



# **Golden Cross Resources Limited**

ACN 063 075 178

## **Annual Financial Report – 30 June 2021**

## DIRECTORS' REPORT

The Directors present their report on the consolidated entity consisting of Golden Cross Resources Limited ("GCR") and the entities it controlled at the end of, or during, the year ended 30 June 2021.

### DIRECTORS AND COMPANY SECRETARIES

The qualifications, experience, and special responsibilities of the Company's directors and the qualifications and experience of each company secretary in office during the financial year and until the date of this report, unless noted otherwise, are as follows:

Director	Qualifications and Experience	Special Responsibilities
Jordan G Li	<p>Chairman and Director since 15 January 2020. Jordan is a Fellow Member of The Australasian Institute of Mining and Metallurgy (FAusIMM), and a Member of the Australian Institute of Company Directors (MAICD). He holds an MBA degree from AGSM, the joint business school of the University of NSW and the University of Sydney. Jordan resides in Sydney.</p> <p>Jordan has extensive work experience in Australia, Asia-Pacific including China and Africa as Managing Director, Director, Chief Executive Officer, Strategy Manager and Commercial General Manager at a number of public and private companies including Aurizon Group, International Base Metals Limited (IBML), Macquarie Gold Limited (MGL), Zamia Metals Limited (ZGM), Zamia Resources, and Fairfax Media. He held senior policy officer and steering committee officer positions at both Australian state government and Chinese central government departments. His 28 years' management experience and connections span across exploration and mine planning, feasibility studies, mergers &amp; acquisitions, gold &amp; copper mine operation, metals market analysis, commodity trading, corporate finance, etc.</p>	Member of the Remuneration Committee, member of the Nomination and Audit Committee
Mark Moddejongen	<p>Non-executive Director since 3 December 2020. Mark is a Mining Engineer (UNSW) with internationally recognised industry and professional accreditations. He is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM), a Chartered Professional Engineer (CPE-Mining), a Registered Professional Engineer Queensland (RPEQ-Mining), and is considered a JORC Competent Person (CP) and a NI43-101 Qualified Person (QP) in several metals and coal.</p> <p>Mark has successfully worked on mines and projects throughout Australia and a wide range of overseas jurisdictions, including projects in Far North Queensland, South Australia and Western Australia, PNG, Zambia, Uganda, Kazakhstan, Russian Far East, Dominican Republic and Mongolia. Mark resides in Queensland.</p>	
Yuanheng Wang	<p>Non-executive Director since 28 November 2014. Yuanheng holds a LLB degree from Cardiff University and a postgraduate certificate in laws from University of Hong Kong. He is a solicitor of Hong Kong since 1993. Currently, Yuanheng is a consultant solicitor of Messrs. W.H. Chik &amp; Co., Solicitors, Hong Kong. His area of legal work is mainly corporate and commercial, including corporate finance, merger and acquisitions, project finance, corporate governance, compliance and general commercial and company matters.</p>	Member of the Remuneration, and Nomination and Audit Committee
Yan Li	<p>Non-executive Director appointed on 12 March 2020. Yan holds an Executive MBA from the People's University of China. He holds other directorships, including Director of Beijing Shiji Qinlong Hi-Tech Co. Ltd and Beijing Badaling Wild Animal Co. Ltd. Yan has over 16 years of senior managerial experience.</p>	
Carolyn Jacobs	<p>Company Secretary appointed on 13 July 2020. Carolyn has been with GCR for more than 15 years and oversees the Company's administrative functions, operation of shareholder meetings, and maintenance of the share registry.</p>	
Carl Hoyer	<p>Carl was Company Secretary from 10 August 2015 until his resignation on 13 July 2020.</p>	

## PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the year consisted of mineral exploration and development, with a focus on exploration for gold and base metals, principally copper.

### OBJECTIVES

The Company's long-term objective is to participate in the discovery of one or more world-class mineral deposits. The short-term objective is to add value through exploration and development of mineral properties. Value may be added through identifying and acquiring mineral properties in prospective locations, generating drill targets through sampling and geological modelling, delineating resources, entering into beneficial farm-in arrangements with other companies, or developing projects through to production to provide cash flow.

The Company is assessing and progressing its Copper Hill Project, while carrying its exploration expenditure either directly or through one farm-out and joint venture agreement elsewhere in Australia.

## DIVIDENDS

During the year ended 30 June 2021, no dividends were declared or paid. The Directors do not recommend the payment of a dividend in respect of the financial year.

## OPERATING AND FINANCIAL REVIEW

The most significant developments in the Company's operations and financing activities were:

1. One active farm-in and joint venture on GCR properties in place at year-end, as follows:
  - West Wyalong – copper-gold, with Argent Minerals Limited.

Further details are set out in the Review of Operations in the Annual Report.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The management and Board of GCR are in negotiations with third parties for future funding and for the re-quotation of GCR shares on the ASX.

## SIGNIFICANT EVENTS AFTER THE BALANCE DATE

At the date of this report there are no matters that have arisen since 30 June 2021 that have significantly affected or may significantly affect the operations of the consolidated entity in future financial years, the results of operations in future financial years, or the state of affairs in future financial years of the consolidated entity, except as follows;

- HQ Mining Resources Holding Pty Ltd and the Company entered into a 4th Global Loan Agreement on 28 July 2021 consolidating all outstanding loans into one loan with a common repayment date of 31 January 2023.
- Subsequent to the end of the June Quarter the Company managed to conclude an agreement with a new financier to provide \$1,800,000 in long-term loan funds. The management and Board of GCR have since been working towards the re-quotation of GCR shares on the ASX.

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Although GCR has been limited to modest programs on its wholly owned projects, it expects to remain active on its major properties. Its farm-in and joint venture partner is exploring under the farm-in and joint venture arrangement.

## ENVIRONMENTAL REGULATION AND PERFORMANCE

The consolidated entity is subject to significant environmental regulation in respect to its exploration activities. The Company meets the standards set by the Australian Minerals Industry Code for Environmental Management.

The Company has developed criteria to determine areas of 'particular' or 'significant' importance, with regard to environmental performance.

These are graded 1 to 4 in terms of priority.

Level 1 incident	major non-compliance with regulatory requirement resulting in potential public outcry and significant environmental damage both long and short-term nature.
Level 2 incident	significant non-compliance resulting in regulatory action, however environmental damage is only of a short-term nature.
Level 3 incident	minor non-compliance – no fine is imposed, however regulatory authority is notified.
Level 4 incident	non-compliance with internal policies and procedures. The incident is contained on-site.

No reportable incidents occurred during the year.

## INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Rothsay Audit & Assurance Pty Ltd, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Rothsay Audit & Assurance Pty Ltd during or since the financial year.

## REMUNERATION REPORT

This Remuneration Report outlines the director and executive remuneration arrangements of the Company and the Group. For the purposes of this report Key Management Personnel (**KMP**) of the group are those persons responsible for the strategic direction and operational management of the Company.

## REMUNERATION PHILOSOPHY

The Company's aim is to remunerate at a level that will attract and retain high-calibre directors and employees. Company officers and directors are remunerated to a level consistent with the size of the Company. The Company maintains an Employee Option Plan.

## NON-EXECUTIVE DIRECTORS' FEES

The base fee for Jordan Li, Executive Chairman, was \$50,000. The base fee for Yuanheng Wang, Non-executive Director, was \$50,000, which was set on 23<sup>rd</sup> October 2015. Yan Li did not and does not receive compensation or fees. The base fee for Mark Moddejongen was \$30,000. All fees are exclusive of statutory superannuation.

