FAR EAST GOLD LTD

ACN 639 887 219

FINANCIAL REPORT

For the period ended 30 June 2021

CONTENTS

DIRECTORS' REPORT

The Directors' present their report, together with the financial statements, on the consolidated entity consisting of Far East Gold Ltd (the parent entity or Company) and the entities it controlled at the end of, or during the reporting period ended 30 June 2021 (the Group). Far East Gold Ltd was incorporated on 20 March 2020. The financial report presented is for the period since incorporation to the end of the reporting period 30 June 2021.

Directors

The following persons were directors of Far East Gold Ltd during the whole of the period and up to the date of this report, unless otherwise stated:

Paul Walker
Shane Menere
Marc Denovan
Justin Werner
Dr Christopher Atkinson (appointed 1 April 2020)

Principal activities during the period

During the period, the principal activities of the Group consisted of concluding asset acquisition agreements, the commencement and continuation of permitting activities and mineral exploration and evaluation.

Dividends

There were no dividends paid, recommended, or declared in the current financial period.

Operating and financial review

Far East Gold Ltd was incorporated on 20 March 2020 and, during the period to 30 June 2021, the Company concluded a number of capital raisings:

- $30,000 at .2 cents per share from Directors and co-founders;
- $1,390,000 at 5 cents per share from Directors and seed providers; and
- $5,528,471 at 10 cents per share from Directors and seed providers.

The Company also negotiated and concluded significant agreements for the acquisitions of exploration projects both in Australia and Indonesia.

The loss for the consolidated entity for the reporting period amounted to $4,554,730. The consolidated loss includes the following significant expenses: project acquisition costs, share based payments and consulting costs.

Woyla Copper Gold Project

On 10 June 2021 the Company entered a Conditional Share Purchase Agreement (CSPA) to acquire up to an 80% interest in the Woyla Gold Project in Indonesia. The Woyla project operates under a 6th Generation Contract of Works. The Contract of Works is in voluntary suspension until 15 May 2022 whilst the necessary environmental and land use permits are secured to enable exploration activities to occur.

The acquisition of the Woyla Gold Project will occur in 2 stages:

Stage 1 the Group will acquire 51.2% of the project by either the Company issuing $3,000,000 in shares at a price of no less than 20c per share upon the Company listing on ASX or another selected securities exchange or the Group spending $4,000,000 earn in expenditure on the project before 10 June 2023 whichever occurs first.

Stage 2 a further 29.8% of the project will be acquired when the Group, at its cost, provides to the vendors, a Definitive Feasibility Study for the project which must include a resource estimate to a JORC Code standard.

Operating and financial review (continued)

The Group's interest in the Woyla project can increase to 100% if the vendor elects to take 2% Net Smelter Royalty.

Under the CSPA the Group has operational responsibility of the project from 10 June 2021.

During the period, the Group spent $1,014,579 comprising the acquisition of the project, spend on exploration and evaluation activities as well as spend for general operational costs. On the basis that the acquisition under stage 1 has not yet occurred, all amounts in relation to the project were expensed.

Trenggalek Copper Gold Project

On 10 May 2021 the Company entered a Conditional Share Purchase Agreement (CSPA) to acquire a 100% economic interest in the Trenggalek Copper Gold- Project in Indonesia. The Trenggalek project operates under a Mining licence for operation and production dated 24 June 2019.

The acquisition of the Trenggalek Project will occur in 2 stages, subject to the necessary ministerial approvals:

Stage 1 the Group will acquire 60.0% of the project by a combination of making a vendor payment ($350,000) paying outstanding mining fees for lease back rent and the required reclamation bond with the Indonesia Government.

Stage 2 the Group will acquire a further 40.0% of the project by making a further vendor payment of $1,150,000 and paying out project liabilities of up to $400,000.

The Group, under the CSPA, has had operational control of the project from 10 May 2021.

During the period, the Group spent $1,532,071 comprising the acquisition of the project, spend on exploration and evaluation activities and spend on general operational costs. On the basis that the acquisition under stage 1 is still subject to ministerial approval, these amounts were expensed.

Wonogiri Copper Gold Project

On 26 October 2020 the company entered into a Conditional Share Purchase Agreement (CSPA) to acquire 100% economic interest in the Wonogiri Copper Gold Project. The Wonogiri project operates under a Mining licence for exploration dated 10 January 2015. The licence for the tenement is in voluntary suspension until 09 January 2022 while the Group secures the necessary environmental permits to upgrade the existing mining licence for operation and production.

The Group will acquire the project if the Company lists on the ASX or another selected securities exchange by 26 April 2022 with at least $6,000,000 raised. At the listing time the Group is required to pay the vendors cash payments totalling $225,250 and issuing shares to the vendors of $7,500,000 at the IPO share price. The date for listing the Company can be unilaterally extended by the Group by six months and then with consent from the vendors for a further 18 months after that. If the transaction fails to complete by then the Group will be issued share in the company that holds the Wonogiri project at a rate of 0.00001% for every $1 spent over $250,000 on the project.

The Group has had operational responsibility of the project from 10 February 2021 and continues to have responsibility since entering into the CSPA.

