FAR EAST GOLD LTD

ACN 639 887 219

INTERIM FINANCIAL REPORT

For the reporting period ended 31 December 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 half-year reporting period ended 31 December 2021 (the Group).

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

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.

Operating and financial review

The loss for the consolidated entity for the reporting period amounted to $2,458,502 (compared to prior HY 21 loss $792,201). The consolidated loss includes significant expenses for project acquisition costs, share based payments, options, performance rights and consulting costs.

Woyla Copper Gold Project

The Woyla project operates under a 6th Generation Contract of Works. The Contract of Works remains in voluntary suspension until 15 May 2022 whilst the Company focuses on obtaining the necessary environmental and land use permits to enable advanced exploration activities to occur.

Trenggalek Copper Gold Project

On 9 December 2021 the Company and the vendors agreed to amend the Conditional Share Purchase Agreement to pay a further advance of $50,000 to the vendors, which correspondingly reduced the balance payable upon completion and in response to new Indonesian mining regulations to adjust the timing of the share transfers to facilitate the dual share class structure and thereby enable the Company to acquire its 100% economic interest in the project.

Wonogiri Copper Gold Project

Management continues to progress the AMDAL permitting requirements for the Wonogiri Copper Gold Project.

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.

The Earn in agreement dated 15 June 2020 was terminated by mutual agreement on 4 November 2021 and three new separate Up-Front Earn In Agreements were entered between the Company and the vendors dated 1 November 2021 for the Hill 212 Gold Project, the Blue Grass Creek Gold Project and the Mount Clark West Copper Gold Project. The new agreements allow the Company to acquire and hold its 90% interest in these projects up front.

<u>Hill 212 Gold Project</u>

The new Up Front Earn In Agreement results in the Group acquiring 90% interest in the tenement. To maintain the 90% interest, the Group is required to complete three phases of expenditure on the project totaling $2,700,000 before 1 November 2024 and commit to fund a Pre-Feasibility Study.

DIRECTORS' REPORT

Operating and financial review (continued)

Mount Clark West Copper Gold Project

The new Up Front Earn In Agreement results in the Group acquiring 90% interest in the tenement. To maintain the 90% interest, the Group is required to complete three phases of expenditure on the project totaling $1,000,000 before 1 November 2024 and commit to fund a Pre-Feasibility Study.

Blue Grass Creek

The new Up Front Earn In Agreement results in the Group acquiring 90% interest in the tenement. To maintain the 90% interest, the Group is required to complete three phases of expenditure on the project totaling $988,000 before 1 November 2024 and commit to fund a Pre-Feasibility Study.

Coronavirus (COVID-19) impacts

Coronavirus (COVID-19) was declared a world-wide pandemic by the World Health Organisation in March 2020. 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 remain in place at reporting date.

Events after the reporting date

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

- A refresh prospectus was lodged with ASIC on 16 February 2022.
- Applications for shares in the Company's IPO remained open until 16 March 2022 with the target date for listing set for 24 March 2022.
- The ASX Listing Committee met on 4 March 2022 and approved the Company's admission to the ASX subject to its usual conditions (ie spread and minimum raise, founder/vendor escrow periods).
- As at 16 March 2022, the number of applications for shares under the IPO was 531 totalling $11,898,500 being above both the minimum spread requirement of 300 shareholders and the minimum raise amount set by the Company in its prospectus of $8,000,000.

The report is made in accordance with a resolution of directors.

On behalf of the Directors

Paul Walker
Chairman

21 March 2022
Brisbane

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the reporting period ended 31 December 2021