## EXECUTIVE REMUNERATION

Executive management is remunerated at a level appropriate to an exploration company the size of GCR. Remuneration is set having regard to performance and relevant comparative information. In addition to a base salary, remuneration packages include superannuation, termination entitlements, fringe benefits and Employee Options pursuant to the Employee Option Plan. Employee Options are issued, following a recommendation to the Board by the Remuneration and Nomination Committee, in consideration of an employee's efforts undertaken on behalf of the Company, and assist with the motivation and retention of employees. The issue of options to Directors requires shareholder approval.

## REMUNERATION REPORT

### SERVICE AGREEMENTS

Bret Ferris, Acting CEO, is engaged under a service agreement with GCR. Scope of role and responsibilities as are customary for a Chief Executive Officer.

- Base remuneration of \$8,400 per month (excl GST) based on minimum time commitment of 10 days per month.
- Termination provisions for Acting CEO role include a one week notice period.

There are no service agreements in place for the Non-executive Directors.

### DETAILS OF KEY MANAGEMENT PERSONNEL

#### DIRECTORS AND COMPANY SECRETARY

Jordan G Li	Chairman
Yan Li	Director (non-executive)
Yuanheng Wang	Director (non-executive)
Mark Moddejongen	Director (non-executive) (appointed 3 December 2020)
Carolyn Jacobs	Company Secretary (appointed 13 July 2020)
Carl Hoyer	Company Secretary (resigned 13 July 2020)

#### EXECUTIVES

Bret Ferris	Acting CEO /Exploration Manager
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### Remuneration of Key Management Personnel for year ended 30 June 2021

Name	Short Term Benefits (Cash Basis)				Post Employment Benefits		Share-based payment	
	Short Term: Salary/ Fee \$	Non- monetar y benefits \$	Termination payment \$	Super \$	Long Service Leave \$	Options \$	% of remuneration in options	Total \$
Jordan Li (i)	20,833	-	-	-	-	-	-	20,833
Bret Ferris (ii)	59,010	-	-	-	-	-	-	59,010
Carl Hoyer (iii)	33,442	-	-	-	-	-	-	33,442
Yuanheng Wang (iv)	-	-	-	-	-	-	-	-
	20,833	-	-	-	-	-	-	20,833
Yan Li (v)	-	-	-	-	-	-	-	-
Mark Moddejongen	7,339	-	-	697	-	-	-	8,036
Total	141,457			697	-	-	-	142,154

None of the Key Management Personnel's remuneration is performance related.

(i) Jordan Li is a director of Aurizon Group Pty Ltd, through which he is remunerated.

(iii) Bret Ferris is the sole owner of Ferris Metals Pty Limited, through which he has remunerated.

(iii) Carl Hoyer is the sole owner of Reyoh Enterprises, through which he has been remunerated.

(iv) Since 10<sup>th</sup> February 2020 Yuanheng Wang, through his company Vision Vale Holdings Pty Ltd, is the owner of the property known as Coppervale which is leased to Golden Cross for \$36,000 per year for 1 year commencing 10<sup>th</sup> February 2020. As part of the transaction the Company has secured the first right of refusal and option to purchase for \$330,000 after year 1 with 10% increments per year for each year the lease is extended.

(iv) Yan Li is a director of HQ Mining Resources Holdings Pty Ltd, a majority shareholder of Golden Cross and does not receive remuneration from Golden Cross.

**Shareholdings of Key Management Personnel for year ended 30 June 2021**

Name	Balance	Received as	Options	Acquisition/(Disposal)	Balance
	01.07.20	remuneration	exercised	of shares	30.06.21
	(number)	(number)	(number)	(number)	(number)
Carl Hoyer	25,000	-	-	-	25,000
Total	25,000	-	-	-	25,000

**Remuneration of Key Management Personnel for year ended 30 June 2020**

Name	Short Term Benefits				Post Employment Benefits		Share-based payment	
	Short Term: Salary/Fee \$	Non-monetary benefits \$	Termination payment \$	Super \$	Long Service Leave \$	Options \$	% of remuneration in options	Total \$
Jordan Li (i)	23,118	-	-	-	-	-	-	23,118
Bret Ferris (ii)	152,670	-	-	-	-	-	-	152,670
Carl Hoyer (iii)	57,675	-	-	-	-	-	-	57,675
Xiaoming Li (iv)	-	-	-	-	-	-	-	-
Yuanheng Wang (v)	50,000	-	-	-	-	-	-	50,000
Yan Li	-	-	-	-	-	-	-	-
Total	283,463	-	-	-	-	-	-	283,463

None of the Key Management Personnel's remuneration is performance related.

(i) Jordan Li is a director of Aurizon Group Pty Ltd, through which he is remunerated.

(iii) Bret Ferris is the sole owner of Ferris Metals Pty Limited, through which he has remunerated.

(iii) Carl Hoyer is the sole owner of Reyoh Enterprises, through which he has been remunerated.

(iv) Xiaoming Li is a majority shareholder of HQ Mining Resources Holdings Pty Ltd, a majority shareholder of Golden Cross, and does not receive remuneration from Golden Cross. Yan Li is a director of HQ Mining Resources Holdings Pty Ltd.

(v) Since 10<sup>th</sup> February 2020 Yuanheng Wang, through his company Vision Vale Holdings Pty Ltd, is the owner of the property known as Coppervale which is leased to Golden Cross for \$36,000 per year for 1 year commencing 10<sup>th</sup> February 2020. As part of the transaction the Company has secured the first right of refusal and option to purchase for \$330,000 after year 1 with 10% increments per year for each year the lease is extended.

**Shareholdings of Key Management Personnel for year ended 30 June 2020**

Name	Balance	Received as	Options	Acquisition/(Disposal)	Balance
	01.07.19	remuneration	exercised	of shares	30.06.20
	(number)	(number)	(number)	(number)	(number)
Carl Hoyer	25,000	-	-	-	25,000
Xiaoming Li	72,567,067	-	-	-	72,567,067
Total	72,567,067	-	-	-	72,592,067

**Option Holdings of Key Management Personnel**

As at 30 June 2021 there were no options held by Key Management Personnel.

**End of Audited Remuneration Report**

## IMPACT OF CORONAVIRUS (COVID 19)

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not had a material impact on the business up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

## ANNUAL GENERAL MEETING

The Company's 2021 Annual General Meeting is scheduled to be held at the Office of Golden Cross Resources Ltd, 301/66 Berry Street, North Sydney on 24 November 2021

## ROUNDING

The Company is of a kind referred to in ASIC Corporations instrument 2016/191 issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar, in accordance with that Class Order.

## AUDITOR INDEPENDENCE

A copy of the auditor's independence declaration as required under section 207C of the Act is provided on page X

## MEETINGS OF DIRECTORS

The number of meetings of the Company's Directors (including meetings of committees of Directors) held during the year ended 30 June 2021, and the numbers of meetings attended by each Director were:

Name	Full Board Meetings Held While a Director	Full Board Meetings Attended	Audit Committee Meetings Held While a Member	Audit Committee Meetings Attended	Remuneration and Nomination Committee Meetings Held While a Member	Remuneration and Nomination Committee Meetings Attended
Jordan Li	10	10	2	2	-	-
Yuanheng Wang	10	10	2	2	-	-
Yan Li	3	3	-	-	-	-
Mark Moddejongen	6	6				

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



Jordan Li  
Chairman

## Consolidated Statement of Comprehensive Income

For the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
Other income	5	135	62
Exploration expense	6(a)	(88)	(172)
General and administrative expenses	6(b)	(552)	(563)
Loss before tax and finance costs		<u>(505)</u>	<u>(673)</u>
Finance costs		<u>(384)</u>	<u>(316)</u>
<b>Loss before income tax</b>		<b>(889)</b>	<b>(989)</b>
Income tax benefit	7	-	-
<b>Loss after income tax</b>		<b>(889)</b>	<b>(989)</b>
<b>Net loss after tax attributable to members of Golden Cross Resources Limited</b>		<b>(889)</b>	<b>(989)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss attributable to the members of Golden Cross Resources Limited</b>		<b>(889)</b>	<b>(989)</b>
Basic loss per share (cents)	8	(0.87)	(0.97)
Diluted loss per share (cents)	8	(0.87)	(0.97)

