

Sunshine Gold Ltd
ABN 12 063 388 821
ASX Code: SHN

Quarterly Report

For the quarter ended
31 December 2022

shngold.com.au



Sunshine Gold is developing four projects in north Queensland in proven districts with high prospectivity for gold, copper, molybdenum and rare earths elements.

Highlights

- Strong exploration results at Titov and Connolly, Ravenswood West.
- Drilling completed at Wilbur's Hill Prospect, confirms complex intrusive system and broad sulphide zones.
- Completed aircore drilling program to assess rare earth potential at Elphinstone Creek.

Post quarter

- Acquisition of Rockfire Resources' Lighthouse Project to significantly increase Ravenswood West Project.

Ravenswood West Project

Au-Cu-REEs-Mo-Ag

EPM 26041, 26152, 26303, 26304, 27824, 27825 Ownership 100% | Queensland
Lighthouse Project Farm-In| Queensland

Located adjacent to Queensland's largest gold mine at Ravenswood, the polymetallic Ravenswood West Project is highlighted by up to 14 major prospects from Titov in the north to Connolly in the south. The project has porphyry copper-gold-molybdenum, intrusion-related gold and REE potential.

Reverse Circulation (RC) drilling returning strong results

RC drilling across Ravenswood West near Townsville is returning strong results. Over 3,300m of drilling has been completed across 19 holes (average depth 174m).

Strong intercepts returned at Titov Cu-Mo Prospect

In early October 2022, Sunshine announced assays from 12 drill holes at Titov which were testing the extent of the "Main Zone" lode. The assays defined mineralisation over a 500m strike length which remains open at depth. Notable assays include:

- 103m @ 0.57% CuEq* from surface (22TVRC012)
- 42m @ 0.34% CuEq* from 15m (22TVRC011)
- 16m @ 0.50% CuEq* from 15m (22TVRC022)



Figure 1. Ravenswood West Project location

Additionally, three holes at Titov South intercepted higher-grade Cu-Mo bearing veins in a similar structural orientation to the Main Zone, including:

- 5m @ 0.95% CuEq* from 201m; and
- 5m @ 0.79% CuEq*¹ from 229m (22TVRC018)

Meanwhile, three of four shallow holes drilled 300m-500m north of Titov Main (to test a coincident shallow east-west conductor and Cu-Ag bearing float) returned anomalous Au.

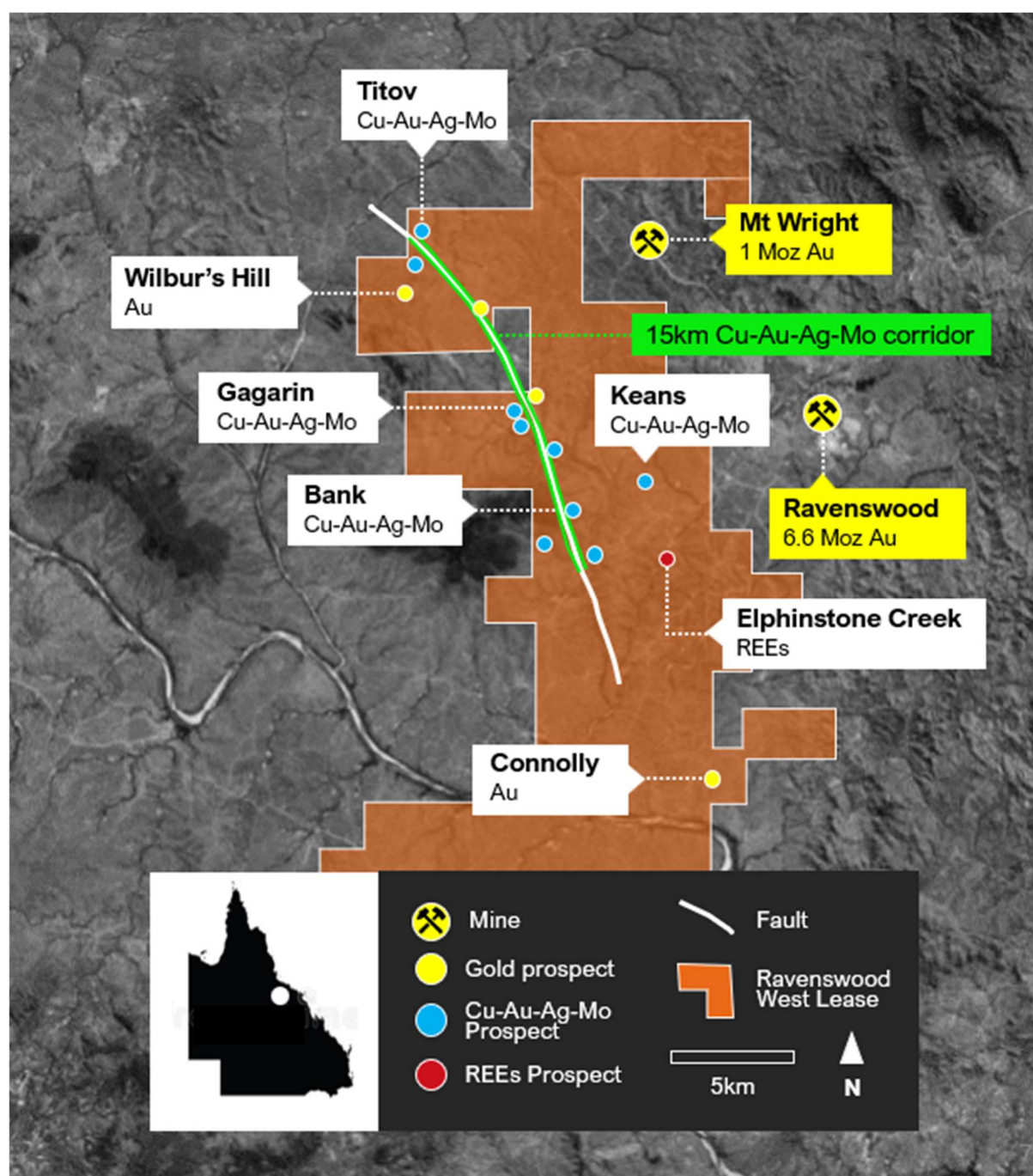


Figure 2. Ravenswood West location showing prospects

¹ Recoverable copper equivalent accounts for metallurgical recovery, cost and other parameters. All assumptions are listed in ASX release 11th August 2022, Table 1, Data Aggregation Methods

Connolly Au Prospect shows potential to be large scale and high-grade.

Recent soil sampling at the Connolly Au prospect, 15km south of the Ravenswood Gold Mine and in the north of the Dreghorn trend, has defined a large-scale 1.8km x 2.5km >50 ppb Au soil anomaly, with ~15% of samples returning assays >50ppb Au, with a max of 1.47 g/t Au. There is potential for high-grade Ravenswood-style mineralisation at Connolly that has seen minimal prior exploration.

