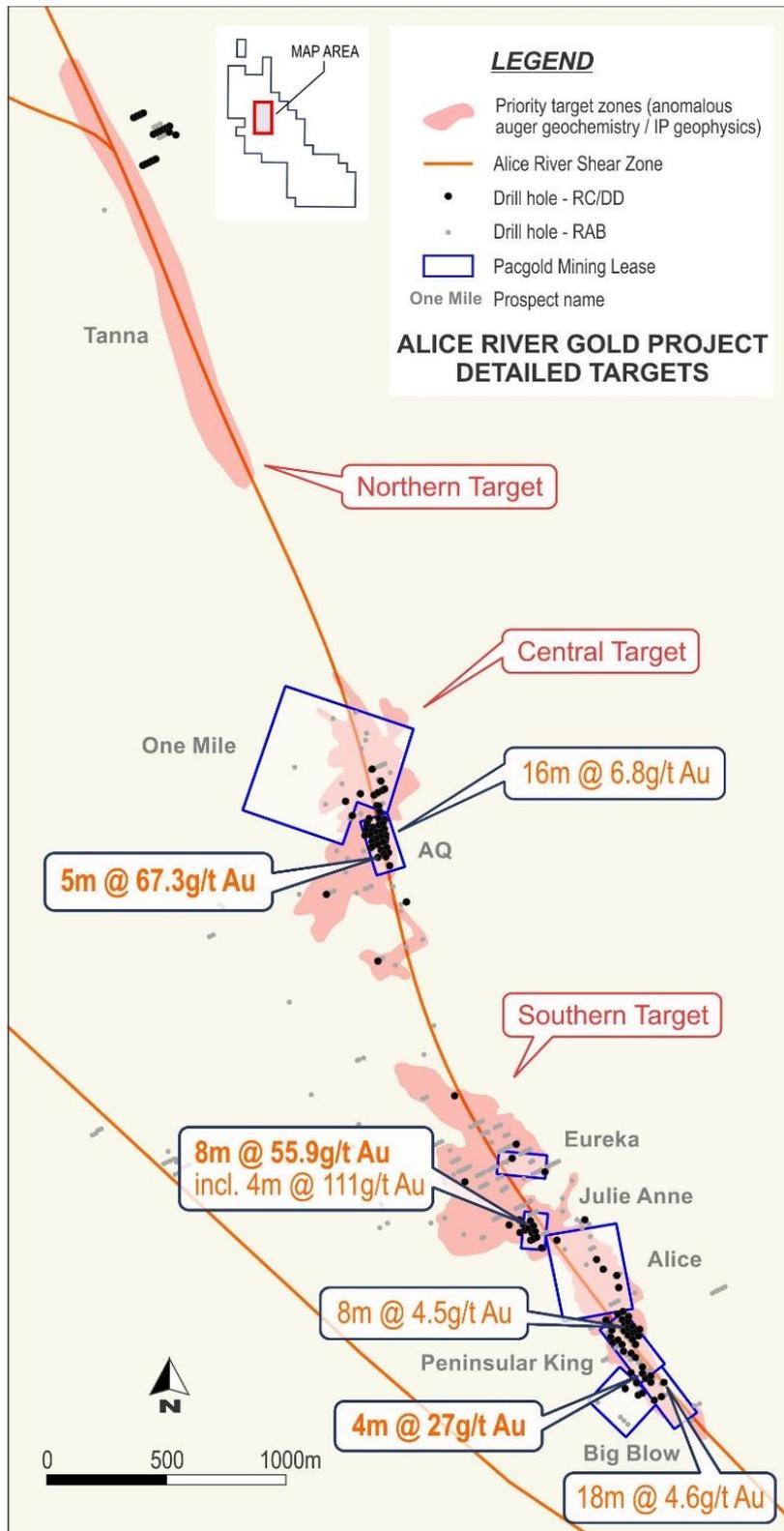


Figure 3: Central, southern and Northern Targets showing historical high-grade drill intersections.



Figure 4: Alice River Project existing infrastructure.



Figure 5: Field geological mapping and rock chip sampling, Central Target.



Figure 6: Historical open pit mine, Central Target

TENEMENT LIST

On 7 April 2020 the Company entered into a Sale and Purchase Agreement with unrelated party Tinpitch Pty Ltd to acquire the tenements listed in the table below. Refer to note 21(ii) for details of royalty arrangements, with RoyaltyOne Pty Ltd, associated with the tenements.

Tenement	Permit Holder	Interest	Location	Grant date	Expiry date
EPM 14313	Pacgold Limited	100%	Queensland	13/07/2005	12/07/2024
EPM 15359	Pacgold Limited	100%	Queensland	24/05/2007	23/05/2025
EPM 15360	Pacgold Limited	100%	Queensland	23/08/2007	22/08/2025
EPM 16301	Pacgold Limited	100%	Queensland	14/10/2008	13/10/2021
EPM 26266	Pacgold Limited	100%	Queensland	08/05/2017	07/05/2022
ML 2901	Pacgold Limited	100%	Queensland	29/04/1982	30/04/2024
ML 2902	Pacgold Limited	100%	Queensland	29/04/1982	30/04/2024
ML 2907	Pacgold Limited	100%	Queensland	03/06/1982	30/06/2024
ML 2908	Pacgold Limited	100%	Queensland	03/06/1982	30/06/2024
ML 2957	Pacgold Limited	100%	Queensland	07/03/1985	31/03/2027
ML 2958	Pacgold Limited	100%	Queensland	10/04/1986	30/06/2024
ML 3010	Pacgold Limited	100%	Queensland	25/01/1990	30/06/2024
ML 3011	Pacgold Limited	100%	Queensland	01/10/1987	30/06/2024

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the financial year the Company:

- a) On 19 August 2020 raised \$80,000 of seed capital through the issue of 8,000,000 fully paid ordinary shares at \$0.01 per share to sophisticated investors;
- b) On 30 October 2020 raised \$327,000 through the issue of 6,540,000 fully paid ordinary shares at \$0.05 per share to sophisticated investors;
- c) On 30 October 2020 issued 300,000 fully paid ordinary shares to Shane Goodwin, a Director, at an issue price of \$0.05. These shares were issued for no cash consideration in exchange for services carried out by Shane Goodwin and have been accounted for as a share-based payment. The value of the shares was based on the value of equity instruments issued to sophisticated investors on the same date. There are no vesting conditions or restrictions attached to the shares. \$15,000 is considered to be the fair value of equity instruments provided to Shane Goodwin.
- d) On 29 December 2020 raised \$1,684,200 through the issue of 10,526,250 fully paid ordinary shares at \$0.16 per share to sophisticated investors.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Company plans to continue to explore and develop its mining leases and exploration permits.

EVENTS AFTER REPORTING YEAR

Since the end of the financial year the Company:

- a) on 5 July 2021, was admitted to the official list of the Australian Stock Exchange. As part of the initial public offering the Company issued 24,000,000 fully paid ordinary shares at \$0.25 per share.
- b) issued 4,100,000 options to Directors and consultants under the Initial Public Offer Prospectus to take up ordinary shares. 2,050,000 are exercisable at \$0.36 each and expire on 5/7/2025 and the remaining 2,050,000 were exercisable at \$0.42 each and expire on 5/7/2027. The options were granted during the year, but were not issued until 2 July 2021; and
- c) issued 1,440,000 options to the Lead Manager of the initial public offering of the Company. The options are exercisable at \$0.31 each and expire on 5/7/2024.

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

ENVIRONMENTAL REGULATION

The Company's operations are subject to environmental and other regulations. The Company engages appropriately experienced contractors and consultants to advise on and ensure compliance with environmental regulations in respect of its exploration activities. The Company monitors compliance with relevant legislation on a continuous basis and the Directors are not aware of any compliance breaches up to the date of this report.

