



**SUNSHINE GOLD LIMITED**  
**(FORMERLY PELICAN RESOURCES LIMITED)**  
(ABN 12 063 388 821)

**INTERIM FINANCIAL STATEMENTS**  
**31 DECEMBER 2020**

## SUNSHINE GOLD LIMITED AND CONTROLLED ENTITIES

### CONTENTS

	<b>Page</b>
* Directors' report	2
* Consolidated statement of profit or loss and other comprehensive income	7
* Consolidated statement of financial position	8
* Consolidated statement of changes in equity	9
* Consolidated statement of cash flows	10
* Condensed notes to the financial statements	11
* Directors' declaration	21
* Independent auditor's review report	22
* Auditor's independence declaration	24

## SUNSHINE GOLD LIMITED AND CONTROLLED ENTITIES

### DIRECTORS' REPORT

The directors of Sunshine Gold Limited (formerly Pelican Resources Limited) ("Sunshine Gold" or "the Company") present their report together with the consolidated interim financial report for the Company and entities it controlled during the half-year ended 31 December 2020 ("Group").

### DIRECTORS

The following persons were directors of Sunshine Gold Limited during the half-year and up to the date of this consolidated financial report. Directors were in office for the entire period unless otherwise stated.

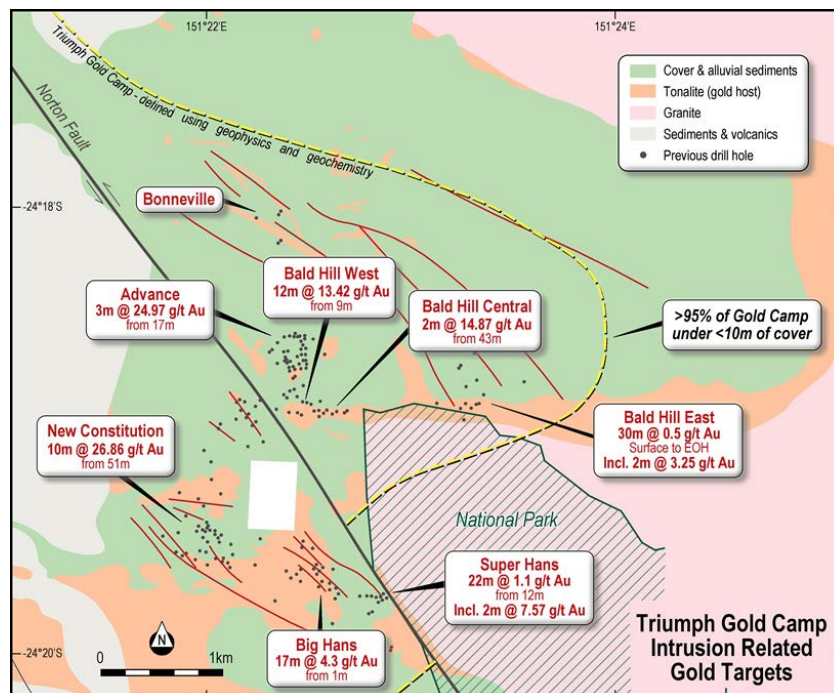
- Damien Keys (Managing Director) (appointed 24 November 2020)
- Anthony Torresan (Executive Director)
- Alec Pismiris (Non-Executive Director and Company Secretary)
- Paul Chapman (Non-Executive Director) (appointed 24 November 2020)
- Leslie Davis (Non-Executive Director) (appointed 24 November 2020)
- Colin Chenu (Non-Executive Director) (resigned 24 November 2020)

### REVIEW OF OPERATIONS

#### QUEENSLAND - OPERATIONS

##### 7,500m RC DRILLING PROGRAM COMMENCED AT TRIUMPH (EPM 18486: 100%)

Sunshine Gold commenced RC drilling at Triumph on the 27 November 2020. A total of 13 holes were drilled for 1,364m for the quarter ending December 2020.



**Figure 1: Prospects and key historic intersections from Triumph**

Reconnaissance drilling commenced at Bonneville with a 5 hole, 494m RC reconnaissance drilling program on 27 November 2020. Bonneville drilling tested a coincident geophysical (magnetic and induced polarisation) and rock-chip geochemical anomaly. Further refining of the drill target will be undertaken, including a detailed gradient-array IP survey over the area.