Diamond drilling at Wilbur's Hill

During the quarter two diamond holes (22WHDD001 and 22WHDD002) were drilled at Wilbur's Hill (1,318m). The holes targeted a breccia pipe hosted intrusion related gold system as seen at the nearby major gold mines at Mt Leyshon (3.5 Moz Au) and Mt Wright (1 Moz Au). Wilbur's Hill was targeted on coincident:

- strong Induced Polarisation (IP) chargeability anomaly;
- deep IP and MT resistivity low;
- mapped rhyolite volcanic complex; and
- elevated Au, Ag, Bi, Cu, Mo, Te, Pb and Zn in soils.

Drilling intercepted:

- 1m @ 0.31 g/t Au, 13.7 g/t Ag and 0.77% Cu from 68m; and
1m @ 0.19 g/t Au, 4.1 g/t Ag and 0.33% Cu from 125m (22WHDD001)
- 480m interval of >3% pyrite*, including 70m >5% pyrite* (22WHDD001); and
67m interval of >2% pyrite* and a 36m interval of >3% pyrite* (22WHDD002);
- intense magnetite alteration (22WHDD002);
- multiple zones of rhyolite, locally brecciated or flow banded; and
- geochemical evidence for a strongly zoned intrusion related gold system.

A key feature of a breccia pipe hosted intrusion related gold system is the small size of the orebody relative to the overall host breccia pipe. At Mt Leyshon the orebody occupies ~25% of the host while Mt Wright is 30%.

The two holes drilled at Wilbur's Hill have tested only a small portion of the overall breccia pipe but have demonstrated the system is "live" with gold. Furthermore, important vectors to potential mineralised zones have been identified.

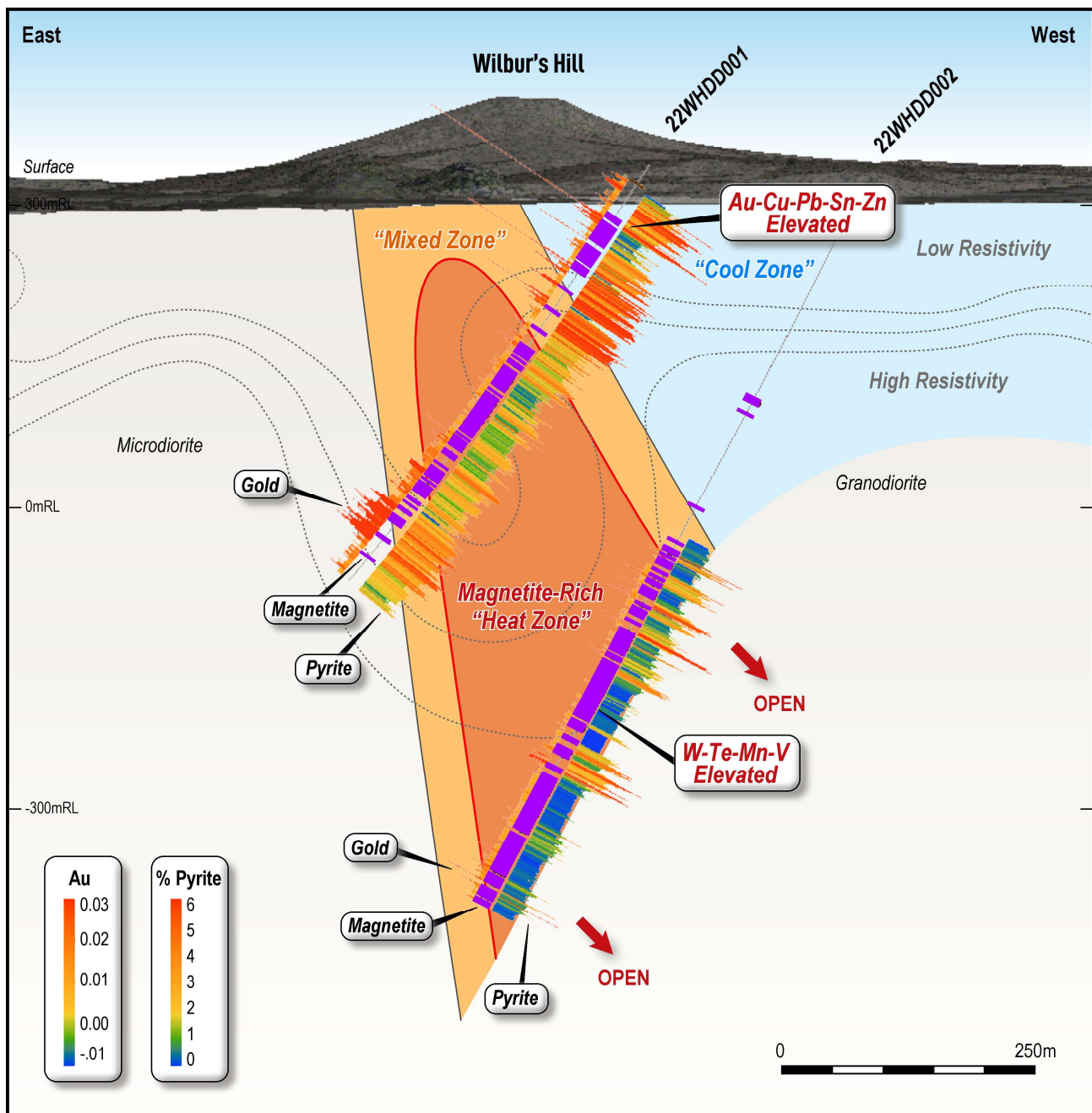


Figure 3. Cross section through 7782400mN showing diamond drill holes (22WHDD001 and 22WHDD002), IP response, metal zones and magnetite abundance.

Conceptual Model for breccia pipe associated intrusion related gold system

Studies undertaken on the breccia pipe associated intrusion related gold systems at Mt Wright and Mt Leyshon conclude that (Figure 3):