INFORMATION ON DIRECTORS

Catherine Moises <i>Non-Executive Chair</i>	
<i>Experience and expertise</i>	<p>Ms Cathy Moises has extensive knowledge and experience within the resource industry, having held senior roles for a number of the most prominent stock broking firms within Australia including McIntosh (now Merrill Lynch), County Securities (now Citigroup), Evans and Partners, where she was a partner, and most recently worked as Head of Research for Patersons Securities (now Cannacord Genuity).</p> <p>Ms Moises holds a Bachelor of Science (Honours) with a major in Geology from Melbourne University, and a Diploma of Finance and Investment from the Securities Institute of Australia.</p>
<i>Other current directorships</i>	<p>Non-executive director - Arafura Resources Limited (ASX:ARU) Non-executive director - Australian Potash Limited (ASX:APC) Non-executive director - WA Kaolin Limited (ASX:WAK) Non-executive director - Podium Minerals Limited (ASX:POD)</p>
<i>Former listed directorships in the last 3 years</i>	None.
<i>Special responsibilities</i>	Chair
<i>Interests in shares and options</i>	<p>625,000 ordinary shares 600,000 options</p>

Anthony Schreck <i>Managing Director</i>	
<i>Experience and expertise</i>	<p>Mr Schreck is a Geologist with 30 years' precious and base metal exploration, management, business development and discovery experience in remote deserts to jungles located in Australia, the South-Western Pacific islands and North America with successful mid-tiers/majors including North Flinders Mines, Normandy and Newmont.</p> <p>Mr Schreck has corporate and board experience from co-founding private start-up resource companies (Solomon Islands and Queensland) through to listing on the ASX and a merger with Metal Bank Limited (ASX:MBK). Mr Schreck was the former Managing Director of MBK.</p> <p>Mr Schreck has a Graduate Diploma in Economic Geology, a Bachelor of Applied Science-Geology and is a member of the Australian Institute of Geoscientists and a graduate of the Australian Institute of Company Directors.</p>
<i>Other current directorships</i>	None.
<i>Former listed directorships in the last 3 years</i>	Managing Director of Metal Bank Limited (ASX: MBK)(ceased 2020).
<i>Special responsibilities</i>	Managing Director
<i>Interests in shares and options</i>	<p>820,000 ordinary shares 900,000 options</p>

Michael Pitt*Non-Executive Director*

<i>Experience and expertise</i>	<p>Mr Pitt is currently Head of Development at New Century Resources Limited, playing an instrumental role in the study, refurbishment and restart of New Century's operation from care and maintenance to global top 10 zinc producer in less than three years.</p> <p>Mr Pitt has experience in financing private resource companies and public company capital raising and debt negotiations. He has held previous roles with BHP (ASX:BHP) in strategic planning and Clean TeQ (ASX:CLQ) in both project delivery and business development.</p> <p>Mr Pitt has an MBA, Bachelors in Chemical Engineering and Science and a Diploma in Project Management.</p>
<i>Other current directorships</i>	None.
<i>Former listed directorships in the last 3 years</i>	None.
<i>Special responsibilities</i>	None.
<i>Interests in shares and options</i>	1,881,250 ordinary shares 600,000 options

Shane Goodwin*Non-Executive Director*

<i>Experience and expertise</i>	<p>Mr Goodwin has 10 years' experience in Mining Corporate Affairs and External Relations for New Century Resources Limited (ASX:NCZ) (New Century), MMG Limited (ASX:MMG) and Barrick Gold Corporation (TSX:ABX).</p> <p>Mr Goodwin strives to improve relationships with traditional owners at Century Mine, and achieved an agreement to develop a previously unavailable ore body which had unresolved cultural heritage negotiations.</p> <p>Mr Goodwin received the Australian Mining Award for Community Interaction for partnership with Waanyi-Downer Joint Venture at Century Mine and is a board member of the Aboriginal Development Benefits Trust, providing economic development opportunities to traditional owners in Gulf of Carpentaria.</p>
<i>Other current directorships</i>	None.
<i>Former listed directorships in the last 3 years</i>	None.
<i>Special responsibilities</i>	None.
<i>Interests in shares and options</i>	1,300,000 ordinary shares 600,000 options

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors and of each board committee held during the year ended 30 June 2021, and the number of meetings attended by each Director were:

	Full meetings of Directors	
	A	B
C Moises ¹	3	3
T Schreck ²	4	4
M Pitt ³	6	6
S Goodwin ⁴	6	6
P Walta ⁵	3	3

A = Number of meetings attended

B = Number of meetings held during the time the director held office or was a member of the committee during the year

¹ Catherine Moises was appointed as a director on 11/2/2021

² Anthony Schreck was appointed as a director on 4/12/2020

³ Michael Pitt was appointed as a director on 28/8/2020

⁴ Shane Goodwin was appointed as a director on 28/08/2020

⁵ Patrick Walta resigned as a director on 10/04/2021

REMUNERATION REPORT (AUDITED)

The Directors present the Pacgold Limited 2021 remuneration report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year.

The report is structured as follows:

- (a) Key management personnel (KMP) covered in this report
- (b) Remuneration policy and link to performance
- (c) Elements of remuneration
- (d) Link between remuneration and performance
- (e) Remuneration expenses for executive KMP
- (f) Contractual arrangements for executive KMP
- (g) Non-executive Director arrangements
- (h) Additional statutory information

(a) *Key management personnel covered in this report*

Non-Executive and Executive Directors

C Moises (Non-executive Chairman)
T Schreck (Managing Director)
M Pitt (Non-Executive Director)
S Goodwin (Non-Executive Director)
P Walta (Non-Executive Director)(ceased 10 April 2021)

Other key management personnel

<i>Name</i>	<i>Position</i>
Catherine Garde	General Counsel and Company Secretary
Suzanne Yeates	Chief Financial Officer

Changes since the end of the reporting year

No changes.

(b) *Remuneration policy and link to performance*

The role of a remuneration committee is performed by the full Board of Directors. The board reviews and determines the remuneration policy and structure annually to ensure it remains aligned to business needs, and conforms with our remuneration principles. In particular, the board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the Company to attract and retain key talent
- aligned to the Company's strategic and business objectives and the creation of shareholder value
- transparent and easily understood, and
- align with shareholder interests and are acceptable to shareholders

REMUNERATION REPORT (AUDITED) (CONTINUED)

Element	Purpose	Performance metrics	Potential value	Changes for FY 2021
Fixed remuneration (FR)	Provide competitive market salary including superannuation and non-monetary benefits	Nil	Positioned at median market rate	The Company first paid KMP remuneration during FY2021.
LTI	Alignment to long-term shareholder value	Nil	Variable subject to share price.	The Company first paid KMP remuneration during FY2021.

Long term incentives are assessed periodically and are designed to promote long-term stability in shareholder returns.

(c) Elements of remuneration

(i) Fixed annual remuneration (FR)

Executives receive their fixed remuneration as cash. FR is reviewed annually and is benchmarked against market data for comparable roles in companies in a similar industry and with similar market capitalisation. The board has the flexibility to take into account capability, experience, value to the organisation and performance of the individual. The Company has not engaged an external remuneration consultant during FY2021.

Superannuation is included in FR for executives.

(ii) Short term incentives

No short-term incentive plans were in place and no bonuses were paid for FY 2021.

(iii) Long-term incentives

Executive KMP participate, at the board's discretion, in the Long-term Incentive Program ("LTIP") comprising one off grants of options. Incentives are awarded at the discretion of the Board.

