



TROY RESOURCES LIMITED

# QUARTERLY REPORT & APPENDIX 4C

COMPANY UPDATE AND QUARTERLY CASH FLOW REPORT FOR ENTITIES SUBJECT TO LISTING RULE 4.7B FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2021

**24 January 2022**

## **PASSING OF KEN NILSSON**

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Troy's Managing Director, Mr Ken Nilsson, passed away in September 2021 after failing to recover from a medical procedure. Ken initially became Managing Director in 1997 and, after stepping down, was re-appointed as Managing Director in 2017. Ken was personally responsible for the development and operation of all the various mining operations held by the Company since his initial appointment.

Ken brought significant passion and energy to everything in his life and will be deeply missed by all.

## **HIGHLIGHTS**

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- Mr Richard Beazley, one of Troy's Non-Executive Directors, assumed the role of interim CEO and Managing Director to ensure that the Company's direction was maintained.
- Gold production for the September quarter was 659 ounces obtained from processing remaining stockpiles and minor ore from the Goldstar pit. Mining operations ceased during July 2021 with the mill entering into care and maintenance in mid-July 2021.
- Gold sales revenue for the quarter was US\$2.4 million from the sale of 1,319 ounces in July 2021.
- During the quarter, the Company secured the Potaro tenements which are located approximately 20 kilometres to the south of the Karouni Mill. The tenements see the Company's landholding at Karouni increase to approximately 89,000 hectares.
- The various work streams required to announce the results of the Pre-feasibility Study and declare the Maiden Ore Reserve at Smarts Underground (mine design work, geotechnical, hydrological, gap analysis, etc) were finalised early in the September quarter.
- Maiden Smarts Underground Ore Reserve of 89,000 ounces announced in the September quarter - refer ASX announcement 26 July 2021.
- Consultant study demonstrates Smarts Underground to be economically viable; up-front cost to first ore relatively minimal at approximately US\$7 million.
- At the end of the September quarter, cash totalled AUD\$0.71 million.



## OPERATIONS

### KAROUNI, GUYANA (Troy 100% through Troy Resources Guyana Inc.)

#### Results Summary

A summary of key operational parameters at Karouni for the September quarter is set out in Table 1.

Operations	September 2021 Quarter
<b>Open Pit Mining</b>	
Total Mined (t)	40,645
Ore Mined (t)	5,079
Mine Grade (g/t)	1.02
<b>Mill Production</b>	
Processed (t)	14,844
Head Grade Gold (g/t)	1.83
Recovery Gold (%)	95.1
Gold Produced (oz)	659
Gold Sold (oz) <sup>(1)</sup>	1,319
Cash Cost (US\$/oz) <sup>(1)</sup>	2,913
AISC (US\$/oz) <sup>(1)</sup>	3,615
Gold Price Realised (US\$/oz)	1,799

(1) The Karouni mine was placed under care and maintenance in August 2021. The cash and ASIC costs for the quarter are based upon July production figures only.

**Table 1 - Quarterly Production and Costs Summary**

#### Mining

During August, the mining activity in Smarts was related to the development of the UG Portal - specifically, development of the surface access ramp to the portal location and securing of the pit wall above the portal.

During the quarter, 40,645 tonnes of material were mined with 9,150 tonnes coming from Goldstar and 33,446 tonnes of waste being mined at Smarts in August 2021. Approximately 20,000 tonnes were mined from the benches immediately above the underground portal to stabilise the area and prepare a working pad and 13,000 tonnes were removed to develop the ramp access to the portal area. All this material was saprolite.

A total of 5,079 tonnes of ore at 1.02 g/t were mined from Goldstar.

The June 2021 mine plan considered mining at Goldstar pit from July to mid-September and processing the ore along with the remaining low-grade stockpiles. During late June, however, it was found the tonnes and grades for Hicks and Smarts mineralised waste stockpiles were lower than previously estimated which affected the amount of material available for processing along with the Goldstar ore. As a result, mining at Goldstar was suspended in early July 2021.



Key activities for the quarter included:

- The suspension of mining activity in the Goldstar area with equipment and facilities returned to the Karouni site. The pit walls were cut back to shallower angles to prevent collapse and trenches were dug to allow for effective water drainage from the pits.
- The resumption of pumping in Smarts pit. Water elevation declined to below the 40m level before pumping was stopped. Pumps were placed on standby, however, due to very low rainfall in the month of September, with the water level more-or-less remaining at that elevation.
- The demobilising of the Ohio Creek camp. The accommodation blocks and equipment were returned to the Karouni site. Reclamation of the site garbage dump was completed, along with removal of the generator and fuel storage tanks. The washroom and kitchen block were left intact and the concession was handed back to the lease-holder (Kabouri Investments).
- The termination of the equipment maintenance and repair contract with Farm Supply in early July 2021, with an interim contract negotiated to support maintenance of a limited operating fleet for a period of approximately two months whilst Troy Resources Guyana could transition to an owner's maintenance program.

### **Processing**

Mill throughput for the quarter totalled 14,844 tonnes, sourced from Goldstar pit and the remaining mineralised waste stockpiles. The mill feed grade of 1.38 g/t Au was higher than plan (0.93 g/t); however, this was due to the mill completing an inventory cleanout reclaiming all the gold-in-circuit. The total amount of gold produced was 659 ounces. Plant recovery was calculated at 95%; however, as this figure takes into account the final cleanout, it does not truly reflect recovery of the fresh feed ore.

The mill ceased feeding of crushed ore on 9 July 2021 and the CIL/elution circuit during late July 2021 representing the commencement of the mine site shutdown before entering into care and maintenance in August 2021.