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

# Consolidated Statement of Financial Position

As at 30 June 2021

	Notes	2021 \$'000	2020 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	9	50	68
Other receivables	10(a)	108	107
Prepayments	11	-	22
Right-of-use asset	12	-	20
<b>Total Current Assets</b>		<b>158</b>	<b>217</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	13(b)	-	1
Right-of-use asset	12	55	-
Exploration and evaluation	13(a)	12,404	12,286
Non-current other receivable	10(b)	40	40
<b>Total Non-Current Assets</b>		<b>12,499</b>	<b>12,327</b>
<b>Total Assets</b>		<b>12,657</b>	<b>12,544</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	14	245	89
Borrowings	15	5,263	4,441
Provisions	16	44	56
Lease liabilities	12	42	21
<b>Total Current Liabilities</b>		<b>5,594</b>	<b>4,607</b>
<b>Non-Current Liabilities</b>			
Lease liabilities	12	15	-
<b>Total Non-Current Liabilities</b>		<b>15</b>	<b>-</b>
<b>Total Liabilities</b>		<b>5,609</b>	<b>4,607</b>
<b>Net Assets</b>		<b>7,048</b>	<b>7,937</b>
<b>EQUITY</b>			
Issued capital	17	58,247	58,247
Reserves	18	922	922
Accumulated losses		(52,121)	(51,232)
<b>Total equity</b>		<b>7,048</b>	<b>7,937</b>

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



**Consolidated Statement of Changes in Equity**

For the year ended 30 June 2021

	<b>Issued Capital \$'000</b>	<b>Share-based Compensation Reserve \$'000</b>	<b>Accumulated Losses \$'000</b>	<b>Total \$'000</b>
<b>As at 1 July 2019</b>	58,247	922	(50,243)	8,926
Loss after income tax	-	-	(989)	(989)
Other comprehensive income	-	-	-	-
Total comprehensive income for year	-	-	(989)	(989)
<b>As at 30 June 2020</b>	58,247	922	(51,232)	7,937
<b>As at 1 July 2020</b>	58,247	922	(51,232)	7,937
Loss after income tax	-	-	(889)	(889)
Other comprehensive income	-	-	-	-
Total comprehensive income for year	-	-	(889)	(889)
<b>As at 30 June 2021</b>	58,247	922	(52,121)	7,048

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

## Consolidated Statement of Cash Flows

For the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Other income		7	-
Payments to suppliers and employees		(333)	(536)
Receipts from ATO Job Booster		32	17
Receipts from employee contracting		-	2
<b>Net cash outflow used in operating activities</b>	<b>19</b>	<b>(294)</b>	<b>(517)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceed from disposal of property, plant and equipment		50	-
Proceed from disposal of loyalty		48	-
Payments for exploration and evaluation		(207)	(390)
Payments for property, plant and equipment		-	(40)
Proceeds from sale of interest in Sunny Corner		-	39
Tenement deposits refunded		-	1
Office security deposit		-	(2)
<b>Net cash outflow used in investing activities</b>		<b>(109)</b>	<b>(392)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		438	880
Payments for lease liabilities		(52)	-
<b>Net cash inflow from financing activities</b>		<b>386</b>	<b>880</b>
<b>Net decrease in cash and cash equivalent</b>		<b>(17)</b>	<b>(30)</b>
Cash at beginning of the reporting period		67	98
<b>Cash at end of the reporting period</b>	<b>9</b>	<b>50</b>	<b>68</b>

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

## Notes to the Financial Statements

For the year ended 30 June 2021

### 1. CORPORATE INFORMATION

Golden Cross Resources Limited is a for profit entity.

The financial report of Golden Cross Resources Limited (the "Company") for the year ended 30 June 2021 was authorised for issue in accordance with a resolution of the directors on 13 September 2021.

Golden Cross Resources Limited (the "Parent") is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Stock Exchange.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (collectively, the "Group") as at 30 June each year.

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

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards. It has been prepared on an historical cost basis except for investments in listed shares, which are measured at fair value. The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated, as the entity is an entity to which ASIC Corporations instrument 2016/191 applies.

#### *Going concern*

The Group is involved in the exploration and evaluation of mineral tenements. Further expenditure will be required upon these tenements to ascertain whether they contain economically recoverable reserves.

For the full year ended 30 June 2021, the Group reported a net loss of \$889,000 (2020: \$989,000) and net operating cash outflows of \$294,000 (2020: \$517,000). The operating cash outflows and investment activities have been funded by cash reserves. As at 30 June 2021, the Group had net current liability of \$5,436,000 (2020: \$4,390,000) including cash reserves of \$50,000 (2020: \$68,000).

Notwithstanding the above, the financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. To continue as a going concern, the Group requires additional funding to be secured from sources including but not limited to:

- Continued support of the major shareholder;  
On 28 July 2021, the Company entered into an agreement with HQ Mining Resources Holding Pty Ltd ("HQM") to extend the repayment of the existing loans to HQM from 31 July 2021 to 31 January 2023.
- Long term borrowings from third parties;  
On 28 July 2021, the Company received a \$1,800,000 loan from Astute Dragon Commercial Limited ("Astute"). The loan is interest bearing at 9.5% per annum and is repayable on 23 April 2023.
- further equity capital raisings;
- the ability to successfully develop and extract value from its projects; and
- the sale of its interest in exploration projects.

Having carefully assessed the uncertainties relating to the likelihood of securing additional funding, the Group's ability to effectively manage their expenditures and cash flows from operations and the opportunity to sell or farm out interests in existing permits, the Directors believe that the Group will continue to operate as a going concern for the foreseeable future. Therefore, the Directors consider it appropriate to prepare the financial statements on a going concern basis.

In the event that the assumptions underpinning the basis of preparation do not occur as anticipated, there is material uncertainty whether the Group will continue to operate as a going concern. If the Group is unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements.

No adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the classification of liabilities that might be necessary should the Group not continue as a going concern.

## Notes to the Financial Statements

For the year ended 30 June 2021 (continued)

### **(b) Statement of compliance**

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

### **(c) (i) New accounting standards and interpretations**

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

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

### **(d) Basis of consolidation**

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

### **(e) Cash and cash equivalents**

Cash and short-term deposits in the balance sheet comprise cash at bank and short-term deposits with an original maturity of less than three months.

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts, if any.

### **(f) Trade and other receivables**

Trade and other receivables, which generally have 5-30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

### **(g) Exploration, evaluation, development and restoration costs**

#### *Exploration & Evaluation*

Exploration and evaluation expenditure incurred by or on behalf of the Company is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific connection with a particular area of interest.

Exploration and evaluation costs in relation to separate areas of interest for which rights of tenure are current are brought to account in the year in which they are incurred and carried forward provided that:

- such costs are expected to be recouped through successful development and exploitation of the area, or alternatively through its sale; or
- exploration and/or evaluation activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Once a development decision has been taken, all past and future exploration and evaluation expenditure in respect of the area of interest is aggregated within costs of development.

## Notes to the Financial Statements

For the year ended 30 June 2021 (continued)

### *Exploration & Evaluation – Impairment*

The Group assesses at each reporting date whether there is an indication that an asset has been impaired and for exploration and evaluation cost whether the above carry forward criteria are met.