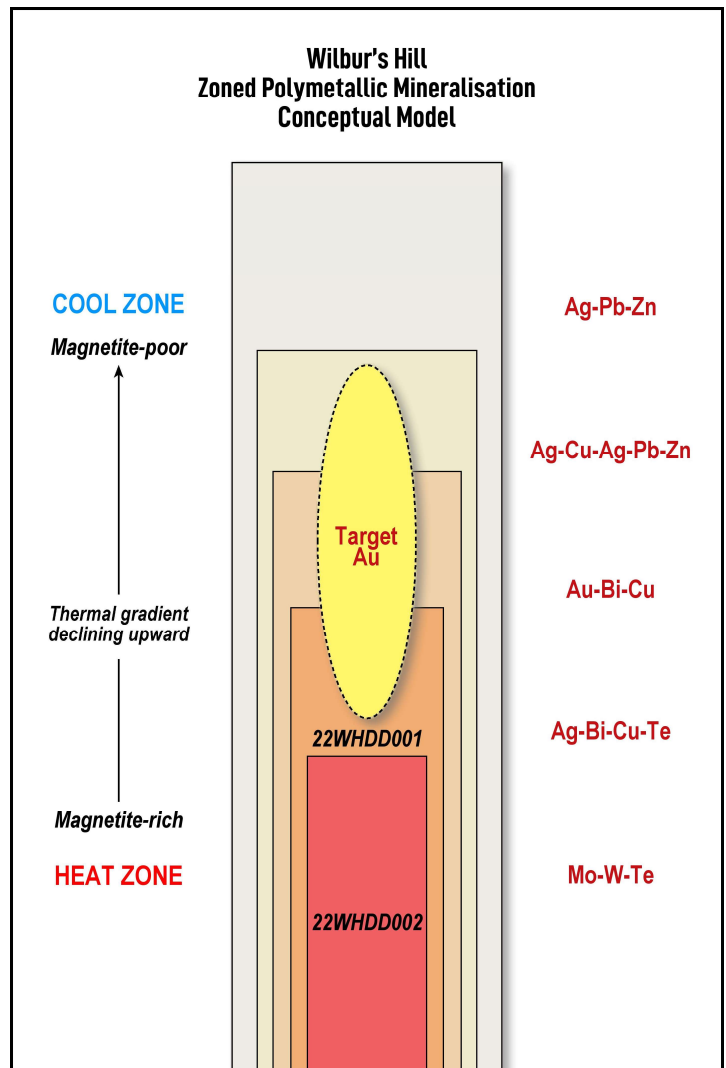
- all intrusion related gold systems are zoned;
- the zones typically relate to a declining thermal gradient or cooling area (Cool Zone) away from the intense heat of the source intrusion (Heat Zone);
- magnetite is often associated with alteration around the Heat Zone; and
- metals near the Heat Zone are usually Mo-W-Te-V (as in 22WHDD002), with Au-Ag-Pb-Zn located further away in the Cool Zone (shallow in 22WHDD001).

The two recent diamond holes have identified gold in multiple phases of rhyolite and andesite intruding the host granodiorite. This confirms that Wilbur's Hill is likely to be an intrusion related gold system. For reasons discussed below, the recent drilling is interpreted to have been in the Heat Zone with further drilling required in the Cool Zone.

In 22WHDD001, magnetite was typically seen to be focussed through zones of intense foliation or shearing. In the deeper hole, 22WHDD002, magnetite alteration was seen to be more pervasive through the groundmass of the granodiorite or on the margins of the rhyolites. This indicates that the holes were drilled into the Heat Zone (Figure 4).

The scale of hydrothermal alteration, the complexity of the intrusive history and the elevated pathfinder elements all provide important vectors towards potentially higher-grade areas within the system.

Figure 4. Zoned mineralisation conceptual model for breccia pipe style targets, modified from Morrison (2007) and Lisowiec and Morrison (2013). Interpreted zones of 22WHDD001 and 22WHDD002 diamond holes are highlighted.



Refined Targets at Wilbur's Hill

The recent drill holes have provided important vectors into mineralisation at Wilbur's Hill. Accordingly, all available data has been reassessed and integrated to refine drill targets. Specifically, field mapping has been integrated with soil sampling, rock chip and geophysical data.

Outcomes of this work include:

- a. The soils data clearly identifies three metal zones (Figure 5):
 - "Cool Zone" – elevated Au, Ag, Pb, Zn, Cu
 - "Mixed Zone" – moderate Te, Mo
 - "Heat Zone" – elevated Te, Mo, W
- b. A comprehensive structural map reinforces two key targets (Figure 6).

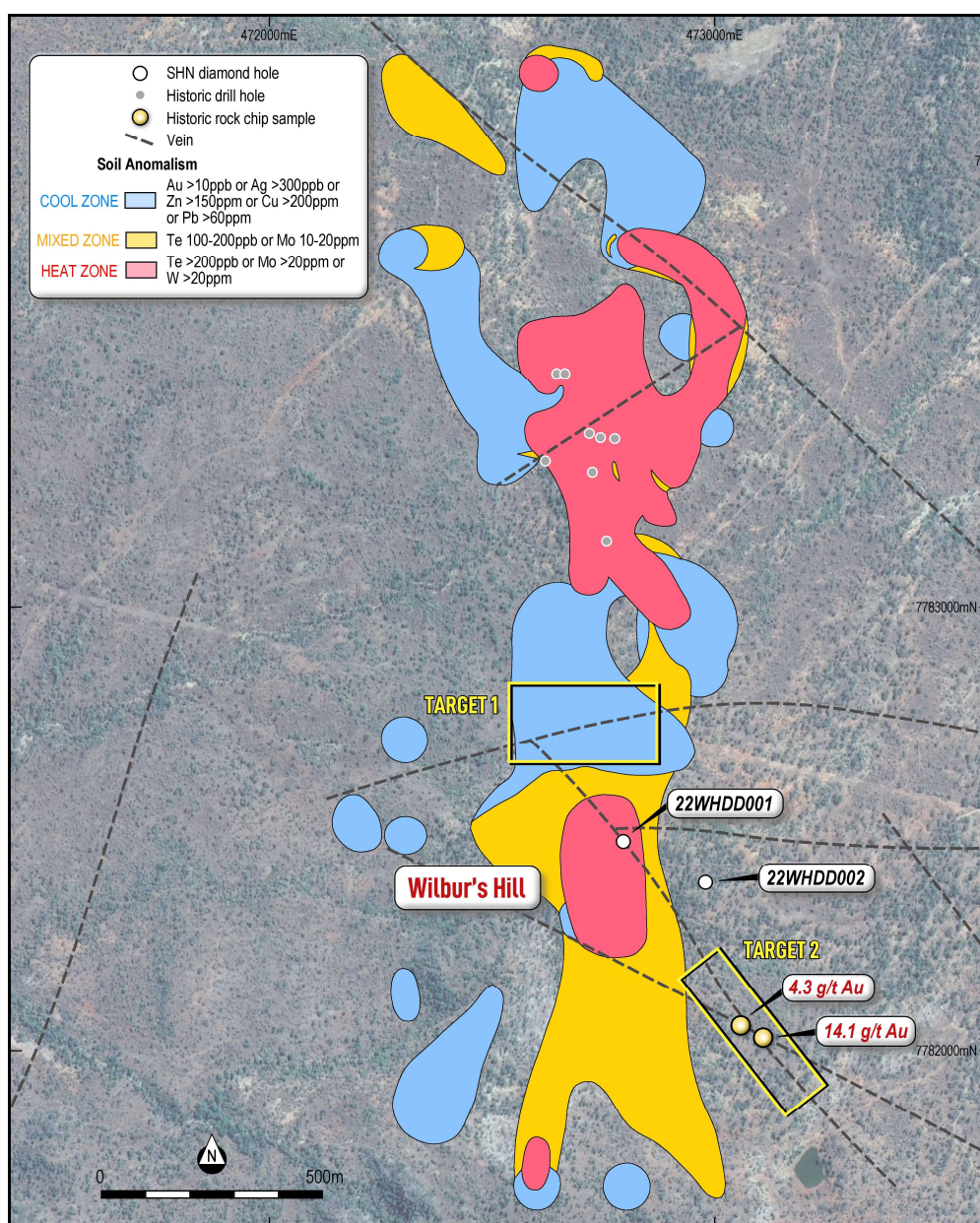


Figure 5. Soil zone map showing: Cool Zone (Au, Ag, Pb, Zn, Cu); Mixed Zone (Te, Mo) and Hot Zone (Te, Mo, W). 22WHDD001 and 22WHDD002 are located in the Hot /Mixed Zones. Target 1 is located in the Cool Zone at the intersection of a NW fault and an ENE fault.

