

# **Sierra Nevada Gold Inc**

**(Formerly known as Sierra Nevada Gold (USA) Inc.)**

**Annual Report - 31 December 2021**

**Sierra Nevada Gold Inc**  
**(Formerly known as Sierra Nevada Gold (USA) Inc.)**  
**Contents**  
**31 December 2021**



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The directors present the report, together with the financial statements, of the consolidated entity (referred to hereafter as the 'Consolidated Entity') consisting of Sierra Nevada Gold Inc (referred to hereafter as the 'Company' or 'parent entity') and the entity it controlled at the end of, or during, the year ended 31 December 2021.

### **Directors**

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr Peter Moore  
Mr Michael Ramsden (appointed 8 December 2021)  
Mr Robert Gray (appointed 8 December 2021)  
Dr Alan Wilson (appointed 8 December 2021)

### **Principal activities**

During the financial year the principal continuing activities of the Consolidated Entity consisted of exploration and evaluation of the Consolidated Entity's five mineral exploration projects across the state of Nevada, USA.

The Consolidated Entity also continued preparatory work for its Initial Public Offering and planned listing on the Australian Securities Exchange in April 2022.

### **Dividends**

There were no dividends paid, recommended or declared during the current or previous financial year.

### **Review of operations**

The loss for the Consolidated Entity for the year after providing for income tax amounted to \$1,124,996 (2020: loss of \$640,798).

Similarly to the prior year, that loss is driven mainly by expenditure on management and geological consulting. In addition, in the current period the Consolidated Entity has incurred additional costs for legal and consulting services in relation to its proposed Initial Public Offering (IPO) as well as audit fees.

Net assets have decreased by \$895,316 from \$7,045,573 at 31 December 2020 to \$6,150,257 at the end of the financial year (2020: increase of \$477,283 from \$6,568,290 to \$7,045,573), attributable mainly to the operating loss of \$1,124,996 as noted above.

The Consolidated Entity expended approximately \$1,061,000 on geological consulting, exploration and evaluation assets during the financial year (2020: approximately \$530,000).

The Consolidated Entity continued exploratory activities on its Nevada exploration projects, while also undertaking preparations for its proposed IPO and ASX listing.

### **Significant changes in the state of affairs**

On 18 August 2021 the Consolidated Entity issued 25,744 unsecured converting notes (Notes), at an issue price of \$A100 per note (Issue Price), raising funds of \$A2,574,400 (\$US1,894,781) before issue costs.

The key features of the converting notes are:

- Notes are unsecured;
- no interest is payable on a Note;
- the Notes' conversion date (Conversion Date), where an Offer (as defined by the Notes agreements) had been made, is the earlier of: (a) where the Company makes a public offer: (i) the date the Company confirms to noteholders it can fulfill ASX listing conditions; or (ii) if not seeking ASX listing, the date the company issues shares under the public offer); or (b) if the Offer is not a public offer: (i) the date the Offer becomes unconditional; or (ii) the date before the completion of closure of that Offer;
- Notes will automatically convert to shares on Conversion Date;
- on Conversion Date, each Note will be converted into the number of Shares equal to the Issue Price divided by 75% of the IPO offer price of the Share (Offer Conversion Price);
- If an Event of Default (as defined in the Note agreements and including a failure to complete the Public Offer by the Maturity Date) occurs, a Noteholder may elect to: (a) convert the Notes to shares at the Issue Price divided by the Offer Conversion Price; or (b) require the Company to pay the Noteholder an amount equal to the Issue Price plus 10% of the Issue Price (Redemption Amount);
- if the Notes are not converted or redeemed by 31 July 2022 (Maturity Date) the Company must pay the Redemption Amount to Noteholders within 10 business days of the Maturity Date;
- it shall be a condition of any Initial Public Offer (IPO) undertaken by the Company that any shares issued upon conversion of the Notes will be transmuted into ASX-listed securities with the same terms and conditions as those offered under the IPO.

On 23 August 2021, the Company issued 24 fully paid ordinary shares in the Company, on a pre-share split basis, at an issue price of \$2,069.87 per share, raising \$49,680.

On 6 September 2021, the Company issued 200 fully paid ordinary shares in the Company, on a pre-share split basis, at an issue price of \$900 per share, as a share-based payment.