From the end of July to the end of September, work in the plant was focused on cleaning out the CIL/detox tanks, ball mill, thickener and elution circuit and preparing the plant for care and maintenance status. A weekly and monthly maintenance plan has been implemented to prevent deterioration or damage to the key electrical and mechanical components.

In September 2021, Troy began the process of liquidating some of its reagent inventory, those with a use-by date in late 2021 or early 2022.

Due to the high cost of operating the power station to support the limited electrical load requirements during care and maintenance, the station was shut down and smaller, portable generators were deployed to provide minimum electrical requirements.

**Costs<sup>(1)</sup>**

	September 2021 Quarter US\$/oz
Mining	1,148
Processing	1,062
Mine & General Administration	566
Mineral Inventory Movements	137
<b>C1 Cash Cost</b>	<b>2,913</b>
Refining and Transport Costs	23
Royalties	335
Insurance	178
Corporate General and Administration Costs	166
Capital - Sustaining	-
<b>All-In Sustaining Cost (AISC)</b>	<b>3,615</b>

(1) The Karouni mine was placed under care and maintenance in August 2021. The cash and ASIC costs disclosed for the quarter are for July 2021.

**Table 2 - Quarterly Cash Costs****DEVELOPMENT****SMARTS UNDERGROUND, GUYANA** (Troy 100% through Troy Resources Guyana Inc.)

Work during the September quarter concentrated on completing the Pre-Feasibility Study (PFS) of the Smarts Underground Ore Reserve.

Auralia Mining Consulting (Auralia) was engaged to calculate the Maiden Ore Reserve, with this being released by the Company on 26 July 2021 - refer announcement "Maiden Smarts Underground Ore Reserve".

The Auralia report concluded that the Smarts Underground deposit was economically viable based on the parameters incorporated in the evaluation.

The Company considers the deposit has the ability to be extended, both at depth and along strike.

The PFS included a calculated total cost of US\$3.7 million to arrive at the upper stopping blocks from the start of development mining, with construction of the actual portal and initial infrastructure of between US\$2-4 million. In other words, the cost to first ore is relatively minimal at approximately US\$7 million.

The Company considers that a further three geotechnical holes need to be drilled so as to finalise the geotechnical assessment and, in turn, the mine plan.

The Company is ready to proceed with development subject to finalising the geotechnical assessment and meeting the funding requirement.



## EXPLORATION

### GUYANA (Troy 100% through Troy Resources Guyana Inc.)

#### Overview

During the Quarter, exploration activities were slowed down due to financial restrictions. In early to mid-August, all exploration activities ceased and only rehabilitation work was completed until mid-September.

Exploration activities for the quarter focused on the Gem Creek prospect with both reverse circulation (RC) and diamond drilling. The planned drilling in Honey Camp and Upper Itaki was put on hold, as was the proposed field work at Kaburi Hills.

At Potaro - Kuribrong JV, exploration work, encompassing detailed mapping, sampling and access development, was carried out by Barrick Gold Corporation (Barrick) pursuant to the earn-in announced on 1 July 2021.

