PACGOLD LIMITED
ANNUAL REPORT

For the year ended
30 June 2022

PACGOLD LIMITED

ACN 636 421 782

Annual Report – 30 June 2022

CORPORATE DIRECTORY

Directors	C Moises (Non-executive Chair) T Schreck (Managing Director) M Pitt (Non-executive Director) S Goodwin (Non-executive Director)
Company Secretary	S Yeates
Principal Place of Business	Level 38 71 Eagle Street Brisbane QLD 4000 +61 7 3778 6728
Registered Office	Level 38 71 Eagle Street Brisbane QLD 4000 +61 7 3778 6728
Auditor	BDO Audit (WA) Pty Ltd Level 9, 5 Spring Street Perth WA 6000 www.bdo.com.au
Solicitors	Allens Linklaters Level 37, 250 St Georges Terrace Perth WA 6000 www.allens.com.au
Bankers	Commonwealth Bank of Australia
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 2022 Annual Report for Pacgold Limited (ASX: PGO), following a year of significant exploration success which helped the Company become the standout gold Initial Public Offering (IPO) of 2021 on the Australian Securities Exchange (ASX).

Since completing an oversubscribed IPO and listing on the ASX in July 2021, Pacgold has focused on unlocking an entire gold corridor at the Alice River Gold Project in North Queensland by undertaking an aggressive exploration program.

Previously an overlooked opportunity, the Alice River Gold Project has already proven to have considerable potential under the guidance of Pacgold's management and exploration team. This promise has been evident since the months following our ASX listing, culminating in the return of high-grade gold results from diamond drilling of the F1a zone at the Central Target.

The drilling success has created an excellent platform for the Company to build a substantial resource base at Alice River using the high-grade F1a zone we have discovered as the foundation. Pacgold finished the financial year on the path to achieving this target, having successfully funded its 2022 exploration programme and recommenced diamond drilling on the F1a zone.

Encouragingly, the Alice River Gold Project has continued to deliver promising results to start the 2022 programme which have highlighted excellent continuity within this gold system and new targets across the project area for our team to test.

I extend my personal thanks to all our management team and employees for their exceptional efforts in helping Pacgold achieve so much over the past year. The progress to date at Alice River has been underpinned by their application of modern exploration techniques not previously used on the underexplored project area, combined with a revised geological interpretation and new exploration model.

I would also like to thank our shareholders for the confidence you have placed in us. Through the IPO, the Company established a strong mix of institutional investors, including resource-focused funds, and both sophisticated and retail investors. We appreciate the support that new and existing shareholders have continued to show us since the IPO, particularly in the $7.8 million placement and $3.2 million entitlement offer that we completed.

I look forward to keeping you updated on the latest progress at Alice River in the coming months as we find out how big this exciting project could be.

Yours sincerely

Cathy Moises
Non-Executive Chair

DIRECTORS' REPORT

Your Directors present their report on the Company for the year ended 30 June 2022.

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)

The Company Secretary is Suzanne Yeates. Suzanne was appointed to the position of Company Secretary on 20 September 2021. Suzanne is a Chartered Accountant, Founder and Principal of Outsourced Accounting Solutions Pty Ltd. She holds similar positions with other public and private companies.

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

Pacgold Limited (ASX: PGO) commenced trading on the Australian Securities Exchange (ASX) on 8 July following completion of a fully subscribed Initial Public Offering (IPO) which raised $6M through the issue of 24,000,000 shares at an issue price of $0.25 per share.

Since listing, the Company has primarily focused on progressing exploration at its key asset, the Alice River Gold Project in North Queensland. The Project is centred on an overlooked historical goldfield, with Pacgold's initial drill programme in 2021 intersecting high-grade gold as part of the discovery of the F1a zone at the Central Target. The Project comprises a portfolio of eight mining leases and five exploration permits in a highly prospective gold terrain.

The Company's focus is on three priority targets covering 7km of the gold bearing shear zone:

- **Central Target**: Targets along strike from open pit mine and down-plunge extensions to high-grade gold mineralisation;
- **Southern Target**: Large-scale gold system defined by shallow historical drilling over an area of 1.8km x 500m in area; and
- **Northern Target**: 2.5km-long extension to the Alice River Shear Zone under shallow cover, confirmed with new IP geophysics.

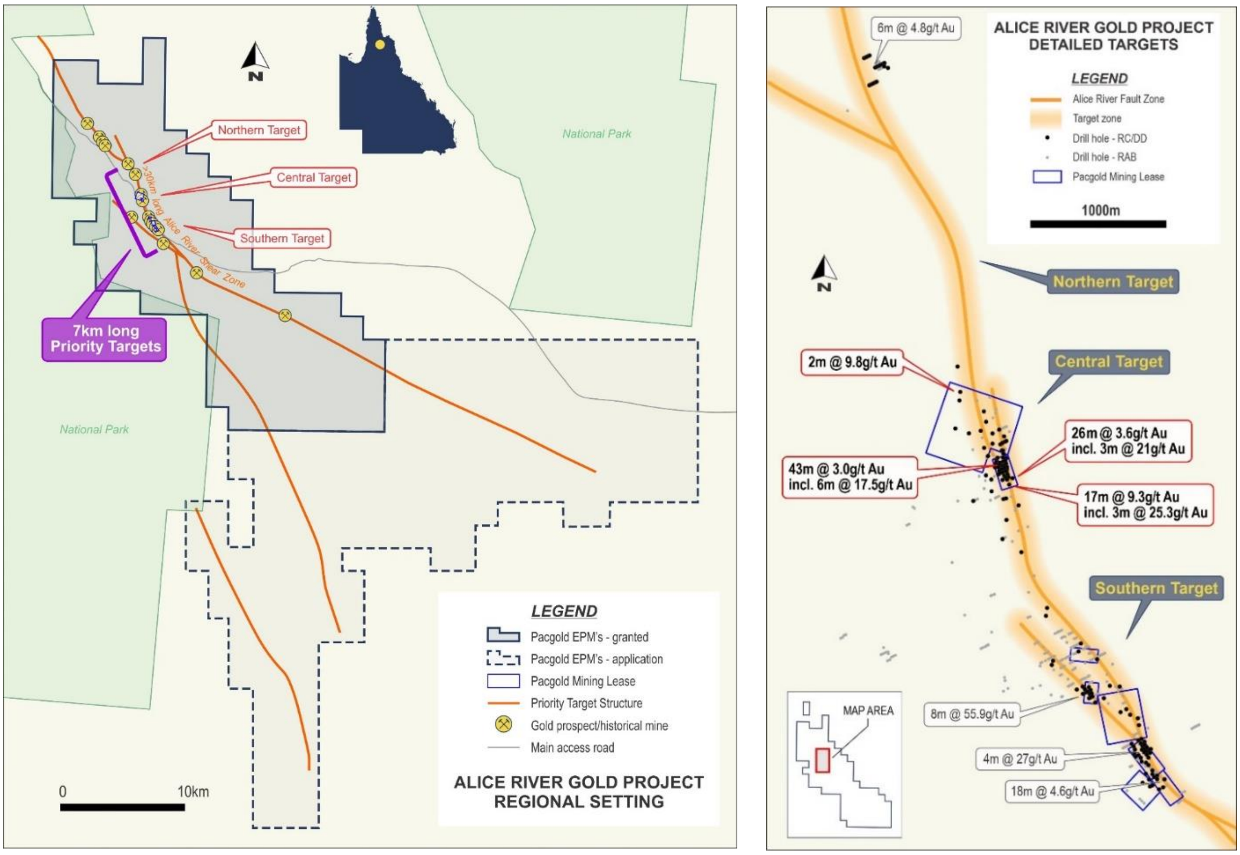

Figure 1: Left - Alice River Gold Project regional setting. Right – Zoom of 7km long priority targets

ALICE RIVER GOLD PROJECT

During the reporting period, Pacgold's progress at the Alice River Gold Project was highlighted by the high-grade discovery on the F1a zone at Central Target, with the Company successfully expanding the zone below the historical open pit. The Company's 2021 drilling programme on the Central Target comprised 39 drill holes for 2,007m of diamond drilling and 5,108m of reverse circulation (RC) drilling. The first diamond hole (ARDH001) was completed beneath the historical open pit and represented the first diamond drill hole on the project in 25 years. Assay results from drilling of the F1a zone approximately 100m to 300m below and along strike of the historical open pit defined robust high-grade gold zones within the broader F1a area with a standout drill result of up to **17m @ 9.3g/t Au including 3m @ 25g/t Au** (ARDH026)[1].