The Company changed its name from "Sierra Nevada Gold (USA) Inc." to "Sierra Nevada Gold Inc." on 11 October 2021.

On 8 December 2021 the Company appointed Mr Michael Ramsden, Mr Robert Gray and Dr Alan Wilson as non-executive directors of the Company.

On 8 December 2021, the Company undertook a share split of its share capital on a 1 to 2,468 basis, with fractional elements rounded up to the nearest whole number. The share split was undertaken in anticipation of the proposed IPO and ASX listing.

There were no other significant changes in the state of affairs of the Consolidated Entity during the financial year.

#### **Matters subsequent to the end of the financial year**

In the period after 31 December 2021, the Company has continued with work on its Initial Public Offer (IPO) and the proposed listing of its securities on the Australian Securities Exchange (ASX). The main actions taken up to the date of this report were:

- Lodgement with the Australian Securities and Investments Commission of, and the issue of, the Prospectus for its IPO. The Prospectus is for an offer of between 20 million and 25 million CHESS Depository Interests (CDIs) over shares of common stock in the Company at an offer price of A\$0.50 per CDI to raise between A\$10 million and A\$12.5 million before costs.
- Submission to the ASX of an application for the admission of the Company to the official list of the ASX and for the quotation of the CDIs on the ASX.
- Activities in support of the above actions.

The IPO's application period closed on 21 April 2022, with the IPO having raised approximately A\$10,000,000 (approximately US\$7.4m), exclusive of costs of the IPO.

As at the date of this report the Company is completing the final stages of the IPO and finalising the completion of conditions required for its admission to ASX and for ASX quotation of its securities.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

## Information on directors

**Name:** Peter Moore  
**Title:** Executive Chairman  
**Qualifications:** B.A., LLB  
**Experience and expertise:** Peter is a former commercial lawyer and the founder and President and CEO of Sierra Nevada since 2011. He has over 40 years' experience in the resource exploration space. Peter owned and managed Geoflite USA Inc., a geo technical consulting company, for over 20 years operating extensively in the USA and worldwide. Peter was formerly founder and Managing Director of former ASX listed K2 Energy Limited (NSX:KTE) Peter holds Bachelor of Laws and Bachelor of Arts degrees from Monash University.

**Name:** Robert Gray  
**Title:** Non-executive Director  
**Qualifications:** B. Comm, MSc.  
**Experience and expertise:** Robert has over 30 years' experience in corporate and project finance, M&A, funds management and private equity investment in the natural resources sector in Australia, USA, Europe and sub Saharan Africa including with RMB Resources Ltd and Bankers Trust. Robert is an Executive Director of Main Ridge Capital Partners.

Robert holds a Bachelor of Commerce from the University of Western Australia and a MSc in Mineral Economics from the Colorado School of Mines.

**Name:** Michael Ramsden  
**Title:** Non-executive Director  
**Qualifications:** LLB.  
**Experience and expertise:** Michael is the Managing Director and founding Director of Terrain Capital. He is qualified lawyer with more than 30 years' experience as a corporate adviser with experience in funds management, mergers and acquisitions, corporate restructuring, equity raising and the general provision of corporate advice. Michael has worked for various international companies including CIBC Australia, JP Morgan and Scandinavian Pacific Investments Limited and he was formally a Director of D&D Tolhurst Stockbrokers and Tolhurst Corporate Ltd. He is the current Chairman of Australia Mines Limited (ASX:AUZ), Cremorne Capital Limited (Responsible Entity for the listed Lowell Resources Fund), African Mahogany Australia Pty Ltd and is Vice Chairman of the Victoria Racing Club.

**Name:** Alan Wilson  
**Title:** Non-executive Director  
**Qualifications:** BSc, MSc, PhD, CGeol  
**Experience and expertise:** Alan is an economic geologist with over 28 years of experience in the exploration for base and precious metal deposits globally. He has held senior exploration and business development roles with major companies including Antofagasta, Anglo American, Newcrest and BHP. Alan has expansive experience in large scale Cu-Au porphyry systems including completing his PhD thesis on the Cadia Au-Cu Porphyry deposit in NSW.

Alan is a non-executive director of Copperbank Resources Corp, listed on the Canadian Stock Exchange (CSE:CBK) and Heliostar Metals Limited, listed on the Toronto stock exchange (TSX.V:HSTR).