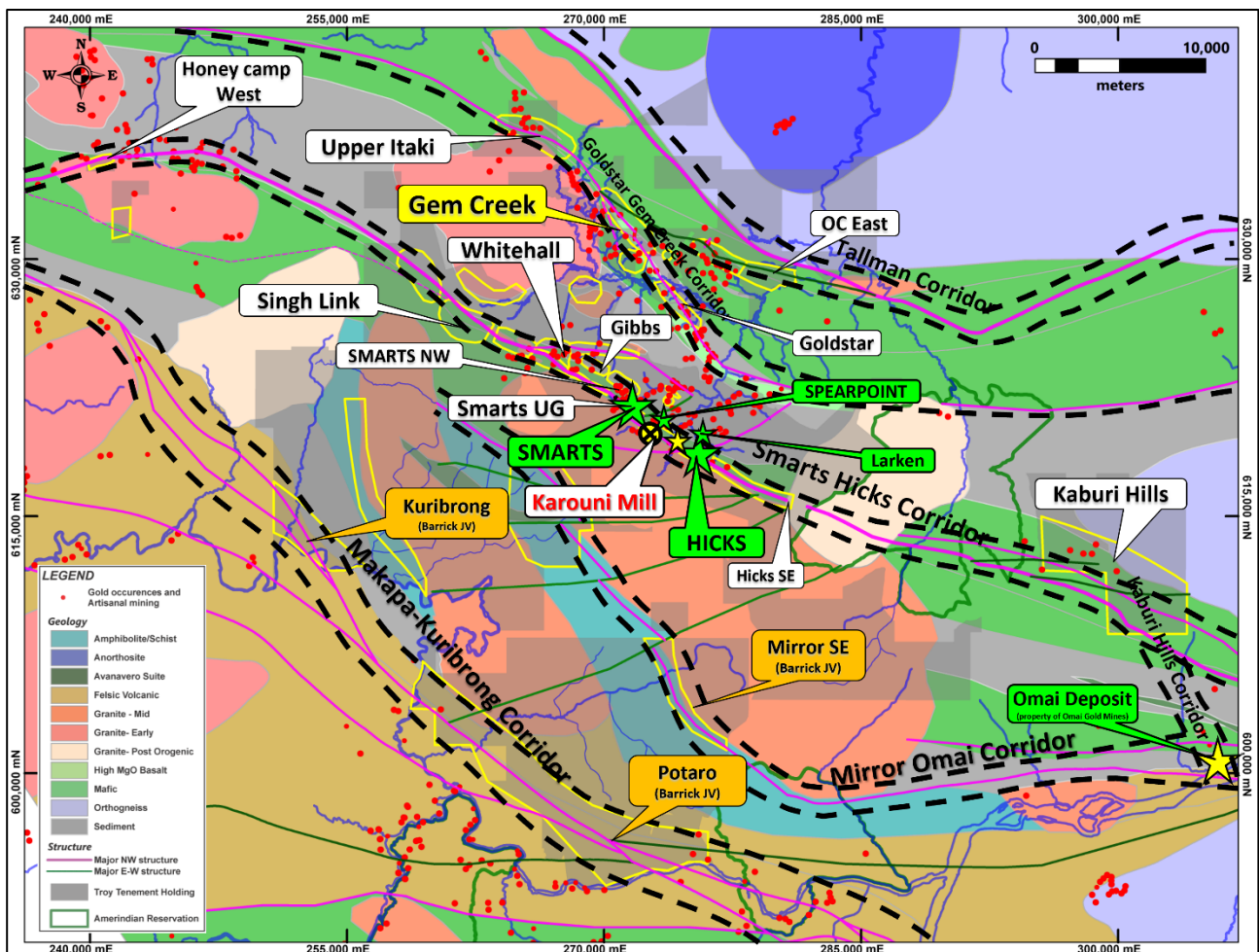


Figure 1 – Overview of Karouni targets (activities during Q1 2021/22 yellow, Barrick JV targets orange)





## Brownfields Exploration

### Gem Creek

Exploration activities at the Gem Creek prospect comprised RC infill and step out drilling and diamond drilling in potential mineral resource areas. 49 RC holes were completed for a total of 3,978m. An additional three diamond drill holes were drilled for a total of 595.5m. One of the diamond holes had to be abandoned (GCDD005). All drilling activities ceased in early to mid-August due to financial constraints.

The drilling campaign in the NW area was designed to test the previously reported intercept of GCRC060 (17m at 4.74g/t gold) and the contact with the Gem Stock Granite in the NW.

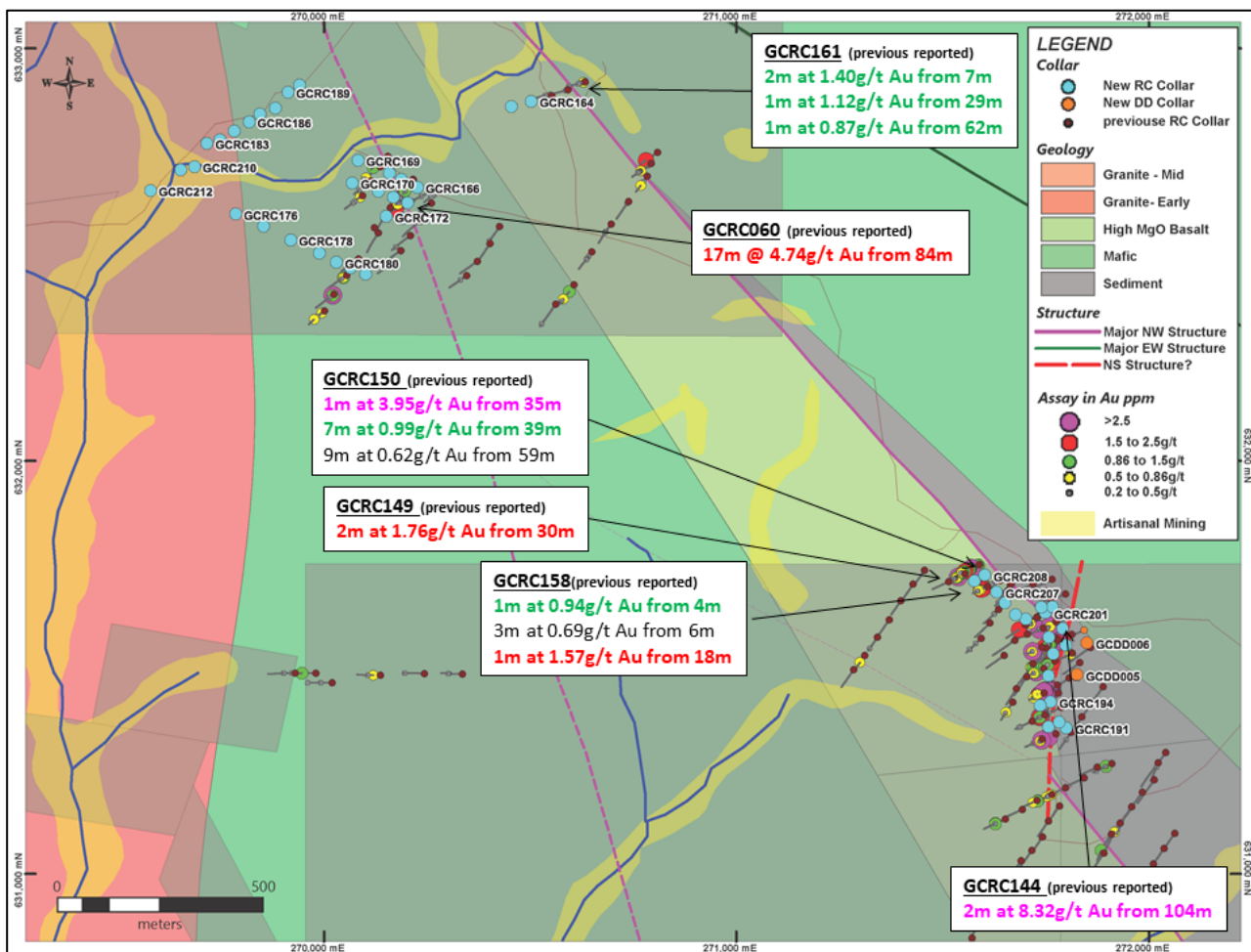


Figure 2 – Gem Creek follow up drilling in SE and step out in NW blocks

Towards the NE, the more mafic basalt occurs with slight foliation and weak pyrite.