Interpretation of the programme provided strong indications that the drilling intersected the upper levels of a large-scale, high-grade gold system with over 700m of potential. Pacgold's drilling intersected significant widths of hydrothermal quartz veining and breccia, validating the Company's interpretation of the gold system. The diamond core enabled Pacgold to refine its exploration model which is based on the Tier-1 Donlin gold system in Alaska. The application and refinement of this model allowed Pacgold to achieve rapid success from the initial programme.

Standout high-grade drill results from the F1a zone included:

- **17m @ 9.3g/t Au** from 192m **incl. 3m @ 25.3g/t Au** from 195m (ARDH026)[1];
- **6m @ 6.5g/t Au** from 218m **incl. 1m @ 26.1g/t Au** from 223m (ARDH006)[1];

[1] ASX PGO release 12 January 2022

- **43m @ 3.0g/t Au** from 214m **incl. 6m @ 17.5g/t Au** from 216m (ARDH027)[2];
- **23m @ 3.8g/t Au** from 48m **incl. 1m @ 11.3g/t Au** from 58m and **2m @ 15.0g/t Au** from 68m (ARDH035)[2]; and
- **20m @ 2.7g/t Au** from 119m **incl. 1m @ 10.2g/t Au** from 127m and **1m @ 18.2g/t Au** from 135m (ARDH036)[2].

Figure 2: Diamond and RC drilling on Central Target

Figure 3: Coarse visible gold intersected in quartz beneath the historical open pit, Central Target (drillhole ARDD001, interval assayed 1m @ 19.2g/t Au)

[2] ASX PGO release 14 February 2022

By February, Pacgold had reported final assay results from the 2021 programme, which continued to define robust high-grade gold zones within the broader F1a zone. Figure 4 shows a long section through the area of focus on the F1a target zone. Based on Pacgold's wide-spaced drilling, there are strong indications the gold grades within the system are increasing with depth, and this is supported by the Company's geological interpretation. The two highest-grade intersections were both open at depth approximately 200m below surface and highlighted outstanding potential for the system to continue at depth.

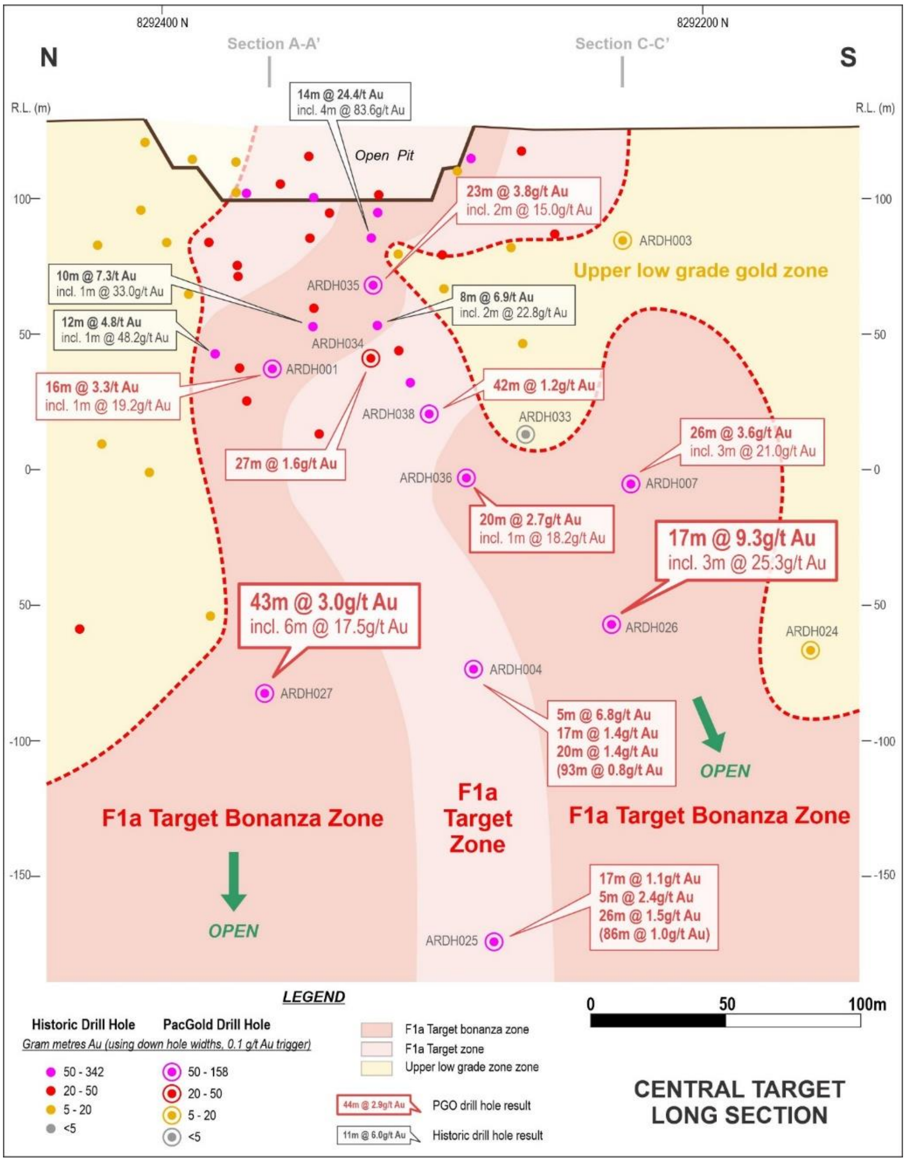

Figure 4: Long section zoom of the F1a zone showing latest drill intersections and the bonanza-grade gold target zone within the overall F1a target zone.

Based on results of the 2021 programme, the F1a zone is interpreted to comprise northern and southern high-grade lodes, separated by a large-scale central zone containing a zone of lower-grade gold mineralisation in the order of 0.8g to 1.5g/t Au (refer Figure 4).

Pacgold's success at Alice River has been underpinned by the application of modern IP geophysics combined with the revised geological interpretation and new exploration model for the Project. Encouragingly, the F1a zone at Central Target represents just one target within a much larger under-explored structural corridor containing historical mineralised prospects over a potential strike length of 30km and largely overlain by shallow sand cover.

The Company commenced its 2022 drilling programme late in the reporting period, initially with one RC and one diamond core rig (refer Figure 5). Six holes had been completed (average hole depth 400m) and a further nine RC pre-collars installed. A second diamond core rig commenced drilling post the reporting period to accelerate the programme on the F1a zone. A total of 2,538m of RC drilling and 1,408m of diamond drilling was completed during the June quarter. The step-out drilling intersected significant zones of quartz veining and alteration associated with the F1a zone with the system visually extending to a depth of over 400m below surface.