## **SUNSHINE GOLD LIMITED AND CONTROLLED ENTITIES**

### **DIRECTORS' REPORT**

#### **REVIEW OF OPERATIONS (continued)**

Upon completion of the Bonneville drilling, the RC drill rig moved to Bald Hill West. The rig drilled 8 holes for 866m targeting extensions to the westernmost end of the Bald Hill West prospect. Results of the December 2020 drilling included:

- 9m @ 1.77 g/t Au from 26m (20BHRC005)
- 3m @ 1.91 g/t Au from 55m (20BHRC006)

2021 RC drilling to date has focussed on Bald Hill, Super Hans, Big Hans and the New Constitution areas. Assay results from the 2021 drill programs have included:

- 16m @ 5.48 g/t Au from 34m (21SHRC002) from Super Hans
- 4m @ 27.12 g/t Au from 43m (21BNRC001) from Big Hans

Drilling of the 7,500m RC program continues at the Triumph project and is anticipated to be completed in March 2021.

#### **DRONE SURVEY OVER NORTHERN TRIUMPH PROSPECTS (EPM18486: 100%)**

Sunshine Gold used in-house resources to conduct a drone survey over the northern Triumph prospects. The survey has been conducted over a 3km x 2km area over the Bonneville, Advance and Bald Hill prospects.

#### **DRONE SURVEY OVER ELEPHANT CREEK AND PENINSULA PROSPECTS AT HODGKINSON (EPM 19809, EPM 25139: 100%)**

Sunshine Gold also used in-house resources to conduct a drone survey over the Elephant Creek and Peninsula prospects. The drone survey identified access tracks in deep-grassed terrain and historic workings at Elephant Creek. The survey mapped a previously unidentified outcropping quartz vein system north of the Peninsula copper gossan. The vein system extends for ~100m in outcrop and is along strike from an 8.71 g/t Au rock-chip sample collected in 2016. Field validation of the outcrop showed a sheared, silicified siltstone which was locally intensely quartz veined.

#### **COMPLETION OF AIRBORNE MAGNETIC SURVEY AT HODGKINSON**

An airborne magnetic and radiometric survey was completed over Hodgkinson on 16 November 2020. The survey improved resolution from 400m line spaced data to 100m data over the entire project. The processed data is being geologically interpreted and incorporated into regional targeting programs. An update on the interpretation and implications for targeting will be announced in March 2021.

#### **COMPLETION OF ACQUISITION OF HODGKINSON**

The transfer of 100% interest in EPM 18171, EPM 19809 and EPM25139 was completed on 25 November 2020.

#### **COMPLETION OF ACQUISITION OF TRIUMPH**

The transfer of 100% interest in EPM 18486 and EPM 19343 was completed on 11 September 2020.

## SUNSHINE GOLD LIMITED AND CONTROLLED ENTITIES

### DIRECTORS' REPORT

### REVIEW OF OPERATIONS (CONTINUED)

#### WESTERN AUSTRALIA

#### COCKATOO ISLAND PROJECT, KIMBERLEYS

Sunshine Gold holds 5,000,000 fully paid ordinary shares in Cockatoo Iron NL ("Cockatoo Iron") as a consequence of the sale of its interests in the Cockatoo Island Project.

Sunshine Gold and Cockatoo Iron further executed a Revenue Sharing Agreement ("RSA"), whereby Sunshine was entitled to receive up to a maximum of \$500,000 per annum of gross revenue received by Cockatoo Iron and its subsidiary Pearl Gull Iron Pty Ltd ("Pearl") from certain non-mining activities that may be conducted by third parties within mining lease 04/235-I and miscellaneous licence applications 04/102 and 04/103. Cockatoo Iron had the right of pre-emption in respect of a sale by Sunshine of its rights under the RSA. During the period, Sunshine executed a Deed of Settlement and Termination with Cockatoo Iron and Pearl, terminating the RSA between the parties in exchange for a cash payment of \$225,000.

On 19 February 2020, the Company entered into an agreement with Carbine Resources Limited ("Carbine") to sell its' shareholding of 5,000,000 shares in Cockatoo Iron to Carbine, subject to certain conditions precedent. Consideration for the sale was 6,666,667 fully paid ordinary shares in Carbine. Following protracted negotiations on 14 December 2020, Carbine announced the proposed acquisition of Cockatoo Iron was not proceeding due to Cockatoo Iron withdrawing from the transaction to pursue an initial public offering by Pearl.