Alan has a PhD in Economic Geology from the University of Tasmania, an MSc in Exploration and Mining Geology from Leicester University and a BSc in Geology from Edinburgh University. Alan is a Fellow of the Society of Economic Geologists, a Fellow of the Geological Society of London and holds Chartered Geologist accreditation through the Geological Society.

**Indemnity and insurance of officers**

The Consolidated Entity has indemnified the directors and executives of the Consolidated Entity for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

**Indemnity and insurance of auditor**

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

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

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



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Peter Moore  
Executive Chairman

22 April 2022

**Sierra Nevada Gold Inc**  
**(Formerly known as Sierra Nevada Gold (USA) Inc.)**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 31 December 2021**



	Note	31 December 2021 \$	31 December 2020 \$
<b>Expenses</b>			
Management Fees	5	(120,000)	(145,000)
Administration		(3,118)	(24,159)
IPO expenses	4	(239,707)	-
Share Based payment		(180,000)	-
Depreciation and amortisation expense	5	(31,526)	(31,332)
Consulting and legal fees		(84,874)	-
Movement in fair value of derivative financial instruments	5	(6,019)	(416,065)
Other expenses		(55,409)	(22,909)
Finance costs	5	(404,343)	(1,333)
<b>Loss before income tax expense</b>		<b>(1,124,996)</b>	<b>(640,798)</b>
Income tax expense	6	-	-
<b>Loss after income tax expense for the year</b>		<b>(1,124,996)</b>	<b>(640,798)</b>
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive loss for the year</b>		<b><u>(1,124,996)</u></b>	<b><u>(640,798)</u></b>

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

Sierra Nevada Gold Inc  
(Formerly known as Sierra Nevada Gold (USA) Inc.)  
Statement of financial position  
As at 31 December 2021



	Note	31 December 2021 \$	31 December 2020 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	967,393	709,836
Other receivables		-	5,273
Other prepayments	8	135,508	-
Total current assets		<u>1,102,901</u>	<u>715,109</u>
<b>Non-current assets</b>			
Plant and equipment	9	7,677	11,731
Right-of-use assets	10	22,244	5,754
Intangibles		2,401	7,250
Exploration and evaluation assets	11	9,398,294	8,337,078
Other receivables	12	77,392	77,392
Total non-current assets		<u>9,508,008</u>	<u>8,439,205</u>
<b>Total assets</b>		<u>10,610,909</u>	<u>9,154,314</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	13	258,245	225,618
Borrowings	14	3,010,560	1,800,556
Lease liabilities	16	22,605	7,375
Other financial liabilities	15	1,094,050	-
Total current liabilities		<u>4,385,460</u>	<u>2,033,549</u>
<b>Non-current liabilities</b>			
Provisions	17	75,192	75,192
Total non-current liabilities		<u>75,192</u>	<u>75,192</u>
<b>Total liabilities</b>		<u>4,460,652</u>	<u>2,108,741</u>
<b>Net assets</b>		<u>6,150,257</u>	<u>7,045,573</u>
<b>Equity</b>			
Issued capital	18	9,889,846	9,660,166
Accumulated losses		<u>(3,739,589)</u>	<u>(2,614,593)</u>
<b>Total equity</b>		<u>6,150,257</u>	<u>7,045,573</u>

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



**Sierra Nevada Gold Inc**  
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**Statement of changes in equity**  
**For the year ended 31 December 2021**



	<b>Issued capital \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 January 2020	8,542,085	(1,973,795)	6,568,290
Loss after income tax expense for the year	-	(640,798)	(640,798)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive loss for the year	-	(640,798)	(640,798)
<i>Transactions with owners in their capacity as owners:</i>			
Contributions of equity, net of transaction costs (note 18)	1,118,081	-	1,118,081
Balance at 31 December 2020	<u>9,660,166</u>	<u>(2,614,593)</u>	<u>7,045,573</u>
	<b>Issued capital \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 January 2021	9,660,166	(2,614,593)	7,045,573
Loss after income tax expense for the year	-	(1,124,996)	(1,124,996)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive loss for the year	-	(1,124,996)	(1,124,996)
<i>Transactions with owners in their capacity as owners:</i>			
Contributions of equity, net of transaction costs (note 18)	49,680	-	49,680
Share-based payments (note 18)	180,000	-	180,000
Balance at 31 December 2021	<u>9,889,846</u>	<u>(3,739,589)</u>	<u>6,150,257</u>