Additional infill RC drilling and two diamond drill holes were completed in the central block. In this area, gold mineralization was previously reported within a strong silica altered andesite with disseminated pyrite and stockwork like quartz veins with visible gold. The altered andesite is located between fresh MgO basalt in the footwall and carbonaceous shales in the hanging wall.

Thus far, only one diamond drill hole (GCDD001) has been completed, drilled towards the west (azimuth 245deg). It was the first hole to intersect the broad (approximately 75m-wide) strongly altered andesite. The altered interval returned an overall intercept of 68m at 0.68g/t gold from 105m.

The completed RC and diamond drilling intersected more of the altered andesite with strong silica alteration, stockwork veining and fine disseminated pyrite.

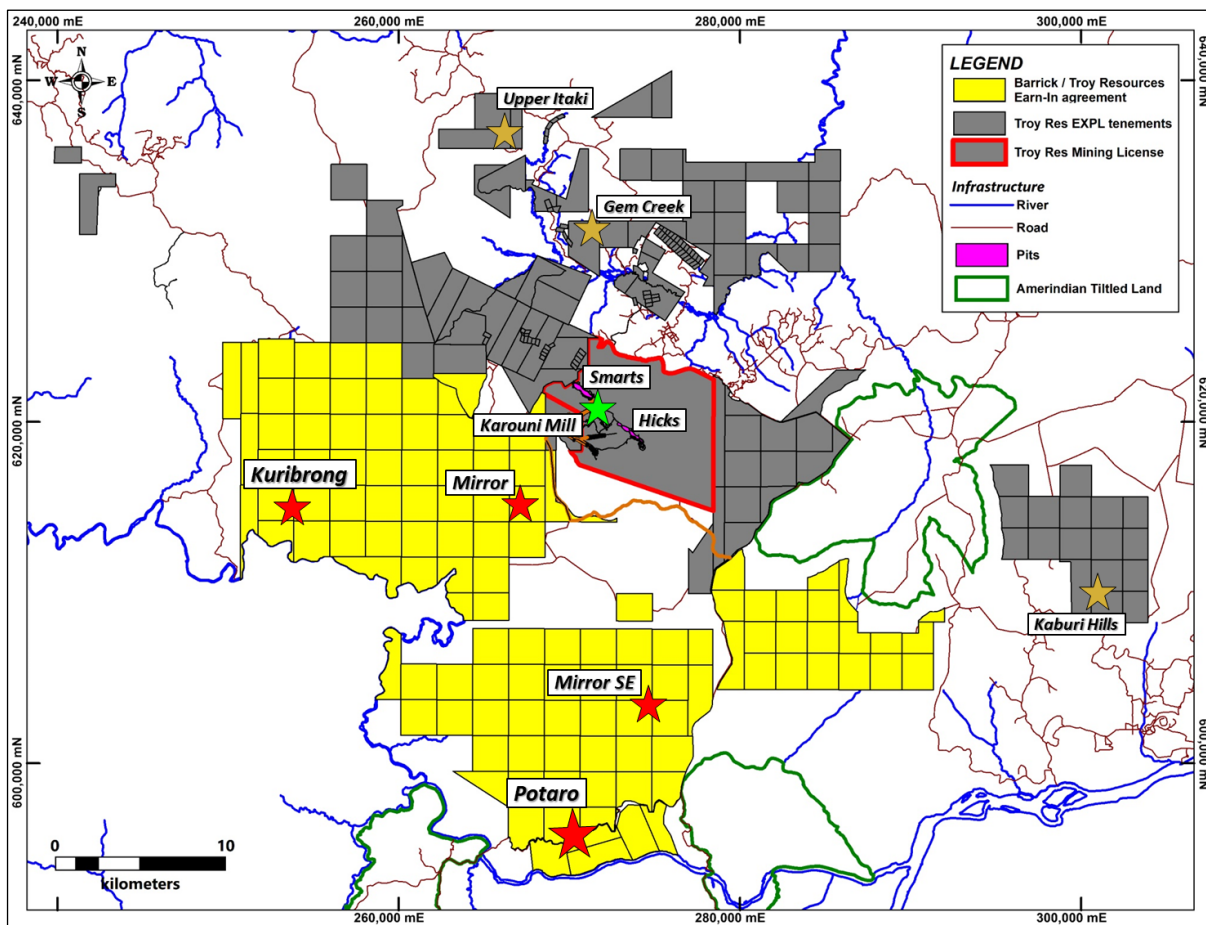


Assay results for the Gem Creek drilling are pending.

### **Potaro-Kuribrong – Barrick JV agreement**

During the Quarter, Barrick continued mapping, sampling and access development in the southern part of the JV agreement area. Detailed mapping of the drainages just north of the Potaro River and the area north of the Bartica – Mahdia road has been carried out.

With exploration by Troy ceasing for the time being, members of the local Karouni exploration field crew were integrated into Barrick.



**Figure 3: Earn-in agreement with Barrick Gold on exploration of the southern tenements**



## Greenfield Exploration

During the Quarter, no activities on greenfield targets were carried out. The planned mapping and sampling program at Kaburi Hills target was postponed, as was the proposed first drilling campaigns at both Honey Camp West and Upper Itaki.