Options

During FY 2021 3,300,000 options were granted to Key Management Personnel. The options were granted on 25/05/2021, however the options were not issued until 2 July 2021. There were no performance conditions for the options to vest. The value of the options when exercised is directly linked to the share price and consequently is linked to performance.

Refer to the tables on page 20 of this report for details of options on issue affecting remuneration.

REMUNERATION REPORT (AUDITED) (CONTINUED)

(d) Link between remuneration and performance

During the year, the Company has generated losses from its principal activity being exploration of the Alice River Gold Project. The Company aims to align its executive remuneration to its strategic and business objectives and the creation of shareholder wealth. However, as the Company is still growing, the company's financial performance is not necessarily consistent with the measures used in determining variable amounts of remuneration to be awarded to KMP's. As a consequence, there may not always be a direct correlation between the group's key performance measures, including the advancement of exploration at the Alice River Gold Project, and the variable remuneration awarded.

Given the nature of the Company's activities and the consequential operating results, no dividends have been paid. There have been no returns of capital in the current or previous financial periods.

(e) Remuneration expenses for KMP

The following table shows details of the remuneration expense recognised for the Company's key management personnel for the current and previous financial year measured in accordance with the requirements of the accounting standards. No KMP received any non-monetary benefits during the current or previous financial year.

REMUNERATION REPORT (AUDITED) (CONTINUED)

Name	Year	Fixed remuneration		Variable remuneration		Total	Performance related remuneration %
		Cash salary	Post- employment benefits	Options	Shares		
<i>Executive Directors</i>							
T Schreck ¹	2021	112,500	-	153,450	-	265,950	-
	2020	-	-	-	-	-	-
<i>Other key management personnel</i>							
C Garde ²	2021	13,333	-	102,300	-	115,633	-
	2020	-	-	-	-	-	-
S Yeates ³	2021	16,000	-	-	-	16,000	-
	2020	-	-	-	-	-	-
<i>Non-executive directors</i>							
C Moises	2021	-	-	102,300	-	102,300	-
	2020	-	-	-	-	-	-
M Pitt	2021	-	-	102,300	-	102,300	-
	2020	-	-	-	-	-	-
S Goodwin	2021	-	-	102,300	15,000	117,300	-
	2020	-	-	-	-	-	-
P Walta (ceased 10 April 2021)	2021	-	-	-	-	-	-
	2020	-	-	-	-	-	-
Total KMP remuneration expensed	2021	141,833	-	562,650	15,000	719,483	-
	2020	-	-	-	-	-	-

Note – no remuneration was paid to KMP in the prior year.

¹ Contractor services agreement commenced 1 January 2021. T Schreck is engaged through Goldfind Exploration Pty Ltd, a related party of T Schreck.

² Contractor services agreement commenced on 21 May 2021. C Garde is engaged through Catherine Garde trading as Garde Law, a related party of C Garde.

³ Contractor services agreement commenced 1 March 2021. S Yeates is engaged through Outsourced Accounting Solutions Pty Ltd, a related party of S Yeates.

REMUNERATION REPORT (AUDITED) (CONTINUED)

(f) Contractual arrangements with executive KMP's

Component	Managing Director description	General Counsel and Company Secretary description	Chief Financial Officer description
Fixed remuneration	\$18,750 per month	\$10,000/month	\$4,000/month
Contract duration	Ongoing	Ongoing	Ongoing
Notice by the individual / company	3 months	3 months	1 month

The contracts do not provide for any early termination payments.

(g) Non-Executive Director arrangements

During FY2021 non-executive directors did not receive any remuneration. Non-executive remuneration commenced from the date of listing on the ASX being 8 July 2021.

Following listing, the fees for the Non-Executive Chair will be \$36,000 per annum excluding superannuation. Other Non-Executive Directors receive \$36,000 per annum excluding superannuation. Fees are reviewed annually by the board taking into account comparable roles.

The maximum annual aggregate Non-Executive Directors' fee pool limit is \$500,000 and is set out in the Constitution.

All Non-Executive Directors enter into a service agreement with the company in the form of a letter of appointment. The letter summarises the board policies and terms, including remuneration relevant to the office of Director.

(h) Additional statutory information

(i) Performance based remuneration granted and forfeited during the year

The table below shows for each KMP the value of options that were granted, exercised and forfeited during FY 2021. The number of options and percentages vested / forfeited for each grant are disclosed in section (iii) below.

	LTI Options	
	Value granted* \$	Value exercised** \$
2021		
C Moises	102,300	-
T Schreck	153,450	-
M Pitt	102,300	-
S Goodwin	102,300	-
C Garde	102,300	-
S Yeates	-	-

* The value at grant date calculated in accordance with AASB 2 *Share-based Payment* of options granted during the year as part of remuneration

** The value at the exercise date of options that were granted as part of remuneration and were exercised during the year has been determined as the intrinsic value of the options at that date.

REMUNERATION REPORT (AUDITED) (CONTINUED)

(ii) Terms and conditions of the share-based payment arrangements

Options

The terms and conditions of each grant of options affecting remuneration in the current or a future reporting period are as follows:

Grant date	Issue date	Expiry date	Exercise price	Value per option at grant date
25/05/2021	02/07/2021	05/07/2025	\$0.36	\$0.159
25/05/2021	02/07/2021	05/07/2027	\$0.42	\$0.182

The number of options over ordinary shares in the Company provided as remuneration to key management personnel is shown in the table below. The options carry no dividend or voting rights.

When exercised, each option is convertible into one ordinary share of Pacgold Limited.

(iii) Reconciliation of options and ordinary shares held by KMP

Options

The table below shows a reconciliation of options held by each KMP from the beginning to the end of FY2021. No options were forfeited or exercised during the year.

Name & Grant dates	Balance at the start of the year	Granted as compensation ¹	Balance at the end of the year
C Moises	-	600,000	600,000
T Schreck	-	900,000	900,000
M Pitt	-	600,000	600,000
S Goodwin	-	600,000	600,000
P Walta	-	- ²	-
C Garde	-	600,000	600,000
S Yeates	-	-	-

¹ Options were granted on 25 May 2021 with no vesting conditions. The options were formally issued on 2 July 2021.

² P Walta was granted 600,000 options over ordinary shares, on the same terms as other key management personnel. They are not disclosed here as he was no longer key management personnel at the time of the grant.

REMUNERATION REPORT (AUDITED) (CONTINUED)

Shareholdings – Ordinary Shares

Name	Balance at the start of the year	Placements during the year	Other	Balance at the end of the year
2021				
C Moises	-	625,000	-	625,000
T Schreck	-	800,000	-	800,000
M Pitt	-	1,681,250	-	1,681,250
S Goodwin	-	1,300,000	-	1,300,000
P Walta	1	2,012,500	(2,012,501)	-
C Garde	-	-	2,012,500 ¹	2,012,500
S Yeates	-	-	-	-

¹ C Garde holds nil shares directly, the shares disclosed are held by P Walta (a former director) who is the spouse of C Garde.