During the period, the Group spent $986,445 comprising the acquisition of the project, spend on exploration and evaluation activities and spend on general operational costs. On the basis that the acquisition has not yet occurred, all amounts in relation to the project were expensed.

Hill 212 Gold Project & Mount Clark West Copper Gold Project

On 15 June 2020, the Group entered in to an Earn In agreement to acquire 90% of the Hill 212 Gold Project and Mount Clark West Copper Gold Project. The Group's interests in either of the projects can increase to 100% if the vendor elects to take 2% Net Smelter Royalty.

Operating and financial review (continued)

Hill 212 Gold Project

Far East Gold (212) Pty Ltd was incorporated on the 9th July 2021. The exploration permit expires on 21 November 2021 with a renewal application underway.

At balance date, under the Earn In agreement, to acquire 49% of the tenement, the Group was required to spend $250,000 before 9 October 2021 and commit to the phase 2 commitment. Under the phase 2 commitment, the group was to acquire an additional 21% by spending a further $1,250,000 before 9 October 2022 and committing to phase 3. Under the phase 3 commitment the group ownership was to increase to 90% by spending a further $1,500,000 before 10 October 2023 and committing to fund Pre-Feasibility Study. The Group's interest was to increase to 100% if the vendors elected to convert their interest into a 2% Net Smelter Royalty.

Post balance date, the Earn In agreement was renegotiated resulting in the Group acquiring 90% of the tenement. To maintain it's 90% interest, the Group is required to complete three phases of expenditure totalling $2,700,000 before 1 November 2024 and commit to fund a Pre-Feasibility Study. The phase 1 commitment is to spend $250,000 before 1 November 2022 and commit to the phase 2 commitment. Under the phase 2 commitment, the Group needs to spend a further $250,000 before 1 November 2023 and commit to phase 3. Under phase 3, the Group needs to spend a further $2,200,000 before 1 November 2024 and commit to the completion of a Pre-Feasibility Study. The Group's interest will increase to 100% if the vendors elected to convert their interest into a 2% Net Smelter Royalty. If however, the Group does not meet the phases 1 to 3 commitments, the ownership of tenement will revert to back to the Vendors. If the Group meets the phases 1 to 2 expenditure and commitments to phase 3 the group will retain 49% of the tenement.

During the period, the Group spent $57,062 comprising the acquisition of the project and spend on exploration and evaluation activities. On the basis that the acquisition under phase 1 has not yet occurred, all amounts in relation to the project were capitalised and subsequently impaired.

Mount Clark West Copper Gold Project

Far East Gold (MCW) Pty Ltd was incorporated on the 4th June 2020. The Company applied for and received an extension of the current exploration permit which is now valid until 9 February 2026.

At balance date, under the Earn In agreement, to acquire 49% of the tenement, the Group was required to spend $250,000 before 10 October 2021 and commit to the phase 2 commitment. Under the phase 2 commitment, the group was to acquire an additional 21% by spending a further $250,000 before 10 October 2022 and committing to phase 3. Under the phase 3 commitment the group ownership was to increase to 90% by spending a further $500,000 before 10 October 2023 and committing to fund Pre-Feasibility Study. The Group's interest was to increase to 100% if the vendors elected to convert their interest into a 2% Net Smelter Royalty.

Post balance date, the Earn In agreement was renegotiated resulting in the Group acquiring 90% of the tenement. To maintain it's 90% interest, the Group is required to complete three phases of expenditure totaling $1,000,000 before 1 November 2024 and commit to fund a Pre-Feasibility Study. The phase 1 commitment is to spend $185,000 before 1 November 2022 and commit to the phase 2 commitment. Under the phase 2 commitment, the Group needs to spend a further $225,000 before 1 November 2023 and commit to phase 3. Under phase 3, the Group needs to spend a further $590,000 before 1 November 2024 and commit to the completion of a Pre-Feasibility Study. The Group's interest will increase to 100% if the vendors elected to convert their interest into a 2% Net Smelter Royalty. If however, the Group does not meet the phases 1 to 3 commitments, the ownership of tenement will revert to back to the Vendors. If the Group meets the phases 1 to 2 expenditure and commitments to phase 3 the group will retain 49% of the tenement

During the period, the Group spent $25,242 comprising the acquisition of the project and spend on exploration and evaluation activities. On the basis that the acquisition under phase 1 has not yet occurred, all amounts in relation to the project were capitalised and subsequently impaired.

In addition to the Earn In above, the vendors of the Hill 212 Gold Project & Mount Clark West Copper Gold Project will be issued shares in the Company at IPO of $500,000 at IPO share price if the Company lists before 15 June 2023.

Coronavirus (COVID-19) impacts
Coronavirus (COVID-19) was declared a world-wide pandemic by the World Health Organisation in March 2020.

Operating and financial review (continued)

Coronavirus (COVID-19) impacts (continued)
The Group continues to follow all recommendations from Queensland Health and the Australian and Indonesian Governments to provide a COVID-19 safe workplace.

Travel restrictions have impacted the Group by limiting travel to sites and this has delayed some activities, as well as travel to Indonesia to meet with officials which has delayed some permitting applications. These restrictions remaining in place at reporting date.