Target 1 sits on the northern end of the Wilbur's Hill in a Cool Zone at the intersection of a NW fault and an ENE fault (Figure 5).

Target 2 will test a breccia located on a NW fault to the SE of Wilbur's Hill. The fault is strongly sericitized and mapped in sub-crop over 100m. The breccia returned rock chip assays of **4.27 g/t Au, 37 g/t Ag, 1.03% Pb** (1994) and **14.1 g/t Au, 10 g/t Ag, 0.2% Pb and 9.90% As** (2008).

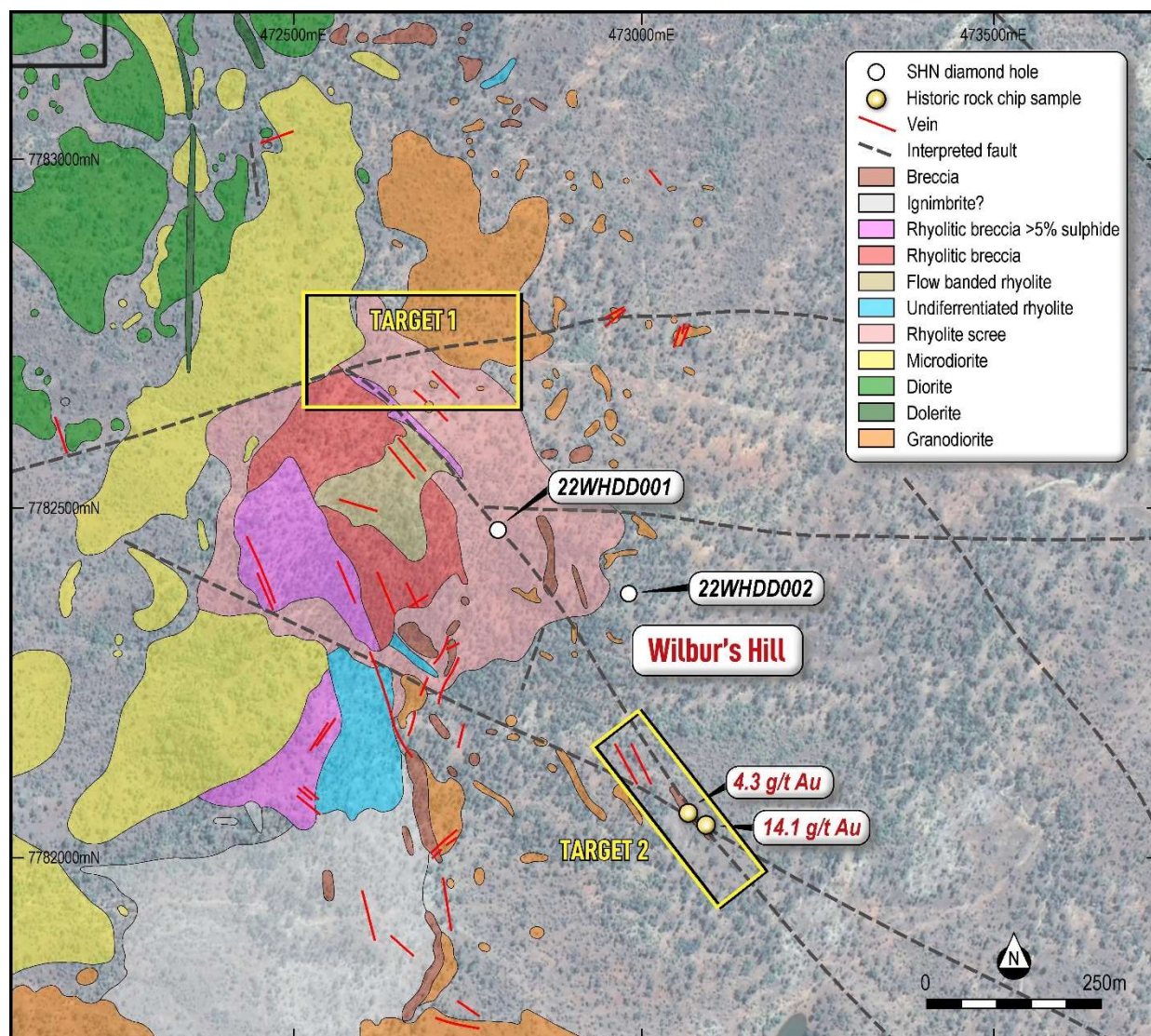


Figure 6. Integrated lithological and structural map of Wilbur's Hill showing recent drill hole locations, high-grade surface rock chips and the two key targets.

The approach of integrating soils (metal zones), mapping and geophysical data to targeting, is also being applied to 16 other breccia pipe associated intrusion related gold targets at the broader Ravenswood West Project. These targets include Plateau and Cardigan Dam (Lighthouse Project), Boori and Mountain Maid (Ravenswood West).

First field mapping at the 50koz Au ¹ Plateau target has commenced. Mapping is focussing on the distribution of alteration, especially magnetite, and definition of high Pb-Zn-Cu-Ag zones.

¹ SHN ASX Release, 20th January 2023, "Consolidation of High-Grade Advanced Au Prospects RW". No new information has been collected and all material assumptions remain unchanged.

Aircore drilling tests REE potential at Elphinstone Creek Prospect

Elphinstone Creek is hosted within the Barrabas Adamellite, a quartz monzonite occupying an area of 27km². The target was initially generated from elevated REE and Au in stream sediment sampling. The anomalous samples were collected from tributaries to Elphinstone Creek where exploration in 2018 returned significant stream sediment assay results. Soil sampling undertaken 2022 demonstrated that the Barrabas Adamellite is enriched in REE, with >90% of the Barrabas Adamellite soil samples grading >400 ppm Total Rare Earth Oxide (TREO). Despite the high overall TREO content of the soil samples over the Barrabas Adamellite, discrete zones of highly anomalous (>750 ppm TREO) were also observed.

A first-pass, air-core drilling program was completed during the quarter to quickly and cheaply assess the rare earth potential. The 67 hole program had an average hole depth of 6m. Samples were collected every metre and will be analysed for rare-earth and gold content. Assays are expected in the early February 2023.