(iv) Other transactions with key management personnel

- (a) During the prior financial year, Patrick Walta paid expenses totalling \$495 on behalf of the Company. This amount remains outstanding at 30 June 2021.
- (b) During the financial year, the Company engaged Raging Bull Group Pty Ltd, a related party of KMP Catherine Garde, and incurred \$7,200 in consulting fees.
- (c) On 20 November 2019 the Company entered into a Royalty Deed with RoyaltyOne Pty Ltd, a company of which Mr Patrick Walta is the sole director, agreeing to pay a royalty to RoyaltyOne equal to 2% of the net smelter return for each quarter on and from the date of the deed
- (d) During the financial year the Company entered into an agreement with Goldfind Exploration Pty Ltd, a company of which Mr Anthony Schreck is the sole director, for the use of software licenses.
- (e) During the financial year directors subscribed for placement shares (directly or indirectly) as follows:
 - Patrick Walta was issued 2,012,500 shares (1,000,000 at \$0.01, 700,000 at \$0.05 and 312,500 at \$0.16 per share)
 - Michael Pitt was issued 1,650,000 shares (1,000,000 at \$0.01, 500,000 at \$0.05 and 150,000 at \$0.16 per share)
 - Shane Goodwin was issued 1,000,000 shares at \$0.01 per share
 - Anthony Schreck was issued 800,000 shares at \$0.05 per share
 - Catherine Moises was issued 625,000 shares at \$0.16 per share
- (f) During the financial year issued 300,000 fully paid ordinary shares to Shane Goodwin, a Director, at an issue price of \$0.05. These shares were issued for no cash consideration in exchange for services carried out by Shane Goodwin and have been accounted for as a share-based payment. The value of the shares was based on the value of equity instruments issued to sophisticated investors on the same date. There are no vesting conditions or restrictions attached to the shares. \$15,000 is considered to be the fair value of equity instruments provided to Shane Goodwin.

There have been no other transactions with key management personnel.

End of remuneration report (audited)

SHARES UNDER OPTION

Unissued ordinary shares

Unissued ordinary shares of Pacgold Limited under option at the date of this report are as follows (2020: nil):

Date options granted	Expiry date	Issue price of Shares	Number under option
25/05/2021	05/07/2025	\$0.36	2,050,000
25/05/2021	05/07/2027	\$0.42	2,050,000

No option holder has any right to participate in any other share issue of the Company or any other entity.

No options have been granted to the Directors of the Company since the end of the financial year.

INSURANCE OF OFFICERS AND INDEMNITIES

(a) Insurance of officers

Since the end of the financial year, Pacgold Limited paid a premium of \$56,973 to insure the Directors and Officers of the Company.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

(b) Indemnity of auditors

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

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

PROCEEDINGS ON BEHALF OF THE COMPANY

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

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

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Company are important.

Details of the amounts paid or payable to the auditor (BDO Audit WA Pty Ltd) for audit and non-audit services provided during the year are set out in note 6 Remuneration of auditors.

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Board of Directors to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

During the year, the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated	
	2021	2020
	\$	\$
Other assurance services		
BDO Audit (WA) Pty Ltd:		
Investigating accountants report	11,845	-
Total remuneration for taxation / non-audit services	11,845	-

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 on page 24

This report is made in accordance with a resolution of Directors.


C Moises
Chair

22 September 2021

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF PACGOLD LIMITED

As lead auditor of PacGold Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.



Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 22 September 2021

Corporate governance statement

Pacgold Limited was not admitted to the official list in the 2021 financial year. Accordingly, it was not required to provide a Corporate Governance Statement.

However, Pacgold Limited and the board are committed to achieving and demonstrating the highest standards of corporate governance. Pacgold Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council and approved a Corporate Governance Statement on 5 July 2021 that was current on admission to the official list.

The 2021 Corporate Governance Statement is dated as at 30 June 2021 and reflects the corporate governance practices in place throughout the 2021 financial year. The 2021 Corporate Governance Statement was approved by the board on 22 September 2021.

A description of the Company's current corporate governance practices is set out in the Company's Corporate Governance Statement which can be viewed at <https://pacgold.com.au/about-us/corporate-governance>.

PACGOLD LIMITED

ACN 636 421 782

Annual financial report – 30 June 2021

Financial statements	
Statement of profit or loss and other comprehensive income	27
Statement of financial position	28
Statement of changes in equity	29
Statement of cash flows	30
Notes to the financial statements	31
Directors' declaration	54

These financial statements are for Pacgold Limited (formerly Alice River Resources Pty Ltd).

The financial statements are presented in the Australian currency.

Comparative information presented is for the period 25 September 2019 (date of incorporation) to 30 June 2020.

Pacgold Limited is a Company limited by shares, incorporated and domiciled in Australia.

Statement of profit or loss and other comprehensive income for the year ended 30 June 2021

	Notes	2021	2020
			\$
Continuing operations			
Other income	2	253	-
Administrative and other expenses		(144,223)	(3,745)
Depreciation expense		(451)	-
Share based payments expense	18	(714,050)	-
Loss before income tax expense		<u>(858,471)</u>	<u>(3,745)</u>
Income tax benefit	4	-	-
Loss after income tax expense		<u>(858,471)</u>	<u>(3,745)</u>
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>(858,471)</u>	<u>(3,745)</u>
		Cents	Cents
Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the Company:			
Basic earnings per share	7	(5.2)	(374,500.0)
Diluted earnings per share	7	(5.2)	(374,500.0)

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

Statement of financial position

As at 30 June 2021

	Notes	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	8	5,377,252	18,213
Other receivables	9	730,173	100
Total current assets		<u>6,107,425</u>	<u>18,313</u>
Non-current assets			
Exploration and evaluation assets	10	1,527,538	950,674
Plant and equipment		10,808	-
Other assets	11	662,909	1,000
Total non-current assets		<u>2,201,255</u>	<u>951,674</u>
Total assets		<u>8,308,680</u>	<u>969,987</u>
LIABILITIES			
Current liabilities			
Trade and other payables	12	5,750,191	97,290
Total current liabilities		<u>5,750,191</u>	<u>97,290</u>
Non-current liabilities			
Provisions	13	669,796	669,037
Total non-current liabilities		<u>669,796</u>	<u>669,037</u>
Total liabilities		<u>6,419,987</u>	<u>766,327</u>
Net assets		<u>1,888,693</u>	<u>203,660</u>
EQUITY			
Contributed equity	14	2,051,859	1
Reserves	15	699,050	207,404
Accumulated losses		(862,216)	(3,745)
Total equity		<u>1,888,693</u>	<u>203,660</u>

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of changes in equity For the year ended 30 June 2021

	Contributed equity \$	Accumulated losses \$	Reserves		Total \$
			Share based payments reserve	Other reserve \$	
Loss for the year	-	(3,745)	-	-	(3,745)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	(3,745)	-	-	(3,745)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	1	-	-	207,404	207,405
Balance as at 30 June 2020	1	(3,745)	-	207,404	203,660
Loss for the year	-	(858,471)	-	-	(858,471)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	(858,471)	-	-	(858,471)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	2,036,858	-	-	(207,404)	1,829,454
Share based payments	15,000	-	699,050	-	714,050
Balance as at 30 June 2021	2,051,859	(862,216)	699,050	-	1,888,693

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

Statement of cash flows

For the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from customers (GST inclusive)		250	-
Payments to suppliers and employees (GST inclusive)		(163,227)	(100)
Interest received		3	-
Net cash outflow from operating activities	17	<u>(162,974)</u>	<u>(100)</u>
Cash flows from investing activities			
Payments for exploration assets		(465,657)	(188,092)
Payments for plant and equipment		(11,259)	-
Payments for security deposits		(661,909)	(1,000)
Net cash outflow from investing activities		<u>(1,138,825)</u>	<u>(189,092)</u>
Cash flows from financing activities			
Proceeds from share issue		1,883,796	-
Payment of share issue costs		(137,958)	-
Proceeds received in advance for issue of shares		4,915,000	207,405
Net cash inflow from financing activities		<u>6,660,838</u>	<u>207,405</u>
Net increase in cash and cash equivalents		5,359,039	18,213
Cash and cash equivalents at the beginning of the year		18,213	-
Cash and cash equivalents at the end of the year	8	<u>5,377,252</u>	<u>18,213</u>

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

Notes to the financial statements for the year ended 30 June 2021

Note 1 Summary of significant accounting policies

Basis of preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards and Interpretations as issued by the International Accounting Standards Board. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs.

