



31 December 2021 Interim Financial Report

For the 6-month period ended 31 December 2021

**Manuka Resources Ltd and its
controlled entity**

ABN 80 611 963 225

CORPORATE DIRECTORY

<p>Directors</p> <p>Dennis Karp – Executive Chairman</p> <p>Nick Lindsay – Non-Executive Director</p> <p>Anthony McPaul – Non-Executive Director</p> <p>Key Management</p> <p>Haydn Lynch – Chief Operating Officer</p> <p>Company Secretary</p> <p>Toni Gilholme</p> <p>Registered Office</p> <p>Level 4, Grafton Bond Building 201 Kent Street Sydney NSW 2000</p> <p>www.manukaresources.com.au</p>	<p>Lawyers</p> <p>K&L Gates Level 31, 1 O’Connell Street Sydney NSW 2000</p> <p>Auditor</p> <p>Ernst and Young 200 George Street Sydney NSW 2000</p> <p>Share Registry</p> <p>Automatic Group Pty Ltd Level 5, 126 Phillip Street Sydney , NSW 2000</p> <p>Stock Exchange Listing</p> <p>Manuka Resources Limited shares (Code: MKR) are listed on the Australian Securities Exchange.</p>
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Directors' Report

The Directors of Manuka Resources Ltd ('Manuka Resources') present their report together with the financial statements of the Entity or the Group, being Manuka Resources ('the Company') and its subsidiary Mt Boppy Resources Pty Ltd ('Mt Boppy') for the six months ended 31 December 2021.

Director details

The following persons were Directors of Manuka Resources during or since the end of the financial period and up to the date of this report:

- Mr Dennis Karp
- Mr Anthony McPaul
- Mr Nicholas Lindsay

Review of operations and financial results

The past six months of operations have been of great significance to Manuka Resources. During that time, Manuka completed its Phase 1 of mining operations at Mt Boppy, commenced the next stage of an ongoing drilling program on both our eastern and western tenement packages, commenced the Wonawinta plant upgrade to allow for a smooth transition from gold to silver production, and progressed the Wonawinta Silver Project (WSP) metallurgical test work.

Phase 1 of gold mining at Mt Boppy drew to a close on 30 November 2021, and the processing of the Mt Boppy gold ores at the Wonawinta plant will continue into March 2022 from ores stockpiled at both the mine-site and the plant. During March 2022 the Company will transition to the production of silver from its silver grading stockpiles at Wonawinta. The Company is very pleased to note the Mt Boppy gold project has been profitable, and as per the ASX release¹ significantly outperformed IPO forecasts made in July 2020.

In August 2021, Manuka's geology team commenced an extensive drilling program (see Exploration Program below) on our Mt Boppy and Canbelego tenements (eastern Basin) and also on our Wonawinta and northern Manuka (western Basin). The programs are detailed further below, and both are ongoing and expected to continue to mid-2022.

Plant upgrade and various engineering works necessary as part of the Wonawinta Silver Project (WSP) commenced in Q4 2021 so as to ensure the Wonawinta plant's capacity to transition seamlessly to silver production in late Q1 2022. Although the existing Wonawinta plant was first constructed and commissioned in 2012 to process oxide silver ores, the current program is aimed at optimising recoveries and plant efficiencies.

As part of the optimisation, the Manuka metallurgical team undertook a substantial body of test work over the past 12 months, essentially aimed at progressing our understanding of the specific nature of the Wonawinta silver ores, and the various paths leading to improvements in metallurgical performance. These

¹ Refer ASX announcement dated 8 March 2022

improvements have long been targeted, and the team, which includes the CSIRO, COMO and AMML, completed various and specific tranches of work over the past year in assisting our outcome. The results of this program provides the board with great confidence as to the commercial prospects of the Wonawinta Silver Project.

Exploration Program

Wonawinta Trend (western Basin)

Heavy rain events caused major delays in exploration with drilling affected during July and August. The Covid-related lockdown in August slowed activities further. From September to October 2021 a step-out RC drilling program was undertaken on extensions to the Wonawinta Trend.

- 27 holes on Boundary South Prospect (on neighbouring Wirlong property) on EL 7345 to the south of Manuka ML
- 8 Holes on the Smiths Tank Prospect a “Wonawinta lookalike” structure located to the west of Manuka ML on EL7345

Following this the RC drill rig at Wonawinta moved over to Mount Boppy MLs on a two-rig program.

Canbelego Trend (Eastern Basin)

Between October 2021 and mid-January 2022 two rigs were utilised on an extensive drilling program within the granted MLs comprising the Mount Boppy Mine. Forty-three (43) reverse circulation (RC) drill holes were completed for a total length of 8,771m. The program tested, as the primary target, extensions of high-grade gold mineralisation defined by previous drilling beneath the now-completed Mt Boppy open pit. Secondary targets across the MLs tested conceptual structural and geophysical targets designed to define high risk - high reward resource gold ounces on the existing Mining Leases. The program comprised:

- Twenty-nine holes (6,171m) testing mineralised extensions beneath the Mt Boppy open pit .
- Four holes (972m) testing a previously undrilled strong IP target located south-east of the Boppy pit.
- Five holes (612m) south-west of the Boppy pit testing a structural target along the West Boppy Lode, interpreted as a possible faulted northern continuation of the Boppy Main Lode.
- Five holes (1016m) testing the previously undrilled northern extension of the Mt Boppy Fault.

The company is currently awaiting the last of the assays from that drilling.