Significant changes in the state of affairs

There were no significant changes to the state of affairs of the operation during the reporting period.

Likely developments

The Group will continue to pursue its policy concluding asset acquisition agreements, the commencement and continuation of permitting activities and mineral exploration and evaluation during the next financial year.

Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

Matters subsequent to the end of the financial year

The following outlines significant matters that have occurred after the end of financial period:

- The Mining licence (operation and production) for the Trenggalek Copper Gold Project which had been granted 24 June 2019 was formally issued to the Group
- 7,688 hectares of land within the Woyla Copper Gold Project tenement had its forestry designation changed thereby opening the path for drilling and advanced exploration to progress for the first time
- The application to renew and extend the exploration permit for the Hill 212 tenement was lodged with the Queensland Government's Department of Resources and granted in October 2021
- The application to use government owned land for advanced exploration activities within the Trenggalek Copper Gold Project tenement was lodged with the East Java provincial government.
- Consultants have been appointed and the application process commenced with the Indonesian central government to obtain the environmental permit required to upgrade the Wonogiri project's current exploration mining licence to an operation and production mining licence.
- The Hill 212 Gold Project and Mount Clark West Copper Gold Project Earn In agreements were renegotiated whereby the Group would receive 90% interest in these tenements up front as described above in the operating and financial review.
- The Group acquired 90% of the Blue Grass Creek Gold Project under an Earn-in agreement. To maintain its interest in the project the Group is required to spend $988,000 before 1 November 2024 and commit to the completion of a Pre-Feasibility Study.
- Solicitors, Independent Auditors and Independent Geologists have been appointed for the purposes of progressing towards an IPO of the Company
- The ASX In-Principle Advice Application for suitability of the Company for listing on the ASX was lodged on 12 August 2021. The application was considered by the ASX listing committee and approval was received from them on 17 September 2021 on the basis of some straightforward clarifications and administrative details being provided.

Other than the matters noted above, there has not arisen in the interval between the end of the financial year and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Environmental regulation

The Group is subject to environmental regulations under laws of Queensland and Indonesia where it holds mineral exploitation and mining tenements. During the financial year the Group's activities recorded no non-compliant issues. There are no drilling programmes scheduled until 2022 and thus no current land disturbance or environmental impacts.

Information on directors

The Directors of the Company during or since the end of the financial period are as follows:

Paul Walker	Chairman of the Board
Experience and expertise	Paul has over 30 years of experience in international business, capital raising and managing large-scale infrastructure and resource projects throughout the world. In 2009 Paul was the co-founder and chairman of an Indonesian mining company that successfully acquired several exploration assets and brought into operation a coal mine in Kalimantan. Paul lectures at the UQ Business School – Strategy and Entrepreneurship Discipline, is a Member of the Australian Institute of Project Management and a Barrister-at-Law.

Shane Menere	Chief Executive Officer
Experience and expertise	Shane is an expert in leading major projects from exploration to operation. He was the Australia Pacific region (APAC) President Director of a global mining R&D technology and equipment processing company. Shane has more than 25 years of experience in resource and infrastructure projects globally with over 15 years' experience working with some of the largest mine sites throughout Asia Pacific. He has a strong background in financial markets/investor relationships and has held board positions on several other Australian gold mining and exploration companies.

Marc Denovan	Chief Financial Officer
Experience and expertise	Marc has a strong commercial and financial background gained in Australia and Papua New Guinea (PNG). Marc was CEO of Trukai Industries Ltd, the largest subsidiary of Ricegrowers Ltd (ASX:SGLLV). Prior to becoming CEO of Trukai Industries Ltd, Marc was their General Manager – Finance. Marc was formerly Chairman, Manufacturers Council of PNG and a Director of the Rural Industries Council (PNG). Before joining Ricegrowers Ltd, Marc was a Director at KPMG Australia where he spent 11 years specialising in Business Advisory and Taxation within the mining and property sectors.

Justin Werner	Non-Executive Director
Experience and expertise	Justin has over 20 years mining experience and 10 years capital markets, he has a very strong track record of mine discovery and development in Indonesia. He is currently the Managing Director of Nickel Mines Limited (ASX:NIC) which is Australia's largest pure Nickel producer (market capitalisation >AU$2Bn), he is also a non-executive director of ASX listed Alpha HPA (ASX:A4N).

Dr Christopher Atkinson Non-Executive Director	
Experience and expertise	Chris is a geologist with over 30 years of international experience. Chris is a founding investor in several successful Exploration and Production start up ventures. Chris is a founding director of Worldwide Petroleum Services Pte Limited based in Singapore and acts as a non-executive board member for Rex International Holdings (SGX:REXI), their subsidiary companies Lime Petroleum in Norway and Masirah Oil in Oman. In 2018 Chris co-founded Helios Aragon, which is exploring for natural hydrogen and helium in onshore Spain. He currently is the Chairman and acting CEO of Sonoro Energy Limited (TSX-V:SNV).

Company Secretary

Ms Catriona Glover is a qualified lawyer with over 20 years' experience in corporate and commercial law with a focus on corporate governance and company secretarial advice for both listed and unlisted companies. Catriona has provided legal, corporate governance and company secretarial advice to a number of companies in a wide range of industries including mining, stockbroking, education, manufacturing, software as well as not-for-profit organisations.