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

**Sierra Nevada Gold Inc**  
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**Statement of cash flows**  
**For the year ended 31 December 2021**



	<b>Note</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Payments to suppliers		(220,126)	(142,048)
Payments to suppliers IPO		(239,707)	-
		(459,833)	(142,048)
Interest and other finance costs paid		(1,089)	(1,333)
Net cash used in operating activities	26	(460,922)	(143,381)
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	9	-	(1,965)
Payments for intangibles		-	(3,901)
Payments for exploration and evaluation	11	(1,061,216)	(529,751)
Net cash used in investing activities		(1,061,216)	(535,617)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	18	49,680	1,118,081
Proceeds from borrowings	14	1,894,781	-
Share issue transaction costs		(135,508)	-
Repayment of lease liabilities		(29,258)	(27,611)
Net cash from financing activities		1,779,695	1,090,470
Net increase in cash and cash equivalents		257,557	411,472
Cash and cash equivalents at the beginning of the financial year		709,836	298,364
Cash and cash equivalents at the end of the financial year	7	967,393	709,836

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

## **Note 1. General information**

The financial statements cover Sierra Nevada Gold Inc. as a consolidated entity consisting of Sierra Nevada Gold Inc. and the entity it controlled at the end of, or during, the financial year. The financial statements are presented in US dollars, which is Sierra Nevada Gold Inc's functional and presentation currency.

## **Note 2. Significant accounting policies**

### **Basis of preparation**

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB') to meet the requirements of the directors. The Consolidated Entity is a for-profit entity for the purpose of preparing these financial statements.

### **Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Sierra Nevada Gold Inc. ('Company' or 'parent entity') as at 31 December 2021 and the results of all subsidiaries for the year then ended. Sierra Nevada Gold Inc. and its subsidiary together are referred to in these financial statements as the 'Consolidated Entity'. A list of the subsidiary is included in note 24. Reporting period and accounting policies of the subsidiary are consistent with the Company.

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 is transferred to the Consolidated Entity. They are de-consolidated from the date that 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.

### *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 company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **New or amended Accounting Standards and Interpretations adopted**

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

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

## **Note 2. Significant accounting policies (continued)**

### **Going concern**

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

During the financial year ended 31 December 2021, the Consolidated Entity incurred net losses after tax amounting to \$1,124,996 and had net cash outflows from operating activities amounting to \$460,922. As at 31 December 2021 the Consolidated Entity's current liabilities exceeded its current assets by \$3,282,559.

Given the Consolidated Entity is still in the exploratory phase the past results were not unexpected. The Consolidated Entity's past financial losses were funded by a combination of debt and capital raisings.

The Directors believe that it is reasonably foreseeable that the Consolidated Entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report, after considering the following matters:

- The Consolidated Entity has only two employees and nominal fixed/contracted costs, has no significant commitments and has the flexibility to adjust timing and scope of its exploration and evaluation activities as funds are available;
- The Consolidated Entity has a track record of raising funds when required;
- The Directors are in the process of completing an Initial Public Offering (IPO) to list the Company on the Australian Securities Exchange. Further, as disclosed in note 14, at this point, the converting notes are expected to be settled by way of issuing shares, rather than by a cash outlay; and
- The IPO's application period closed on 21 April 2022, with the IPO having raised approximately A\$10,000,000 (approximately US\$7.4m), exclusive of costs of the IPO. As at the date of this report the IPO funds are held by the Company's share registry on trust for the Company and are expected to be released to the Company on or about 27 April 2022.

### **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.

### **Current and non-current classification**

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

## **Note 2. Significant accounting policies (continued)**

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.

### **Cash and cash equivalents**

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

### **Receivables**

Receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of receivables is raised when there is objective evidence that the Consolidated Entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

### **Derivative financial instruments**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

### **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 (excluding land) over their expected useful lives as follows:

Vehicles	5 years
Office equipment	5-7 years
Computer hardware	5 years

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

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

## **Note 2. Significant accounting policies (continued)**

### **Right-of-use assets**

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Consolidated Entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Consolidated Entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

### **Exploration and non-financial assets**

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

### **Impairment of exploration and non-financial assets**

Exploration and evaluation assets are assessed annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other non-financial assets are reviewed for indications of impairment on a regular basis.