#### CORPORATE

At the Company's Annual General Meeting, shareholders approved all resolutions relating to the acquisition of XXXX Gold Pty Ltd ("XXXX Gold") which satisfied the requirements of Listing Rule 12.1.

During the December 2020 quarter, completion of the underwritten Entitlement Offer and Broker Offer ("Offers") occurred under which the Company successfully raised \$2,026,845 (before costs). On 24 November 2020 the Company issued the following securities pursuant to the Offers and acquisition of XXXX Gold:

- Entitlement Offer – 63,842,244 Shares
- Broker Offer – 37,500,000 Shares
- XXXX Gold Vendor Share Consideration – 88,000,000 Shares \*
- XXXX Gold Vendor Share Deferred Consideration T1 – 50,000,000 Shares \*
- XXXX Gold Vendor Share Deferred Consideration T2 – 50,000,000 Shares \*
- XXXX Gold Vendor Option Consideration – 40,000,000 Options \*
- Underwriter Option Issue – 10,000,000 Options \*
- Board and Consultant Option Issue – 21,000,000 Options \*
- Incentives – 17,000,000 Performance Rights \*

\* Securities subject to 24 month escrow from readmission to official quotation.

Sunshine's securities commenced trading on the ASX on 11 December 2020.

## SUNSHINE GOLD LIMITED AND CONTROLLED ENTITIES

### DIRECTORS' REPORT

#### REVIEW OF OPERATIONS (CONTINUED)

#### BUSINESS DEVELOPMENT

The directors believe the Company's existing cash reserves provide sufficient working capital to carry out its objective of assessing the open-pit potential of the Queensland projects whilst testing for large-scale mineralisation. The Company will maintain an ongoing program of assessing projects that meet its acquisition strategy.

#### SUBSEQUENT EVENTS

On 19 January 2021, the Company received \$225,000 from Cockatoo Iron representing the consideration for termination of the Revenue Sharing Agreement.

On 12 February 2021, the Company entered into a binding option agreement to acquire the Ravenswood West Gold-Copper-Rare Earths project from a wholly owned subsidiary of Stavely Minerals Ltd., subject to the satisfaction of certain conditions.

As at the date of this report, no other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent years.

#### RESULTS OF OPERATIONS

The net loss after income tax for the period was \$742,448 (2019: \$189,621 profit).

#### FINANCIAL POSITION

The net assets of the Company are \$7,329,659 as at 31 December 2020 (at 30 June 2020: \$3,565,410).

#### SCHEDULE OF TENEMENT INTERESTS AS AT 31 DECEMBER 2020

Project	Tenement	Status	Beneficial Interest
TRIUMPH	EPM 18486	GRANTED	100%
TRIUMPH	EPM 19343	GRANTED	100%
HODGKINSON	EPM 18171	GRANTED	100%
HODGKINSON	EPM 19809	GRANTED	100%
HODGKINSON	EPM 25139	GRANTED	100%
HODGKINSON	EPM 27539	GRANTED	100%
HODGKINSON	EPM 27574	GRANTED	100%
HODGKINSON	EPM 27575	PENDING	100%
INVESTIGATOR	EPM 27343	GRANTED	100%
INVESTIGATOR	EPM 27344	GRANTED	100%

## **SUNSHINE GOLD LIMITED AND CONTROLLED ENTITIES**

### **DIRECTORS' REPORT**

#### **AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is included within this financial report.

This consolidated financial report is signed in accordance with a resolution of the board of directors.



---

Alec Pismiris  
Director

Dated at Perth this 8<sup>th</sup> day of March 2021

**SUNSHINE GOLD LIMITED AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	Note	31 December 2020 \$	31 December 2019 \$
Other income	3	234,099	573,518
Corporate expenses		(682,547)	(369,777)
Exploration expenditure written-off		-	(14,120)
Share based payments		(294,000)	-
<b>Profit/(Loss) before income tax</b>		(742,448)	189,621
Income tax		-	-
<b>Profit/(Loss) for the period</b>		(742,448)	189,621
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Exchange differences on disposal of subsidiary		-	(88,250)
<b>Other comprehensive income/(loss) for the period</b>		-	(88,250)
<b>Total comprehensive income/(loss) for the period attributable to the members</b>		(742,448)	101,371
		<b>Cents</b>	<b>Cents</b>
Basic and diluted earnings/(loss) per share (cents per share)	4	(0.19)	0.07