Meetings of directors

The number of meetings of the company's Board of Directors ("the Board") held during the period ended 30 June 2021 and the number of meetings held by each director were:

	Full Board	
	Attended	**Held**
Paul Walker	8	8
Shane Menere	7	8
Marc Denovan	8	8
Justin Werner	8	8
Dr Christopher Atkinson	6	8

Indemnification and insurance of officers and auditors

At reporting date, the company had not entered into any indemnification or insurance of officers and auditors.

The company is in the process of obtaining a contract of insurance to provide each of the Directors and the Secretary of the Company with Directors' and Officers' Indemnity.

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

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

Proceeds on behalf of the Company

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

Officers of the company who are former Partners of KPMG

There are no officers of the company who are former partners of KPMG.

Auditor's independence declaration

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

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

On behalf of the Directors

Paul Walker
Chairman

10 November 2021
Brisbane

Lead Auditor's Independence Declaration under Section 307C of the *Corporations Act 2001*

To the Directors of Far East Gold Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit of Far East Gold Ltd for the period ended 30 June 2021 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

M J Jeffery
Partner

Brisbane
10 November 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period 20 March 2020 to 30 June 2021

	Notes	Consolidated 2021 $
Revenue		
Interest Income	5	174
Expenses		
Consulting costs		(356,181)
Geology and feasibility expense		(66,094)
Employee expense	6	(135,608)
General and Administration expense		(16,361)
Travel and accomodation expense		(11,528)
IT costs		(11,104)
Office expenses		(5,956)
Rent		(40,839)
Share based payments		(185,000)
Professional fees		(56,626)
Finance costs	6	(1,256)
Depreciation	6	(240)
Listing and share registery expenses		(5,880)
Impairment of exploration and evaluation expenses	11	(70,233)
Project acquisition costs	6	(3,591,472)
Foreign exchange losses		(526)
Total Expenses		**(4,554,904)**
Loss before income tax expense		**(4,554,730)**
Income tax expense	7	-
Loss after income tax expense		**(4,554,730)**
Other comprehensive income for the year, net of tax		
Foreign currency translation reserve	14	2,594
Total comprehensive income for the year attributable to the owners of Far East Gold Ltd		**(4,552,136)**

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying Notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the period ended 30 June 2021

	Notes	Consolidated 2021
		$
Current assets		
Cash and cash equivalents	8	2,709,933
Trade and other receivables	9	16,822
Other assets	12	25,837
Total current assets		**2,752,592**
Non-current assets		
Property, plant and equipment	10	5,450
Exploration and evaluation assets	11	-
Other assets	12	3,846
Total non-current assets		**9,296**
Total assets		**2,761,888**
Current liabilities		
Trade and other payables	13	248,706
Total current liabilities		**248,706**
Total liabilities		**248,706**
Net assets		**2,513,182**
Equity		
Issued Capital	15	6,880,318
Reserves	14	187,594
Accumulated losses		(4,554,730)
Total equity		**2,513,182**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying Notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2021

Consolidated	Contributed equity	Reserves	Foreign currency translation	Accumulated losses	Total equity
CURRENT PERIOD					
Opening balance 20 March 2020	-	-	-	-	-
Loss for the reporting period	-	-	-	(4,554,730)	(4,554,730)
Other comprehensive income	-	-	2,594	-	2,594
Total comprehensive income for the reporting period	-	-	**2,594**	**(4,554,730)**	**(4,552,136)**
Transactions with owners:					-
Issue of shares	6,880,318	-	-	-	6,880,318
Share-based payments	-	185,000	-	-	185,000
Balance as at 30 June 2021	**6,880,318**	**185,000**	**2,594**	**(4,554,730)**	**2,513,182**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying Notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period 20 March 2020 to 30 June 2021

	Notes	Consolidated 2021
		$
Cash flows from operating activities		
Cash payments for project acquisition costs		(3,399,470)
Cash Payments to other suppliers and employees		(740,473)
Cash receipts from other operating activities		3,566
Interest received		174
Net cash used in operating activities	25	**(4,136,203)**
Cash flows from investing activities		
Exploration and evaluation expenditure		(38,596)
Net cash used in investing activities		**(38,596)**
Cash flow from financing activities		
Proceeds from issue of share capital	15	6,880,318
Net cash from financing activities		**6,880,318**
Net increase in cash and cash equivalents		**2,705,519**
Cash and cash equivalents		
Net increase in cash for the period		2,705,519
Effects of exchange rate changes on cash and cash equivalents		4,414
Cash and cash equivalents at the end of the reporting period	8	**2,709,933**

The above Consolidated Statement of Cash Flow should be read in conjunction with the accompanying Notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Reporting entity

The financial statements cover Far East Gold Ltd as a consolidated entity consisting of Far East Gold Ltd and the entities it controlled at the end of, or during, the reporting period. The Company was incorporated on 20 March 2020 and the Financial Statements represent 15 months to the period ended 30 June 2021.

This is the first financial report for Far East Gold Ltd and covers the 16-month period since inception of the Company and, as such, no comparatives are provided.