The financial statements were authorised for issue by the Directors on 22 September 2021. The Directors have the power to amend and reissue the financial statements.

a. Income tax

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

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

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

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

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

Notes to the financial statements for the year ended 30 June 2021

Note 1 Summary of significant accounting policies (continued)

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

b. Income recognition

Interest

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

Other income

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

c. Operating segments

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

d. Current and non-current classification

Assets and liabilities are presented in the balance sheet based on current and non-current classification.

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

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

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

Notes to the financial statements for the year ended 30 June 2021

Note 1 Summary of significant accounting policies (continued)

e. Cash and cash equivalents

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

For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the balance sheet.

f. Trade and other receivables

Trade and other receivables are recognised at amortised cost, less any provision for expected credit loss.

g. Exploration and evaluation assets

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

A regular review has been undertaken on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

A provision is raised against exploration and evaluation assets where the Directors are of the opinion that the carried forward net cost may not be recoverable or the right of tenure in the area lapses. The increase in the provision is charged against the results for the year. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

h. Property, plant and equipment

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

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

Notes to the financial statements for the year ended 30 June 2021

Note 1 Summary of significant accounting policies (continued)

Plant and equipment 5 years

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

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

i. Trade and other payables

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

j. Provisions

Provision for rehabilitation is recognised when the company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

k. Issued capital

Ordinary shares are classified as equity and are recognised when subscriptions for equity become non-refundable.

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

l. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Pacgold Limited, 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.

Notes to the financial statements for the year ended 30 June 2021

Note 1 Summary of significant accounting policies (continued)

Diluted earnings per share

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

m. Share-based payments

Equity-settled share-based compensation benefits are provided to key management personnel and contractors. Equity-settled transactions are awards of shares or options that are provided in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is determined using the Black Scholes method that takes into account the exercise price, the term of the performance right, the impact of dilution, the share price at grant date and expect price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the performance right.

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

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

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

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

Notes to the financial statements for the year ended 30 June 2021

Note 1 Summary of significant accounting policies (continued)

n. 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 balance sheet.

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 tax authority.

o. New and Amended Accounting Policies Adopted by the Company

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. There has been no material impact on the financial statements by their adoption.

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

p. Critical accounting estimates and judgements

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

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the Company intends to commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised.

Notes to the financial statements for the year ended 30 June 2021

Note 1 Summary of significant accounting policies (continued)

In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mineral interest. Factors that could impact the future commercial production at the project include the level of reserves and resources, future technology changes which could impact the cost of production, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Provision for restoration and rehabilitation

A provision for rehabilitation is recognised when there is a present obligation as a result of development activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of abandoning sites, removing facilities and restoring affected areas.

The provision for future rehabilitation costs is the best estimate of the present value (including an appropriate discount rate relevant to the time value of money plus any risk premium associated with the liability) of the expenditure required to settle the restoration obligation at the reporting date. Future rehabilitation costs are reviewed annually and any changes in the estimate are reflected in the present value of the rehabilitation provision.

The initial estimate of the rehabilitation provision is capitalised into the cost of the related asset and amortised on the same basis as the related asset, unless the present obligation arises from the production of inventory in the period, in which case the amount is included in the cost of production for the period. Changes in the estimate of the provision for rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

Share based payment transactions

The Company measures the cost of equity settled transactions 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 a Black Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions, including share price volatility, interest rates and vesting periods would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact the profit or loss and equity.

Notes to the financial statements for the year ended 30 June 2021

Note 2 Other income

	2021	2020
	\$	\$
Other income		
Interest received from unrelated parties	3	-
Other income	250	-
	<hr/>	<hr/>
Total other income	<u>253</u>	<u>-</u>

Note 3 Loss for the year

Loss before income tax includes the following specific expenses:

	2021	2020
	\$	\$
Finance costs		
Provisions: Unwinding of discount (Note 13)	759	-
Share-based compensation expense (Note 18)	714,050	-
Depreciation expense	451	-

Notes to the financial statements for the year ended 30 June 2021

Note 4 Income tax expense

This note provides an analysis of the Company's income tax expense, shows what amounts are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Company's tax position.

	2021 \$	2020 \$
(a) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit/(loss) before income tax expense	<u>(858,471)</u>	<u>(3,745)</u>
Tax at the Australian tax rate of 26% (2020 27.5%)	(223,202)	(1,030)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
- Share based payments	185,653	-
- Other	197	-
Adjustment to deferred tax assets and liabilities for tax losses and temporary differences not recognised	<u>37,352</u>	<u>1,030</u>
Income tax expense / (benefit)	<u>-</u>	<u>-</u>
(b) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	<u>147,407</u>	<u>3,745</u>
Potential tax benefit @ 26% (2020 27.5%)	<u>38,326</u>	<u>1,030</u>

Notes to the financial statements for the year ended 30 June 2021

Note 4 Income tax expense (continued)

	2021 \$	2020 \$
(c) Deferred tax assets		
The balance comprises temporary differences attributable to:		
Accrued expenses	5,980	26,618
Tax losses	255,556	51,862
	<hr/>	<hr/>
Total deferred tax assets	261,536	78,480
Set-off of deferred tax liabilities pursuant to set-off provisions	(223,210)	(77,450)
Deferred tax assets not recognised	(38,326)	(1,030)
	<hr/>	<hr/>
Net deferred tax assets	-	-
	<hr/>	<hr/>
(d) Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Exploration and evaluation assets	223,210	77,450
	<hr/>	<hr/>
Total deferred tax liabilities	223,210	77,450
Set-off of deferred tax liabilities pursuant to set-off provisions	(223,210)	(77,450)
	<hr/>	<hr/>
Net deferred tax liabilities	-	-
	<hr/>	<hr/>

Unused losses which have not been recognised as an asset, will only be obtained if:

- (i) the Company derives future assessable income of a nature and of an amount sufficient to enable the losses to be realised;
- (ii) the Company continues to comply with the conditions for deductibility imposed by the law; and
- (iii) no changes in tax legislation adversely affect the Company in realising the losses.

Notes to the financial statements for the year ended 30 June 2021

Note 5 Key Management Personnel Compensation

The totals of remuneration paid to KMP of the Company during the year are as follows:

	2021	2020
	\$	\$
Short-term employee benefits	141,833	-
Post-employment benefits	-	-
Share-based compensation	577,650	-
	<hr/>	<hr/>
Total KMP compensation	719,483	-
	<hr/>	<hr/>

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Directors as well as all salary, paid leave benefits and fringe benefits paid to Executive Directors and employees.

Post-employment benefits

These amounts are the current-year's superannuation contributions made during the year.

Share-based payments

These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, performance rights and shares granted on grant date.

Further information in relation to KMP remuneration can be found in the Remuneration Report and Note 18.

Note 6 Auditor's Remuneration

	2021	2020
	\$	\$
Remuneration of the auditor for:		
- Auditing or reviewing the financial report	34,999	3,250
- <i>Remuneration for non-audit services</i>		
- Investigating accountants report	11,845	-
	<hr/>	<hr/>
	46,844	3,250
	<hr/>	<hr/>

Notes to the financial statements for the year ended 30 June 2021

Note 7 Earnings per share

	2021 Cents	2020 Cents
(a) Basic earnings per share		
Total basic earnings per share attributable to the ordinary equity holders of the Company	<u>(5.2)</u>	<u>(374,500.0)</u>
(b) Diluted earnings per share		
Total diluted earnings per share attributable to the ordinary equity holders of the Company	<u>(5.2)</u>	<u>(374,500.0)</u>
(c) Reconciliations of earnings used in calculating earnings per share		
	2021 \$	2020 \$
<i>Basic earnings per share</i>		
Profit / (loss) attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	<u>(858,471)</u>	<u>(3,745)</u>
<i>Diluted earnings per share</i>		
Profit / (loss) attributable to the ordinary equity holders of the Company used in calculating diluted earnings per share	<u>(858,471)</u>	<u>(3,745)</u>
(d) Weighted average number of shares used as the denominator		
	2021 Number	2020 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	<u>16,469,874</u>	<u>1</u>

(e) Information concerning the classification of securities

(i) Options

Options on issue during the year are not included in the calculation of diluted earnings per share because they are antidilutive for the year ended 30 June 2021. These options and performance rights could potentially dilute basic earnings per share in the future. Details relating to options are set out in note 18

(ii) Ordinary shares issued subsequent to year end

On 5 July 2021, the Company was admitted to the official list of the Australian Stock Exchange. As part of the initial public offering the Company issued 24,000,000 fully paid ordinary shares at \$0.25 per share. This share issue was not retrospectively adjusted in the calculation of earnings per share.