**SUNSHINE GOLD LIMITED AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2020**

	Note	31 December 2020 \$	30 June 2020 \$
<b>Current Assets</b>			
Cash and cash equivalents	5	4,560,571	2,094,411
Term deposit		-	1,200,000
Security deposits		134,500	114,000
Trade and other receivables	6	295,640	12,897
Other current assets		9,145	18,288
<b>Total Current Assets</b>		4,999,856	3,439,596
<b>Non-Current Assets</b>			
Exploration and evaluation expenditure	7	2,652,441	-
Property, plant and equipment		47,633	-
Other financial assets		200,000	200,000
<b>Total Non-Current Assets</b>		2,900,074	200,000
<b>TOTAL ASSETS</b>		7,899,930	3,639,596
<b>Current Liabilities</b>			
Trade and other payables		356,045	74,186
Interest-bearing liabilities	8	196,486	-
<b>Total Current Liabilities</b>		552,531	74,186
<b>Non-Current Liabilities</b>			
Interest-bearing liabilities	8	17,740	-
<b>Total Non-Current Liabilities</b>		17,740	-
<b>TOTAL LIABILITIES</b>		570,271	74,186
<b>NET ASSETS</b>		7,329,659	3,565,410
<b>EQUITY</b>			
Issued capital	9	17,609,493	14,096,796
Reserves	10	2,931,083	1,937,083
Accumulated losses		(13,210,917)	(12,468,469)
<b>TOTAL EQUITY</b>		7,329,659	3,565,410

**SUNSHINE GOLD LIMITED AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	Issued Capital	Options Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Non- Controlling Interest	Total Equity
	\$	\$	\$	\$	\$	\$
<b>Balance at 01/07/2019</b>	14,096,796	1,937,083	88,250	(12,490,025)	(834,072)	2,798,032
<b>Total comprehensive</b>						
<b>Income/(loss) for the period</b>						
Income for the period	-	-	-	189,621	-	189,621
<b>Other comprehensive income</b>						
<i>Items that will not be reclassified</i>						
<i>subsequently to profit or loss</i>						
Exchange differences on disposal of subsidiary	-	-	(88,250)	-	-	(88,250)
<b>Total comprehensive</b>	-	-	(88,250)	189,621	-	101,371
<b>loss for the period</b>						
Disposal of subsidiary	-	-	-	-	834,072	834,072
<b>Balance at 31/12/2019</b>	14,096,796	1,937,083	-	(12,300,404)	-	3,733,475
<b>Balance at 01/07/2020</b>	14,096,796	1,937,083	-	(12,468,469)	-	3,565,410
<b>Total comprehensive</b>						
<b>Income/(loss) for the period</b>						
Loss for the period	-	-	-	(742,448)	-	(742,448)
<b>Total comprehensive</b>	-	-	-	(742,448)	-	(742,448)
<b>loss for the period</b>						
<i>Equity transactions:</i>						
Acquisition of subsidiary	1,760,000	560,000	-	-	-	2,320,000
Share based payments	-	434,000	-	-	-	434,000
Issue of fully paid ordinary shares	2,026,845	-	-	-	-	2,026,845
Capital raising costs	(274,148)	-	-	-	-	(274,148)
<b>Balance at 31/12/2020</b>	17,609,493	2,931,083	-	(13,210,917)	-	7,329,659

**SUNSHINE GOLD LIMITED AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	Note	31 December 2020 \$	31 December 2019 \$
<b>Cash Flows from Operating Activities</b>			
Payments to suppliers and employees		(668,646)	(561,859)
Interest received		14,951	19,447
<b>Net Cash Used in Operating Activities</b>		(653,695)	(542,412)
<b>Cash Flows from Investing Activities</b>			
Payments for exploration expenditure		(30,914)	(14,120)
Cash brought to account on acquisition of subsidiary		53,155	-
Reclassification of term deposit		1,200,000	-
Proceeds from sale of project		-	2,230,000
Transaction costs relating to sale		-	(274,000)
<b>Net Cash from Investing Activities</b>		1,222,241	1,941,880
<b>Cash Flows from Financing Activities</b>			
Gross proceeds from share issues		2,026,845	-
Costs of share issues		(129,231)	-
<b>Net Cash from Financing Activities</b>		1,897,614	-
Net increase in cash and cash equivalents held		2,466,160	1,399,468
Cash and cash equivalents at beginning of the financial period		2,094,411	2,033,527
<b>Cash and cash equivalents at the end of the half-year</b>	5	4,560,571	3,432,995

## SUNSHINE GOLD LIMITED AND CONTROLLED ENTITIES

### CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

#### NOTE 1: BASIS OF PREPARATION

The interim consolidated financial report is a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and Accounting Standard AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures that the financial report and notes also comply with International Financial Reporting Standards IAS 34: Interim Financial Reporting.