Accumulated costs in respect of areas of interest are written off or a provision made in the Income Statement when the above criteria do not apply or when the directors assess that the carrying value may exceed the recoverable amount. The costs of productive areas are amortised over the life of the area of interest to which such costs relate on the production output basis.

### **(h) Interest in jointly controlled operation**

A joint arrangement is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A joint operation involves use of assets and other resources of the ventures rather than establishment of a separate entity. The Group recognises its interest in the joint operation by recognising its interest in the assets and the liabilities of the joint operation. The Group also recognises the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the joint operation.

### **(i) Plant and equipment**

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

- plant and equipment - 4 years; and
- motor vehicles - 5 years.

### *Impairment*

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

An item of plant and equipment is derecognised upon disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

### **(j) Leases**

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

### *Exceptions to lease accounting*

The Company has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

## Notes to the Financial Statements

For the year ended 30 June 2021 (continued)

### **(k) Pensions and other post-employment benefits**

The Group contributes to defined contribution superannuation funds for employees. The cost of these contributions is expensed as incurred.

### **(l) Trade and other payables**

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

### **(m) Provisions and employee leave benefits**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

#### *Employee leave benefits*

##### *(i) Wages, salaries, annual leave and sick leave*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

##### *(ii) Long service leave*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

### **(n) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following recognition criteria must be met before revenue is recognised.

#### *Interest*

Revenue is recognised as the interest accrues.

#### *Royalties*

*Royalties are recognised in accordance with substance of the relevant agreements.*

#### *Contract exploration*

Contract exploration revenue earned from third parties is recognised when rights to receive the revenue are assured.

## Notes to the Financial Statements

For the year ended 30 June 2021 (continued)

### (o) Income tax and other taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

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

Deferred income tax liabilities are recognised for all taxable temporary differences:

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

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

#### *Other taxes*

Revenues, expenses and assets are recognised net of the amount of GST except:

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

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

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

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

### (p) Currency

The functional and presentation currency for the Group is Australian dollars (\$). Gains and losses due to movements in foreign exchange rates are recorded in the income statement.

## Notes to the Financial Statements

For the year ended 30 June 2021 (continued)

### (q) Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs.

When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

### (r) Contributed equity

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

### (s) Segment reporting

- (i) Identification of reportable segments. The Group has identified its operating segments based on the internal reports that are reviewed and used by the Managing Director and the Board of Directors (the Chief Operating Decision Makers) in assessing performance and determining the allocation of resources. The operating segments identified by management are each exploration tenement. The Group operates entirely in the industry of mineral exploration, evaluation and development for different metals and minerals, including copper, gold, silver, coal, and others.
- (ii) Discrete pre-tax financial information, being expenditure incurred year to date and from the start date, about each of these segments is reported to the Chief Operating Decision Makers on a monthly basis.

Accounting policies, segment revenue, and expenses are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis.

All expenses incurred for exploration and evaluation which qualify for capitalisation as described in note 2g are capitalised.

There are no intersegment transactions within the Group's segment.

The segment results include the capitalised allocation of overhead that can be directly attributed to an individual business segment.

The following items and associated assets and liabilities are not allocated to segments as they are not considered part of the core operations of any segment:

- gain and loss on investments held for trading;
- gains and losses on the sale of investments;
- finance costs;
- certain general and administration expenses;
- impairment write offs for full value of tenements.



## Notes to the Financial Statements

For the year ended 30 June 2021 (continued)

### 3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's Risk Management Policy sets out the Company's overall risk management framework and policies, including monthly review by the Board of the Company's financial position and financial forecasts, and maintaining adequate insurances.

The Company's cash reserves are held at call with Westpac Banking Corporation, in accounts selected to maximise the return of interest.

AASB 7 ("Financial Instruments – Disclosures") requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. The amendment to AASB 101 ("Presentation of Financial Statements") introduces disclosures about the level of an entity's capital and how it manages capital.

#### (a) Capital management

The Group considers its capital to comprise its ordinary share capital net of accumulated retained losses, \$7,048,000 (2020: \$7,937,000).

In managing its capital, the Group's primary objective as an explorer is to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. The Group has total debts of \$5,609,000 (2020: \$4,608,000) with a gearing ratio of 80% (2020: 58%).

In making decisions to adjust its capital structure to achieve these aims, either through altering its dividend policy, new share issues, or consideration of debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

#### (b) Principal financial instruments

The principal financial instruments are as follows:

- Cash
- Trade and other receivables
- Investments
- Trade and other payables
- Loans

The Group does not use derivative financial instruments, and has no off-balance sheet financial assets or liabilities at year-end.

#### (c) Financial instrument risk exposure and management

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. These main risks, arising from the group's financial instruments are interest rate risk, liquidity risk, currency risk, share market risk and credit risk. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

## Notes to the Financial Statements

For the year ended 30 June 2021 (continued)

### (d) General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and has the responsibility for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives monthly reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

#### (i) Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 45 days.

The Board receives cash flow projections on a monthly basis as well as information regarding cash balances. At the balance sheet date, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

#### (ii) Interest rate risk

The Group's exposure to interest rate risk and the effective weighted average interest rate for each class of financial asset and financial liability is set out in the following tables:

At balance date, the Group has no exposure to floating weighted average interest rates (2020: Nil). The \$80,000 in security deposits held with the NSW Department of Planning and Environment earning 0% interest (2020: Nil). A further amount in loans totalling \$469,300 (2020: \$3,520,000) have an attached interest rates of 9% and 9.75% per annum.

#### Year ended 30 June 2021

	Notes	Interest rate	Fixed interest maturing in:			Non-interest bearing \$'000	Total \$'000
			1 year or less \$'000	over 1 to 5 years \$'000	more than 5 years \$'000		
<b>Financial assets</b>							
Cash and cash equivalents	9	-	-	-	-	50	50
Other receivables	10(a)	-	-	-	-	108	108
Non-current other receivables	10(b)	-	-	-	-	40	40
			-	-	-	198	198
<b>Financial liabilities</b>							
Trade and other payables	14	-	-	-	-	(245)	(245)
Borrowings	15	9% to 9.75%	(5,263)	-	-	-	(5,263)
			(5,263)	-	-	(245)	(5,508)
Net financial liabilities			(5,263)	-	-	(47)	(5,310)

#### Year ended 30 June 2020

	Notes	Interest rate	Fixed interest maturing in:			Non-interest bearing \$'000	Total \$'000
			1 year or less \$'000	over 1 to 5 years \$'000	more than 5 years \$'000		
<b>Financial assets</b>							
Cash and cash equivalents	9	-	-	-	-	68	68
Other receivables	10(a)	-	-	-	-	107	107
Non-current other receivables	10(b)	-	-	-	-	40	40
		-	-	-	-	215	215
<b>Financial liabilities</b>							
Trade and other payables	14	-	-	-	-	(89)	(89)
Borrowings	15	9.0% to 9.75%	(4,441)	-	-	-	(4,441)
			(4,441)	-	-	(89)	(4,530)
Net financial liabilities			(4,441)	-	-	126	(4,315)

## Notes to the Financial Statements

For the year ended 30 June 2021 (continued)

### (iii) Share market risk

The Company relies greatly on equity markets to raise capital for its exploration activities, and is thus exposed to equity market volatility. When markets conditions require for prudent capital management, generally in consultation with professional advisers, the Group looks to alternative sources of funding, including the sale of assets and royalties.

The capacity of the company to raise capital from time to time may be influenced by either or both market conditions and the price of the Company's quoted shares at that time.

### (iv) Credit risk

Credit risk arises principally from the Group's trade receivables. It is the risk that the counterparty fails to discharge its obligation in respect of the instrument.

The Group's exposure to credit risk arises from potential default of the counter party, with the maximum exposure equal to the carrying amount of these instruments.