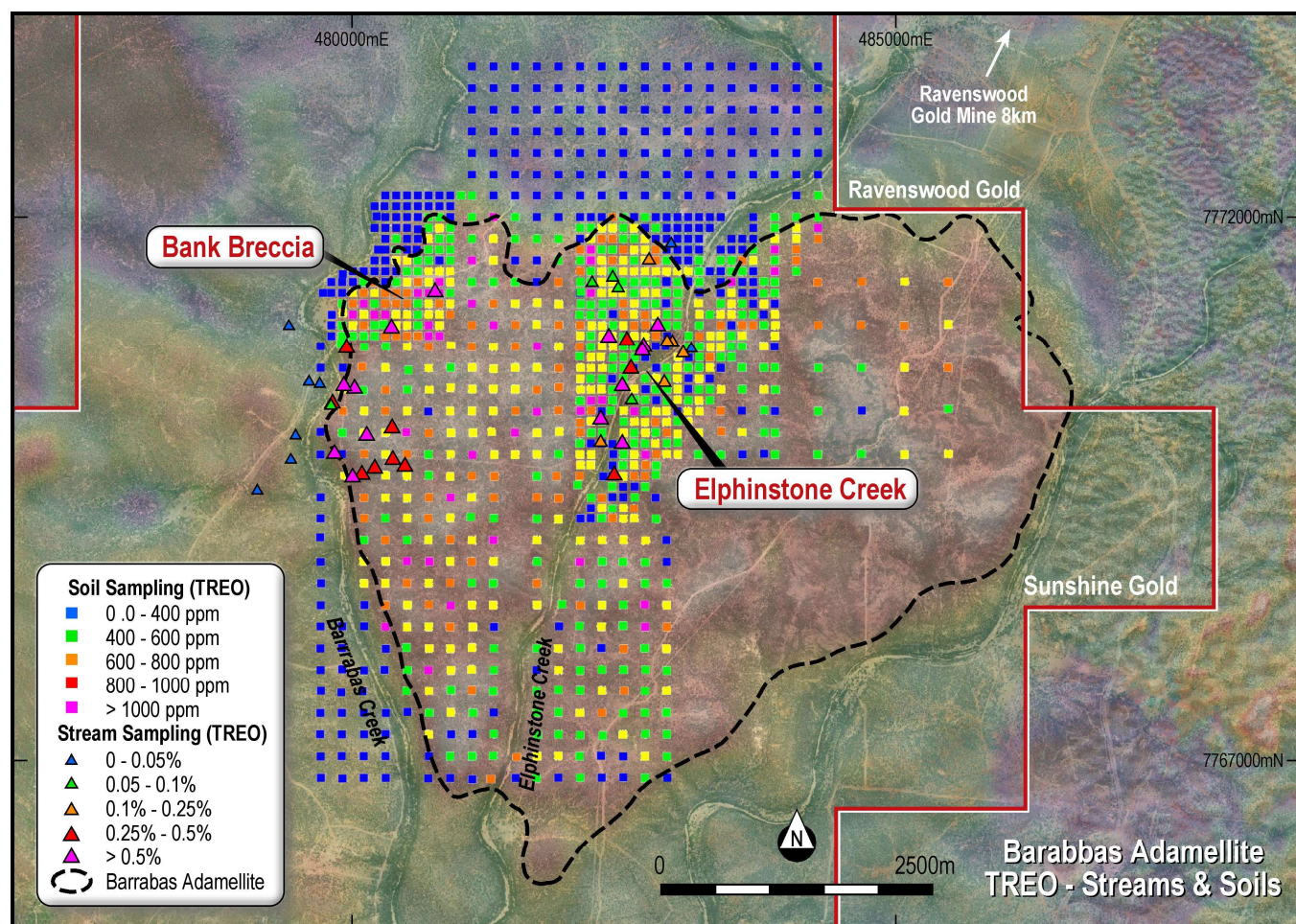


Figure 7. TREO distribution in soil sampling and stream sediment sampling at Elphinstone Creek

Post Quarter – Joint Venture with Rockfire Resources PLC to acquire Lighthouse Project

On January 20, subsequent to period end, Sunshine announced a binding Farm-In and Joint Venture agreement with Rockfire Resources PLC (LON:ROCK) to earn up to 75% of the Lighthouse Project, a high-quality gold project adjacent to the company's Ravenswood West Project.

The Lighthouse Project adjoins Sunshine Gold's 100% owned Ravenswood West Project ("Ravenswood West") and, subject to completion and earn-in, expands Ravenswood West to 1,091km². The combined Ravenswood West Project contains a strong pipeline of advanced breccia pipe and orogenic Au prospects with known, high-grade mineralisation extending over significant areas. The project is also prospective for volcanic-hosted massive sulphide zinc-copper-lead-gold-silver systems which compliment Sunshine Gold's porphyry base metal-gold prospects.

Lighthouse contains a JORC 2012 Inferred Resource of **961kt @ 1.66 g/t Au** totalling **50Koz Au**² at the Plateau Breccia Prospect which remains open at depth and along strike and is geologically analogous to the nearby Mt Leyshon Gold Mine (3.5M oz).

² SHN ASX Release, 20th January 2023, "Consolidation of High Grade Advanced Au Prospects RW".
No new information has been collected and all material assumptions remain unchanged

Triumph Project

Gold

Ownership 100% | Queensland

Sunshine Gold released a 118,000 ounce JORC 2012 Mineral Resource (grading 2.03 g/t Au) in March 2022³. The initial Resource is a product of the successful drilling programs completed to date. Further drilling, to be completed in 2023, is expected to grow the Resource in both the Southern and Northern Corridors.

The Resource comprises three zones totalling ~1.25km of strike within the >5km long Southern Corridor and one zone in the Northern Corridor. Over 90% of the Resource is within 100m of surface. Rock chip sampling and broad spaced drilling have defined mineralisation beyond the Resource limits along the remaining 3.75km of the Southern Corridor. This presents a clear opportunity for future Resource growth.

The Resource is presently classified as Inferred however further drilling is planned in early 2023 to upgrade a proportion to Indicated. An update to the Resource is expected in the September 2023 quarter.

No activities were undertaken at Triumph during the quarter.