## SAFETY AND COMMUNITY

### GUYANA (Troy 100% through Troy Resources Guyana Inc.)

#### Health and Safety

As at 30 September 2021, the 12-month rolling Total Recordable Injury Frequency Rate (TRIFR) was 8.3 and the 12-month rolling Lost Time Incident Frequency Rate (LTIFR) was 3.9. This represents a slight increase from the June quarter of 8.3 and 3.3 respectively.

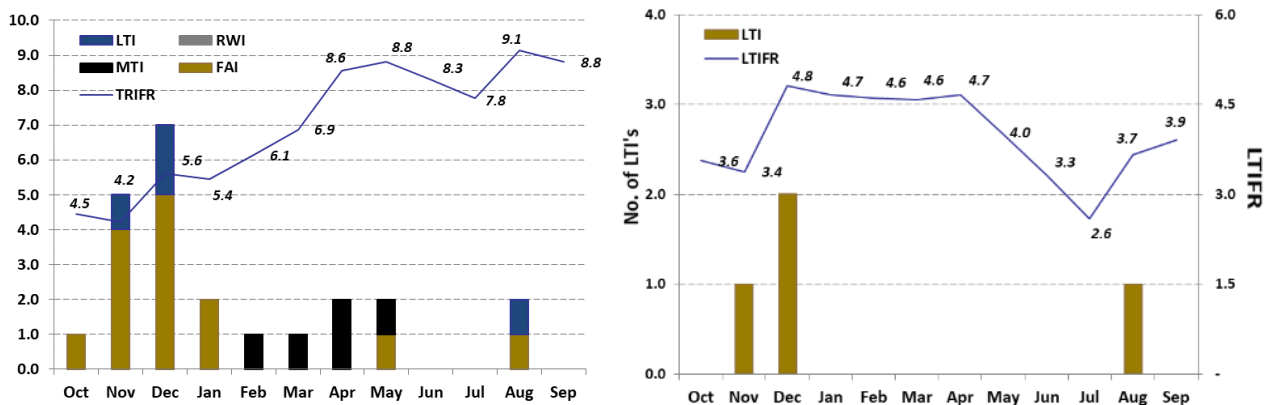


Table 3: TRIFR and LTIFR for 2021

During the quarter, there was one reportable incident (Fatality - LTI) and one first aid treatment.

On 20 August 2021, a fatality occurred involving a member of the security department whilst the team was undertaking a routine patrol on wooded tenements in the Potaro region. The person struck their head while passing underneath a fallen log.

During the quarter, all departments continued to focus on the goal of achieving Zero-Harm in the workplace. Prior to the fatality, both the TRIF and LTIFR values were generally trending downwards and TRGI had gone almost 250 days (> 8 months) without an LTI and more than 3 months without a reportable incident.

Despite the decreased manhours from the start of July to the end of September, there was still a significant level of activity related to shutting down production, putting the plant into care and maintenance and development work for Smarts Underground. The focus of the Health & Safety team was on management of high potential activities, chemical and biological hazards, and proper lifting techniques.

The L2BL (Lessons-To-Be Learned) approach to evaluating and communicating information about safety incidents / near misses continued during the quarter. Main takeaways from these investigations included establishing good communications, use of barricades for area control, the importance of utilising the correct PPE and the identification of hazards.





## Environment

With the stoppage of mining and processing activities and the transition into care and maintenance activities, the priority of the environmental team was maintaining environmental compliance, implementing the revised monitoring requirements in the new permit, and developing closure plans for the Ohio Creek, Larkin and Spearpoint mining areas.

Troy received the renewal of the Environmental Permit for Karouni project in late Q2 (effective until May 2026). Key changes or substitutions in the Permit as they relate to compliance activities and monitoring include:

- Removal of air quality monitoring requirements for the power station generator and the reporting of air quality monitoring on an annual basis.
- Discharge from the mine site cannot exceed 50 mg/l of Total Suspended Solids (TSS) for more than 5% of year. Additionally, the permit recognizes that certain outside influences may result in the threshold being exceeded. Those variances will be waived provided Troy can show proper justification.
- Solid waste dump site does not have to be lined with an impermeable liner; a compacted saprolite layer is acceptable.
- Oil containers (steel drums and plastic barrels) will be cleaned thoroughly (per the approval procedure) before either being re-purposed or discarded in an onsite dump site. Troy will no longer allow drums or barrels to be given or sold to third-parties.

Rainfall for the period was in line with seasonal average except in August where the monthly average was 80% higher. Rainfall did not have a significant impact on the operations. Work was undertaken during the quarter to divert drainages from the plant and haulage roads.

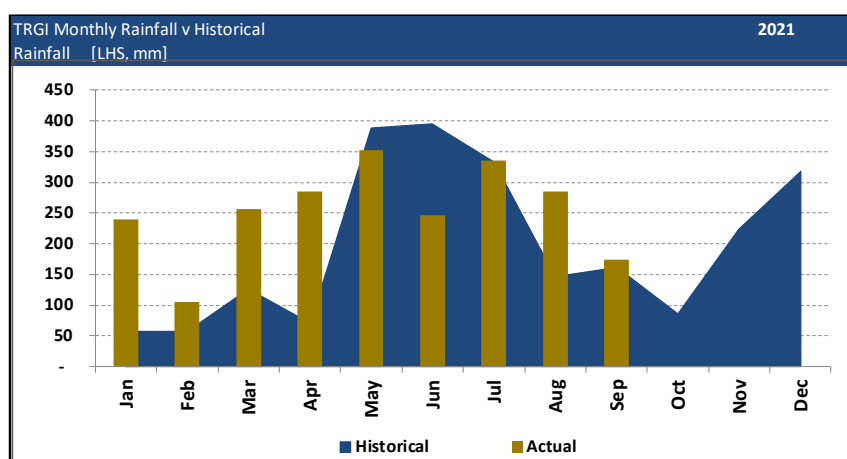


Table 4: Historic Average vs. 2021 Rain Fall

Work continued with the management of hazardous waste oil/fluids on site; however, with the low availability of the onsite incinerator, inventory is continuing to build.