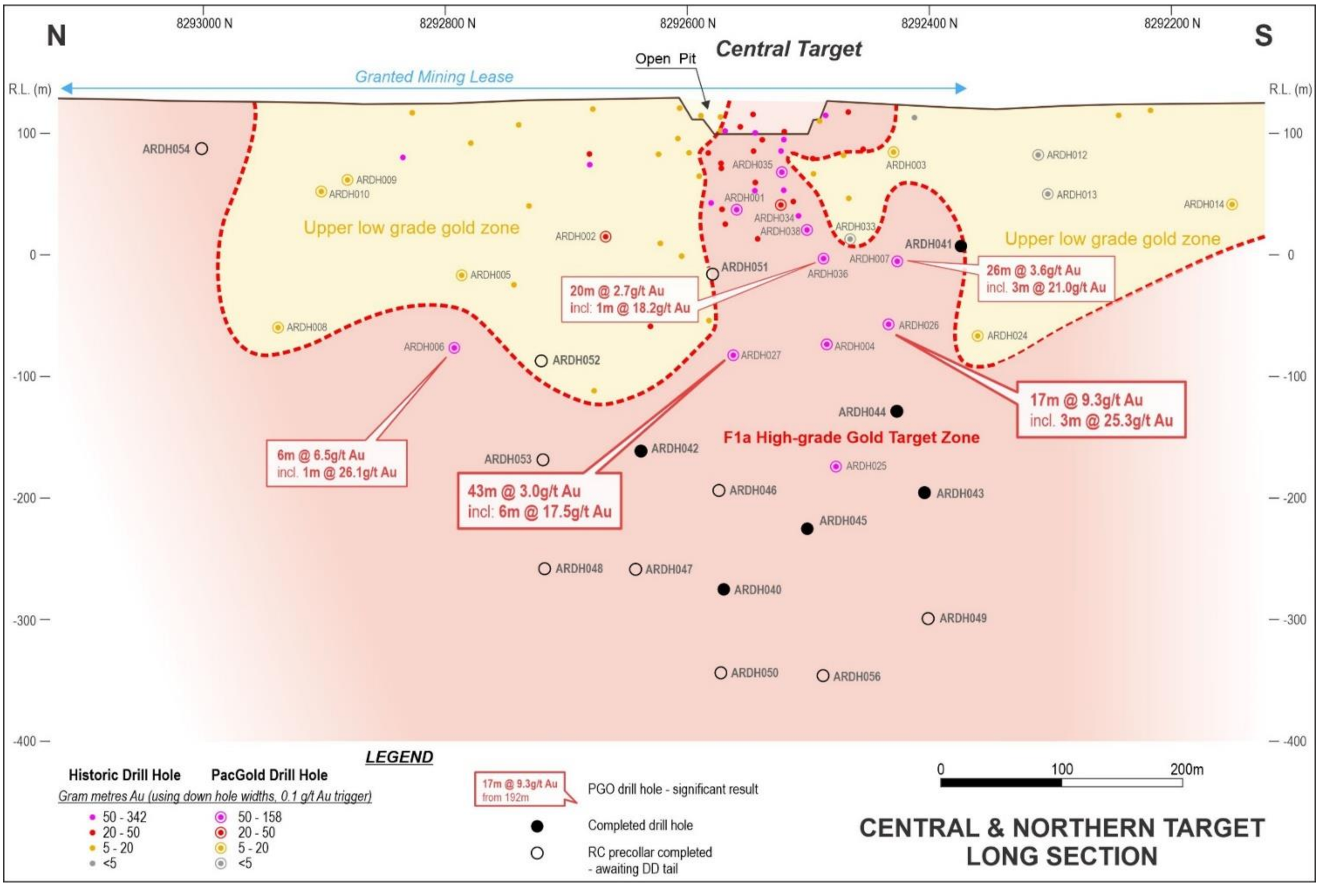

Figure 5: RC rig drilling top left and diamond rig drilling bottom right in photo targeting F1a high-grade zone

Structural Model and Geology

Pacgold significantly advanced the structural model for the Alice River Gold Project during the reporting period. Gold mineralisation within the Project is hosted by the >30km long, NW-trending, Alice River Shear Zone (ARSZ) encompassing the historical Alice River goldfield. IP geophysics completed by Pacgold along 7km of the ARSZ clearly defines this important structure as a resistivity low corridor which corresponds to zones of intense alteration and veining.

Significant advances were made on understanding the structural controls and geological setting of the high-grade mineralisation, through detailed structural interpretation of drill core combined with alteration and mineralisation modelling. This provided an excellent platform for the latest drilling programme, targeting extensions to the high-grade gold system.

The wide-spaced drilling of the F1a zone in 2021 provided strong indications that the gold grades within the system are increasing with depth. The structural modelling and updated geological interpretation support a continuation of the drilling programme at depth vertically below the open pit, along with an expansion of the drilling to test structural targets on the F1a zone to the north and south. Refer to Figure 5 and 6.

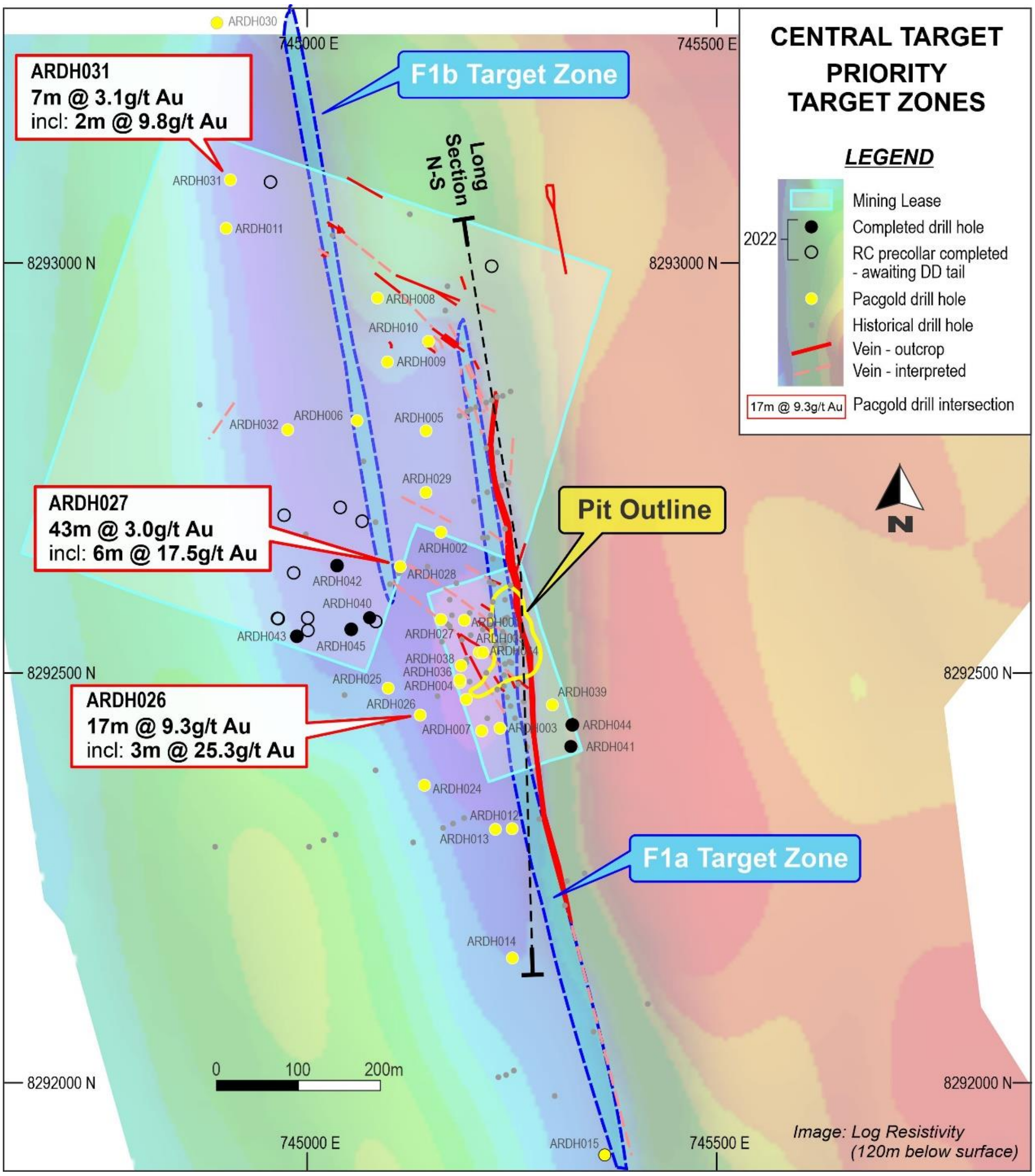

Figure 6: Plan of Central Target displaying 2021 and 2022 drillholes (to date) along with interpreted target zones on IP resistivity

The geological/technical review established several key features of the F1a zone, summarised as follows:

- Gold mineralisation is hosted by several phases of overprinting quartz veining and hydrothermal breccia within structural zones in two major orientations.
- The main F1a vein zone is hosted in a N - NNW trending dilatant structure along the eastern margin of the ARSZ and forms the eastern boundary of the IP resistivity low corridor. The F1a zone accommodates early-stage lower-grade Au mineralisation hosted in dark grey, sulphidic chalcedonic silica, either as matrix in hydrothermal breccia or veining. This early vein phase is often overprinted by creamy white, green to orange-pink chalcedonic quartz veins, which are sulphide poor and display moderate levels of gold mineralisation.

- The higher-grade gold mineralisation on the Central Target is localised in hanging wall splay structures in the western section of the F1a zone. These splays are host to dilatant sheeted and stockwork quartz veins that are WNW to NNW trending with moderate to steep SW through vertical to NW dips and are formed as a result of pull-apart and dilation. These veins overprint the early-stage veins described above in the vicinity of the historical open pit, and are characterised as sub-epithermal, white comb-crystalline and drusy quartz veins with weakly developed crustiform textures. The hanging wall dilatant zones are interpreted to have channelled and focussed the later mineralised hydrothermal fluid, which has resulted in the emplacement of the highest-grade gold. Bonanza-style gold mineralisation is interpreted to be focussed at the structural intersection of the hanging wall splay veins and the N – NNW structure on the eastern margin of the F1a zone.
- A second N - NNW trending structure (termed the F1b zone) has been interpreted to be located to the west of the hanging wall vein splays and forms a bounding structure broadly parallel to the F1a zone, coincident with an interpreted structural zone observed in the IP resistivity data (refer Figure 6).