The financial statements are presented in Australian dollars, which is Far East Gold Ltd's functional and presentation currency.

Far East Gold Ltd is a non-listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 54
111 Eagle Street
Brisbane Qld 4000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were approved by the Directors on 10 November 2021.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below.

New or amended Accounting Standards and interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. None of the new standards and amendments to standards affected any of the amounts recognised in the current period.

Going concern

The consolidated financial statements have been prepared on a going concern basis, which contemplates the realisation of assets and settlement of liabilities in the ordinary course of business.

For the period ended 30 June 2021 the Group incurred a loss of $4,554,730 before income tax and net cash outflows from operating activities of $4,136,203. As at 30 June 2021 the Group had net current assets of $2,503,886 and total net assets of $2,513,182. Cash and cash equivalents as at 30 June 2021 amounted to $2,709,933.

The Directors have prepared cash flow projections that support the ability of the Group to continue as a going concern. The cash flow projections assume the Group continues substantial exploration activities which will require additional funding from an initial public offering or alternative capital raisings, that are yet to be secured at the date of this report. If such funding is not secured, the Group plans to reduce expenditure to the level of funding available.

Since the end of the financial year, the Group has progressed towards an initial public offering (IPO) with approval of the Group's Application for In-Principle Advice to the ASX for suitability of an ASX listing, subject to certain administrative details being provided. The Group has also appointed the independent accountant, legal and geological experts in preparation for the Group's IPO.

These conditions give rise to a material uncertainty that may cast significant doubt upon the ability to continue as a going concern. The ongoing operation of the Group is dependent upon the Group raising additional funding from the initial public offering, existing shareholders or other parties and/or the Group reducing expenditure in-line with available funding.

In the event that the Group does not obtain additional funding and/or reduce expenditure in line with available funding, it may not be able to continue its operations as a going concern and therefore may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the consolidated financial statements.

Note 2. Significant accounting policies (continued)

Basis of preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These consolidated financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

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

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

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Far East Gold Ltd ('company' or 'parent entity') as at 30 June 2021 and the results of all subsidiaries for the period then ended. Far East Gold Ltd and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control commences until the date on which control ceases.

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

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

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

Current and non-current classification

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

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

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

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

Note 2. Significant accounting policies (continued)

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, the asset is impaired.

Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Impairment of financial assets
The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are measured at amortised cost. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

Leases

For any new contracts entered into, the consolidated entity considers whether a contract is, or contains a lease. A lease is defined as ‘a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration’. To apply this definition the consolidated entity assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the consolidated entity;
- the consolidated entity has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract;
- the consolidated entity has the right to direct the use of the identified asset throughout the period of use.

At lease commencement date, the consolidated entity recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which comprises the initial measurement of the lease liability, any initial direct costs incurred by the consolidated entity, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The consolidated entity depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The consolidated entity also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the consolidated entity measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the consolidated entity's incremental borrowing rate.

Note 2. Significant accounting policies (continued)

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

The consolidated entity has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Restoration, rehabilitation and environmental expenditure

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. The provision for site restoration is determined by discounting the expected future costs, those costs include the dismantling and removal of mining plant, equipment and building structure, waste removal, and rehabilitation of the site in accordance with clauses of mining permits.

Estimates of future costs are reassessed at least annually. Changes in estimates relating to areas of interest in the exploration and evaluation phase are recognised prospectively.

Restoration from exploration drilling is carried out at the time of drilling and accordingly no provision is required.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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

Goods and Services Tax ('GST')

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

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

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

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

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the reporting period ended 30 June 2021. The consolidated entity has carried out a preliminary assessment of the impact of these new and amended Accounting Standards and Interpretations, and determined that they are unlikely to have a material impact on the consolidated entity's financial statements in the period of initial application.

Note 3. Critical accounting judgements, estimates and assumptions

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

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

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

Impairment of plant and equipment
The consolidated entity assesses impairment of plant and equipment at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined.

Exploration and evaluation costs
Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. The consolidated entity also capitalises costs for Earn in agreements if it is probable that the earn in conditions will be met. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made (in accordance with AASB 6).

Significant judgements and assumptions were required in making an estimate of the fair value less costs of disposal of the Exploration works in progress associated with Mount Clark West, Hill 212 and the Indonesian tenements. The estimated fair value less costs of disposal was determined based on AASB 6 (refer Note 11).

Note 4. Operating segments

Identification of reportable operating segments
The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the parent entity's Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The consolidated entity is managed primarily on a geographic basis that is the location of the respective areas of interest (tenements) in Australia and Indonesia. Operating segments are determined on the basis of financial information reported to the Board which is at the consolidated entity level as well as the geographic level.

The consolidated entity does not have any products/services it derives revenue from.

Management currently identifies the consolidated entity as having two operating segments, being exploration and development of mine projects in Australia and exploration and development of mine projects in Indonesia. All significant operating decisions are based upon analysis of the consolidated entity as two segments.