Notes to the financial statements for the year ended 30 June 2021

Note 8 Cash and cash equivalents

	2021	2020
	\$	\$
Cash at bank and on hand	5,377,252	18,213
	<u>5,377,252</u>	<u>18,213</u>

Note 9 Other receivables

	2021	2020
	\$	\$
Prepayments	655,656	-
Other receivables	74,517	100
	<u>730,173</u>	<u>100</u>

For other receivables, the Company applies the simplified approach permitted by AASB 9, which requires expected lifetime credit losses to be recognised from initial recognition of the receivables. Management has determined that assessment of expected credit loss associated with other receivables is immaterial.

Note 10 Exploration and evaluation assets

	2021	2020
	\$	\$
Exploration and evaluation assets – at cost	<u>1,527,538</u>	<u>950,674</u>
The capitalised exploration and evaluation assets carried forward above have been determined as follows:		
Balance at the beginning of the year	950,674	-
Expenditure incurred during the year	576,864	281,637
Rehabilitation asset (refer to note 13)	-	669,037
	<u>1,527,538</u>	<u>950,674</u>

The Directors have assessed that for the exploration and evaluation assets recognised at 30 June 2021, the facts and circumstances do not suggest that the carrying amount of an asset may exceed its recoverable amount. In considering this, the Directors have had regard to the facts and circumstances that indicate a need for an impairment as noted in Accounting Standard AASB 6 *Exploration for and Evaluation of Mineral Resources*.

Notes to the financial statements for the year ended 30 June 2021

Note 11 Other assets

	2021	2020
	\$	\$
Security deposits	662,909	1,000
	<u>662,909</u>	<u>1,000</u>

Note 12 Trade and other payables

	2021	2020
	\$	\$
Unsecured liabilities:		
Trade payables	636,630	-
Sundry payables and accrued expenses	198,066	96,795
IPO subscription funds received	4,915,000	-
Payable to related party (note 21(d)(i))	495	495
	<u>5,750,191</u>	<u>97,290</u>

IPO subscription funds were refundable until formal issue of shares and admission to the ASX subsequent to year end, these shares have been issued subsequent to year end, refer to note 19.

Note 13 Provisions

	2021	2020
	\$	\$
Provision for rehabilitation	669,796	669,037
Reconciliation of carrying amount:		
Opening balance	669,037	-
Additions (refer to note 10)	-	669,037
Unwinding of discount (refer to note 3)	759	-
	<u>669,796</u>	<u>669,037</u>

Rehabilitation provision

The rehabilitation provision relates to the Alice River ML's (located in North Queensland). Pacgold Limited is liable to pay 100% of rehabilitation costs for the lease.

The liability associated with the provision has been present valued in accordance with the Company's accounting policy.

Notes to the financial statements for the year 30 June 2021

Note 14 Contributed equity

	30 June 2021 Shares	30 June 2020 Shares	30 June 2021 \$	30 June 2020 \$
(a) Share capital				
Fully paid ordinary shares	25,366,250	1	2,051,859	1

(b) Ordinary share capital

Date	Details	Note	Number of Shares	Issue Price	\$
1 July 2020	Balance		1		1
19 Aug 2020	Placement shares	(c)	8,000,000	\$0.01	80,000
31 Aug 2020	Share forfeited		(1)	\$1.00	(1)
30 Oct 2020	Placement shares	(d)	6,540,000	\$0.05	327,000
30 Oct 2020	Share based payment	(e)	300,000	\$0.05	15,000
29 Dec 2020	Placement shares	(f)	10,526,250	\$0.16	1,684,200
	Share issue costs		-	-	(54,341)
30 June 2021	Balance		25,366,250		2,051,859

(c) Issue to sophisticated investors

The issue of a total of 8,000,000 fully paid ordinary shares to sophisticated investors at an issue price of \$0.01 cash.

(d) Issue to sophisticated investors

The issue of a total of 6,540,000 fully paid ordinary shares to sophisticated investors at an issue price of \$0.05 cash.

(e) Issue to Director

The issue of a total of 300,000 fully paid ordinary shares to Shane Goodwin, a Director, at an issue price of \$0.05. These shares were issued for no cash consideration in exchange for services carried out by Shane Goodwin and have been accounted for as a share-based payment. There are no vesting conditions or restrictions attached to the shares. \$15,000 is considered to be the fair value of consideration transferred to Shane Goodwin.

(f) Issue to sophisticated investors

The issue of a total of 10,526,250 fully paid ordinary shares to sophisticated investors at an issue price of \$0.16 cash.

Notes to the financial statements for the year ended 30 June 2021

Note 14 Contributed equity

(g) Capital Management

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

The capital structure of the Company includes equity attributable to equity holders, comprising issued capital, reserves and accumulated losses. In order to maintain or adjust the capital structure, the Company may issue new shares, sell assets to reduce debt or adjust the level of activities undertaken by the Company.

The Company monitors capital on the basis of cash flow requirements for operational, and exploration and evaluation expenditure. The Company will use capital market issues and joint venture participant funding contributions to satisfy anticipated funding requirements.

The Company has no externally imposed capital requirements.

Note 15 Reserves

	2021 \$	2020 \$
Share-based payment reserve	<u>699,050</u>	<u>-</u>
Movements:		
Opening balance	-	-
Share based payments	<u>699,050</u>	<u>-</u>
Closing balance	<u>699,050</u>	<u>-</u>

The share-based payment reserve records items recognised as expenses on valuation of director, employee and contractor options (including non-KMP).

	2021 \$	2020 \$
Other reserve	<u>-</u>	<u>207,404</u>
Movements:		
Opening balance	207,404	-
Transfer to contributed equity on issue of shares	(207,404)	
Share application funds received in advance	<u>-</u>	<u>207,404</u>
Closing balance	<u>-</u>	<u>207,404</u>

The other reserve records non-refundable share subscription funds received in advance of shares being issued.

Notes to the financial statements for the year ended 30 June 2021

Note 16 Operating segments

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (Chief Operating Decision Makers) in assessing performance and determining the allocation of resources. The Company is managed primarily on an operational basis. Operating segments are determined on the basis of financial information reported to the Board.

Management currently identifies the Company as having only one operating segment, being Gold Exploration in Australia. All significant operating decisions are based upon analysis of the Company as one segment. The financial results from the segment are equivalent to the financial statements of the Company as a whole.

Note 17 Cash flow information

(a) Reconciliation of profit / (loss) after income tax to net cash inflow from operating activities

	2021	2020
	\$	\$
Profit / (loss) for the year	(858,471)	(3,745)
Borrowing costs	759	-
Depreciation	451	-
Share based payments	714,050	-
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(88,967)	(100)
Increase in trade creditors and other payables	69,204	3,745
Net cash inflow (outflow) from operating activities	<u>(162,974)</u>	<u>(100)</u>

(b) Non-cash financing and investing activities

There were no non-cash financing and investing activities during FY 2021.