District Scale Opportunity

Drilling success and confirmation of Pacgold's mineralisation model has unlocked enormous scope on the Project, with significant potential to define a large-scale resource. Shallow gold mineralisation is now clearly defined over >3.5km of strike, encompassing the Central and Southern targets, which lie within an encompassing >30km-long, highly prospective structural corridor containing several regional gold prospects with encouraging limited historical scout drilling (refer Figure 1).

IP Geophysical Signature

The gold mineralisation associated with the F1a zone shows an excellent correlation with the IP resistivity geophysics completed in 2021 (*see Figure 7*). An intense resistivity low 'corridor' represents the strong shearing and hydrothermal alteration of the ARSZ within the older granitic host rock. Initial observations from drilling indicate the F1a zone dips steeply to the west and occupies the eastern lower footwall position of the structure as defined by the resistivity low, with reduced alteration on the footwall, below the high-grade mineralisation. The hanging wall, on the western side of the high-grade mineralisation contains broad pervasive alteration, sheeted veining and is also gold mineralised.

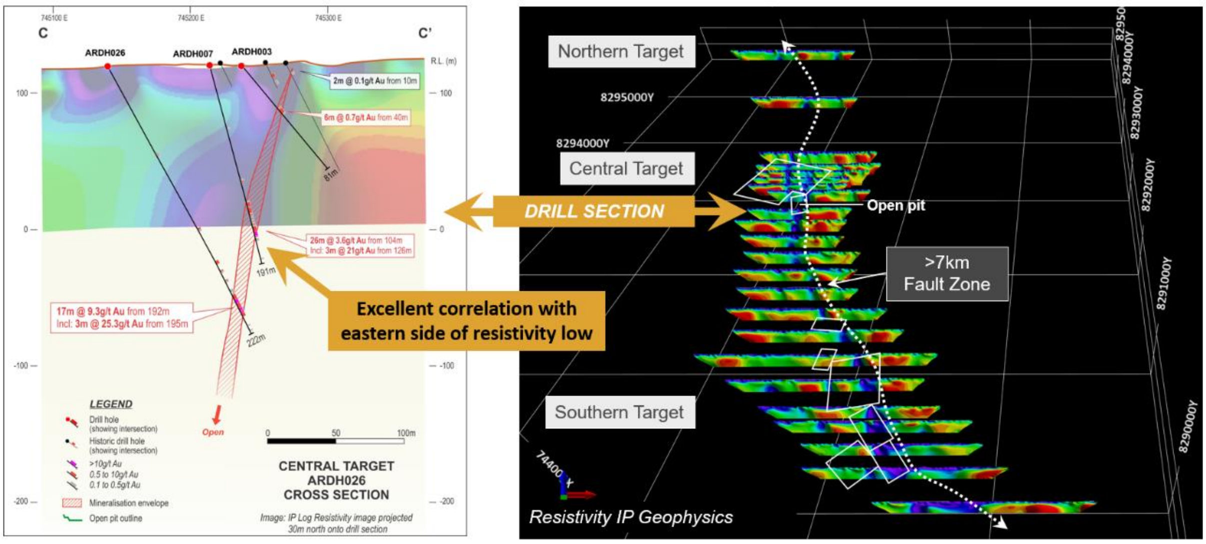

Figure 7: Oblique view looking north of the resistivity IP 2D inversion model sections over the Southern, Central, and Northern Targets. Blue / purple reflect the resistivity low corridor defining the highly prospective structural target zones.

F1a Northern Extension

High-grade gold was returned from the first pass scout drill hole targeting the F1a Extension Zone. This new zone is interpreted as the faulted offset continuation of the F1a zone and is represented in the IP geophysics as a 2.5km long (open) linear resistivity low, reflecting the prospective ARSZ (refer Figure 7*).* Results included: **7m @ 3.1g/t Au** from 197m **incl. 2m @ 9.8g/t Au** from 198m (ARDH031)[3].

This early high-grade result highlighted an additional 2.5km of strike potential, which has not been previously drilled, and is closely associated with a linear IP resistivity low which trends north-west from the Central Target and is concealed by shallow sand cover.

Approximately 2km to the north of drillhole ARDH031, historical shallow drilling completed by Cyprus Gold Australia Corporation in the late 1980s intersected 6m @ 4.8g/t Au from 22m (ARAT282, CR21646), as part of a very limited scout drilling programme. The drilling by Cyprus was completed 200m to the east of the resistivity low target zone defined by Pacgold in the IP geophysics data.

Central Target – Screen Fire Assay Test Work

Pacgold conducted a programme of screen fire gold assays on 128 samples of varying grade and from varying quartz vein types from the 2021 drilling programme. The objective was to compare the screen fire assay results to the standard fire assay method used for all gold assaying in 2021, to assist in understanding the possible level and effects of any 'nuggety' or coarse gold associated with the gold mineralisation.

The results from the screen fire assay compared with the standard fire assay show no significant variation in gold grades between the two methods. The screen fire assay highlights that while the highest gold grade samples contain coarse gold, they do not appear to be nuggety (or highly variable). This comparative analysis was completed to determine appropriate gold analysis methods to utilise in future resource modelling, as well as to understand the internal domains and level of gold variability in the drilling to date.

Southern Target

Pacgold completed a first-pass shallow RC drilling programme on the Southern Target in late 2021, representing the first drill programme in more than 30 years on this prospect. The programme along 1.7km of strike, comprising 10 holes for 1,488m, intersected encouraging initial gold and multi-element results to be viewed alongside historical drilling intersecting high-grade gold, including 8m @ 55.9g/t Au.

The Southern Target represents the largest area containing widespread gold mineralisation intersected in shallow drilling (historical and Pacgold) at Alice River. The gold mineralisation intersected in this programme also confirmed the mineralisation in the ARSZ is closely associated with IP resistivity lows and, importantly, the mineralisation is defined over 2km of strike (over the Southern Target) and up to 400m wide. Deeper drilling is planned for the Southern Target using Pacgold's improved understanding of the mineralisation model from the F1a zone (refer Figure 8).