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.

### **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 amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

### **Borrowings**

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at fair value and are Level 3 liabilities in the fair value hierarchy.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option that is considered to be equity in nature is not remeasured in the subsequent years. The carrying amount of the conversion option that is considered to be debt in nature is remeasured at fair value in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.



## **Note 2. Significant accounting policies (continued)**

### **Lease liabilities**

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Consolidated Entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

### **Provisions**

Provisions are recognised when the Consolidated Entity has a present (legal or constructive) obligation as a result of a past event, it is probable the Consolidated Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

### **Issued capital**

Ordinary shares are classified as equity.

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

### **Value Added Tax ('VAT') and other similar taxes**

The Consolidated Entity is not registered for sales tax in the USA. Nor is it registered for VAT, GST, or other similar taxes in the USA, Australia, or any other jurisdiction applicable to the entity.

All expenses incurred are therefore recognised gross of any applicable sales tax or VAT, as are any liabilities payable. Accordingly cashflows disclosed are gross of any applicable VAT.

## **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.

### *Fair value measurement hierarchy*

The Consolidated Entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of debt instrument liabilities classified as level 3 is determined by internal management assessments.

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

#### *Estimation of useful lives of assets*

The Consolidated Entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

#### *Impairment of exploration and non-financial assets*

The Consolidated Entity assesses impairment of exploration and evaluation assets 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. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

#### *Provision for rehabilitation*

A provision has been made for future costs estimated to be incurred in rehabilitating mining leases. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. These cost estimates are as per the Bureau of Land Management, who also holds a deposit from the Consolidated Entity equal to the provision of rehabilitation. This deposit is accounted for as an other non-current asset within the balance sheet of the Consolidated Entity.

The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

### Note 4. IPO expenses

	31 December 2021 \$	31 December 2020 \$
Accounting fees	54,520	-
Legal Fees	153,489	-
Audit Fees	31,698	-
	<u>239,707</u>	<u>-</u>



## Note 5. Expenses

	31 December 2021 \$	31 December 2020 \$
Loss before income tax includes the following specific expenses:		
<i>Management fees</i>		
Management fees (1)	120,000	145,000
<i>Depreciation and amortisation expense</i>		
Depreciation expense	31,526	31,332
<i>Finance costs</i>		
Interest and finance charges paid/payable on lease liabilities	1,089	1,333
Interest associated with converting notes	403,254	-
Finance costs expensed	404,343	1,333
<i>Net loss on derivatives not qualifying as hedges</i>		
Net loss on derivatives not qualifying as hedges (2)	6,019	416,065

(1) Management fees are paid to Geoflite Inc, an entity associated with and controlled by a director of the company, refer to Note 23 for details.

(2) Movement in fair value of embedded option associated with convertible loan.

## Note 6. Income tax expense

	31 December 2021 \$	31 December 2020 \$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(1,124,996)	(640,798)
Tax at the statutory tax rate of 21%	(236,249)	(134,568)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	37,800	-
Movement in Fair Value of Derivative Financial instruments	1,264	-
Non-deductible interest expense on converting loan	84,683	-
IPO expenses	50,338	-
	(62,164)	(134,568)
Current year temporary differences not recognised	242	86,409
Deferred tax in respect to carrying forward losses not recognised	61,922	48,159
Income tax expense	-	-

**Note 6. Income tax expense (continued)**

	31 December 2021 \$	31 December 2020 \$
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	2,162,193	1,934,025
Potential tax benefit @ 21%	454,061	406,145

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the conditions for utilisation are met at the relevant times.