(c) Changes in liabilities arising from financing activities

The Company does not have any debt on its balance sheet and therefore no net debt reconciliation has been provided.

Notes to the financial statements for the year ended 30 June 2021

Note 18 Share-based payments

OPTIONS

A summary of movements of all options issued is as follows:

	Number	Weighted Average Exercise Price
Options exercisable as at 30 June 2020		
Granted to KMP	3,300,000	\$0.39
Granted to non-KMP	800,000	\$0.39
Exercised	-	-
Forfeited	-	-
Expired	-	-
Options outstanding as at 30 June 2021	4,100,000¹	\$0.39
Options exercisable as at 30 June 2021	-	-

¹ Options were granted on 25 May 2021 with no vesting conditions. The options were formally issued on 2 July 2021.

The weighted average remaining contractual life of options outstanding at year end was 5 years.

On 25 May 2021, 4,100,000 share options were granted to Directors and consultants under the Initial Public Offer Prospectus to take up ordinary shares. 2,050,000 are exercisable at \$0.36 each and the remaining 2,050,000 were exercisable at \$0.42 each. The options were issued on 2 July 2021. The options held no voting or dividend rights and are not transferable.

The fair value of these options at grant date was \$699,050. This value was calculated using a Black Scholes option pricing model applying the following inputs:

	Tranche 1	Tranche 2
Number of option	2,050,000	2,050,000
Exercise price	\$0.36	\$0.42
Market price	\$0.25	\$0.25
Grant date	25/05/2021	25/05/2021
Expiry date	05/07/2025	05/07/2027
Volatility	100%	100%
Dividend yield	0%	0%
Risk-free interest rate	0.69%	0.69%
Weighted average fair value at grant date	\$0.159	\$0.182

Notes to the financial statements for the year ended 30 June 2021

Note 19 Events after the reporting date

Since the end of the financial year the Company:

- a) on 5 July 2021, was admitted to the official list of the Australian Stock Exchange. As part of the initial public offering the Company issued 24,000,000 fully paid ordinary shares at \$0.25 per share.
- b) issued 4,100,000 options to Directors and consultants under the Initial Public Offer Prospectus to take up ordinary shares. 2,050,000 are exercisable at \$0.36 each and expire on 5/7/2025 and the remaining 2,050,000 were exercisable at \$0.42 each and expire on 5/7/2027. The options were granted during the year, but were not issued until 2 July 2021; and
- c) issued 1,440,000 options to the Lead Manager of the initial public offering of the Company. The options are exercisable at \$0.31 each and expire on 5/7/2024.

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

Note 20 Related party transactions

Related Parties

The company's main related parties are as follows:

a. **Ultimate parent entity**

The company does not have an ultimate parent entity.

b. **Key management personnel**

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 5.

c. **Other related parties**

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

Notes to the financial statements for the year ended 30 June 2021

Note 20 Related party transactions (continued)

d. Transactions with related parties

- (i) During the prior financial year, Patrick Walta paid expenses totalling \$495 on behalf of the Company. This amount remains outstanding at 30 June 2021.
- (ii) During the financial year, the Company engaged Raging Bull Group Pty Ltd, a related party of KMP Catherine Garde, and incurred \$7,200 in consulting fees.
- (iii) On 20 November 2019 the Company entered into a Royalty Deed with RoyaltyOne Pty Ltd, a company of which Mr Patrick Walta is the sole director, agreeing to pay a royalty to RoyaltyOne equal to 2% of the net smelter return for each quarter on and from the date of the deed
- (iv) During the financial year the Company entered into an agreement with Goldfind Exploration Pty Ltd, a company of which Mr Anthony Schreck is the sole director, for the use of software licenses.
- (v) During the financial year directors subscribed for placement shares (directly or indirectly) as follows:
 - Patrick Walta was issued 2,012,500 shares (1,000,000 at \$0.01, 700,000 at \$0.05 and 312,500 at \$0.16 per share)
 - Michael Pitt was issued 1,650,000 shares (1,000,000 at \$0.01, 500,000 at \$0.05 and 150,000 at \$0.16 per share)
 - Shane Goodwin was issued 1,000,000 shares at \$0.01 per share
 - Anthony Schreck was issued 800,000 shares at \$0.05 per share
 - Catherine Moises was issued 625,000 shares at \$0.16 per share
- (vi) During the financial year issued 300,000 fully paid ordinary shares to Shane Goodwin, a Director, at an issue price of \$0.05. These shares were issued for no cash consideration in exchange for services carried out by Shane Goodwin and have been accounted for as a share-based payment. The value of the shares was based on the value of equity instruments issued to sophisticated investors on the same date. There are no vesting conditions or restrictions attached to the shares. \$15,000 is considered to be the fair value of equity instruments provided to Shane Goodwin.

Notes to the financial statements for the year ended 30 June 2021

Note 21 Contingent liabilities

(i) Deferred consideration

The Company entered into a Sale and Purchase Agreement with Tinpitch Pty Ltd ("SPA") to acquire the Alice River Gold Tenements. Under the SPA the following milestone payments are payable as follows:

	Milestone payment	Milestone conditions
Milestone 1 Payment	\$300,000	Definition of a JORC code compliance resource category of indicated or better of 500,000 troy ounces or more of gold or 500,000 troy ounces or more of gold is mined from within the tenements.
Milestone 2 Payment	\$750,000	Definition of a JORC code compliance resource category of indicated or better of 750,000 troy ounces or more of gold or 750,000 troy ounces or more of gold is mined from within the tenements.
Milestone 3 Payment	\$1,200,000	Definition of a JORC code compliance resource category of indicated or better of 1,000,000 troy ounces or more of gold or 1,000,000 troy ounces or more of gold is mined from within the tenements.
Total	\$2,250,000	

As the milestone conditions are not probable of being met as at the reporting date, the deferred consideration has not been brought to account.

(ii) Royalty Deed

The Company entered into a royalty deed (Royalty Deed) with RoyaltyOne Pty Ltd (RoyaltyOne) dated 20 November 2019 pursuant to which the Company agreed to pay a royalty to RoyaltyOne equal to 2% of the net smelter return for each quarter on and from the date of the deed in consideration for RoyaltyOne entering into a deed poll in which RoyaltyOne guaranteed the payment obligations of the Company to Tinpitch Pty Ltd in relation to the acquisition of the Alice River Project.

Mr Patrick Walta, a related party and promoter of the Company, is the sole director of RoyaltyOne.

Note 22 Commitments

(a) Exploration commitments

	2021	2020
	\$	\$
Commitments for payments under exploration permits in existence at the reporting date but not recognised as liabilities payable	<u>240,136</u>	<u>817,000</u>

So as to maintain current rights to tenure of various exploration tenements, the Company will be required to outlay amounts in respect of tenement exploration expenditure commitments. These outlays, which arise in relation to granted tenements are noted above. The outlays may be varied from time to time, subject to approval of the relevant government departments, and may be relieved if a tenement is relinquished.

Notes to the financial statements for the year ended 30 June 2021

Note 22 Commitments (continued)

Exploration commitments are calculated on the assumption that each of these tenements will be held for its full term. But, in fact, commitments will decrease materially as exploration advances and ground that is shown to be un-prospective is progressively surrendered. Expenditure commitments on prospective ground will be met out of existing funds and new capital raisings.

As at 30 June 2021 the company has met all of its minimum expenditure commitments on its tenements.