The Group trade only with recognized, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitize its trade and other receivables.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

#### *Other receivables*

Other receivables comprise GST. Credit worthiness of debtors is undertaken when appropriate.

### (e) Accounting policies

Accounting policies in relation to financial assets and liabilities and share capital are contained in note 2.

### (f) Fair value of financial assets and liabilities.

The Company has available to it various methods in estimating the fair value of listed investments. The methods comprise:

Level 1 The fair value is calculated using quoted prices in active markets.

Level 2 The fair value is estimated using inputs other than quotes prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 The fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The carrying values of trade receivables and trade payables are recorded in the financial statements approximates their respective net fair values, in accordance with the accounting policies outlined in note 2. The non-current other receivable was impaired at 30 June 2015 to an amount that approximates fair value, at 30 June 2021 there has been no significant change in the inputs that would indicate that the carrying value of the asset would not approximate the fair value.

The fair value of all monetary financial assets and financial liabilities of the Company approximate their carrying value.

There are no off-balance sheet financial assets or liabilities at year-end.

All financial assets and liabilities are denominated in Australian dollars.

## Notes to the Financial Statements

For the year ended 30 June 2021 (continued)

### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In applying the Group's accounting policies, management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements, estimates and assumptions made are believed to be reasonable, based on the most current set of circumstances available to management. Actual results may differ from the judgements, estimates and assumptions. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

#### *Impairment of non-financial assets other than goodwill*

The group assesses impairment of all assets (including capitalised exploration costs) at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment.

#### *Carrying values of exploration assets*

The Group applies judgments in determining the carrying value of exploration assets in particular in determining which exploration costs should be capitalised or expensed. The Group assesses impairment of such assets at each reporting date by evaluating conditions specific to the Group.

#### *Argent Receivable*

The Group applies judgements in assessing the key assumptions for determining the fair value of the receivable, including the estimated date for the decision to mine, and the probability of that decision occurring. Refer to note 10(b) for further details.

### 5. OTHER INCOME

	2021 \$'000	2020 \$'000
<b>Other Income from non-operating activities</b>		
Gain on disposal of property, plant and equipment	48	-
Gain on disposal of loyalty	50	-
Other income	37	62
<b>Total other income</b>	<b>135</b>	<b>62</b>

### 6. LOSS BEFORE INCOME TAX

	2021 \$'000	2020 \$'000
<b>(a) Exploration expense</b>		
Capitalised expenditure written off	88	172
	<b>88</b>	<b>172</b>
<b>(b) General &amp; administrative expenses</b>		
Employee entitlements	302	261
Superannuation contributions	21	9
ASIC Fees	6	4
Audit fees	30	28
Insurance	9	24
Legal	9	12
Operating lease - rental expense	-	104
Share Registry Fees and Stock Exchange Fees	-	28
Website and computer maintenance	11	12
Other	164	81
	<b>552</b>	<b>563</b>

## Notes to the Financial Statements

For the year ended 30 June 2021 (continued)

### 7. INCOME TAX

	2021 \$'000	2020 \$'000
(a) The components of income tax expense are:		
Current tax	-	-
Deferred tax benefit	-	-
Total tax benefit	-	-

- (i) The Golden Cross Resources Limited group of companies tax consolidated in Australia on 1 July 2007. There are presently no tax sharing or funding agreements in place.
- (ii) The parent entity and each of the subsidiaries are in tax loss for the year and have substantial tax losses carried forward in Australia.
- (iii) The Directors are of the view that there is insufficient probability that the parent entity and its subsidiaries will derive sufficient income in the foreseeable future to justify booking the tax losses and temporary differences as deferred tax assets.

	2021 \$'000	2020 \$'000
(b) Numerical reconciliation of income tax expense to prima facie tax payable is as follows:		
Loss from operations before income tax expense	(889)	(989)
Tax at statutory tax rate of 26% (2020: 27.5%)	(231)	(272)
Tax effect of non-temporary differences	(8)	(20)
Tax effect of tax losses and temporary differences not recognised	239	292
Income tax expense	-	-

- (c) There is no amount of tax benefit recognised in equity, as the tax effect of temporary differences has not been booked.

	2021 \$'000	2020 \$'000
Unclaimed value of share issue costs debited to equity	-	-
Tax benefit of unclaimed residuals at 26% (2020: 27.5%)	-	-

	2021 \$'000	2020 \$'000
(d) Tax Losses – Revenue		
Unused tax losses for which no tax loss has been booked as a deferred tax asset	46,121	45,464
Potential deferred tax benefit at 26% (2020: 27.5%)	11,991	12,506
Net deferred tax liability	(2,285)	(1,878)
Net deferred tax asset - not booked	9,706	10,628

The benefit of income tax losses will only be obtained if:

- (i) the respective companies derive future assessable income of a nature and of an amount to enable the benefit from the deductions for the losses to be realised;
- (ii) the respective companies continue to comply with the conditions for deductibility imposed by tax legislation; and
- (iii) No changes in tax legislation adversely affect the respective companies in realising benefit from the deductions from the losses.

	2021 \$'000	2020 \$'000
(e) Temporary tax differences		
Accelerated deductions for tax compared to book	(3,204)	(3,310)
Other temporary tax differences	(2,285)	(1,879)
Total at 100%	(5,489)	(5,189)
Potential deferred tax liability @ 26%	(1,427)	(1,427)

## Notes to the Financial Statements

For the year ended 30 June 2021 (continued)

### 8. LOSS PER SHARE

	2021	2020
Basic loss per share (cents per share)	(0.87)	(0.97)
Weighted average number of ordinary shares during the year used in the calculation of basic loss per share	101,622,227	101,622,227
Diluted loss per share (cents per share)	(0.87)	(0.97)
Weighted average number of ordinary shares during the year used in the calculation of diluted loss per share	101,622,277	101,622,277
	2021	2020
	\$'000	\$'000
Loss used in calculating basic and diluted loss per share	(889)	(989)

#### Options

In addition to salaries, the Group has provided benefits to certain employees (including directors) of the Group in the form of the Golden Cross Resources Employee Option Plan re-approved by shareholders at the general meeting of shareholders held in March 2006. The number of employee options on issue at any time must not exceed 5% of the issued capital of the Company at that time. All employees (including directors and consultants) of Golden Cross and its controlled entity are eligible to participate in the plan.

The last options issued under the Employee Option Plan expired on 4 July 2013. None of the options issued under the Employee Option Plan were exercised.

Options granted to employees, including Key Management Personnel, described in the Remuneration Report, are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent they are dilutive. These options have not been considered in the determination of basic earnings per share.

In 2021 the weighted average number of options that were not included in the calculation of loss per share as they are anti-dilutive is zero (2020: zero).

### 9. CASH AND CASH EQUIVALENTS

	2021	2020
	\$'000	\$'000
Cash at bank and on hand	50	68
	<u>50</u>	<u>68</u>

### 10. OTHER RECEIVABLES

	2021	2020
	\$'000	\$'000
(a) Current other receivables		
Security deposits	103	106
Other debtors	5	1
	<u>108</u>	<u>107</u>

Security deposits are required by government legislation as a prerequisite to exploration. The cash held in security deposits is not available until leases are relinquished or sold. Since August 2018 the deposits are held with the NSW Dept of Planning and Environment and are non-interest bearing.

Balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these balances will be received in full.