It is recommended that this consolidated interim financial report be read in conjunction with the annual financial report for the year ended 30 June 2020 and any public announcements made by Sunshine Gold Limited (formerly Pelican Resources Limited) and its controlled entities during the half-year in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001* and ASX Listing Rules.

The interim consolidated financial report does not include full disclosures of the type normally included in annual financial reports.

The interim consolidated financial report has been prepared on an accruals basis and is based on historical costs, cost is based on the fair value of the consideration given in exchange for assets.

#### Statement of compliance

The interim financial statements were authorised for issue on 8<sup>th</sup> March 2021.

The interim financial statements comply with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the interim financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

#### Significant accounting estimates and judgements

The preparation of the interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2020.

#### New and Revised Accounting Standards and Interpretations

The accounting policies have been consistently applied by the consolidated entity and are consistent with those in the June 2020 annual financial report except for the impact (if any) of new and revised standards and interpretations outlined below.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current half-year.

## SUNSHINE GOLD LIMITED AND CONTROLLED ENTITIES

### CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020 *(continued)*

#### New and Revised Accounting Standards and Interpretations *(continued)*

##### *Standards and Interpretations applicable to 31 December 2020*

In the period ended 31 December 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no material change is necessary to Group accounting policies.

##### *Standards and Interpretations in issue not yet adopted*

The Directors have also reviewed all Standards and Interpretations in issue not yet adopted for the period ended 31 December 2020. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted by the Group and, therefore, no change is necessary to Group accounting policies.

#### NOTE 2: DIVIDENDS

There have been no dividends declared or recommended and no distributions made to shareholders or other persons during the period.

#### NOTE 3: PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(Loss) before income tax includes the following revenues, expenses and gains whose disclosure is relevant in explaining the financial performance for the interim period:

	<b>Consolidated</b>	
	<b>6 months to 31 December 2020 \$</b>	<b>6 months to 31 December 2019 \$</b>
<b>(a) Other income</b>		
Interest earned	9,099	19,447
Consideration for termination of revenue sharing agreement	225,000	-
Gain on sale of SNPDC	-	554,071
<b>(b) Significant items</b>		
<i>Included in corporate expenses</i>		
Consulting and directors fees	143,464	190,942
Share register maintenance and listing fees	105,901	-
Legal fees	274,245	-

## SUNSHINE GOLD LIMITED AND CONTROLLED ENTITIES

### CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020 *(continued)*

#### NOTE 4: EARNINGS/(LOSS) PER SHARE

The following reflects the income and data used in the calculations of basic and diluted earnings/(loss) per share:

	<b>Consolidated</b>	
	<b>6 months to 31 December 2020</b>	<b>6 months to 31 December 2019</b>
	<b>\$</b>	<b>\$</b>
Earnings/(Loss) per share (cents)	(0.19)	0.07
Loss used in calculating basic and diluted loss per share	(742,448)	189,621
	<b>Number of Shares</b>	<b>Number of Shares</b>
Weighted average number of ordinary shares used in calculating basic loss per share:	395,159,662	254,532,185

The prior year number of shares has been adjusted to take into account the share consolidation undertaken in 2020 for comparative purposes.

Diluted earnings/(loss) per share is the same as basic earnings/(loss) per share as the conversion to ordinary shares does not lead to an inferior view of the earnings performance of the entity.