	Notes	Period Ended 31 December 2021	Period Ended 31 December 2020
		$	
Revenue			
Interest Income		-	1
Expenses			
Consulting costs		(298,795)	(145,651)
Geology and feasibility expense		(63,800)	(6,460)
Share based payments, Options and Performance Rights	8	(679,059)	(51,800)
Professional fees		(64,615)	-
Finance costs		(6,456)	(414)
Depreciation		(19,880)	-
Listing and share registry expenses		(250,863)	-
Impairment of exploration and evaluation expenses	6	(277,865)	(11,199)
Project acquisition costs		(895,713)	(566,285)
Reclamassi Refund		375,360	-
Foreign exchange losses		(6,922)	(5,596)
Other Expenses		(269,894)	(4,797)
Total Expenses		**(2,458,502)**	**(792,202)**
Loss before income tax expense		**(2,458,502)**	**(792,201)**
Income tax expense		-	-
Loss after income tax expense		**(2,458,502)**	**(792,201)**
Other comprehensive income, net of tax			
Foreign currency translation reserve	8	(16,104)	-
Total comprehensive income attributable to the owners of Far East Gold Ltd		**(2,474,606)**	**(792,201)**

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the reporting period ended 31 December 2021

	Notes	Consolidated 31 December 2021	Restated * Consolidated 30 June 2021
		$	$
Current assets			
Cash and cash equivalents		662,620	2,709,933
Trade and other receivables	4	36,585	16,822
Other assets	5	310,826	25,837
Total current assets		**1,010,031**	**2,752,592**
Non-current assets			
Property, plant and equipment		10,991	5,450
Exploration and evaluation assets	6	-	-
Right of use asset		83,203	102,403
Other assets		2,126	3,846
Total non-current assets		**96,320**	**111,699**
Total assets		**1,106,351**	**2,864,291**
Current liabilities			
Trade and other payables	7	297,130	248,706
Lease liability		41,683	32,591
Total current liabilities		**338,813**	**281,297**
Non-current liabilities			
Lease liability		51,348	71,257
Total non-current liabilities		**51,348**	**71,257**
Total liabilities		**390,161**	**352,554**
Net assets		**716,190**	**2,511,737**
Equity			
Issued Capital		6,880,318	6,880,318
Reserves	8	850,454	187,499
Accumulated losses		(7,014,582)	(4,556,080)
Total equity		**716,190**	**2,511,737**

* Refer to Note 10.

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the reporting period ended 31 December 2021

Consolidated	Contributed equity	Share Based Payments reserve	Foreign currency translation reserve	Accumulated losses	Total equity
31 December 2021	$	$	$	$	$
Balance as at 1 July 2021 (Restated*)	6,880,318	185,000	2,499	(4,556,080)	2,511,737
Loss for the reporting period	-	-	-	(2,458,502)	(2,458,502)
Other comprehensive income	-	-	(16,104)	-	(16,104)
Total comprehensive income for the reporting period	-	-	(16,104)	(2,458,502)	**(2,474,606)**
Transactions with owners:					
Share-based payments	-	679,059	-	-	679,059
Balance as at 31 December 2021	**6,880,318**	**864,059**	**(13,605)**	**(7,014,582)**	**(716,190)**
31 December 2020	$	$	$	$	$
Balance as at 1 July 2020	5,104,106	-	-	(44,774)	5,059,332
Loss for the reporting period	-	-	-	(792,201)	(792,201)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the reporting period	**-**	**-**	**-**	**(792,201)**	**(792,201)**
Transactions with owners:					
Share-based payments	-	51,800	-	-	51,800
Balance as at 31 December 2020	**5,104,106**	**51,800**	**-**	**(836,975)**	**4,318,931**

* Refer to Note 10.

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the reporting period ended 31 December 2021

	Notes	Period Ended 31 December 2021	Period Ended 31 December 2020
		$	$
Cash flows from operating activities			
Cash payments for project acquisition costs		(640,331)	(513,512)
Cash Payments to other suppliers and employees		(1,097,014)	(144,578)
Cash receipts from other operating activities		25,092	(721)
Interest received		-	-
Net cash used in operating activities		**(1,712,253)**	**(658,811)**
Cash flows from investing activities			
Exploration and evaluation expenditure		(315,746)	(8,999)
Net cash used in investing activities		**(315,746)**	**(8,999)**
Cash flow from financing activities			
Repayment of lease liabilities		(19,314)	-
Proceeds from issue of share capital		-	4,653,074
Net cash (used in)/from financing activities		**(19,314)**	**4,653,074**
Net (decrease)/increase in cash and cash equivalents		**(2,047,314)**	**3,985,264**
Cash and cash equivalents			
Cash and cash equivalents at the beginning of the reporting period		2,709,933	124,364
Net (decrease)/increase in cash for the period		(2,047,314)	3,985,264
Effects of exchange rate changes on cash and cash equivalents		-	(2,613)
Cash and cash equivalents at the end of the reporting period		**662,620**	**4,107,015**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Basis of preparation