	2021	2020
	\$'000	\$'000
(b) Non-current other receivables		
Other Receivable	40	40
	<u>40</u>	<u>40</u>

## Notes to the Financial Statements

For the year ended 30 June 2021 (continued)

### 11. PREPAYMENTS

	2021 \$'000	2020 \$'000
Prepaid expenses	-	22
	<u>-</u>	<u>22</u>

### 12. LEASES

	2021 \$'000	2020 \$'000
Property – Right-of-use	83	122
Less: Accumulated amortisation	<u>(28)</u>	<u>(102)</u>
	55	20
Lease Liability - Current	(42)	(21)
Lease Liability – Non-current	<u>(15)</u>	<u>-</u>

#### Statements of Profit or Loss and Other Comprehensive Income

The amounts recognised in the statements of profit or loss and other comprehensive income relating to leases where the Company is a lessee are shown below:

	2021 \$'000	2020 \$'000
Interest expense on lease liabilities	3	1
Amortisation of right-of-use assets	72	3
Occupancy costs	<u>-</u>	<u>48</u>

### 13. EXPLORATION AND EVALUATION EXPENDITURE, MINE PROPERTY, PLANT AND EQUIPMENT

	2021 \$'000	2020 \$'000
<b>(a) Exploration and Evaluation Expenditure</b>		
<i>Exploration Assets</i>		
Costs brought forward	12,286	12,067
Expenditure incurred during the year	206	391
Expenditure written off during the year (i)	<u>(88)</u>	<u>(172)</u>
Costs carried forward	<u>12,404</u>	<u>12,286</u>
Costs incurred on current areas of interest		
- Copper Hill	117	218
- Burra	11	24
- Codna Hill	2	3
- Oolgelima Hill	9	16
- Other properties	<u>67</u>	<u>130</u>
	<u>206</u>	<u>391</u>

(i) Relates to impairment of capitalised exploration expenditure to tenements which are no longer viewed as being economically recoverable. In addition to this expenditure during the period on a collection of other tenements was expensed as the tenements had all previously been written down to nil in the prior period.

Details of the economic entity's exploration tenements are disclosed at the back of the Annual Report.

## Notes to the Financial Statements

For the year ended 30 June 2021 (continued)

	2021 \$'000	2020 \$'000
<b>(b) Property, Plant and Equipment</b>		
Cost	330	330
Accumulated depreciation	(330)	(329)
Net book value at end of the year	-	1

### Reconciliations

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

	2021 \$'000	2020 \$'000
Net book value at beginning of the year	1	3
Disposal during the year	-	-
Depreciation expense	(1)	(2)
Net book value at end of the year	-	1

## 14. TRADE AND OTHER PAYABLES

	2021 \$'000	2020 \$'000
Trade payables	228	77
Accruals	17	12
	245	89

Trade payables are non-interest bearing and are normally settled on 30-day terms.

## 15. BORROWINGS

	2021 \$'000	2020 \$'000
Loans from related parties	4,814	4,311
Loans from third parties	299	-
Loans from directors	150	130
	5,263	4,441

At 30 June 2021 the Company has the loan agreements with the following parties

- 1) HQ Mining Resources Holding Pty Ltd ("HQM") and the Company entered into a loan agreement on 22 September 2015 for the amount of \$150,000 for a term of 12 months at 0% interest, repayable after the earlier of the Company raising \$500,000 through the issue of shares or at the first anniversary date of the loan. On 22 September 2016, the loan was extended and charged with an interest rate of 9.75% per annum. Subsequent to the year end on 28 July 2021 the Company entered into an agreement with HQM to extend the repayment of the existing loans to HQM from 31 July 2021 to 31 January 2023. The balance of the loan at 30 June 2021 includes \$69,719 in capitalised interest.
- 2) HQM and the Company entered into a loan agreement on 4 February 2016 for the amount of \$320,000 deliverable in 3 tranches at 9.75% interest, repayable at the earlier of the company raising \$1,500,000 through the issue of shares or at the first anniversary date of the loan. Subsequent to the year end on 28 July 2021 the Company entered into an agreement with HQM to extend the repayment of the existing loans to HQM from 31 July 2021 to 31 January 2023. The balance of the loan at 30 June 2021 includes \$162,885 in capitalised interest.
- 3) HQM and the Company entered into a loan agreement on 17 August 2017 for the amount of \$200,000 deliverable in 3 tranches at 9.75% interest, repayable after the earlier of the company raising \$2,000,000 through the issue of shares or at the first anniversary date of the loan. Subsequent to the year end on 28 July 2021 the Company entered into an agreement with HQM to extend the repayment of the existing loans to HQM from 31 July 2021 to 31 January 2023. The balance of the loan at 30 June 2021 includes \$92,262 in capitalised interest.



## Notes to the Financial Statements

For the year ended 30 June 2021 (continued)

- 4) HQM and the Company entered into a loan agreement on 8 March 2017 for the amount of \$400,000 deliverable in 5 tranches at 9.75% interest, repayable after the earlier of the company raising \$2,000,000 through the issue of shares or at the first anniversary date of the loan. Subsequent to the year end on 28 July 2021 the Company entered into an agreement with HQM to extend the repayment of the existing loans to HQM from 31 July 2021 to 31 January 2023. The balance of the loan at 30 June 2021 includes \$161,503 in capitalised interest.
- 5) HQM and the Company entered into a loan agreement on 14 July 2017 for the amount of \$50,000 deliverable in 1 tranche at 9.75% interest, repayable after the earlier of the company raising \$2,000,000 through the issue of shares or at the first anniversary date of the loan. Subsequent to the year end on 28 July 2021 the Company entered into an agreement with HQM to extend the repayment of the existing loans to HQM from 31 July 2021 to 31 January 2023. The balance of the loan at 30 June 2021 includes \$19,326 in capitalised interest.
- 6) HQM and the Company entered into a loan agreement on 18 September 2017 for the amount of \$800,000 deliverable in 5 tranches at 9.75% interest, repayable after the earlier of the company raising \$2,000,000 through the issue of shares or at the first anniversary of the first tranche payment of the loan. Subsequent to the year end on 28 July 2021 the Company entered into an agreement with HQM to extend the repayment of the existing loans to HQM from 31 July 2021 to 31 January 2023. The balance of the loan at 30 June 2021 includes \$286,329 in capitalised interest.
- 7) HQM and the Company entered into a loan agreement on 30 April 2018 for the amount of \$800,000 deliverable in 4 tranches at 9.75% interest, repayable after the earlier of the company raising \$3,000,000 through the issue of shares or at the first anniversary of the first tranche payment of the loan. Subsequent to the year end on 28 July 2021 the Company entered into an agreement with HQM to extend the repayment of the existing loans to HQM from 31 July 2021 to 31 January 2023. The balance of the loan at 30 June 2021 includes interest of \$218,405.
- 8) HQM and the Company entered into a loan agreement on 29 April 2019 for the amount of \$100,000 deliverable in 3 tranches at 9.75% interest, repayable after the earlier of the company raising \$5,000,000 through the issue of shares or by 31 July 2021. Subsequent to the year end on 28 July 2021 the Company entered into an agreement with HQM to extend the repayment of the existing loans to HQM from 31 July 2021 to 31 January 2023. The balance of the loan at 30 June 2021 includes interest of \$20,349.
- 9) HQM and the Company entered into a loan agreement on 24 July 2019 for the amount of \$220,000 deliverable in 7 tranches at 9.75% interest, repayable after the earlier of the company raising \$6,000,000 through the issue of shares or by 31 July 2021. Subsequent to the year end on 28 July 2021 the Company entered into an agreement with HQM to extend the repayment of the existing loans to HQM from 31 July 2021 to 31 January 2023. The balance of the loan at 30 June 2021 includes interest of \$38,837.
- 10) HQM and the Company entered into a loan agreement on 14 November 2019 for the amount of \$240,000 deliverable in 3 tranches at 9.75% interest, repayable after the earlier of the company raising \$6,000,000 through the issue of shares or by 31 July 2021. Subsequent to the year end on 28 July 2021 the Company entered into an agreement with HQM to extend the repayment of the existing loans to HQM from 31 July 2021 to 31 January 2023. The balance of the loan at 30 June 2021 includes interest of \$35,944.
- 11) The Director Mr Yuanheng Wang entered into loan agreement on 22<sup>nd</sup> January 2020 in the amount of \$100,000 at an interest of 12%. Interest incurred on this loan at 30 June amounted to \$16,986.
- 12) HQM and the Company entered into a loan agreement on 2 March 2020 for the amount of \$240,000 deliverable in 4 tranches at 9.75% interest, repayable after the earlier of the company raising \$6,000,000 through the issue of shares or by 31 July 2021. Subsequent to the year end on 28 July 2021 the Company entered into an agreement with HQM to extend the repayment of the existing loans to HQM from 31 July 2021 to 31 January 2023. The balance of the loan at 30 June 2021 includes interest of \$28,318.
- 13) The Chairman and 2 KMPs entered into loan agreements on 18 June 2020 each in the amount of \$10,000. (Total \$30,000) at an interest of 12%. Interest incurred on these loans at 30 June amounted to \$3,716.
- 14) HQM and the Company entered into a loan agreement on 27 July 2020 for the amount of \$100,000 deliverable in 2 tranches at 9% interest, repayable after the earlier of the Company raising \$6,000,000 through the issue of shares or at the first anniversary of the first tranche payment of the loan. Subsequent to the year end on 28 July 2021 the Company entered into an agreement with HQM to extend the repayment of the existing loans to HQM from 31 July 2021 to 31 January 2023. The balance of the loan at 30 June 2021 includes \$8,040 in capitalised interest.