**Note 7. Current assets - cash and cash equivalents**

	31 December 2021 \$	31 December 2020 \$
Cash at bank	967,393	709,836

**Note 8. Current assets - other prepayments**

	31 December 2021 \$	31 December 2020 \$
Prepayments	135,508	-

**Note 9. Non-current assets - plant and equipment**

	31 December 2021 \$	31 December 2020 \$
Motor vehicles - at cost	99,488	99,488
Less: Accumulated depreciation	(96,638)	(95,688)
	2,850	3,800
Computer equipment - at cost	4,792	6,757
Less: Accumulated depreciation	(3,687)	(3,355)
	1,105	3,402
Office equipment - at cost	14,260	14,260
Less: Accumulated depreciation	(10,538)	(9,731)
	3,722	4,529
	7,677	11,731

**Note 9. Non-current assets - plant and equipment (continued)**

*Reconciliations*

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

	Motor vehicles \$	Computer equipment \$	Office equipment \$	Total \$
Balance at 1 January 2021	3,800	3,402	4,529	11,731
Write off of assets	-	(1,965)	-	(1,965)
Depreciation expense	(950)	(332)	(807)	(2,089)
Balance at 31 December 2021	<u>2,850</u>	<u>1,105</u>	<u>3,722</u>	<u>7,677</u>

**Note 10. Non-current assets - right-of-use assets**

	31 December 2021 \$	31 December 2020 \$
Land and buildings - right-of-use	182,598	138,110
Less: Accumulated depreciation	(160,354)	(132,356)
	<u>22,244</u>	<u>5,754</u>

**Note 11. Non-current assets - exploration and evaluation assets**

	31 December 2021 \$	31 December 2020 \$
Exploration and evaluation assets	<u>9,398,294</u>	<u>8,337,078</u>

*Reconciliations*

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

	Exploration and evaluation assets \$	Total \$
Balance at 1 January 2021	8,337,078	8,337,078
Additions	<u>1,061,216</u>	<u>1,061,216</u>
Balance at 31 December 2021	<u>9,398,294</u>	<u>9,398,294</u>

**Note 12. Non-current assets - other receivables**

	31 December 2021 \$	31 December 2020 \$
Rental bond deposits	2,200	2,200
Deposit with the Bureau of Land Management for make good provision	75,192	75,192
	<u>77,392</u>	<u>77,392</u>

**Note 13. Current liabilities - trade and other payables**

	31 December 2021 \$	31 December 2020 \$
Trade payables	62,627	-
Related party payables	195,618	225,618
	<u>258,245</u>	<u>225,618</u>

Related party payables include \$195,618 (2020: \$225,618) of management fees payable to Geoflite Inc. Refer to note 23 for further details on related party transactions.

**Note 14. Current liabilities - borrowings**

	31 December 2021 \$	31 December 2020 \$
Converting notes payable	<u>3,010,560</u>	<u>1,800,556</u>

**Series 1 Converting Notes**

During July 2019, the company raised \$1.38 million through an issue of 416 converting notes. In accordance with the terms of the converting note agreements, these notes are expected to be settled by issuing shares of the company during the first semester of the year 2021, subject to the success of a planned Initial Public Offering (IPO). Otherwise, these converting notes will be settled with shares of the company by 31 July 2022. There is no interest payable on the converting notes.

**Series 2 Converting Notes**

On 18 August 2021 the Consolidated Entity issued 25,744 unsecured converting notes (Notes), at an issue price of \$A100 per note (Issue Price), raising funds of \$A2,574,400 (\$US1,894,781) before issue costs.

The key features of the converting notes are:

#### Note 14. Current liabilities - borrowings (continued)

- Notes are unsecured;
- no interest is payable on a Note;
- the Notes' conversion date (Conversion Date), where an Offer (as defined by the Notes agreements) had been made, is the earlier of: (a) where the Company makes a public offer: (i) the date the Company confirms to noteholders it can fulfill ASX listing conditions; or (ii) if not seeking ASX listing, the date the company issues shares under the public offer); or (b) if the Offer is not a public offer: (i) the date the Offer becomes unconditional; or (ii) the date before the completion of closure of that Offer;
- Notes will automatically convert to shares on Conversion Date;
- on Conversion Date, each Note will be converted into the number of Shares equal to the Issue Price divided by 75% of the IPO offer price of the Share (Offer Conversion Price);
- If an Event of Default (as defined in the Note agreements and including a failure to complete the Public Offer by the Maturity Date) occurs, a Noteholder may elect to: (a) convert the Notes to shares at the Issue Price divided by the Offer Conversion Price; or (b) require the Company to pay the Noteholder an amount equal to the Issue Price plus 10% of the Issue Price (Redemption Amount);
- if the Notes are not converted or redeemed by 31 July 2022 (Maturity Date) the Company must pay the Redemption Amount to Noteholders within 10 business days of the Maturity Date;
- it shall be a condition of any Initial Public Offer (IPO) undertaken by the Company that any shares issued upon conversion of the Notes will be transmuted into ASX-listed securities with the same terms and conditions as those offered under the IPO.