[3] ASX PGO release 14 February 2022

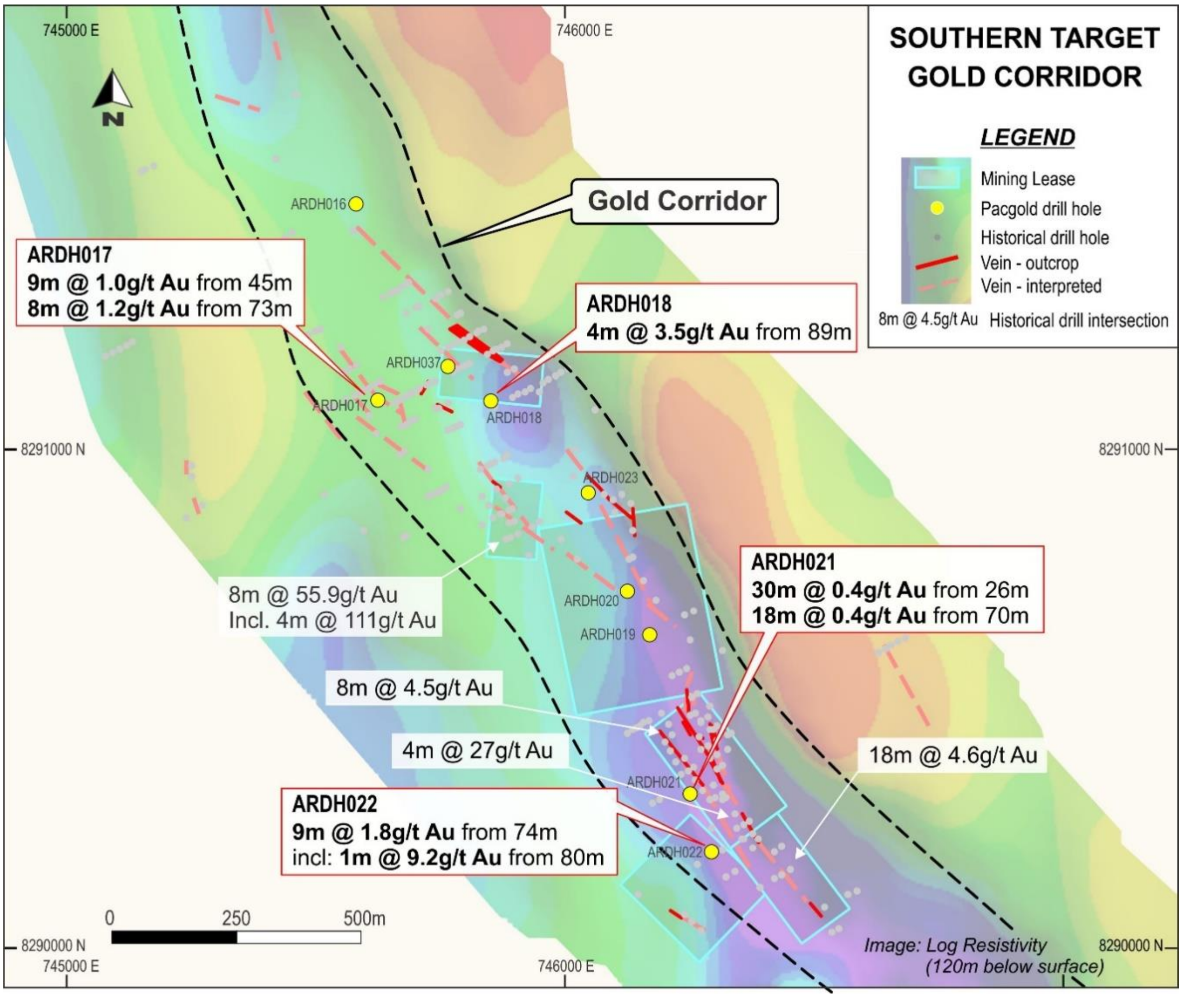

Figure 8: Southern Target showing drilling and IP resistivity geophysics

Anomalous results from the Southern Target included[4]:

- **4m @ 3.5g/t Au** from 89m (ARDH018);
- **9m @ 1.0g/t Au** from 45m and **8m @ 1.1g/t Au** from 73m (ARDH017); and
- **9m @ 1.7g/t Au** from 74m incl. **1m @ 9.2g/t Au** from 80m (ARDH022).

An additional benefit of the latest drilling was to provide multi-element geochemistry across the Southern Target, as there is no such historical data from previous drilling. The multi-element data will provide critical targeting information, which will guide deeper drilling into the system, using a similar strategy to the drilling completed on the F1a structure.

Geological Mapping and Rock Sampling

Detailed geological mapping and rock geochemical sampling completed over the Central and Southern Targets in 2021 defined extensive zones of quartz vein/breccia over several metres' width. Two main vein sets have been defined, trending N-S and NW-SE along an exposed strike length of 3.8km.

Rock chip sampling confirmed both vein sets are gold mineralised and the system remains open to the north, north-west and south, where the veins are interpreted to continue along strike, concealed beneath shallow cover. The most extensive zone of veining mapped in outcrop is within and adjacent

[4] ASX PGO release 12 January 2022

to the historical open pit. Sampling returned assay results up to 28.2g/t Au and 2.7g/t Ag from NW-SE trending veins immediately west of the historical open pit on the Central Target. Results up to 460g/t Au and 82g/t Ag (with low As 60ppm and Sb 19ppm) were returned from a 0.5m channel sample from veining exposed on the Southern Target and represent examples of bonanza style quartz veining in an area with very limited historical shallow drilling[5].

Induced Polarisation Geophysical Survey

Pacgold completed a large high-resolution IP geophysical survey (pole-dipole, 25m spaced electrodes, total of 25.5 line km of survey) over the ARSZ. Results from the survey identified a resistivity 'low' corridor which defines the prospective ARSZ over 7km and connects the three main gold-mineralised target areas.

3D inversion modelling of the detailed IP survey data has been completed over 3.8km of strike of the ARSZ encompassing the Central and Southern Targets. Interpretation of the IP geophysical modelling highlighted an exceptionally strong correlation between pronounced linear resistivity lows and the ARSZ, confirming the IP data can be confidently used as a predictive targeting tool.

Two detailed pole-dipole IP survey lines were completed over the Northern Target on regional spaced lines approximately 1.1km apart, with data from these lines clearly defining the northern extent (2.2km) of the ARSZ. This section of the regional shear has been tested previously by limited shallow scout drilling over approximately 200m of strike, returning a maximum result of 6m @ 4.5g/t Au from 22m (ARAT282). Refer to Figure 7 showing an oblique view of the 2D resistivity data modelled sections.

CORPORATE

As outlined, Pacgold commenced trading on the ASX on 8 July 2021, following completion of a fully subscribed IPO which raised $6M through the issue of 24,000,000 shares at an issue price of $0.25 per share. Taylor Collison was the lead manager for the IPO[6].

Pacgold also completed a capital raise of $11.0M (before costs) at an issue price of $0.63 per new share through a Placement of $7.8M and a 5 for 48 fully underwritten, pro rata, non-renounceable, Entitlement Offer of $3.2M[7].

- Placement - Strongly supported $7.8M placement to new and existing sophisticated and institutional investors completed.
- Entitlement Offer - Underwritten $3.2M Entitlement Offer to existing shareholders completed with strong uptake. The Entitlement Offer was fully underwritten by Taylor Collison Limited and Euroz-Hartleys Limited.

Pacgold planned to use funds raised under the Placement to accelerate exploration and drilling activities at the Alice River Gold Project, with focus on the high-grade F1a zone. The Placement and Entitlement Offer ensure that Pacgold will be well funded into 2023.

[5] ASX PGO release 16 August 2021
[6] ASX PGO release 14 April 2022
[7] ASX PGO release 20 April 2022

TENEMENT LIST

The table below sets out the Company's interest in Exploration tenements at the date of this report.

Tenement	Permit Holder	Interest	Location	Grant date	Expiry date
EPM28287	Pacgold Limited	100%	Queensland	04/02/2022(A)	N/A
EPM28288	Pacgold Limited	100%	Queensland	04/02/2022(A)	N/A
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	13/10/2026
EPM 26266	Pacgold Limited	100%	Queensland	08/05/2017	07/05/2027
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 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 prior year, but were not issued until 2 July 2021.
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.
d) awarded 1,000,000 to the Lead Manager of the April 2022 placement, as part of their remuneration, on 28 April 2022. The options are exercisable at $0.945 each and expire on 28 April 2025, and
e) awarded 1,000,000 to the Lead Manager of the May 2022 Entitlement Offer, as part of their remuneration, on 16 May 2022. The options are exercisable at $0.945 each and expire on 16 May 2025.

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 awarded 4,200,000 options and 300,000 performance rights under the Company's Employee Securities Incentive Plan. The Options are issued with an exercise price of $0.75 and expire 30 April 2025, vesting in two equal tranches, 50% at 30 April 2023 and 50% at 30 April 2024. 2,400,000 of the options will be issued to Directors, subject to Shareholder approval being obtained at the 2022 Annual General Meeting.

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 *Non-Executive Chair*	
Experience and expertise	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). 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.
Other current directorships	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)
Former listed directorships in the last 3 years	Non-executive director – Pearl Gull Iron Limited (ASX: PLG)(ceased 2022). Non-executive director – Eastern Metals Limited (ASX:EMS)(ceased 2022).
Special responsibilities	Chair
Interests in shares and options	656,746 ordinary shares 600,000 options

Anthony Schreck *Managing Director*	
Experience and expertise	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. 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. 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.
Other current directorships	None.
Former listed directorships in the last 3 years	Managing Director of Metal Bank Limited (ASX: MBK)(ceased 2020).
Special responsibilities	Managing Director
Interests in shares and options	860,000 ordinary shares 900,000 options

Michael Pitt *Non-Executive Director*	
Experience and expertise	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. 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. Mr Pitt has an MBA, Bachelors in Chemical Engineering and Science and a Diploma in Project Management.
Other current directorships	None.
Former listed directorships in the last 3 years	None.
Special responsibilities	None.
Interests in shares and options	1,944,742 ordinary shares 600,000 options

Shane Goodwin *Non-Executive Director*	
Experience and expertise	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). 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. 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.
Other current directorships	None.
Former listed directorships in the last 3 years	None.
Special responsibilities	None.
Interests in shares and options	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 2022, and the number of meetings attended by each Director were:

	Full meetings of Directors	
	A	**B**
C Moises	9	9
T Schreck	9	9
M Pitt	9	9
S Goodwin	9	9

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

REMUNERATION REPORT (AUDITED)

The Directors present the Pacgold Limited 2022 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)

Other key management personnel

Name	*Position*
Suzanne Yeates	Chief Financial Officer and Company Secretary (appointed Company Secretary from 20 September 2021)
Catherine Garde	General Counsel and Company Secretary (ceased 20 September 2021)

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 2022
Fixed remuneration (FR)	Provide competitive market salary including superannuation and non-monetary benefits	Nil	Positioned at median market rate	No change.
LTI	Alignment to long-term shareholder value	Nil	Variable subject to share price.	No change.