#### NOTE 5: CASH AND CASH EQUIVALENTS

For the purpose of the half-year statement of cash flows, cash and cash equivalents are comprised of the following:

	<b>Consolidated</b>	
	<b>31 December 2020</b>	<b>30 June 2020</b>
	<b>\$</b>	<b>\$</b>
Cash at bank	4,560,571	2,094,411
	4,560,571	2,094,411

# SUNSHINE GOLD LIMITED AND CONTROLLED ENTITIES

## CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020 *(continued)*

### NOTE 6: TRADE AND OTHER RECEIVABLES

	Consolidated	
	31 December 2020	30 June 2020
	\$	\$
Receivable for termination of revenue sharing agreement	225,000	-
GST	69,026	7,045
Other	1,614	5,852
	<u>295,640</u>	<u>12,897</u>

### NOTE 7: EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	6 months to 31 December 2020	Year to 30 June 2020
	\$	\$
Balance at the beginning of the period	-	-
Acquisition of XXXX Gold (note 15)	2,482,688	-
Expenditure incurred during the period	169,753	-
Balance at the end of the period	<u>2,652,441</u>	<u>-</u>

### NOTE 8: INTEREST-BEARING LIABILITIES

	Consolidated	
	31 December 2020	30 June 2020
	\$	\$
<b>Current</b>		
Finance lease	18,781	-
Loan from related parties (i)	177,705	-
	<u>196,486</u>	<u>-</u>
<b>Non-Current</b>		
Finance lease	17,740	-
	<u>17,740</u>	<u>-</u>

- (i) On 15 August 2020, XXXX Gold entered into loan agreements with Stone Poneys Pty Ltd, Pareto Nominees Pty Ltd and Leslie Brian Davis and Annette Fay Davis as trustees for <LB & AF Davis Superannuation Fund>. The key terms of the loan agreements (other than the principal amounts) are identical, and are set out below.

## SUNSHINE GOLD LIMITED AND CONTROLLED ENTITIES

### CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020 *(continued)*

#### NOTE 8: INTEREST-BEARING LIABILITIES *(continued)*

<b>Brief description</b>	Certain of the Vendors (each a Lender) agrees to loan up to the principal amount to XXXX Gold to fund direct exploration expenditure (excluding salaries and for no other purpose) and XXXX Gold agrees to repay that amount to the Lender.
<b>Term</b>	The agreements will terminate on the later of 30 November 2020 or upon full repayment of the relevant loan ( <b>Repayment Date</b> ).
<b>Principal amount</b>	<ol style="list-style-type: none"> <li>1. Stone Poneys Pty Ltd- \$100,000</li> <li>2. Pareto Nominees Pty Ltd - \$50,000</li> <li>3. Leslie Brian Davis and Annette Fay Davis as trustees for &lt;LB &amp; AF Davis Superannuation Fund&gt; - \$50,000</li> </ol>
<b>Drawdown</b>	Each drawdown must be for a minimum amount of \$10,000. XXXX Gold agrees to provide a Lender 2 Business Days' written notice of a drawdown.
<b>Interest</b>	Interest will accrue daily at the rate of 10.0% per annum and will be paid monthly from 15 August 2020 until the Repayment Date. XXXX Gold agrees to pay interest to the Lender within 5 Business Days of the end of each month. Any interest accrued at the Repayment Date will be payable to the Lender within 5 Business Days of the Repayment Date.
<b>Repayment</b>	XXXX Gold agrees to repay the loan in full on or by 30 November 2020 (subject to a Lender's right to require immediate repayment in an event of default).

The loans were repaid on 19 January 2021.



# SUNSHINE GOLD LIMITED AND CONTROLLED ENTITIES

## CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020 (continued)

### NOTE 9: ISSUED CAPITAL

		Consolidated	
		31 December	30 June
		2020	2020
		\$	\$
<b>(a) Issued Capital</b>			
444,711,618 Ordinary shares fully paid			
(30/06/2020: 408,591,140)		17,609,493	14,096,796
<b>(b) Movements in ordinary share capital</b>			
Date	Details	No. of Shares	\$
01/07/2020	Opening balance	408,591,140	14,096,796
30/10/2020	Share consolidation (5 for 8)	(153,221,766)	-
09/12/2020	Entitlement offer	63,842,244	1,276,845
09/12/2020	Broker offer	37,500,000	750,000
09/12/2020	XXXX Gold vendor consideration	88,000,000	1,760,000
	Less: capital raising costs	-	(274,148)
		<u>444,711,618</u>	<u>17,609,493</u>

### (c) Deferred Shares

As part of the consideration for the acquisition of XXXX Gold, the Company agreed to:

- 50,000,000 Deferred Shares on the Company announcing to ASX, within 3 years of completion of the Acquisition, that it has a JORC 2012 compliant inferred resource of 100,000 ounces of gold or gold equivalent at a minimum 1 gram per tonne cut off on tenements owned or being acquired or applied for by XXXX Gold at the time of completion; and
- a further 50,000,000 Deferred Shares on the Company announcing to ASX, within 3 years of completion of the Acquisition, that it has a JORC 2012 compliant inferred resource of 200,000 ounces of gold or gold equivalent at a minimum 1 gram per tonne cut off on tenements owned or being acquired or applied for by XXXX Gold at the time of completion.