As at the date of this report, the Company is in the process of completing an IPO and the converting notes are expected to be settled by way of issuing shares, rather than by a cash outlay.

#### Note 15. Current liabilities - other financial liabilities

	31 December 2021 \$	31 December 2020 \$
Financial derivative liability	<u>1,094,050</u>	<u>-</u>

Financial derivative liability reflects the fair value of the embedded derivative relating to the Company's converting notes.

#### *Valuation techniques for fair value measurements categorised within Level 3*

The basis of the valuation of converting notes, including the Financial derivative liability, is fair value using management internal assessments. During the year ended 31 December 2021 the revaluation of the converting notes resulted in an increase in the carrying value of the convertible notes of \$6,019 (2020: \$416,065), with the corresponding movement in fair value being recorded as an expense through profit and loss.

#### Note 16. Current liabilities - lease liabilities

	31 December 2021 \$	31 December 2020 \$
Lease liability	<u>22,605</u>	<u>7,375</u>

## Note 17. Non-current liabilities - provisions

	31 December 2021 \$	31 December 2020 \$
Provision for restoration and rehabilitation	<u>75,192</u>	<u>75,192</u>

### *Restoration and rehabilitation provision*

The provision represents the present value of estimated costs of the remediation work that will be required to comply with environmental and legal obligations. This amount is held by the Bureau of Land Management as disclosed in Note 12.

## Note 18. Equity - issued capital

	31 December 2021 Shares	31 December 2020 Shares	31 December 2021 \$	31 December 2020 \$
Ordinary shares - fully paid	<u>24,087,007</u>	<u>9,536</u>	<u>9,889,846</u>	<u>9,660,166</u>

### *Movements in ordinary share capital*

Details	Date	Shares		\$
Balance	1 January 2020	8,996		8,542,085
Share issues	August-September 2020	465	\$2,069.87	962,831
Share issues	18 November 2020	<u>75</u>	<u>\$2,069.87</u>	<u>155,250</u>
Balance	31 December 2020	9,536		9,660,166
Share issues	August 2021	24	\$2,069.87	49,680
Bonus Shares	September 2021	200	\$900.00	180,000
New shares issued from share split	8 December 2021	<u>24,077,247</u>	<u>\$0.00</u>	<u>-</u>
Balance	31 December 2021	<u>24,087,007</u>		<u>9,889,846</u>

### *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.

Each outstanding share is entitled to one vote.

## Note 19. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

## Note 20. Contingent liabilities and assets

There were no contingent liabilities or assets as at 31 December 2021 (31 December 2020: Nil).

## Note 21. Commitments

There were no material commitments at 31 December 2021 and as at 31 December 2020.

## Note 22. Key management personnel disclosures

The Key Management Personnel of the Consolidated Entity consist of the Board of Directors and Executive Management personnel. The remuneration of the Key Management Personnel of the Consolidated Entity is limited to the management and consulting fees as disclosed in Note 23.

## Note 23. Related party transactions

### *Transactions with related parties*

Management fees are payable to Geoflite Inc., a company associated with a shareholder and director of the Consolidated Entity, Peter Moore. Management fees incurred from Geoflite Inc. of \$120,000 expensed during the year (2020: \$145,000) as disclosed at Note 5. Additional management fees incurred from Geoflite Inc. of \$120,000 were capitalised to exploration and evaluation assets during the financial half-year (2020: \$95,000) and are included in the additions to exploration and evaluation assets disclosed at Note 11. During the year payments to Geoflite Inc. amounted to \$270,000 (2020: \$190,000).

Consulting fees were paid to GFS Trust, an entity associated with a director of the Consolidated Entity, Robert Gray during the year ended 31 December 2021. Mr Gray was appointed as a non-executive director of the Consolidated Entity on 8 December 2021. During the period that Mr Gray was a director of the Consolidated Entity, GFS Trust was paid \$17,908 for consulting services provided to the Consolidated Entity during that period by Mr Gray. The consulting services were in addition to, and outside of the scope of, his services as non-executive director of the Consolidated Entity and were based on normal commercial rates for services of that kind.