### ***Human Resources and Community***

With the cessation of mining operations, the workforce was decreased throughout the quarter to match the work requirements. As at 30 September 2021, the Troy Resources Guyana workforce numbered 26 at site as well as 11 in the Georgetown office, down from 241 and 20 respectively. A minimal manpower compliment has been retained at the mine site to provided security, maintenance and camp support services. All non-essential contractors have been demobilised, except for those required for catering, fuel management, bussing and medical services.

The Site Medical Centre remained in operation during the quarter and continued to provide medical services to local communities. Approximately 80-90 off-campers were seen during the quarter. Most of the off-camper medical visits related to testing for COVID-19 and tropical diseases. One off-camper was evacuated to Georgetown via airplane as per medical evacuation protocol in accordance with on-site doctor instructions.

### ***COVID-19 Safety Measures***

During the quarter, one individual tested positive for COVID-19 after demonstrating mild symptoms. Following treatment on-site, the person was evacuated to Georgetown by road.

The mine site continued to follow government mandated protocols. Overall, our COVID-19 safety measures and risk management have been successful in preventing and/or limited its affect despite levels of COVID-19 infection in Guyana increasing during this period.

Troy continues to engage in active management of the COVID-19 risk, with preventative measures such as pre-flight screenings, wearing of masks and social distancing remaining in effect and enforced for protection of employees, contractors and visitors.

In late September 2021, the Guyana Ministry of Health announced vaccination mandates for domestic air travel which affects Troy's flight operations. Since 15 October 2021, all persons travelling to site need to have received at least one dose of an approved vaccine.

Guyana has reported 36,439 cases of the virus and 952 deaths, as per the World Health Organisation situation report of 12 November 2021.



## FINANCIAL INFORMATION

At the end of the quarter, the Company had total cash of \$0.71 million. Key movements in cash flow are illustrated in Figure 4 and detailed in the attached Appendix 4C.

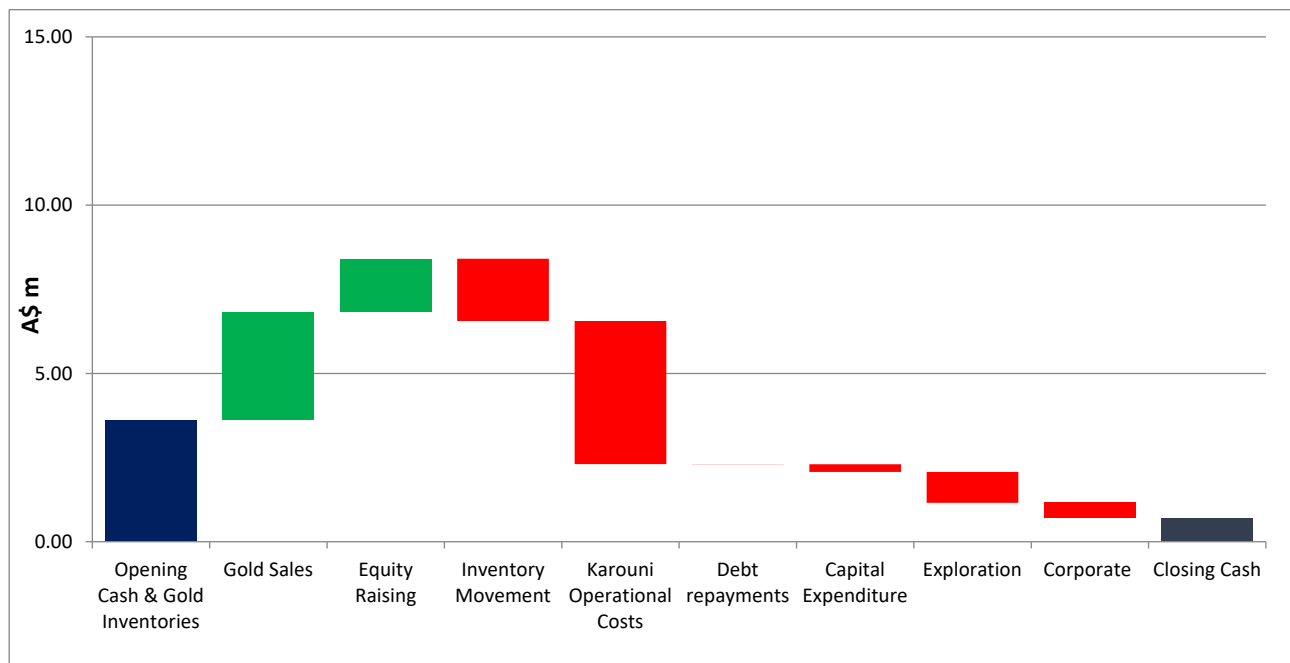


Figure 4 – September 2021 Quarter Cash Movements

*Notes:*

1. Key movements - unaudited
2. Opening liquid assets include cash, gold doré & GIC at market value.

### Exploration Expenditure

Exploration expenditure incurred during the quarter was \$0.91 million, including \$0.45 million for RC and diamond drilling and \$0.12 million for drill sample analysis.

### Capital Expenditure

Expenditure incurred in relation to plant and equipment and sustaining capital at Karouni during the quarter was \$0.23 million.