## Notes to the Financial Statements

For the year ended 30 June 2021 (continued)

- 15) A KMP of the Company entered into a loan agreement on 21 August 2020 for the amount of \$10,000 deliverable in tranche 1 at 9.25% interest.
- 16) The Executive Chairman and the Company entered into a loan agreement on 28 August 2020 for the amount of \$10,000 deliverable in 2 tranches at 9.25% interest per annum.
- 17) HQM and the Company entered into a loan agreement on 2 February 2021 for the amount of \$50,000 deliverable in 2 tranches at 9% interest, repayable after the earlier of the Company raising \$6,000,000 through the issue of shares or at the first anniversary of the first tranche payment of the loan. Subsequent to the year end on 28 July 2021 the Company entered into an agreement with HQM to extend the repayment of the existing loans to HQM from 31 July 2021 to 31 January 2023. The balance of the loan at 30 June 2021 includes \$1,640 in capitalised interest.
- 18) From 15 September 2020, the Company has received a total \$299,300 loan from Martin Place Securities ("MPS"). The loan is interest bearing at 9.5% per annum and the term is to be determined by trading and the valuation conditions.

## 16. PROVISIONS

	2021 \$'000	2020 \$'000
Provision for Annual Leave	9	10
Provision for Long Service Leave	35	46
	<b>44</b>	<b>56</b>

## 17. ISSUED CAPITAL

	2021 Shares '000	2020 Shares '000	2021 \$'000	2020 \$'000
Issued and paid up:				
Ordinary shares *	101,622	101,622	58,247	58,247

Movements in the securities of the Company in the previous financial years were as follows:

Date	Details	No. of shares	Issue price Cent	\$'000
01.07.14	Closing Balance	1,889,299,391		57,812
28.08.14	1 for 20 Share Consolidation*	94,490,287		
01.12.14	Issue to Director and Ex directors	307,457	10.5	32
30.04.15	Shareholder Purchase Plan	5,791,949	6	348
03.06.15	Issue to employee	37,676	5.6	2
03.06.15	Issue to employee	451,124	6.6	30
	Less transaction costs of share issue			(10)
16.01.16	Issue to employee	543,735	6.1	33
30.06.21	Closing Balance	101,622,228		58,247

\* The 1 for 20 Share Consolidation was approved by shareholders at the EGM held on 28 August 2014.

## Voting Rights

At a general meeting of the Company, every shareholder present in person or by an attorney, representative or proxy has one vote on a show of hands and one vote per ordinary share on a poll. Options do not carry voting rights.

## Notes to the Financial Statements

For the year ended 30 June 2021 (continued)

### 18. RESERVES

#### (a) Share-based compensation reserve

	2021 \$'000	2020 \$'000
Opening share-based compensation reserve	922	922
Share based expense	-	-
Closing share-based compensation reserve	922	922

#### *Share-based compensation reserve*

The share-based compensation reserve is used to record the value of share-based payments provided to employees as part of their remuneration.

There were no employee options issued during the current year.

### 19. CASH FLOWS INFORMATION

	2021 \$'000	2020 \$'000
<b>Loss for the year</b>	<b>(889)</b>	<b>(989)</b>
Adjustments for		
Amortisation and depreciation	51	2
Exploration and evaluation expenditure written off	88	172
Gain on disposal of property, plant and equipment	(50)	-
Gain on disposal of loyalty	(48)	-
Interest expense	384	-
Changes in operating assets and liabilities		
(Increase)/Decrease in receivables and other assets	21	274
Increase/(Decrease) in creditors	160	29
Increase/(Decrease) in other provisions	(11)	(5)
Net cash outflow from operating activities	(294)	(517)

## Notes to the Financial Statements

For the year ended 30 June 2021 (continued)

### 20. RELATED PARTY TRANSACTIONS

#### Directors

Disclosures relating to Directors are set out in the Remuneration Report, included in the Directors' Report. Refer to Note 14 for details in relation to the loan agreement entered into during the period with a director.

On 29 September 2016 the Company entered into a sale agreement with Hellsten SF Pty Ltd atf KH & TH Superannuation Fund for the sale and lease back of the Coppervale property for \$368,000 including 3 years rental pre-paid (\$90,000) as part of the sale. As part of the transaction the Company has secured the first right of refusal and option to purchase for the greater of \$400,000 or market value for a period of 3 years. Subsequently on 22 January 2020 the Coppervale Property was sold to Vision Vale Holdings solely owned by director Yuanheng Wang for \$415,000. GCR has leased the property for 12 months to 9 February 2021 for a rental of \$3,000 per month. As part of this transaction the Company has secured the first right of refusal and option to purchase.

#### Wholly Owned Group

The wholly owned group consists of Golden Cross Resources Limited and its wholly-owned controlled entities, Golden Cross Operations Pty Ltd and King Eagle Resources Pty Ltd. Golden Cross Resources Limited is the ultimate parent entity.

#### Compensation of Key Management Personnel

	2021	2020
	\$	\$
Short-term employee benefits (Salary/fee)	141,457	292,536
Post-employment benefits (Superannuation)	697	862
Long Service Leave expense	-	-
	<u>142,154</u>	<u>293,398</u>

#### Loans to Key Management Personnel

There were no loans to key management personnel or their related entities during the financial year.

#### Other transactions and balances with Key Management Personnel and their related parties

There was \$119k outstanding to key management personnel at 30 June 2021.

#### Amounts recognised as expenses

	2021	2020
	\$'000	\$'000
Director's fees	48	18
Superannuation	1	-
Consulting Fees	70	12
	<u>119</u>	<u>30</u>

#### Aggregate amounts payable to Directors of the Company at 30 June 2021 relating to the above types of other transactions

	2021	2020
	\$'000	\$'000
Current liabilities	<u>119</u>	<u>30</u>

#### Other transactions with related parties

Refer to Note 14 for details in relation to the loan agreements entered into during the period with a HQ Mining Resources Holdings Pty Ltd, the majority shareholder of the company.