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

Segment information provided to CODM

	Reportable Segment			
	Australia	Indonesia	Corporate Costs	Total
2021	$	$	$	$
Segment revenue	174	-	-	**174**
EBITDA	(239,536)	(4,143,513)	(99,952)	**(4,483,001)**
Depreciation, amortisation and impairement	(70,233)	(240)	-	**(70,473)**
Finance costs	-	-	(1,256)	**(1,256)**
Segment loss before income tax	(309,769)	(4,143,753)	(101,208)	**(4,554,730)**

Note 4. Operating segments (continued)

Location of revenue, assets and liabilities

	Reportable Segment			
	Australia	Indonesia	Corporate Assets / (Liabilities)	Total
2021	$	$	$	$
Revenue	174	-	-	**174**
Non-current assets (plant and equipment; security deposit)	-	9,296	-	**9,296**
Segment Assets		45,689	2,716,198	**2,761,887**
Segment Liabilities	(47,780)	(109,740)	(91,186)	**(248,706)**

Note 5. Revenue

Accounting policy for revenue recognition

The consolidated entity recognises revenue as follows:

Interest

Interest is recognised as it is earned.

Other revenue

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

The Company has not generated revenue as the principal activity consisted of mineral exploration and evaluation.

Note 6. Expenses

Loss before income tax includes the following specific items:

	Consolidated
	2021 $
Loss before income tax inludes the following specific expenses	
Employee benefits	
Wages and salaries	110,644
Pension Plan in Indonesia	6,243
Other employee benefits expense	18,721
Total employee benefits expense	135,608
Project acquistion costs	
Acquisition Trenggalek	1,532,072
Acquisition Wonogiri	986,445
Acquisition Woyla	1,014,578
Acquisition Hill 212	58,377
Total project acquistion costs	3,591,472
Depreciation	
- Property, plant and equipment	240
Total depreciation	240
Finance costs	
Bank fees	1,256
Total finance costs	1,256

Note 7. Income tax expense

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

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

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

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

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

The table below shows the recognised and unrecognised non-current tax balances. The amounts are subject to finalisation on lodgement of income tax returns with the Australian Tax Office. The benefit of tax losses will be realised in a future period where there is sufficient taxable income and the Company continues to comply with the relevant legislation to carry such losses forward.

	Consolidated 2021 $
Currrent tax expense	-
Deferred tax expense	-
Income tax expense	**-**
Numerical reconciliation of income tax expense to prima facie tax payable:	
Loss before tax	4,554,730
Prima facie income tax benefit at the Australian rate of 26%	(1,184,230)
Decrease in income tax benefit due to:	
- non-deductible expenses	983,411
- difference in tax rates	9,744
- effect of DTA for tax losses not brought to account	191,075
Income tax expense/(benefit)	**-**
Unrecognised deferred tax assets	-
Tax losses	191,075
Change in tax rate from 26% to 25%	(5,288)
	185,787

Note 8. Cash and cash equivalents

	Consolidated 2021 $
Cash on hand	167
Cash in bank	2,709,766
Net book amount at 30 June 2021	2,709,933

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

Note 9. Trade and other receivables

	Consolidated 2021 $
Receivables	
- GST	7,504
- Other receivables	9,318
Net book amount at 30 June 2021	16,822

Note 10. Property, plant & equipment

	Consolidated 2021 $
Plant and equipment at cost	5,688
Less accumulated depreciation	(238)
Net book amount at 30 June 2021	5,450

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial period are set out below.

	Consolidated 2021 $
Opening Balance 20 March 2020	-
Additions	5,688
Depreciation expense	(238)
Net book amount at 30 June 2021	5,450

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

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

Plant and equipment 15 – 40% per annum

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 11. Exploration and evaluation assets

The reconciliation of the written down value for the reporting period is set out below:

	Consolidated 2021 $
Opening Balance 20 March 2020	-
Additions	
- Mount Clark West	10,367
- Hill 212	57,063
- PT Far East Minerals Indonesia	2,803
Gross exploration and evaluation assets	70,233
Impairment of assets	(70,233)
Balance at 30 June 2021	-

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent upon successful development and commercial exploitation or sale of the respective areas of interest.

Accounting policy for exploration and evaluation assets
Exploration and evaluation expenditure, including the costs of acquiring licences, are capitalised as intangible exploration and evaluation assets on an area of interest basis, less any impairment losses. Costs incurred before the consolidated entity has obtained the legal rights to explore an area are recognised in profit or loss.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability and facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

As the acquisition of projects for which exploration and evaluation assets were recognised during the current period have not yet occurred as at period end, all amounts in relation to these projects were subsequently impaired.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to developing mine properties.

Note 12. Other assets

	Consolidated 2021 $
Security deposits	3,846
Prepayments	25,837
Net book amount at 30 June 2021	29,683

Note 13. Trade and other payables

	Consolidated 2021 $
Trade payables	163,002
Accruals	83,776
PAYG tax payable	1,928
Net book amount at 30 June 2021	248,706

Accounting policy for trade and other payables

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

Note 14. Reserves

	Consolidated 2021 $
Opening balance 20 March 2020	-
Valuation of share based payments	185,000
Foreign currency translation reserve	2,594
Closing balance 30 June 2021	187,594

Nature and purpose of reserves

Share Based Payments Reserve

The share-based payments reserve is used to recognise the grant date fair value of performance rights issued but not exercised separately within equity.