### Voluntary Suspension

During the quarter, the Company requested a trading halt pending an announcement of the Company's financial position. This voluntary suspension was extended in the subsequent quarter to the earlier of the lodgement of a full form prospectus or 14 April 2022.

### Payments to Related Parties

During the quarter, the Company paid executives, salaries of \$100,000 and paid non-executives \$103,000 for salaries and legal services rendered.

## EVENTS SUBSEQUENT TO THE QUARTER

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### ***Recapitalisation***

On 5 January 2022, the Company announced that it had entered into a number of recapitalisation agreements to issue shares for cash and conversion of debt to equity.

The plan involves a series of transactions that, if approved by shareholders, will see the company issue a number of fully paid ordinary shares at a price of \$0.022 per share in exchange for the receipt of cash or the extinguishment of debt.

The transactions include:

- AIMS converting essentially all of its gold loan, in two stages, into approximately 627 million shares, in so doing, becoming Troy's largest shareholder.
- Exploservice Guyana Inc, the company's largest trade creditor, converting approximately 40% of its debt into approximately 209 million shares and includes a standstill on its remaining debt until April 2023.
- M&G plc, Troy's current largest shareholder, subscribing for approximately 122 million shares, raising approximately \$2.7 million.
- Ruffer LLP, Troy's current second largest shareholder, subscribing for approximately 68 million shares, raising approximately \$1.5 million.
- RiverFort Global Capital Ltd (RiverFort), a London-headquartered investment services firm, subscribing for approximately 23 million shares, raising approximately \$0.5 million.
- RiverFort providing the company with convertible note funding up to \$5 million.

The support of all these organisations is gratefully acknowledged.

In addition, the company is intending to offer all shareholders an opportunity to participate in a 1 for 1 rights issue at the same issue price as the placement.

The aforementioned transactions will see Troy raise approximately \$7.2 million in cash and retire approximately \$18.7 million of net debt.



## CORPORATE

### ***Barrick Gold Corporation – Earn-in Agreement***

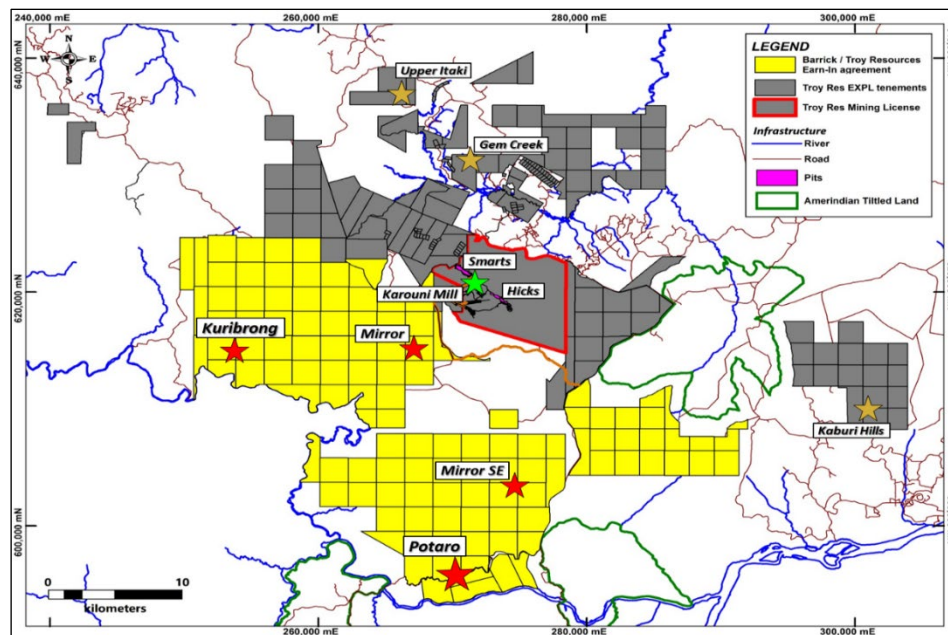
During the September quarter, the Company announced that it had entered into an Earn-In Agreement with Barrick in relation to a package of tenements (Project Tenements).

The agreement included not only the Potaro target but other significant targets such as Kuribrong, located to the north-west along a regional shear zone of great significance known as the Makaba Kuribrong Shear Zone (MKSZ), as well as the Mirror SE target as a splay shear from the MKSZ, and in the corridor west of Omai.

Under the agreement, Troy has granted Barrick the sole and exclusive right to earn a 51% undivided interest in the Project Tenements. In order to exercise the Earn-in right, Barrick must sole fund certain agreed work expenditures related to the Project Tenements and complete and deliver to Troy a Pre-Feasibility Study.

In connection with the Earn-In Agreement, Barrick also subscribed for 39,033,254 shares at a price of US\$0.0308 per share (approximately A\$0.0410 per share), representing approximately 4.9% of the Company's expanded share capital at that time.

Refer to the announcement dated 1 July 2021 'Earn-In Agreement and Share Subscription with Barrick Gold Corporation'.