## Notes to the Financial Statements

For the year ended 30 June 2021 (continued)

### 21. COMMITMENTS AND CONTINGENCIES

#### Exploration Commitments

In order to maintain current rights of tenure to exploration tenements, the economic entity has the following discretionary exploration expenditure requirements up until expiry of the leases. These obligations, which are subject to renegotiation upon expiry of the leases, are not provided for in the financial statements and are payable.

	2021 \$'000	2020 \$'000
Not later than one year	321	471
Later than one year but not later than 5 years	464	249
Later than 5 years	-	-
	<u>785</u>	<u>720</u>

If the economic entity decides to relinquish certain leases and/or does not meet these joint venture or annual exploration expenditure obligations, assets recognised in the balance sheet may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

### 22. PARENT ENTITY INFORMATION

Information relating to Golden Cross Resources Limited:

	2021 \$'000	2020 \$'000
Current assets	41	52
Total assets	13,634	13,238
Current liabilities	(5,323)	(4,468)
Total liabilities	<u>(5,323)</u>	<u>(4,468)</u>
Issued capital	58,247	58,247
Accumulated losses	(50,858)	(50,399)
Share-based compensation reserve	922	922
Total shareholders' equity	<u>8,311</u>	<u>8,770</u>
Loss of the parent entity	<u>(459)</u>	<u>(566)</u>
Total comprehensive income of the parent entity	<u>(459)</u>	<u>(566)</u>

Details of any guarantees entered into by the parent entity in relation to the debts of its subsidiaries.

- -

Details of any contingent liabilities of the parent entity.

- -

Details of any contractual commitments by the parent entity for the acquisition of property, plant or equipment.

- -

## Notes to the Financial Statements

For the year ended 30 June 2021 (continued)

### 23. SEGMENT REPORTING

The operating segments are reviewed and managed by Chief Operating Decision Makers based on the costs incurred for each exploration tenement throughout the reporting period, which are capitalised to operating segment assets. The operating segments identified by management are based on areas of interest. Expenditure incurred and capitalised for these tenements is disclosed in Note 13(a).

Expenses included in the statement of comprehensive income which have not been capitalised to operating segment assets are unallocated as they are not considered part of the core operations of any segment.

	Copper Hill \$'000	Rest of Australia \$'000	Total \$'000
<b>2021</b>			
Reconciliation of segment net loss after tax to net loss before tax:			
Exploration and evaluation Impairment	-	(88)	(88)
Total segment net loss after tax			(88)
Other revenue			135
Amortisation and depreciation			(51)
Other costs			(885)
Net loss before tax			(889)

	Copper Hill \$'000	Rest of Australia \$'000	Total \$'000
<b>2020</b>			
Reconciliation of segment net loss after tax to net loss before tax:			
Exploration and Evaluation Impairment	-	(172)	(172)
Total segment net loss after tax			(172)
Other revenue			62
Depreciation			(2)
Other costs			(877)
Net loss before tax			(989)

	Copper Hill \$'000	Rest of Australia \$'000	Total \$'000
<b>30 June 2021</b>			
Capitalised expenditure	12,404	-	12,404
Property, plant and equipment	-	-	-
Total	12,404	-	12,404

	Copper Hill \$'000	Rest of Australia \$'000	Total \$'000
<b>30 June 2020</b>			
Capitalised expenditure	12,286	-	12,286
Property, plant and equipment	1	-	1
Total	12,287	-	12,287

### 24. REMUNERATION OF AUDITORS

	2021 \$'000	2020 \$'000
Remuneration for audit or review of the accounts and consolidated accounts of Golden Cross Resources Limited and its controlled entities	29,565	28,020
	29,565	28,020

## **Notes to the Financial Statements**

For the year ended 30 June 2021 (continued)

### **25. SUBSEQUENT EVENTS**

On 28 July 2021, the Company entered into an agreement with HQ Mining Resources Holding Pty Ltd ("HQM") to extend the repayment of the existing loans, as highlighted in the note 15 to HQM from 31 July 2021 to 31 January 2023. This will ease the burden of the Group's cash flow requirements for the next 12 months.

On 28 July 2021, the Company received a \$1,800,000 loan from Astute Dragon Commercial Limited ("Astute"). The loan is interest bearing at 9.5% per annum and is repayable on 23 April 2023. Re-quotation is the main purpose of the loan, being \$1,500,000 for re-quotation and related engagements only, and the remaining \$300,000 for the Group's operation, including re-quotation.

## **DIRECTORS' DECLARATION**

The Directors declare that:

In accordance with a resolution of the directors of Golden Cross Resources Limited, I state that:

In the opinion of the directors:

(a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2.

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

(d) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2021.

On behalf of the Board

A handwritten signature in dark ink, appearing to read 'Jordan Li', is positioned above the printed name and title.

Jordan Li

**Chairman**

Sydney, 16 September 2021



AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

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

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

This declaration is in respect of Golden Cross Resources Limited and the entities it controlled during the financial year.

Rothsay Audit & Assurance Pty Ltd



Donovan Odendaal

Director

Sydney, 16 September 2021

GOLDEN CROSS RESOURCES LIMITED

INDEPENDENT AUDITOR'S REPORT

To the members of Golden Cross Resources Limited

Opinion

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

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

- (a) giving a true and fair view of the Group's consolidated financial position as at 30 June 2021 and of its consolidated financial performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report, which describes the conditions that raise doubts about the Group's ability to continue as a going concern. The conditions along with other matters disclosed in Note 2 indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and therefore whether it will be able to realise its assets and extinguish its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

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.



## GOLDEN CROSS RESOURCES LIMITED

### INDEPENDENT AUDITOR'S REPORT (continued)

Key Audit Matter - Carrying Value of capitalised exploration and evaluation expenditure	How our Audit Addressed the Key Audit Matter
<p>Capitalised exploration and evaluation assets are the Group's largest asset. The carrying value of exploration and evaluation assets are assessed for impairment by the Group when facts and circumstances indicate that the capitalised exploration and evaluation expenditure may exceed its recoverable amount.</p> <p>The determination as to whether there are any indicators to require an exploration and evaluation asset to be assessed for impairment, involves a number of judgments including whether the Group has title and tenure to the licenses, will be able to perform ongoing exploration and evaluation expenditure and whether there is sufficient information for a decision to be made that the area of interest is not commercially viable. During the year, the Group determined that there had been no indicators of impairment.</p> <p>Due to the value of this asset and the subjectivity involved in determining the carrying value, this was a key audit matter.</p>	<p>Our procedures to address the Group's assessment of the carrying value of exploration and evaluation assets included:</p> <ul style="list-style-type: none"><li>• consideration of the Group's right to explore in the relevant exploration area which included obtaining and assessing relevant documentation such as license agreements;</li><li>• consideration of the Group's intention to carry out significant exploration and evaluation activity in the relevant exploration area which included assessment of the Group's cash-flow forecast models and discussions with senior management and Directors as to the intentions and strategy of the Group;</li><li>• assessed recent exploration and evaluation activity in the relevant licence area to determine if there are any negative indicators that would suggest a potential impairment of the asset; and</li><li>• ensured the disclosures in relation to this asset were appropriate.</li></ul>

#### Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021 but does not include the financial report and our auditor's report thereon.

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

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



## GOLDEN CROSS RESOURCES LIMITED

### INDEPENDENT AUDITOR'S REPORT (continued)

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.

#### Responsibility of 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

#### Auditor's Responsibility for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



## GOLDEN CROSS RESOURCES LIMITED

### INDEPENDENT AUDITOR'S REPORT (continued)

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

#### Report on the Remuneration Report

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2021. The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

#### Opinion on the Remuneration Report

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

**Rothsay Audit & Assurance Pty Ltd**

**Donovan Odendaal**  
Director

Sydney, 16 September 2021