### NOTE 10: RESERVES

		Consolidated	
		31 December	30 June
		2020	2020
		\$	\$
<b>(a) Composition</b>			
Share based payments reserve		2,931,083	1,937,083
		<u>2,931,083</u>	<u>1,937,083</u>

## SUNSHINE GOLD LIMITED AND CONTROLLED ENTITIES

### CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020 *(continued)*

#### NOTE 10: RESERVES (continued)

##### (b) Movements in options reserve

Date	Details	No. of Unlisted Options	Exercise Price	Expiry Date
01/07/20	Opening balance	-		
09/12/20	XXXX Gold Vendor consideration options	40,000,000	\$0.03	30/09/2025
09/12/20	Board, management and consultant options	21,000,000	\$0.03	30/09/2025
09/12/20	Underwriter options	10,000,000	\$0.03	30/09/2025
31/12/20	Closing balance	<u>71,000,000</u>		

#### NOTE 11: SHARE BASED PAYMENTS

The following share based payment transactions occurred or were recognised during the half-year:

- 21,000,000 \$0.03 share options expiring 30/09/2025 were issued to board, management and consultants. These options were valued at \$294,000 and were fully expensed.
- 10,000,000 \$0.03 underwriter options expiring 30/09/2025 with a total value of \$140,000 were recognised during the half-year as a capital raising cost and issued in December 2020.
- 40,000,000 consideration options.

All share options issued during the half-year vested immediately. The total amount of \$294,000 (2019: \$nil) was recognised as a share based payment expense, \$140,000 (2019: \$Nil) was recognised as a capital raising cost and \$560,000 was recognised as consideration paid to the XXXX Gold vendors.

## SUNSHINE GOLD LIMITED AND CONTROLLED ENTITIES

### CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020 *(continued)*

#### NOTE 11: SHARE BASED PAYMENTS *(continued)*

Fair values of share options issued are determined using the Black-Scholes model based on information available as at the measurement date, considering the exercise price, term of option, the share price at grant date, expected price volatility of the underlying share, expected yield and the risk-free interest rate for the term of the option. Parameters for all share options issued during the period were:

Measurement date	09/12/2020
Issue date	09/12/2020
Expiry date	30/09/2025
Dividend yield	-
Expected volatility	100%
Risk-free interest rate	0.44%
Expected life of options (years)	5.10
Underlying share price	\$0.02
Option exercise price	\$0.03
Value of option	\$0.014
Number of options issued	71,000,000
Value of options	\$994,000
Amount expensed during half-year	\$294,000
Capital raising cost recognised during half-year	\$140,000
XXXX Gold vendor options	\$560,000

#### NOTE 12: CONTINGENT LIABILITIES

As part of its acquisition of Nugold Hill Mines in 2002, the Company has an obligation to rehabilitate the Xanadu tenements area. The Company has a security bond in place with the Department of Mines, Industry, Regulation and Safety which is expected to cover the majority of the cost. The Department of Mines, Industry, Regulation and Safety has not currently insisted on rehabilitating the site as there is the potential for future operations.

Other than as disclosed above, the Company has no known material contingent liabilities as at 31 December 2020.

#### NOTE 13: SEGMENT INFORMATION

##### Business Segments

The directors have considered the requirements of AASB 8 – Operating Segments and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources and have concluded that at this time there are no separate identifiable business segments.

The operations and assets of Sunshine Gold Limited and its controlled entities are employed in exploration activities relating to minerals in Australia.

## SUNSHINE GOLD LIMITED AND CONTROLLED ENTITIES

### CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020 *(continued)*

#### NOTE 14: FINANCIAL INSTRUMENTS

The methods and valuation techniques used for the purposes of measuring fair value are unchanged compared to the previous reporting period.

The carrying amounts of the current receivables, current payables and other liabilities are considered to be a reasonable approximation of their fair value.

#### NOTE 15: ACQUISITION OF XXXX GOLD PTY LTD

On 30 July 2020, the Company entered into Memorandum of Understanding (“MOU”) with XXXX Gold to acquire all the issued shares and options in XXXX Gold. The acquisition was subject to various conditions precedent and was completed on 9 December 2020.