The consolidated entity has granted performance rights, being rights to acquired shares at IPO in exchange for services, to Board members and the Indonesian Country manager.

Performance rights are granted each month in accordance with the service contracts with each Board member and the Indonesian Country manager. Each grantee is granted performance rights to the value of the monthly service value as set out in the service contract. The performance rights vest immediately on grant as there are no other vesting conditions. The performance rights may only be exercised on IPO of the company and will be issued a quantity of shares equal to the value of the issued performance rights at the IPO share issue price. There are no other conditions attached to the performance rights.

The fair value of the performance rights granted is measured at the grant date and recognised immediately as the performance rights vest immediately. The fair value of the performance rights is measured at each grant date taking into account the terms and conditions upon which the performance rights were granted.

Set out below is the value of performance rights issued, weight average fair value of the rights and the fair value of the rights issued for the period.

Exercisable value of performance rights issued	Weighted-average Fair value of performance righst issued	Fair value of performance rights issued
$	$	$
364,000	0.508	185,000

Foreign Currency Translation Reserve (FCTR)

The FCTR comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Note 15. Equity – Issued Capital

	2021 Shares	2021 $
Ordinary Shares - fully paid	98,084,710	$ 6,948,471

Movements in ordinary share capital

Details		Date	Shares	Issue Price	$
Balance at beginning of the period		20 March 2020	-	-	-
Shares issued during the period -	ordinary shares	March to August 2020	15,000,000	$ 0.002	$ 30,000
	ordinary shares		27,800,000	$ 0.05	$ 1,390,000
	ordinary shares		55,284,710	$ 0.10	$ 5,528,471
Less capital raising costs					($68,153)
Balance at the end of the period 30 June 2021			**98,084,710**		**$ 6,880,318**

Ordinary Shares

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

Share buy-back

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

Note 16. Equity Dividends

There were no dividends paid, recommended, or declared during the current reporting period.

Note 17. Financial Instruments

Financial risk management objectives

Risk management is carried out under policies set by the board of directors. The board provides principles for overall risk management, as well as policies covering specific areas.

The board monitors and manages the financial risk relating to the operations of the consolidated entity. The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purpose.

Market Risk

Foreign currency risk

The consolidated entity does not currently have any significant exposure to foreign currency risk as the consolidated entity does not currently have control of the Indonesian projects. The majority of the transactions for the period were denominated in Australian dollars.

Price risk

The consolidated entity does not currently have any significant exposure to price risk.

Interest rate risk

The consolidated entity does not currently have any significant exposure to interest rate risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

Generally, trade receivables are impaired when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk

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

The consolidated entity manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

The carrying value of financial assets and liabilities approximate fair value due to their nature.

Note 18. Remuneration of auditors

During the reporting period, the following fees were paid or payable for services provided by KPMG, the auditor of the Company.

	2021 $
Audit services – KPMG	
Audit of the financial statements	40,000
Other services – Related practices of KPMG	
Corporate advisory services	-

Note 19. Contingencies

Native title claims

The consolidated entity does not believe it has any contingent liability arising from any possible Native title claims.

Note 20. Commitments

The following are the consolidated entity's commitments at reporting date.

- Woyla Copper Gold Project acquisition – either issue $3,000,000 in shares at a price of no less than 20c per share upon the Company listing on ASX or another selected securities exchange or spend $4,000,000 earn in expenditure on the project before 10 June 2023 whichever occurs first.
- Trenggalek Copper Gold Project acquisition - make a further vendor payment of $1,150,000 and pay out project liabilities of up to $400,000
- Wonogiri Copper Gold Project acquisition - if the Company lists on the ASX or another selected securities exchange by 26 April 2022 with at least $6,000,000 raised make vendors payments totalling $225,250 and issuing shares to the vendors of $7,500,000 at the IPO share price.
- Hill 212 Gold Project Earn In agreement:
    - o spend $250,000 before 1 November 2022 and commit to the phase 2 commitment;
    - o spend $250,000 before 1 November 2023 and committing to phase 3 commitment; and
    - o spend $2,200,000 before 1 November 2024 and committing to fund Pre-Feasibility Study.

Note 20. Commitments (continued)

- Mount Clark West Copper Gold Project Earn In agreement:
  - spend $185,000 before 1 November 2022 and commit to the phase 2 commitment;
  - spend $225,000 before 1 November 2023 and committing to phase 3 commitment; and
  - spend $590,000 before 1 November 2024 and committing to fund Pre-Feasibility Study.

Note 21. Related party transactions

Since incorporation, the company has acquired interests in related parties which are discussed in detail in the Directors' report above.

Key Management Personnel

Compensation of the consolidated entity's key management personnel include consulting fees, non-cash benefits (share based payments) and bonuses. The share based payments are only redeemable in shares upon achieving IPO.

Key Management Personnel

AUD$	Reporting period ending 30 June 2021
Salary/consulting fees	$244,930
Bonus	$ 30,000
Share based payments accumulated in Reserves	$185,000
	$459,930

Consulting fees are paid to certain key management personnel in their role as key management personnel. Included in consulting fees is $125,930 fees paid to key management personnel controlled entity. As at 30 June 2021, $12,500 inclusive of GST was payable to key management personnel.