(b) Contractual commitments

Significant expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	Consolidated	
	2021	2020
	\$	\$
Minimum payment under Drilling Contract payable:		
Within one year	660,000	
Between 1-5 years	-	-
	<u>660,000</u>	<u>-</u>

Note 23 Financial risk management

The Company's financial instruments consist mainly of deposits with banks, security deposits and accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 9: *Financial instruments* as detailed in the accounting policies to these financial statements, are as follows:

	2021	2020
	\$	\$
Financial assets		
Cash and cash equivalents	5,377,252	18,213
Trade and other receivables	730,173	100
Other assets – security deposits	662,909	1,000
Total financial assets	<u>6,770,334</u>	<u>19,313</u>
Financial liabilities		
Trade and other payables	834,696	97,290
Total financial liabilities	<u>834,696</u>	<u>97,290</u>

The Board has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

Notes to the financial statements for the year ended 30 June 2021

Note 24 Financial risk management (continued)

Credit risk

Credit risk is managed on a Company basis. Credit risk arises primarily from cash and cash equivalents and deposits with banks and financial institutions. For bank and financial institutions, only independently rated parties with a minimum rating of 'AA' are accepted. The Company currently banks with Westpac Banking Corporation.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to meet obligations when due.

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows. No finance facilities were available to the Company at the end of the reporting period.

All financial assets and financial liabilities mature within one year, with the exception of security deposits.

Market risk

Market risk is the risk that the change in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

The Company is not exposed to market risks other than interest rate risk.

Cash flow and fair value interest rate risk

As the Company has interest-bearing cash assets, the Company's income and operating cash flows are exposed to changes in market interest rates. The Company manages its exposure to changes in interest rates by using fixed term deposits.

At 30 June 2021, if interest rates had changed by +/- 100 basis points from the year-end rates with all other variables held constant, post-tax profit / (loss) for the year would have been \$53,773 lower/higher, as a result of higher/lower interest income from cash and cash equivalents (based on the year end cash balance which is not representative of the position throughout the year).

Fair Value

The carrying value of all financial assets and financial liabilities approximate their fair value, due to their short term nature.

Directors' declaration

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 26 to 54 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Company's financial position as at 30 June 2021 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

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



C Moises

Chair

Brisbane, 22 September 2021

INDEPENDENT AUDITOR'S REPORT

To the members of Pacgold Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Pacgold Limited (the Company), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

- (i) Giving a true and fair view of the Company's financial position as at 30 June 2021 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 Company in accordance with 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 confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key audit matters

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

Recoverability of Exploration and Evaluation Expenditure

Key audit matter	How the matter was addressed in our audit
<p>At 30 June 2021 the Company held a significant carrying value of capitalised exploration and evaluation expenditure as disclosed in Note 1(g) and 10.</p> <p>As the carrying value of these exploration and evaluation assets represent a significant asset of the Company, we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount.</p> <p>Judgement is applied in determining whether there are any indications of impairment of exploration expenditure in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Obtaining a schedule of the exploration and evaluation expenditure held by the Company and assessing whether the rights to tenure of the Alice River Gold Project remained current at balance date; • Considering the status of the ongoing exploration programmes in the Alice River Gold Project by holding discussions with management, and reviewing the Company's exploration budgets, ASX announcements and director's minutes; • Considering whether the Alice River Gold Project has reached a stage where a reasonable assessment of the economically recoverable reserves exist; • Considering whether any facts or circumstances existed to suggest impairment testing was required; and • Assessing the adequacy of the related disclosures in Note 1(g) and 10.

Accounting for Share Based Payments

Key audit matter	How the matter was addressed in our audit
<p>During the financial year ended 30 June 2021, the Company issued options to key management personnel and other stakeholders.</p> <p>Refer to Note 1(m) of the financial report for a description of the accounting policy and Note 1(p) for a description of the significant estimates and judgements applied to these arrangements. Refer to Note 18 of the financial report for disclosure of the arrangements.</p> <p>Share-based payments are a complex accounting area and due to the complex and judgemental estimates used in determining the fair value of the share-based payments in accordance with AASB 2 Share Based Payment, we consider the Company's calculation of the share-based payments expense to be a key audit matter.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Reviewing market announcements, the Prospectus issued on 25 May 2021 and board minutes to identify that all new share-based payments granted during the year have been accounted for; • Reviewing the relevant supporting documentation to obtain an understanding of the contractual nature and terms and conditions of the share-based payments arrangements; • Evaluating management's methodology for calculating the fair value of the share-based payments, including assessing the valuation inputs using internal specialists where required; • Recalculating estimated fair value of the share based payments using relevant valuation methodologies; • Assessing the adequacy of the related disclosures in Notes 1(m), Note 1(p) and 18 of the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Company's annual report for the year ended 30 June 2021, 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 Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

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

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 21 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Pacgold Limited, for the year ended 30 June 2021, complies with section 300A of the Corporations Act 2001.

BDO Audit (WA) Pty Ltd



Jarrad Prue

Director

Perth, 22 September 2021

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 8 September 2021.

A Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

	Class of equity security
	Ordinary shares
1 - 1,000	7
1,001 – 5,000	32
5,001 – 10,000	43
10,001 – 100,000	344
100,001 and over	81
	507

There were 14 holders of less than a marketable parcel of ordinary shares.

B Equity security holders

Twenty largest quoted equity security holders

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

Name	Ordinary shares	
	Number held	% of issued shares
HSBC Custody Nominees (Australia) Limited	4,000,000	8.10
Patrick Walta <FJB & Associates A/C>	2,012,500	4.08
John Carr	1,300,000	2.63
DXB Holdings Pty Ltd	1,300,000	2.63
Shane Goodwin	1,300,000	2.63
Kingslane Pty Ltd <Cranston Super Fund A/C>	1,300,000	2.63
Kufara Endeavours Pty Ltd <The Harris Family A/C>	1,300,000	2.63
Mr Michael Robert Pitt <RGR Capital A/C>	1,300,000	2.63
Justin Walta	1,300,000	2.63
Altor Capital Management Pty Ltd <Altor Alpha Fund A/C>	1,198,000	2.43
Equity Trustees Limited <Lowell Resources Fund A/C>	1,000,000	2.03
Joshua Thurlow <Thurlow Family A/C>	1,000,000	2.03
Anthony William Schreck	800,000	1.62
Super Spinifex Pty Ltd <The Steve White S/Fund A/C>	800,000	1.62
Altor Capital Management Pty Ltd <Altor Alpha Fund A/C>	625,000	1.27
Equity Trustees Limited <Lowell Resources Fund A/C>	625,000	1.27
Tooradin Park Superannuation Ltd <Tooradin Park S/Fund A/C>	625,000	1.27
Ms Chunyan Niu	480,000	0.97
Cleve Oldham	406,250	0.82
Certane Ct Pty Ltd <Hayborough Opp Fund>	400,000	0.81
Mr Joel Matthew Smith	400,000	0.81
Mr Matthew Dean Quinn	400,000	0.81
Sisu International Pty Ltd	400,000	0.81
Top 23 Holders of Ordinary fully paid shares	24,271,750	49.17

Unquoted equity securities

	Number on issue	Number of holders
Share options	5,540,000	8

Holders of more than 20% of unquoted share options on issue

	Number held	% of total on issue
Taycol Nominees Pty Ltd <211 A/C>	1,440,000	25.99%

Restricted equity securities

	Number on issue	Release date
Ordinary shares	3,260,700	29 December 2021
Ordinary shares	11,888,750	8 July 2023
Ordinary shares	1,792,000	12 November 2021
Share options	5,540,000	8 July 2023

C Substantial holders

Substantial holders in the company are set out below:

	Number held	Percentage
Ordinary shares		
HSBC Custody Nominees (Australia) Limited	4,000,000	8.10%

D Voting rights

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

- (a) 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.
- (b) Share options: No voting rights

END OF SHAREHOLDER INFORMATION