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 FY2022.

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 2022.

(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 intrinsic value of the options when exercised is directly linked to the share price.

No options were granted to Key Management Personnel during FY 2022.

Refer to the tables on page 24 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 %
		Director fee	Contractor fees	Post-employment benefits	Options	Shares		
Executive Directors								
T Schreck[1]	**2022**	-	262,000	-	-	-	262,000	-
	2021	-	112,500	-	153,450	-	265,950	-
Other key management personnel								
C Garde[2]	**2022**	-	30,000	-	-	-	30,000	
	2021	-	13,333	-	102,300	-	115,633	-
S Yeates[3]	**2022**	-	76,000	-	-	-	76,000	
	2021	-	16,000	-	-	-	16,000	-
Non-executive directors								
C Moises	**2022**	35,605	-	3,561	-	-	39,166	-
	2021	-	-	-	102,300	-	102,300	-
M Pitt	**2022**	35,605	-	3,561	-	-	39,166	-
	2021	-	-	-	102,300	-	102,300	-
S Goodwin	**2022**	35,605	-	3,561	-	-	39,166	-
	2021	-	-	-	102,300	15,000	117,300	-
P Walta (ceased 10 April 2021)	**2022**	-	-	-	-	-	-	-
	2021	-	-	-	-	-	-	-
Total KMP remuneration expensed	**2022**	106,815	368,000	10,682	-	-	485,498	
	2021	-	141,833	-	562,650	15,000	719,483	-

[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 (ceased 20 September 2021)

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

(f) Contractual arrangements with executive KMPs

Component	Managing Director description	Chief Financial Officer and Company Secretary description
Fixed remuneration	$27,500 per month[1]	$7,000/month
Contract duration	Ongoing	Ongoing
Notice by the individual / company	3 months	1 month

[1] During the financial year the fixed remuneration of the Managing Director was increased from $18,750 per month to $23,750 per month from 1 November 2021, and then from $23,750 to $27,500 per month from 1 May 2022.

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 5 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 2022. The number of options and percentages vested / forfeited for each grant are disclosed in section (iii) below.

	2022 *LTI Options*		***2021*** *LTI Options*	
	*Value granted** $*	*Value exercised*** $*	*Value granted** $*	*Value exercised*** $*
2022				
C Moises	-	-	102,300	-
T Schreck	-	-	153,450	-
M Pitt	-	-	102,300	-
S Goodwin	-	-	102,300	-
S Yeates	-	-	-	-
C Garde	-	-	102,300	-

* 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

There are no options on issued that have affected remuneration in the current or will affect remuneration a future reporting period.

The terms and conditions of each grant of options affecting remuneration in the prior reporting period are as follows:

Grant date	Issue date	Expiry date	Exercise price	Value per option at grant date	% vested
25/05/2021	02/07/2021	05/07/2025	$0.36	$0.159	100%
25/05/2021	02/07/2021	05/07/2027	$0.42	$0.182	100%

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 FY2022. No options were issued, forfeited or exercised during the year.

Name & Grant dates	Balance at the start of the year (unvested)	Granted as compensation	Vested	Other changes	Balance at the end of the year (Vested and exercisable)
C Moises	600,000	-	600,000	-	600,000
T Schreck	900,000	-	900,000	-	900,000
M Pitt	600,000	-	600,000	-	600,000
S Goodwin	600,000	-	600,000	-	600,000
C Garde	600,000	-	600,000	(600,000)[1]	-
S Yeates	-	-		-	-

[1] Options held by C Garde when she ceased being KMP.

Shareholdings – Ordinary Shares

Name	Balance at the start of the year	Shares acquired in Initial Public Offering	Shares acquired in May 2022 Entitlement Offer	Other	Balance at the end of the year
2022					
C Moises	625,000	-	31,746	-	656,746
T Schreck	800,000	20,000	40,000	-	860,000
M Pitt	1,681,250	200,000	63,492	-	1,944,742
S Goodwin	1,300,000	-	-	-	1,300,000
S Yeates	-	80,000	-	-	80,000
C Garde	2,012,500	-		(2,012,500)[1]	-

[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. Represents shares held by P Walta when C Garde ceased being KMP.

REMUNERATION REPORT (AUDITED) (CONTINUED)

(iv) Other transactions with key management personnel

(a) During the financial year directors subscribed for placement shares (directly or indirectly) as follows:

- Michael Pitt was issued 200,000 at IPO at $0.25 per share and 63,492 under the May 2022 Entitlement Offer at $0.63 per share
- Anthony Schreck was issued 20,000 at IPO at $0.25 per share and 40,000 shares under the May 2022 Entitlement Offer at $0.63 per share
- Catherine Moises was issued 31,746 shares under the May 2022 Entitlement Offer at $0.63 per share
- Suzanne Yeates was issued 80,000 under the IPO at $0.25 per share.

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 (2021: 4,100,000):

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
05/07/2021	05/07/2024	$0.31	1,440,000
21/11/2022[1]	28/04/2025	$0.945	1,000,000
21/11/2022[1]	16/05/2025	$0.945	1,000,000

[1] These options have not been issued at the date of this report as they are subject to shareholder approval, which will be sought at the 2022 Annual General Meeting of Shareholders.

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 $62,784 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	
	2022	2021
	$	$
Other assurance services		
BDO Audit (WA) Pty Ltd:		
Investigating accountants report	-	11,845
BDO Qld Pty Ltd		
Taxation Services	18,341	-
Total remuneration for non-audit services	18,341	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 28

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

C Moises
Chair

29 September 2022

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

As lead auditor of PacGold Limited for the year ended 30 June 2022, 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, 29 September 2022

Corporate governance statement

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.

The 2022 corporate governance statement is dated as at 30 June 2022 and reflects the corporate governance practices in place throughout the 2022 financial year. The 2022 corporate governance statement was approved by the board on 29 September 2022. A description of the Group's current corporate governance practices is set out in the Group'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 2022

These financial statements are for Pacgold Limited.

The financial statements are presented in the Australian currency.

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 2022

	Notes	2022	2021 $
Continuing operations			
Other income	2	83	253
Administrative and other expenses		(345,453)	(128,747)
Director and executive remuneration		(485,498)	-
Financing costs		(26,183)	(759)
Legal fees		(102,400)	(15,168)
Listing fees		(142,098)	-
Share based payments expense	18	-	(714,050)
Loss before income tax expense		(1,101,549)	(858,471)
Income tax benefit	4	-	-
Loss after income tax expense		(1,101,549)	(858,471)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		(1,101,549)	(858,471)
		Cents	**Cents**
Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the Company:			
Basic earnings per share	7	(2.1)	(5.2)
Diluted earnings per share	7	(2.1)	(5.2)

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 2022

	Notes	2022 $	2021 $
ASSETS			
Current assets			
Cash and cash equivalents	8	11,013,173	5,377,252
Other receivables	9	248,758	730,173
Total current assets		11,261,931	6,107,425
Non-current assets			
Exploration and evaluation assets	10	5,759,687	1,527,538
Plant and equipment	11	79,643	10,808
Other assets	12	702,553	662,909
Total non-current assets		6,541,883	2,201,255
Total assets		17,803,814	8,308,680
LIABILITIES			
Current liabilities			
Trade and other payables	13	580,618	5,750,191
Total current liabilities		580,618	5,750,191
Non-current liabilities			
Provisions	14	641,208	669,796
Total non-current liabilities		641,208	669,796
Total liabilities		1,221,826	6,419,987
Net assets		16,581,988	1,888,693
EQUITY			
Contributed equity	15	16,890,103	2,051,859
Reserves	16	1,655,650	699,050
Accumulated losses		(1,963,765)	(862,216)
Total equity		16,581,988	1,888,693

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

Statement of changes in equity
For the year ended 30 June 2022

			Reserves		
	Contributed equity $	**Accumulated losses $**	**Share based payments reserve**	**Other reserve $**	**Total $**
Balance at 1 July 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
Loss for the year	-	(1,101,549)	-	-	(1,101,549)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	(1,101,549)	-	-	(1,101,549)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	14,838,244	-	-		14,838,244
Share based payments	-	-	956,600		956,600
Balance as at 30 June 2022	16,890,103	(1,963,765)	1,655,650		16,581,988

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 2022

	Notes	2022 $	2021 $
Cash flows from operating activities			
Receipts from customers (GST inclusive)		-	250
Payments to suppliers and employees (GST inclusive)		(1,415,952)	(163,227)
Goods and Services Tax refunds received		549,907	
Interest received		83	3
Net cash outflow from operating activities	18	(865,962)	(162,974)
Cash flows from investing activities			
Payments for exploration assets		(4,220,201)	(465,657)
Payments for plant and equipment		(77,724)	(11,259)
Payments for security deposits		(39,644)	(661,909)
Net cash outflow from investing activities		(4,337,569)	(1,138,825)
Cash flows from financing activities			
Proceeds from share issue		12,100,118	1,883,796
Payment of share issue costs		(1,260,666)	(137,958)
Proceeds received in advance for issue of shares		-	4,915,000
Net cash inflow from financing activities		10,839,452	6,660,838
Net increase in cash and cash equivalents		5,635,921	5,359,039
Cash and cash equivalents at the beginning of the year		5,377,252	18,213
Cash and cash equivalents at the end of the year	8	11,013,173	5,377,252

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 2022

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 29 September 2022. 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.