This condensed consolidated interim financial report is for the half-year reporting period ended 31 December 2021. This report has been prepared in accordance with Accounting Standard *AASB 134 Interim Financial Reporting*. These consolidated financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The financial information provided does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the period ended 30 June 2021. The accounting policies adopted in this interim financial report are the same as those applied in the previous financial year and corresponding interim reporting period.

The financial statements were approved by the Directors on 21 March 2022.

Note 2. Significant accounting policies

The same accounting policies and methods of computation have been followed in this interim financial report as applied in the most recent annual financial report.

The Group has considered the implications of new and amended accounting standards and determined that their application to the financial statements is either not relevant or the impact of adoption will not be material.

Going concern

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

For the period ended 31 December 2021, the Group incurred a loss of $2,458,502 before income tax and net cash outflows from operating activities of $1,712,253. As at 31 December 2021, the Group had net current assets of $671,218 and total net assets of $716,190. Cash and cash equivalents as at 31 December 2021 amounted to $662,620.

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 will incur cash outflows on exploration activities which will require funding from an initial public offering.

Since the end of the financial year, the Group has progressed towards an initial public offering (IPO). At the date of signing, the Company had raised $11,898,500 which provides sufficient cash funding to support future E&E activities. As at 16 March 2022, the IPO closed and there is no opportunity for investors to withdraw their funds under the IPO. All the steps to listing that the ASX require the Company to undertake will be administrative and effectively not subject to ASX discretion.

However, until such time as the funds from the IPO have been secured and received by the Group, there is a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern. The ongoing operation of the Group is dependent upon the Group securing the funding from the initial public offering and/or the Group reducing expenditure in-line with available funding.

Consequently, the Group 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 condensed consolidated financial statements

Note 3. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

'EBITDA' represents earnings before income tax, depreciation and amortisation. This is a key measure used by the CODM.

Segment information provided to CODM

	Reportable Segment			
	Australia	Indonesia	Corporate Costs	Total
Period Ending 31 December 2021	$	$	$	$
Segment revenue	-	-	-	**-**
EBITDA	(844,136)	(1,258,529)	(329,501)	**(2,432,166)**
Depreciation and amortisation	-	(19,880)	-	**(19,880)**
Finance costs	-	-	(6,456)	**(6,456)**
Segment loss before income tax	(844,136)	(1,278,409)	(335,957)	**(2,458,502)**

	Reportable Segment			
	Australia	Indonesia	Corporate Costs	Total
Period Ending 31 December 2020	$	$	$	$
Segment revenue	1	-	-	**1**
EBITDA	(74,063)	(715,328)	(2,396)	**(791,787)**
Depreciation and amortisation	-	-	-	**-**
Finance costs	-	-	(414)	**(414)**
Segment loss before income tax	(74,063)	(715,328)	(2,810)	**(792,201)**

Location of revenue, assets and liabilities

	Reportable Segment			
	Australia	Indonesia	Corporate Assets / (Liabilities)	Total
Period Ending 31 December 2021	$	$	$	$
Revenue	-	-	-	**-**
Non-current assets (plant and equipment; security deposit)	2,461	93,859	-	**96,320**
Segment Assets	959,009	147,342	-	**1,106,351**
Segment Liabilities	289,497	100,663	-	**390,161**

	Reportable Segment			
	Australia	Indonesia	Corporate Assets / (Liabilities)	Total
Period Ending 31 December 2020	$	$	$	$
Revenue	1	-	-	**1**
Non-current assets (plant and equipment; security deposit)	3,657	-	-	**3,657**
Segment Assets	4,114,152	238,046	-	**4,352,198**
Segment Liabilities	23,422	9,845	-	**33,267**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 4. Trade and other receivables