There were no loans owing by key management personnel of the consolidated entity, including their close family members and entities related to them, during the reporting period ended 30 June 2021. There were no other transactions with key management personnel, including their close family members and entities related to them, during the reporting period ended 30 June 2021.

All balances with the related parties are priced on an arm's length basis and are to be settled in cash. None of the balances are secured. To fund the consolidated entities commitments, an IPO is being proposed. Due to the uncertainty of obtaining funding and the consolidated entities ability to meet commitments without IPO, the interests in related parties have been deemed to have a carrying value greater than recoverable amount and have been impaired. No expense has been recognised in the current year for bad or doubtful debts in respect of amounts owed by related parties, however impairment for all loans provided by the company were taken due to the potential inability for the entities to repay their debts based on their equity position (loans to related parties).

Note 22. Group entities

The consolidated financial statements for the consolidated entity incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1.

Parent entity		
Far East Gold Ltd	100% owned	Principal place of business – Australia
Subsidiaries		
Far East Gold (MCW) Ltd	100% owned	Principal place of business – Australia
PT Far East Minerals Indonesia	100% owned	Principal place of business – Indonesia

Note 23. Parent entity

Set out below is the supplementary information with respect to the parent entity (Far East Gold Ltd).

Statement of profit or loss and other comprehensive income

For the period 20 March 2020 to 30 June 2021

	Parent 2021 $
Loss after income tax	(4,666,273)
Total comprehensive income	**(4,666,273)**

Statement of financial position

For the period ended 30 June 2021

	Parent 2021 $
Total current assets	2,706,903
Total assets	**2,706,903**
Total current liabilities	307,858
Total liabilities	**307,858**
Net assets	**2,399,045**
Equity	
Issued Capital	6,880,318
Reserves	185,000
Accumulated losses	(4,666,273)
Total equity	**2,399,045**

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries;
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2021.

Contingent liabilities
The parent entity believes it has no contingent liabilities as at 30 June 2021.

Note 24. Events after the reporting date

Matters subsequent to the end of the reporting period are discussed in the Directors report above.

The following outlines significant matters that have occurred after the end of financial year:

- The Mining licence (operation and production) for the Trenggalek Copper Gold Project which had been granted 24 June 2019 was formally issued to the consolidated entity
- 7,688 hectares of land within the Woyla Copper Gold Project tenement had its forestry designation changed thereby opening the path for drilling and advanced exploration to progress for the first time
- The application to renew and extend the exploration permit for the Hill 212 tenement was lodged with the Queensland Government's Department of Resources
- The application to use government owned land for advanced exploration activities within the Trenggalek Copper Gold Project tenement was lodged with the East Java provincial government.
- Consultants have been appointed and the application process commenced with the Indonesian central government to obtain the environmental permit required to upgrade the Wonogiri project's current exploration mining licence to an operation and production mining licence.

Note 24. Events after the reporting date (continued)

- Negotiations have commenced and are well progressed with the vendors of the Hill 212 Gold Project and Mount Clark West Copper Gold Project for the consolidated entity to acquire up to 90% of the Blue Grass Creek Gold Project by way of a new Earn In agreement and convert the existing Earn In agreement into two separate "up-front farm in agreements" whereby the consolidated entity would receive 90% interest in these tenements up front.
- Solicitors, Independent Accountants and Independent Geologists have been appointed for the purposes of progressing towards an IPO of the Company
- The ASX In-Principle Advice Application for suitability of the Company for listing on the ASX was lodged on 12 August 2021. The application was considered by the ASX listing committee and approval was received from them on 17 September 2021 on the basis of some straightforward clarifications and administrative details being provided.

Other than the matters noted above, there has not arisen in the interval between the end of the financial year and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

Note 25. Cashflow information

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

	Consolidated
	2021
	$
Loss after income tax expense for the year	(4,554,730)
Adjustments for:	
Depreciation	240
Share based payments	185,000
Impairment expense	70,233
Change in operating assets and liabilities:	
Decrease/(increase) in trade and other receivables	(42,659)
Increase/(decrease) in trade and other payables	205,713
Net cash used in operating activities	**(4,136,203)**

DIRECTORS' DECLARATION

1 In the opinion of the directors of Far East Gold Ltd ('the Company'):

(a) the consolidated financial statements and notes that are set out on pages 10 to 28 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 period ended on that date; and

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

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

2 The directors draw attention to Note 2 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors.

Paul Walker
Chairman

Dated at Brisbane on 10th day of November 2021.

Independent Auditor's Report

To the shareholders of Far East Gold Ltd

Opinion

We have audited the ***Financial Report*** of Far East Gold Ltd and its controlled entities (the Group).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

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

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2021;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the period then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the period-end or from time to time during the financial period.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 *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 fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

Other Information is financial and non-financial information in Far East Gold Ltd's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report, we have nothing to report.

Material uncertainty related to going concern

We draw attention to Note 2 "Going Concern" in the financial report. The conditions disclosed in Note 2 indicate 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 realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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. They 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.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our Auditor's Report.

KPMG

KPMG

M J Jeffery
Partner

Brisbane
10 November 2021