There were no other transactions with related parties during the current and previous financial year.

### *Receivable from and payable to related parties*

Management and consulting fees payable to related parties at year end are as disclosed at Note 13.

There were no other trade receivables from or trade payables to related parties at the current and previous reporting date.

## Note 24. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		31 December 2021 %	31 December 2020 %
Sierra Nevada Minerals Pty Ltd	Australia	100.00%	-

## Note 25. Events after the reporting period

In the period after 31 December 2021, the Company has continued with work on its Initial Public Offer (IPO) and the proposed listing of its securities on the Australian Securities Exchange (ASX). The main actions taken up to the date of this report were:

- Lodgement with the Australian Securities and Investments Commission of, and the issue of, the Prospectus for its IPO. The Prospectus is for an offer of between 20 million and 25 million CHESS Depository Interests (CDIs) over shares of common stock in the Company at an offer price of A\$0.50 per CDI to raise between A\$10 million and A\$12.5 million before costs.
- Submission to the ASX of an application for the admission of the Company to the official list of the ASX and for the quotation of the CDIs on the ASX.
- Activities in support of the above actions.

## Note 25. Events after the reporting period (continued)

The IPO's application period closed on 21 April 2022, with the IPO having raised approximately A\$10,000,000 (approximately US\$7.4m), exclusive of costs of the IPO.

As at the date of this report the Company is completing the final stages of the IPO and finalising the completion of conditions required for its admission to ASX and for ASX quotation of its securities.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

## Note 26. Reconciliation of loss after income tax to net cash used in operating activities

	31 December 2021 \$	31 December 2020 \$
Loss after income tax expense for the year	(1,124,996)	(640,798)
Adjustments for:		
Depreciation and amortisation	31,526	31,332
Movement in Fair Value of Derivative Financial Instruments	6,019	416,065
Share based payments	180,000	-
Write down of office equipment	5,868	-
Non-cash interest recognised on converting note	403,254	-
Change in operating assets and liabilities:		
Decrease in other receivables	5,273	-
Increase in trade and other payables	32,134	50,020
Net cash used in operating activities	<u>(460,922)</u>	<u>(143,381)</u>

## Note 27. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by RSM Australia Pty Ltd, the auditor of the Consolidated Entity, and its network firms:

	31 December 2021 \$	31 December 2020 \$
<i>Audit services - RSM Australia Pty Ltd</i>		
Audit or review of the financial statements	<u>39,164</u>	<u>20,740</u>
<i>Other services - network firms</i>		
Investigating accountants' report	<u>49,600</u>	<u>-</u>



**Sierra Nevada Gold Inc**  
**(Formerly known as Sierra Nevada Gold (USA) Inc.)**  
**Directors' declaration**  
**31 December 2021**



In the directors' opinion:

- the attached financial statements and notes comply with the Australian Accounting Standards - Reduced Disclosure Requirements and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 31 December 2021 and of its performance for the financial year ended on that date; and
- 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.

A handwritten signature in black ink, appearing to read "Peter Moore", followed by a period.

---

Peter Moore  
Executive Chairman

22 April 2022

**RSM Australia Pty Ltd**

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## INDEPENDENT AUDITOR'S REPORT To the Members of Sierra Nevada Gold Inc.

### **Opinion**

We have audited the financial report of Sierra Nevada Gold Inc. ('the Company') and its controlled entities (together 'the Consolidated entity') which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the director's declaration.

In our opinion the accompanying financial report, in all material respects, gives a true and fair view of the financial position of the Consolidated entity as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards – Reduced Disclosure Requirements.

### **Basis for Opinion**

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

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

**Other Information**

The directors are responsible for the other information. The other information comprises the information included in the Consolidated entity's annual report for the year ended 31 December 2021; but does not include the financial report and the auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Directors for the Financial Report**

The directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Consolidated entity or to cease operations, or has no realistic alternative but to do so.

The directors are responsible for overseeing the Consolidated entity's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Report**

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our auditor's report.

**RSM AUSTRALIA PTY LTD****R J MORILLO MALDONADO**

Director

22 April 2022