##### ***Consideration***

As consideration for the acquisition, the Company agreed to issue to the shareholders of XXXX Gold the following securities in the capital of the Company (on a post-Consolidation basis):

- (a) 88,000,000 Consideration Shares;
- (b) 40,000,000 Consideration Options;
- (c) 50,000,000 Deferred Shares on the Company announcing to ASX, within 3 years of completion of the Acquisition, that it has a JORC 2012 compliant inferred resource of 100,000 ounces of gold or gold equivalent at a minimum 1 gram per tonne cut off on tenements owned or being acquired or applied for by XXXX Gold at the time of completion; and
- (d) a further 50,000,000 Deferred Shares on the Company announcing to ASX, within 3 years of completion of the Acquisition, that it has a JORC 2012 compliant inferred resource of 200,000 ounces of gold or gold equivalent at a minimum 1 gram per tonne cut off on tenements owned or being acquired or applied for by XXXX Gold at the time of completion.

##### ***Accounting standards applied***

The acquisition of XXXX Gold has been accounted for as an asset acquisition. The acquisition does not meet the definition of a business combination in accordance with AASB 3 Business Combinations (as XXXX Gold is considered for accounting purposes not to be a business). As such the acquisition has been accounted for as a share-based payment transaction using the principles of AASB 3 Business Combinations and AASB 2 Share-based Payment.

## SUNSHINE GOLD LIMITED AND CONTROLLED ENTITIES

### CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020 *(continued)*

#### NOTE 15: ACQUISITION OF XXXX GOLD PTY LTD *(continued)*

The fair value of the consideration paid and allocation to net identifiable assets is as follows:

	\$
<i>Fair value of consideration paid:</i>	
88,000,000 Consideration Shares	1,760,000
40,000,000 Consideration Options	560,000
100,000,000 Deferred Shares <sup>(i)</sup>	-
	<u>2,320,000</u>
 <i>Fair value of net identifiable assets acquired:</i>	
Cash and cash equivalents	53,155
Security deposits	20,000
Trade and other receivables	25,431
Property, plant and equipment	47,633
Exploration and evaluation expenditure	2,482,688
Trade and other payables	(97,386)
Loans and borrowings	(211,521)
	<u>2,320,000</u>

<sup>(i)</sup> No cost has been attributed to the Deferred shares due to exploration activities of the Company not yet being at a stage to determine if the vesting conditions will be met.

#### NOTE 16: EVENTS SUBSEQUENT TO REPORTING DATE

On 19 January 2021, the Company received \$225,000 from Cockatoo Iron representing the consideration for termination the Revenue Sharing Agreement.

On 12 February 2021, the Company entered into a binding option agreement to acquire the Ravenswood West Gold-Copper-Rare Earths project from a wholly owned subsidiary of Stavely Minerals Ltd., subject to the satisfaction of certain conditions.

As at the date of this report, no other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent years.

## SUNSHINE GOLD LIMITED AND CONTROLLED ENTITIES

### DIRECTORS' DECLARATION

1. In the opinion of the directors:
  - a. the accompanying interim financial statements and notes are in accordance with the *Corporations Act 2001* including:
    - i. giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year then ended; and
    - ii. complying with Australian Accounting Standards, the *Corporations Regulations 2001*, professional reporting requirements and other mandatory requirements.
  - b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 303(5) of the *Corporations Act 2001* for the half-year ended 31 December 2020.

Signed in accordance with a resolution of the board of directors.

Dated this 8<sup>th</sup> day of March 2021



---

Alec Pismiris  
Director

**INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of Sunshine Gold Limited (formerly Pelican Resources Limited)

**Report on the Condensed Interim Financial Report***Conclusion*

We have reviewed the accompanying interim financial report of Sunshine Gold Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2020, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Sunshine Gold Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*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 company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

*Responsibility of the directors for the financial report*

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

**hlb.com.au**

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

**T:** +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

*Auditor's responsibility for the review of the 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 we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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.

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



**HLB Mann Judd**  
**Chartered Accountants**

**Perth, Western Australia**  
**8 March 2021**



**N G Neill**  
**Partner**



## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Sunshine Gold Limited (formerly Pelican Resources Limited) for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia  
8 March 2021



**N G Neill**  
Partner

**hlb.com.au**

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

**T:** +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.