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 2022

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:

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 2022

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 2022

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 2022

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.

Note 2 Other income

	2022 $	2021 $
Other income		
Interest received from unrelated parties	83	3
Other income	-	250
Total other income	83	253

Note 3 Loss for the year

Loss before income tax includes the following specific expenses:

	2022 $	2021 $
Finance costs		
Provisions: Unwinding of discount (Note 13)	26,183	759
Share-based compensation expense (Note 18)	-	714,050
Depreciation expense	8,889	451

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.

	2022 **$**	2021 $
(a) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit/(loss) before income tax expense	(1,101,549)	(858,471)
Tax at the Australian tax rate of 25% (2021: 26%)	(275,387)	(223,202)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
- Share based payments	-	185,653
- Other	6,546	197
Adjustment to deferred tax assets and liabilities for tax losses and temporary differences not recognised	268,841	37,352
Income tax expense / (benefit)	-	-
(b) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	2,497,250	147,407
Potential tax benefit @ 25% (2021: 26%)	624,313	38,326

Notes to the financial statements for the year ended 30 June 2022

Note 4 Income tax expense (continued)

	2022 $	2021 $
(c) Deferred tax assets		
The balance comprises temporary differences attributable to:		
Accrued expenses	6,836	5,980
Business capital costs	281,107	-
Tax losses	1,622,725	255,556
Total deferred tax assets	1,910,668	261,536
Set-off of deferred tax liabilities pursuant to set-off provisions	(1,286,355)	(223,210)
Deferred tax assets not recognised	(624,313)	(38,326)
Net deferred tax assets	-	-
(d) Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Exploration and evaluation assets	1,286,355	223,210
Total deferred tax liabilities	1,286,355	223,210
Set-off of deferred tax liabilities pursuant to set-off provisions	(1,286,355)	(223,210)
Net deferred tax liabilities	-	-

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 2022

Note 5 Key Management Personnel Compensation

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

	2022	2021
	$	$
Short-term employee benefits	474,816	141,833
Post-employment benefits	10,682	-
Share-based compensation	-	577,650
Total KMP compensation	485,498	719,483

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

	2022	2021
	$	$
Remuneration of the auditor for:		
- Auditing or reviewing the financial report	51,842	34,999
Remuneration for non-audit services		
- Investigating accountants report	-	11,845
	51,842	46,844

Notes to the financial statements for the year ended 30 June 2022

Note 7 Earnings per share

	2022	2021
	Cents	Cents
(a) Basic earnings per share		
Total basic earnings per share attributable to the ordinary equity holders of the Company	(2.1)	(5.2)
(b) Diluted earnings per share		
Total diluted earnings per share attributable to the ordinary equity holders of the Company	(2.1)	(5.2)

(c) Reconciliations of earnings used in calculating earnings per share

	2022	2021
	$	$
Basic earnings per share		
Profit / (loss) attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	(1,101,549)	(858,471)
Diluted earnings per share		
Profit / (loss) attributable to the ordinary equity holders of the Company used in calculating diluted earnings per share	(1,101,549)	(858,471)

(d) Weighted average number of shares used as the denominator

	2022	2021
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	51,795,080	16,469,874

(e) Information concerning the classification of securities

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 2022. These options could potentially dilute basic earnings per share in the future. Details relating to options are set out in note 19.

Notes to the financial statements for the year ended 30 June 2022

Note 8 Cash and cash equivalents

	2022	2021
	$	$
Cash at bank and on hand	11,013,173	5,377,252
	11,013,173	5,377,252

Note 9 Other receivables

	2022	2021
	$	$
Prepayments	175,146	655,656
Other receivables	73,612	74,517
Total current other receivables	248,758	730,173

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

	2022	2021
	$	$
Exploration and evaluation assets – at cost	5,759,687	1,527,538
The capitalised exploration and evaluation assets carried forward above have been determined as follows:		
Balance at the beginning of the year	1,527,538	950,674
Expenditure incurred during the year	4,286,920	576,864
Rehabilitation asset	(54,771)	-
Balance at the end of the year	5,759,687	1,527,538

The Directors have assessed that for the exploration and evaluation assets recognised at 30 June 2022, 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 2022

Note 11 Plant and equipment

	Plant and equipment $
Year ended 30 June 2021	
Opening net book amount	-
Additions	11,259
Disposals	-
Depreciation charge	(451)
Closing net book amount	10,808
At 30 June 2021	
Cost	11,259
Accumulated depreciation	(451)
Net book amount	10,808
Year ended 30 June 2022	
Opening net book amount	10,808
Additions	77,724
Disposals	-
Depreciation charge	(8,889)
Closing net book amount	79,643
At 30 June 2022	
Cost	88,983
Accumulated depreciation	(9,340)
Net book amount	79,643

Notes to the financial statements for the year ended 30 June 2022

Note 12 Other assets

	2022 $	2021 $
Security deposits	702,553	662,909
	702,553	662,909

Note 13 Trade and other payables

	2022 $	2021 $
Unsecured liabilities:		
Trade payables	491,630	636,630
Sundry payables and accrued expenses	88,988	198,066
IPO subscription funds received	-	4,915,000
Payable to related party (note 21(d)(i))	-	495
	580,618	5,750,191

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 14 Provisions

	2022 $	2021 $
Provision for rehabilitation	641,208	669,796
Reconciliation of carrying amount:		
Opening balance	669,796	669,037
Additions (refer to note 10)	(54,771)	-
Unwinding of discount (refer to note 3)	26,183	759
	641,208	669,796

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.

Note 15 Contributed equity

		30 June 2022 Shares	30 June 2021 Shares	30 June 2022 $	30 June 2021 $
(a)	**Share capital**				
	Fully paid ordinary shares	66,850,565	25,366,250	16,890,103	2,051,859

(b) Ordinary share capital

Date	Details	Note	Number of Shares	Issue Price	$
1 July 2020	Balance		1		1
19 Aug 2020	Placement shares	(f)	8,000,000	$0.01	80,000
31 Aug 2020	Share forfeited		(1)	$1.00	(1)
30 Oct 2020	Placement shares	(g)	6,540,000	$0.05	327,000
30 Oct 2020	Share based payment	(i)	300,000	$0.05	15,000
29 Dec 2020	Placement shares	(h)	10,526,250	$0.16	1,684,200
	Share issue costs		-	-	(54,341)
30 June 2021	Balance		25,366,250		2,051,859
5 July 2021	IPO shares	(c)	24,000,000	$0.25	6,000,000
28 April 2022	Placement shares	(d)	12,341,562	$0.63	7,775,184
16 May 2022	Entitlement Offer	(e)	5,142,753	$0.63	3,239,934
	Share issue costs	(j)	-		(2,176,874)
			66,850,565		16,890,103

(c) IPO shares

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.

(d) Issue to sophisticated and institutional investors

The issue of a total of 12,341,562 fully paid ordinary shares to sophisticated investors at an issue price of $0.63 cash.

(e) Entitlement Offer

The issue of a total of 5,142,753 fully paid ordinary shares to existing shareholders at an issue price of $0.63 cash, under a 5 for 48 underwritten non-renounceable pro-rata Entitlement Offer.

(f) 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.

(g) 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.

(h) 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 30 June 2022

Note 15 Contributed equity (continued)

(i) 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.

(j) Share issue costs

Share issue costs consists of cash costs of $1,220,274 and the fair value of options issued to the Lead Managers of the Company during the financial year, as set out below, being $956,600.

(i) Lead Manager Options – Initial Public Offering
The options, 1,440,000 in total, were granted to the Lead Manager on 5 July 2021. The options are exercisable at $0.31 each and expire on 5 July 2024. The options have no voting or dividend rights and are not transferable.