**Figure 5 – Map of Karouni Gold Project with tenements the subject of the Barrick Earn-in identified in yellow**



**Capital Structure**

The Company's capital structure as at 30 September 2021 was as follows:

Issued Capital and Equity Structure as at 30 September 2021	
Ordinary Shares	812,810,631
Options (\$0.10 exercise price expiring 16 January 2022)	6,000,000
Options (\$0.10 exercise price expiring 16 January 2023)	6,000,000
Options (\$0.15 exercise price expiring 10 December 2023)	12,000,000
Options (\$0.055 exercise price expiring 1 June 2024)	8,300,000
Performance Rights expiring 30 June 2025	2,600,000
Performance Rights expiring 30 June 2026	1,400,000

*This announcement has been authorised for release by the Interim Managing Director.*

**ENDS**

**Directors**

**Peter Stern**, Non-Executive Chairman

**Richard Beazley**, Interim CEO and Managing Director

**Andrew Barclay**, Non-Executive Director

For further information please contact:

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**Peter Stern**, Non-Executive Chairman

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**Rebecca Broughton**, CFO and Company Secretary

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## Competent Person Statement

The information contained in this report referring to Exploration Results at Smarts and Goldstar is extracted from the announcements entitled "Exploration Update, Karouni Project" released on 7 August 2020 and Bonanza Drill Intersections at Smarts Underground released on 13 October 2020, "More High-Grade Gold Results at the Karouni Project" released on 13 November 2020, 'Exploration update, Karouni Project' released on 4 January 2021, "Further High-Grade Drilling Results at Karouni Gold Project" released on 18 March 2021, "Further Encouraging Exploration Results at Gem Creek" released on 9 July 2021 which are available to view on [www.troyres.com.au](http://www.troyres.com.au) or the ASX website under the company code TRY.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements relating to the drill results or geophysical review and that all material assumptions and technical parameters underpinning the drill results and geophysical review in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings as presented here have not been materially modified from the original market announcements.

The information in this report that relates to Exploration Results is based on information compiled by Richard Maddocks, a Competent Person who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Maddocks is employed as an independent consultant to the Company. Mr Maddocks 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 Exploration Results, Mineral Resources and Ore Reserves'. Mr Maddocks consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

## Competent Person Statement – Ore Reserves

The information contained in this report referring to Smarts Underground is extracted from the announcement entitled "Maiden Smarts Underground Ore Reserve" released on 26 July 2021 which is available to view on [www.troyres.com.au](http://www.troyres.com.au) or the ASX website under the company code TRY.

The information in this release relating to the Smarts Underground Ore Reserves is based on information resulting from Pre-Feasibility-level Ore Reserve works carried out by Auralia Mining Consulting Pty Ltd. Mr Anthony Keers completed the Ore Reserve estimate. Mr Anthony Keers is a Member and Chartered Professional (Mining) of the Australasian Institute of Mining and Metallurgy and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify him as a Competent Person as defined in accordance with the 2012 Edition of the Australasian Joint Ore Reserves Committee (JORC). Mr Keers consents to the inclusion in the document of the information in the form and context in which it appears.

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

TROY RESOURCES LIMITED

**ABN**

33 006 243 750

**Quarter ended ("current quarter")**

30 September 2021

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	3,209	3,209
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(4,256)	(4,256)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(247)	(247)
(f) administration and corporate costs	(468)	(468)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other - Exploration	(907)	(907)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,667)</b>	<b>(2,667)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(215)	(215)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	(12)	(12)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	250	250
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>23</b>	<b>23</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,608	1,608
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(36)	(36)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(14)	(14)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>1,558</b>	<b>1,558</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,776	1,776
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,667)	(2,667)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	23	23

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,558	1,558
4.5	Effect of movement in exchange rates on cash held	15	15
4.6	<b>Cash and cash equivalents at end of period</b>	705	705

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	705	1,776
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	705	1,776

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(203)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		



<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	12,360	12,360
7.2	Credit standby arrangements	-	-
7.3	Other (please specify) – Finance Leases	331	331
7.4	<b>Total financing facilities</b>	<b>12,691</b>	<b>12,691</b>
7.5	<b>Unused financing facilities available at quarter end</b>		0
7.6	<p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <p><b>Asian Investment Management Services Limited (AIMS) - Gold Loan</b></p> <p>In January 2020 the Company entered into a gold loan facility 5,200 ounces with AIMS, a Malaysian based investment fund (Facility). The Facility had an initial term of twelve months and is secured by a general security interest over the Company's assets. The Facility was fully drawn down with gross proceeds of US\$8.07 million (A\$11.7 million) received. On 17 May 2021, the Company and AIMS reached an agreement for a further extension of the maturity date until 16 June 2023. The effective interest rate is 16%.</p> <p>On 5 January 2022, the Company announced that it had entered into a number of recapitalisation agreements to issue to shares for cash and conversion of debt to equity. The plan involves a series of transactions that include AIMS converting essentially all of its gold loan, in two stages, into approximately 627 million shares, subject to shareholder approval.</p> <p><b>Finance Leases</b></p> <p>The Company's subsidiary in Guyana, South America has entered into a number of finance leases in prior years at carrying interest rates.</p>		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,667)
8.2	Cash and cash equivalents at quarter end (item 4.6)	705
8.3	Unused finance facilities available at quarter end (item 7.5)	0
8.4	Total available funding (item 8.2 + item 8.3)	705
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	1
	<p><i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i></p>	
8.6	<p>If item 8.5 is less than 2 quarters, please provide answers to the following questions:</p> <p>8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?</p> <p>Answer: No, the Karouni mine site entered into care &amp; maintenance in August 2021 and ceased operation, resulting in reduced ongoing costs.</p>	

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: On 5 January 2022, the Company announced that it had entered into a number of recapitalisation agreements to issue to shares for cash and conversion of debt to equity, subject to shareholder approval. The transactions would convert approximately \$18.7 million of current debt (trade payables) to equity and raise new funds of approximately \$7.2 million. The Company received gross proceeds of approximately \$926,000 from the issue of 42 million shares at an issue price of \$0.022 on 10 January 2022.

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?


Answer: Yes, subject to shareholders approving the recapitalisation transactions detailed on page 12 of the September Quarterly.

*Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.*

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 24 January 2022



Authorised by: By the Board

(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.