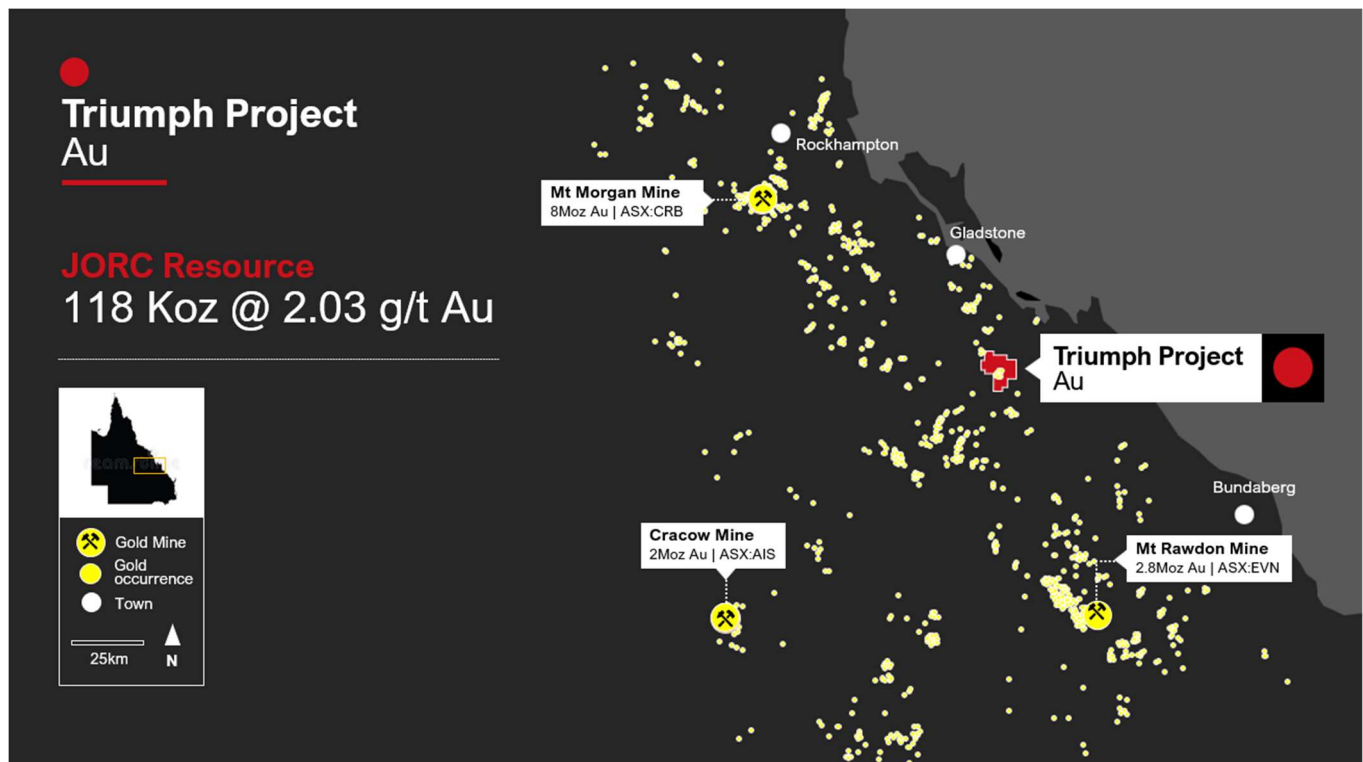


Figure 8. Triumph Project location.

³ SHN ASX Release, 31st March 2022, "Robust Maiden Resource at Triumph Gold Project".
No new information has been collected and all material assumptions remain unchanged

Investigator Project

Copper

Ownership 100% | Queensland

Investigator is geologically analogous to the Capricorn Copper Mine (61Mt @ 1.8% Cu) located 12km north.

Field mapping in early 2022 focused on refining the location and thickness of the east-west oriented Investigator Fault. Future activities will include characterising fault fill and breccia type.

Electrical geophysical surveys and detailed magnetics are planned for mid-2023 and will be integrated with mapping data to refine targets for drilling.

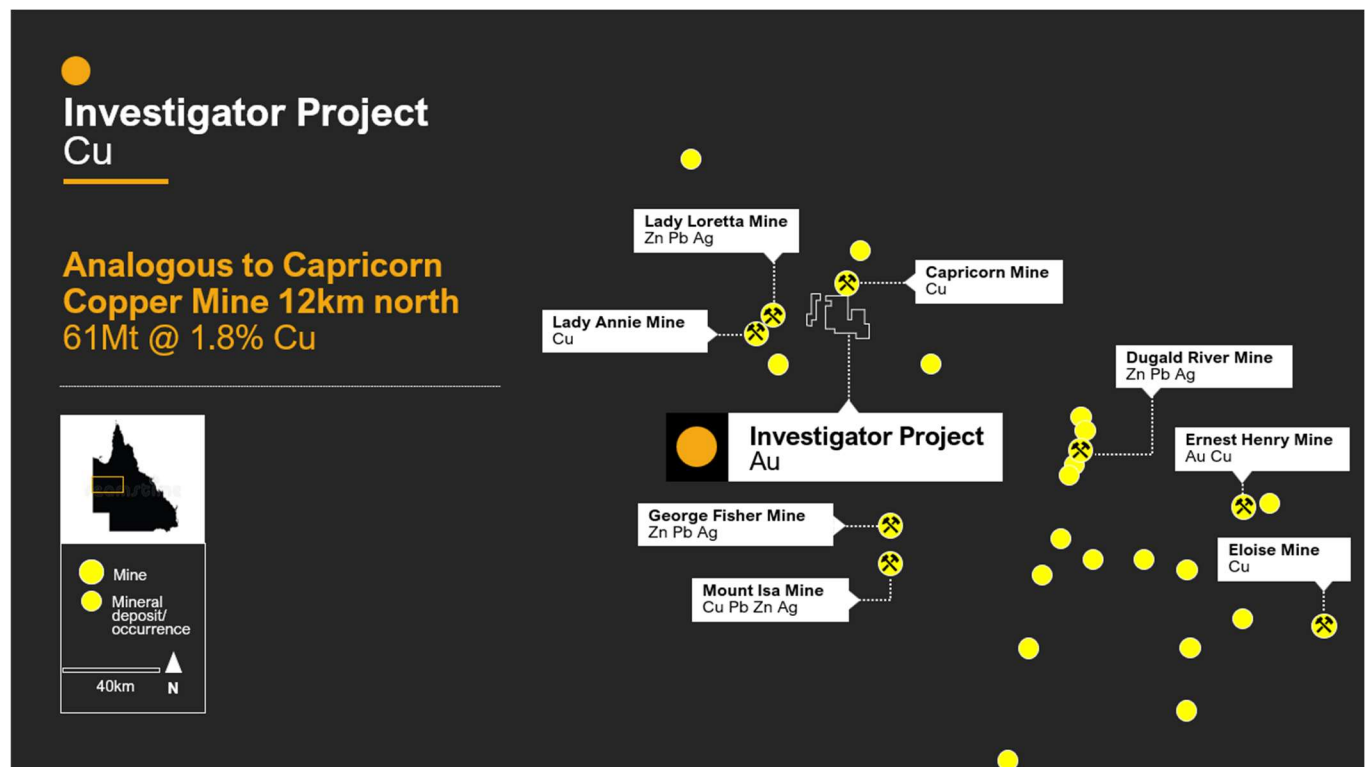


Figure 9. Investigator Project location

Hodgkinson Project

Gold | Tungsten

Ownership 100% | Queensland

Magnetic survey, mapping and soil sampling data has generated targets for drill testing in the northern area of Hodgkinson at Campbell Creek.

Campbell Creek is at the head of the Palmer River watershed and has produced ~1.3Moz Au from largely alluvial sources since that late 1800's.

An integration of datasets (mapping, soils and magnetics) has determined the intersections of sandstone-dominant lithological packages and northwest or northeast oriented faulting as a locus for gold enrichment.

Three gold-in-soil anomalies have been identified with the main anomaly field mapped. No activities were undertaken at the Hodgkinson during the quarter.