	Consolidated 31 December 2021 $	Consolidated 30 June 2021 $
Receivables		
- GST	33,284	7,504
- Other receivables	3,301	9,318
Net book amount	36,585	16,822

Note 5. Other assets

	Consolidated 31 December 2021 $	Consolidated 30 June 2021 $
Prepayments	31,891	25,837
IPO Listing Prepayments	278,935	-
Net book amount	310,826	25,837

Note 6. Exploration and evaluation assets

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

	Consolidated 31 December 2021 $
Opening Balance 1 July 2021	-
Additions	
- Mount Clark West	33,859
- Hill 212	239,006
- Blue Grass Creek	5,000
Gross exploration and evaluation assets	277,865
Impairment of assets	(277,865)
Balance at 31 December 2021	-

	Consolidated 30 June 2021 $
Opening Balance 1 July 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 7. Trade and other payables

	Consolidated	Consolidated
	31 December 2021 $	30 June 2021 $
Trade payables	245,274	163,002
Accruals	46,275	83,777
PAYG tax payable	5,581	1,927
Net book amount	297,130	248,706

Note 8. Reserves

	Consolidated	Consolidated
	31 December 2021 $	30 June 2021 $
Opening balance	(187,499)	-
Valuation of share based payments, Options and Performance Rights	(679,059)	(185,000)
Foreign currency translation reserve	16,104	(2,499)
Closing balance at reporting period	(850,454)	(187,499)

Nature and purpose of reserves
Share Based Payments Reserve
The share-based payments reserve is used to recognise the accumulated share based payments expense for the Group separately within equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Set out below is the number of performance rights and options granted, fair value of the securities granted and the share-based payments expense recognised for the period.

1 July 2021 - 31 Dec 2021

Performance rights issued		Number of securities granted	Fair Value of securities granted	Fair value of Share based expenses for the period
			$	$
Share Based Payments	(i)	585,000	0.200	117,000
Options	(ii)	12,000,000	0.045	539,657
Performance rights Tranche 1	(iii)	2,000,000	0.100	12,048
Performance rights Tranche 2	(iv)	800,000	0.582	6,863
Performance rights Tranche 3	(v)	1,200,000	0.100	3,491
				679,059

(i) The consolidated entity has granted further performance rights, being rights to acquire shares at IPO in exchange for services, to Board members and the Indonesian Country manager on similar terms to those in the prior period.

(ii) The consolidated entity has granted Options to Board members, the Indonesian Country manager and the Investor Relations manager. Each Option may be exercised on or before 31 December 2024 into one Share at an exercise price of $0.25.

The consolidated entity has granted performance rights to certain Board members. On meeting the vesting conditions the performance rights are converted to Shares. The Board members must be serving at the time the rights vest. The rights expire on 31 December 2024. The following vesting conditions apply:

(iii) There are 3 performance conditions; Define a new JORC Mineral Resource Estimate; Increase the overall JORC Mineral Resource Estimate across all projects by a minimum increase of 0.5Moz AuEq and Transition to a mining license for either the Woyla or Wonogiri projects. If 1 of these conditions is met 50% of these right performance rights will vest. If 2 of these conditions are met 100% of these right performance rights will vest.

(iv) The Share prices increases of 100% above list price based on 20 day Volume-Weighted Average Price.

(v) Environment, social, governance, health and safety objectives are met. These are measured and vest equally over 3 years. Each year there is 100% allocation if no breach, 67% allocation if there is one breach, 33% allocation if there are two breaches and no allocation if there are more than two breaches.

Foreign Currency Translation Reserve (FCTR)
The FCTR comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Note 9. Events after the reporting date

The following outlines significant matters that have occurred after the end of the half-year period ended 31 December 2021:

- A refresh prospectus was lodged with ASIC on 16 February 2022.
- Applications for shares in the Company's IPO remained open until 16 March 2022 with the target date for listing set for 24 March 2022.
- The ASX Listing Committee met on 4 March 2022 and approved the Company's admission to the ASX subject to its usual conditions (ie spread and minimum raise, founder/vendor escrow periods).
- As at 16 March 2022 the number of applications for shares under the IPO was 531 totalling $11,898,500 being above both the minimum spread requirement of 300 shareholders and the minimum raise amount set by the Company in its prospectus of $8,000,000.