The fair value of the services cannot be determined therefore the fair value has been calculated using a Black-Scholes option pricing model applying the inputs below. The fair value of these options at grant date was $201,600.

Number of options	1,440,000
Exercise price	$0.31
Grant date	05/07/2021
Expiry date	05/07/2024
Volatility	95%
Dividend yield	0%
Risk-free interest rate	2.2%
Weighted average fair value at grant date	$0.14

(ii) Lead Manager Options – April 2022 Placement to Institutional and Sophisticated Investors
The options, 1,000,000 in total, were awarded to the Lead Manager of the April 2022 placement, as part of their remuneration, on 28 April 2022. The options are exercisable at $0.945 each and expire on 28 April 2025. Shareholder approval is required for the options to be formally issued, with such approval being sought at the 2022 Annual General Meeting which is scheduled for 21 November 2022.

The options have no voting or dividend rights and are not transferable.

The fair value of the services cannot be determined therefore the fair value has been calculated using a Black-Scholes option pricing model applying the inputs below. The fair value of these options at grant date was $410,000.

Number of options	1,000,000
Exercise price	$0.945
Grant date	28/04/2022
Expiry date	28/04/2025
Volatility	102%
Dividend yield	0%
Risk-free interest rate	2.5%
Weighted average fair value at grant date	$0.41

Note 15 Contributed equity

(i) Lead Manager Options – May 2022 Entitlement Offer

The options, 1,000,000 in total, were awarded to the Lead Manager of the May 2022 Entitlement Offer, as part of their remuneration, on 16 May 2022. The options are exercisable at $0.945 each and expire on 16 May 2025. Shareholder approval is required for the options to be formally issued, with such approval being sought at the 2022 Annual General Meeting which is scheduled for 21 November 2022.

The options have no voting or dividend rights and are not transferable.

The fair value of the services cannot be determined therefore the fair value has been calculated using a Black-Scholes option pricing model applying the inputs below. The fair value of these options at grant date was $345,000.

Number of options	1,000,000
Exercise price	$0.945
Grant date	16/05/2022
Expiry date	16/05/2025
Volatility	102%
Dividend yield	0%
Risk-free interest rate	2.5%
Weighted average fair value at grant date	$0.345

(k) 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 16 Reserves

	2022 $	2021 $
Share-based payment reserve	1,655,650	699,050
Movements:		
Opening balance	699,050	-
Share based payments	956,600	699,050
Closing balance	1,655,650	699,050

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

Note 17 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 18 Cash flow information

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

	2022 $	2021 $
Profit / (loss) for the year	(1,101,549)	(858,471)
Borrowing costs	26,183	759
Depreciation	8,889	451
Share based payments	-	714,050
Share issue costs expensed	142,098	-
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(3,975)	(88,967)
Increase in trade creditors and other payables	62,392	69,204
Net cash inflow (outflow) from operating activities	(865,962)	(162,974)

Notes to the financial statements for the year ended 30 June 2022

Note 18 Cash flow information (continued)

(b) Non-cash financing and investing activities

There were no non-cash financing and investing activities during FY 2022.

(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.

Note 19 Share-based payments

OPTIONS

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

	Number	Weighted Average Exercise Price
Options outstanding as at 1 July 2020	**4,100,000**[1]	**$0.39**
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	**4,100,000**[1]	**$0.39**
Options exercisable as at 30 June 2021	**-**	**-**
Granted – Share issue costs (refer note 14)	3,440,000	$0.68
Exercised	-	-
Forfeited	-	-
Expired	-	-
Options outstanding as at 30 June 2022	**7,540,000**[1]	**$0.52**
Options exercisable as at 30 June 2022	**5,540,000**	**$0.37**

[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 3.3 years.

Refer to note 15 for details regarding the fair value of the options granted during the year.

Notes to the financial statements for the year ended 30 June 2022

Note 20 Events after the reporting date

Since the end of the financial year the Company awarded 4,200,000 options and 300,000 performance rights under the Company's Employee Securities Incentive Plan. The Options are issued with an exercise price of $0.75 and expire 30 April 2025, vesting in two equal tranches, 50% at 30 April 2023 and 50% at 30 April 2024. 2,400,000 of the options will be issued to Directors, subject to Shareholder approval being obtained at the 2022 Annual General Meeting.

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 21 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.

d. **Transactions with related parties**

(i) During the prior financial year issued 2,700,000 options to Directors under the Initial Public Offer Prospectus to take up ordinary shares (600,000 options to each of Cathy Moises, Shane Goodwin and Michael Pitt; 900,000 options to Tony Schreck). 1,350,000 are exercisable at $0.36 each and expire on 5/7/2025 and the remaining 1,350,000 were exercisable at $0.42 each and expire on 5/7/2027. The options were granted during the prior period but were not issued until 2 July 2021.

(ii) During the financial year KMP subscribed for IPO shares as follows:

- Michael Pitt was issued 200,000 shares at $0.25 per share
- Anthony Schreck was issued 20,000 shares at $0.25 per share
- Suzanne Yeates was issued 80,000 shares at $0.25 per share

(iii) During the financial year directors subscribed for shares under the Entitlement Offer as follows:

- Michael Pitt was issued 63,492 shares at $0.63 per share
- Anthony Schreck was issued 40,000 shares at $0.63 per share
- Cathy Moises was issued 31,746 shares at $0.63 per share.

Notes to the financial statements for the year ended 30 June 2022

Note 22 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.

Notes to the financial statements for the year ended 30 June 2022

Note 23 Commitments

Contractual commitments

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

	Consolidated	
	2022	2021
	$	$
Minimum payment under Drilling Contract payable:		
Within one year	-	660,000
Between 1-5 years	-	-
	-	660,000

Note 24 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:

	2022	2021
	$	$
Financial assets		
Cash and cash equivalents	11,013,173	5,377,252
Trade and other receivables	248,758	730,173
Other assets – security deposits	702,553	662,909
Total financial assets	11,964,484	6,770,334
Financial liabilities		
Trade and other payables	580,618	834,696
Total financial liabilities	580,618	834,696

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 2022

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 2022, 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 $110,142 (2021: $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 30 to 58 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 2022 and of its performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 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, 29 September 2022

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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 2022, 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 2022 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***
At 30 June 2022 the Company held a significant carrying value of capitalised exploration and evaluation expenditure as disclosed in Note 1(g) and 10. 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. 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*.	Our procedures included, but were not limited to: • 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.

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 2022, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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 19 to 25 of the directors' report for the year ended 30 June 2022.

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

BDO Audit (WA) Pty Ltd

BDO

J Prue

Jarrad Prue

Director

Perth, 29 September 2022

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 2 September 2022.

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	102
1,001 – 5,000	263
5,001 – 10,000	151
10,001 – 100,000	453
100,001 and over	102
	1,071

There were 128 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:

	Ordinary shares	
Name	Number held	% of issued shares
Citicorp Nominees Pty Limited	6,196,065	9.27
BNP Paribas Noms Pty Ltd <DRP>	4,570,868	6.84
Equity Trustees Limited <Lowell Resources Fund A/C>	2,292,093	3.43
Patrick Walta <FJB & Associates A/C>	2,222,135	3.22
Mr Michael Robert Pitt and Mrs Rachel Elizabeth Pitt <RGR Family Superfund A/C>	1,913,492	2.86
Altor Capital Management Pty Ltd <Altor Alpha Fund A/C>	1,710,286	2.56
John Carr	1,469,375	2.20
DXB Holdings Pty Ltd	1,300,000	1.94
Shane Goodwin	1,300,000	1.94
Kingslane Pty Ltd <Cranston Super Fund A/C>	1,300,000	1.94
Justin Walta	1,300,000	1.94
Kufara Endevours Pty Ltd <The Harris Family A/C>	1,200,000	1.80
Super Spinifex Pty Ltd <The Steve White S/Fund A/C>	883,334	1.32
Anthony William Schreck	860,000	1.29
Altor Capital Management Pty Ltd <Altor Alpha Fund A/C>	690,105	1.03
Tooradin Park Superannuation Ltd <Tooradin Park S/Fund A/C>	656,746	0.98
Mr Amit Kumar Das	527,493	0.79
Cleland Projects Pty Ltd <CT A/C>	500,957	0.75
Certane Ct Pty Ltd <Hayborough Opp Fund>	481,483	0.72
Mr John Michel Glendenning and Mrs Jenny Ko Glendenning <MACH10 Superfund A/C>	450,956	0.67
Top 20 Holders of Ordinary fully paid shares	**31,825,388**	**47.49**

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	11,888,750	8 July 2023
Share options	5,540,000	8 July 2023

C Substantial holders

There are no substantial holders in the company.

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