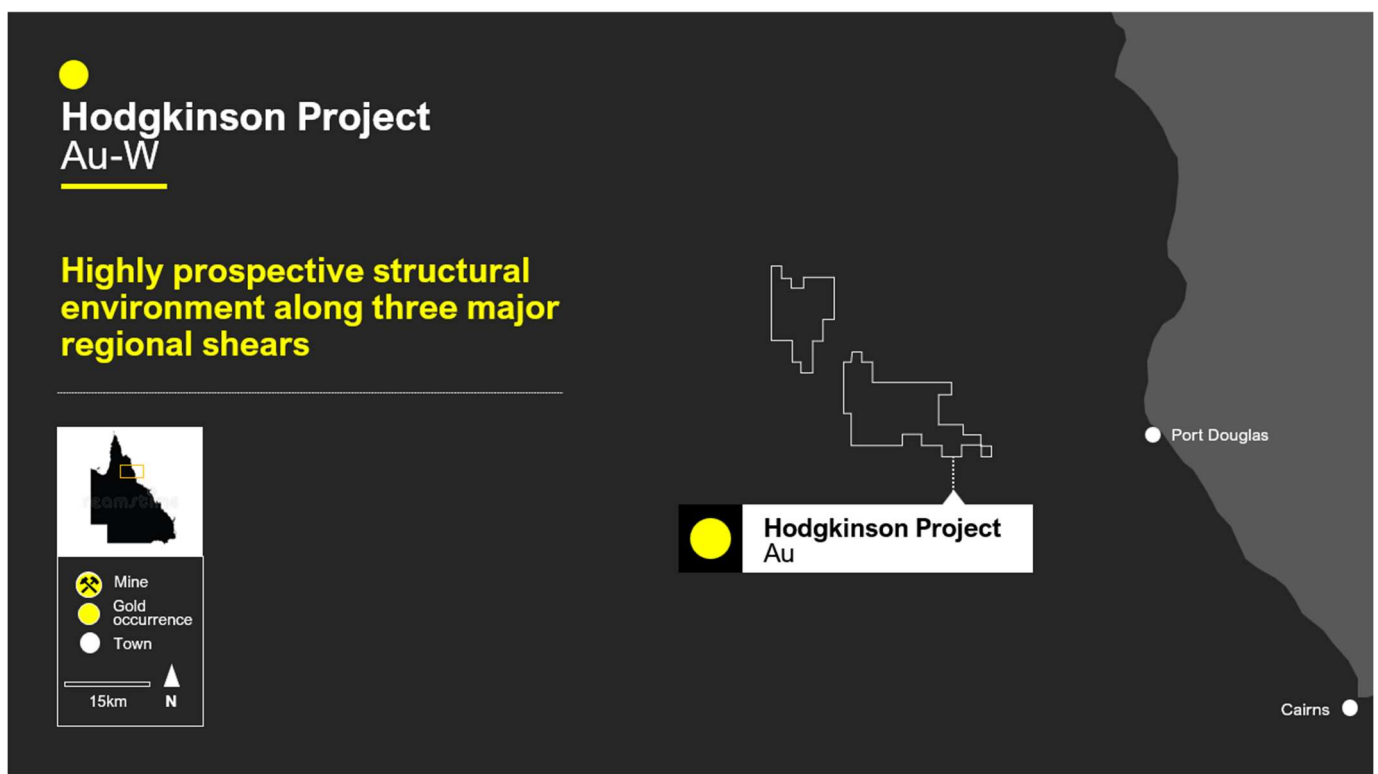


Figure 10. Hodgkinson Project location

Corporate

Cash Position

Sunshine Gold held cash reserves at the end of quarter of ~\$3.0 million.

Shareholder Information

As at 31 December 2022, the company had 1,187 shareholders and 769,722,730 ordinary fully paid shares on issue with the top 20 shareholders holding 53.41% of the total issued capital.

Finance and Use of Funds

Pursuant to the requirements of Listing Rule 5.3.4, the Company advises the proposed use of funds in section 1.6 of the Company's Prospectus in comparison to the actual use of funds is as follows:

Use of Funds	Use of Funds per Prospectus \$	Current Quarter \$	Actual to Date \$
Exploration and evaluation (2 years)	3,330,000	705,333	7,170,241
Working capital (2 years)	1,506,000	365,063	2,389,767
Expenses of Offer and XXXX Gold acquisition	484,842	-	500,845
Total	5,320,842	1,070,396	10,060,853

Pursuant to the requirements of Listing Rule 5.3.5, a description of and explanation for payments to related parties and their associates per Section 6.1 of the Appendix 5B following this Quarterly Activities Report is set out in the below table.

Director Remuneration	Current Quarter \$	Previous \$
Managing Director fees	66,853	66,853
Executive Director fees	-	-
Non-Executive Director fees	37,882	37,800
Company Secretarial fees	9,900	9,900
Total	114,634	114,552

Planned Activities

- Jan 2023: Quarterly Activities & Financial Report
- Jan 2023: Commence first fieldwork Lighthouse Project, Ravenswood West
- Feb 2023: Extensional drilling Triumph Au
- Mar 2023: RC drilling Lighthouse Project, Ravenswood West
- Mar 2023: Interim Financial Report
- June 2023 quarter: RC drilling of Targets 1 and 2 at Wilbur's Hills Ravenswood West

Attending:

- 14 – 17 Feb 2023: RIU Explorers Conference, Fremantle

For further information

Dr Damien Keys
Managing Director
Phone: +61 428 717 466
Email: dkeys@shngold.com.au

Mr Alec Pismiris
Director & Company Secretary
Phone: +61 402 212 532
Email: alec@lexconservices.com.au

This ASX announcement is authorised for market release by the Board of Sunshine Gold

Competent Person Statement

The information in this report that relates to Exploration Results is based on, and fairly represents, information compiled by Mr Matt Price, a Competent Person who is a Member of the Australian Institute of Geoscientists (AIG) and the Australian Institute of Mining and Metallurgy (AusIMM). Mr Price has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration, and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. Mr Price consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Tenement Interests

Project	Tenement	Status	Beneficial Interest
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	Granted	100%
Investigator	EPM 27343	Granted	100%
Investigator	EPM 27344	Granted	100%
Investigator	EPM 28369	Application	100%
Ravenswood	EPM 26041	Granted	100%
Ravenswood	EPM 26152	Granted	100%
Ravenswood	EPM 26303	Granted	100%
Ravenswood	EPM 26304	Granted	100%
Ravenswood	EPM 27824	Granted	100%
Ravenswood	EPM 27825	Granted	100%
Ravenswood	EPM 28237	Application	100%
Ravenswood	EPM 28240	Application	100%
Triumph	EPM 18486	Granted	100%
Triumph	EPM 19343	Granted	100%

Mineral Resources and Ore Reserves

Sunshine Gold's initial Resource at 31 December 2022 was 1.8 million tonnes at 2.03 g/t Au for 118 koz of contained gold.

There were no Ore Reserves at 31 December 2022.