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 effect 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 10. Comparative Figures

During the first half of the current fiscal year, the Group identified a lease in the Indonesian subsidiary that is required to be accounted for under AASB 16 *Leases*.

The Group have restated the comparative figures to reflect the lease accounting. The impact of the affected financial statement line items is as follows:

	Previously Reported	Adjustment	Restated
ROU Asset	-	102,403	102,403
Total non-current assets	9,296	102,403	111,699
Total assets	2,761,888	102,403	2,864,291
Lease liability	-	(32,591)	(32,591)
Total current liabilities	(248,706)	(32,591)	(281,297)
Lease liability	-	(71,257)	(71,257)
Total non-current liabilities	-	(71,257)	(71,257)
Total liabilities	(248,706)	(103,848)	(352,554)
Net assets	2,513,182	(1,445)	2,511,737
FCTR	2,594	(95)	2,499
Total equity	(2,513,182)	1,445	(2,511,737)

DIRECTORS' DECLARATION

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

(a) the condensed consolidated financial statements and notes that are set out on pages 4 to 13:

(i) present fairly, in all material respects, the consolidated entity's financial position as at 31 December 2021 and of its performance for the six month period ended on that date; and

(ii) complying with Australian Accounting Standards AASB 134 *Interim Financial Reporting;* 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.

Signed in accordance with a resolution of the Directors.

Paul Walker
Chairman

Dated at Brisbane on 21st day of March 2022.

Independent Auditor's Review Report

To the Directors of Far East Gold Ltd

Report on the Interim Financial Report

Conclusion

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

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the accompanying Interim Financial Report of the Group does not present fairly, in all material respects, the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the half-year ended on that date, in accordance with *Australian Accounting Standard AASB 134 Interim Financial Reporting*.

The ***Interim Financial Report*** comprises:

- Condensed consolidated statement of financial position as at 31 December 2021;
- Condensed consolidated statement of profit or loss and other comprehensive income, Condensed consolidated statement of changes in equity and Condensed consolidated statement of cash flows for the half-year ended on that date;
- Notes 1 to 10 comprising a summary of significant accounting policies and other explanatory information.

The ***Group*** comprises Far East Gold Ltd (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

KPMG

Material uncertainty related to going concern

We draw attention to Note 2, "Going Concern" in the Interim Financial Report. The events or 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 Interim Financial Report. Our conclusion is not modified in respect of this matter.

Restriction on use and distribution

The Interim Financial Report has been prepared to assist the Directors of Far East Gold Ltd for the purpose of their due diligence in connection with an Initial Public Offering and to fulfil their ASX Conditions of Admission. As a result, the Interim Financial Report and this Auditor's Review Report may not be suitable for another purpose. Our conclusion is not modified in respect of this matter.

Our report is intended solely for the Directors of Far East Gold Ltd and should not be used by or distributed to parties other than the Directors of Far East Gold Ltd. We disclaim any assumption of responsibility for any reliance on this report, or on the Interim Financial Report to which it relates, to any person other than the Directors of Far East Gold Ltd or for any other purpose than that for which they were prepared.

Responsibilities of Management for the Interim Financial Report

Management of the Group are responsible for:

- the preparation and fair presentation of the Interim Financial Report in accordance with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and have determined that the financial reporting framework is appropriate to meet the needs of the Directors for the purpose of their due diligence in connection with an Initial Public Offering and to fulfil their ASX Conditions of Admission;
- such internal control as Management determine is necessary to enable the preparation and fair presentation of the Interim Financial Report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the Interim Financial Report does not present fairly, in all material respects, the financial position of the Group as at 31 December 2021 and of its financial performance and its cash flows for the half-year ended on that date, in accordance *Australian Accounting Standard AASB 134 Interim Financial Reporting*.

A review of an Interim Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

KPMG
Brisbane

21 March 2022