Triumph Gold Project	Category	Tonnes	Grade	Contained Au
		,000 tonne	(g/t)	,000 ounces
Southern Corridor	Inferred	1,497	2.1	100
• <i>Big Hans</i>	<i>Inferred</i>	493	2.3	37
• <i>New Constitution</i>	<i>Inferred</i>	690	2.0	44
• <i>Super Hans</i>	<i>Inferred</i>	314	1.9	19
Northern Corridor	Inferred	311	1.8	18
Total	Inferred	1,808	2.0	118

Notes on Resource:

1. The preceding statement of Resources conforms to the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) 2012 Edition".
2. All tonnages are reported as dry metric tonnes.
3. Data is rounded to thousands of tonnes and thousands of ounces gold. Discrepancies in totals may occur due to rounding.
4. Resources have been reported with varying cut-offs based on several factors discussed in the corresponding Table 1 which can be found with the original ASX announcement, 31st March 2022 "Robust Maiden Resource at Triumph Gold Project".

Quality Control

Sunshine Gold ensures that the Resource estimate quoted is subject to internal controls activated at a site and corporate level. All aspects of the Resource process follow a high level of industry standard practices. Contract RC and diamond drilling was overseen by experienced Sunshine Gold employees, with completed holes subject to downhole gyroscopic survey and collar coordinates surveyed with RTK GPS. Geological logging and sampling were completed by Sunshine Gold geologists. Sunshine Gold employs field quality control (QC) procedures, including addition of standards, blanks and duplicates ahead of assaying which was undertaken using industry standard fire assay at Intertek and ALS laboratories in Townsville. All drilling information is continually validated and managed by a database consultant. Geological models and wireframes were built using careful geological documentation and interpretations, all of which were validated by peer review. Resource estimation was undertaken by consultant Measured Group. Estimation techniques are industry standard and include block modelling using Ordinary Kriging. Application of other parameters including cut off grades, top cuts and classification are all dependent on the style and nature of mineralisation being assessed. All Resources are reported under JORC 2012. No Ore Reserve estimation has been completed or announced to date at Triumph.

No Material Changes

Sunshine Gold confirms that it is not aware of any new information or data that would materially affect the information included in the quarterly activities report dated 29 July 2022 and market announcements dated 1 August 2022, 11 August 2022 and 19 September 2022, and that all material assumptions and technical parameters in the market announcements continue to apply and have not materially changed.

Competent Person Statement

The information in this report that relates to Resources is based on information compiled and reviewed by Mr Andrew Dawes, who is a Member of the Australasian Institute of Mining and Metallurgy and is a Principal Geologist employed by Measured Group Pty Ltd. Mr Andrew Dawes has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Mineral Resources'. Mr Andrew Dawes consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Company Profile

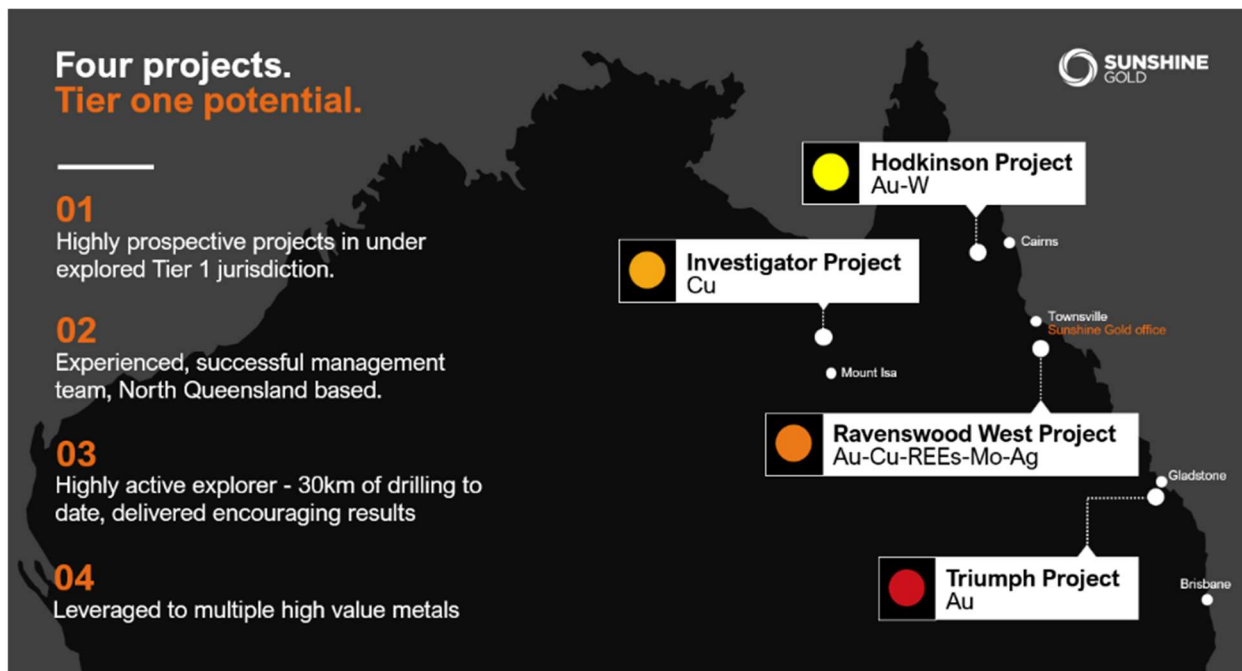
Four projects. Tier one potential. Sunshine Gold is developing four projects with tier one potential in north Queensland over 1,000km² in proven districts with high prospectivity for gold, copper, molybdenum, and rare earths elements:

Triumph Project (Au) – More than 85% of Triumph’s Inferred Resource of 118,000 ounces @ 2.03 g/t Au⁴ is less than 100m deep and largely located within 1.25km of strike within a 6km long trend called the Southern Corridor. Recent drilling has confirmed the project’s intrusion-related gold system is characteristic of larger mines and deposits in the area including the Mt Morgan Mine and Evolution Mining’s Mt Rawdon Mine.

Ravenswood West Project (Au-Cu-REEs-Mo-Ag) – Adjacent to Queensland’s largest gold mine, Ravenswood, jointly owned by EMR Capital and SGL listed Gold Energy and Resources. The Ravenswood Mine hosts a 9.8Moz resource within a district that has produced over 20Moz of gold historically.

Investigator Project (Cu) - The project is located 100km north of the Mt Isa, home to rich copper-lead-zinc mines that have been worked for almost a century. Investigator is hosted in the same stratigraphy and a similar fault architecture as the Capricorn Copper Mine which is located 12km to the north.

Hodkinson Project (Au-W) - The project is situated between the Palmer River alluvial gold field (1.35 Moz Au) and the historic Hodgkinson gold field (0.3 Moz Au) and incorporates the Elephant Creek Gold, Peninsula Gold-Copper and Campbell Creek Gold prospects.



⁴ SHN ASX Release, 31st March 2022, “Robust Maiden Resource at Triumph Gold Project”.
No new information has been collected and all material assumptions remain unchanged