In January and February, a diamond drill rig was brought in with the intention of completing several holes under the Mount Boppy Pit that were terminated as RC holes due to excessive water in the pit. The diamond holes encountered the same limitations, and the DDH rig moved to drill 4 cored holes at the nearby Hardwicks Prospect, north-west of Mt Boppy ML on EL 5842. Assays for that program were sent to ALS laboratories in late February.

Geophysics

The company reviewed the geophysical data acquired over its exploration licences. A consulting firm, Mitre Geophysical, compiled comprehensive reports on all previous data sets on the eastern (Canbelego) and proposed a large ground gravity survey over the Manuka MLs to assist with definition of carbonate hosted base metal mineralisation along the Wonawinta trend. That program was delayed from Q3 2021 to H2 2022 due to the crew being based in WA and unable to travel in 2021.

Manuka has also contracted an extensive aerial VTEM survey over both its tenement packages (on both sides of the basin) – in Canbelego to acquire prospect scale accuracy over known geophysical targets and along the Western Basin Edge to fill in earlier regional lines and augment those with prospect scale data. That program was initially due to be flown in Q1 2022 but, due to Covid and a queue of delayed projects, will now occur sometime in Q3 2022

The Company is currently awaiting the delivery of a track-mounted RC rig to complete short drilling programs adjacent to Mt Boppy on the Racecourse and Bullseye prospects, after which that rig will drill advanced targets soon the western side of the basin (Guzzi, Goldwing, McKinnons North, etc) for the duration of the current half year period.

Operating Summary

The profit for the consolidated entity for the half-year ended 31 December 2021 was \$11,826,649 (2020 Restated Loss: \$481,227). As at 31 December 2021, the consolidated entity had \$4,278,890 in cash. The Company produced 15,638 ounces of Au during the half-year and sold at an average unhedged price of \$2,474/oz. The AISC of gold produced for the half year was A\$1,686/oz.

Production summary		31 Dec 2021
Tonnes Milled	t	173,525
Gold in Circuit	oz	1,228
Gold Sold	oz	15,755
Gold Recoveries	%	76.22
Revenues	AUD\$'000	38,926
Mining Summary		
Ore Mined	t	194,598
Waste mined	t	51,560
Total mined		246,158
Average recovered grade	g/t	3.68

Significant changes in state of affairs

During the half-year there have been no significant changes in the state of affairs of the Group, but the following events are noteworthy:

- **Debt**

Manuka Resources repaid USD\$2.0 million (\$AU2.99Million) of its existing debt facility to its principal lender. The remaining balance as at 31 December 2021 was USD\$8.0 million (AU\$11,389,144).

- **Weather event at Mt Boppy²**

On November 30, 2021 the Mt Boppy operations at Canbelego (43km east of Cobar, NSW) experienced extremely heavy rainfall (~100mm) over a period of less than 30 minutes. At that time there was approximately 15,000 tonnes of broken ore to remove from the pit before mining ceased in line with the Company's mine-plan. The rainfall led to substantial in-pit flooding and resulted in the final mining end-

² Refer ASX announcement 2 December 2021

date being brought forward by three weeks. The broken ore stocks remaining in the Mt Boppy pit will be accessed in a subsequent phase of operations.

- **COVID-19**

Throughout the reporting period the Company continued to consider the potential implications of the Coronavirus. The Company continued to adapt its policies to monitor and mitigate the impacts of COVID-19 as per safety and health measures in line with government guidelines. On 19 August 2021 an employee tested positive to COVID-19³ and the Company had to undergo a broad quarantining of all on-site employees. There was no significant impact to the Group's operations and gold production was largely unaffected. While there is still significant uncertainty around the future extent and duration of business disruptions in Australia related to COVID-19, current activities display a broad return to normality (ie pre COVID-19).

Events arising since the end of the reporting period

- Mt Boppy Gold Project Resource Update⁴

The Company released the depleted Mt Boppy Gold Resource to 31 December 2021, on 8 March 2022. Resources are reported with respect to the current pit design. Material within the pit design is reported at a 1.6 g/t cut off and material below the pit design is reported to a 3.0 g/t cut off. The mineral resource table which follows does not incorporate the results of current drilling under the pit floor, for which assays are still in progress.

Classification	Tonnes	Grade (g/t)	Gold (oz)
Measured	83,150	5.21	14,950
Indicated	159,100	4.54	23,200
Inferred	4,000	5.7	1,000
Total	246,250	4.94	39,150

Table 1: Mt Boppy Resource at December 31, 2021

The preceding statements of Mineral Resources conforms to the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) 2012 Edition. Due to rounding to appropriate significant figures, minor discrepancies may occur. All tonnages reported are dry metric.

- A\$5.0m placement⁵

Manuka raised A\$5.0m in a placement which settled early March 2021 at 30 cents per share, plus a 1-1 option at 50 cents with a 12 month maturity.

- Purchase of 1 MTPA Flotation Circuit⁶

Manuka executed a sale and purchase agreement with Oceana Gold (New Zealand) Ltd for the acquisition of their flotation circuit and associated infrastructure. This plant once integrated into the Wonawinta leach circuit, would enable the Wonawinta plant to process both oxide and sulphide resources. Manuka is currently monitoring New Zealand border movement requirements and is also in contact with NZ government offices to assist the timely entry of its team for removal planning.

³ Refer ASX announcement dated 23 August 2021

⁴ Refer ASX announcement dated 8 March 2022

⁵ Refer ASX announcement dated 24 February 2022

⁶ Refer ASX announcement date 2 February 2022

Apart from the matters noted above, there are no other matters or circumstances that have arisen since the end of the period that has significantly affected or may significantly affect either:

- the entity's operations in future financial years;
- the results of those operations in future financial years; or
- the entity's state of affairs in future financial years.

Dividends

No dividends were paid or declared during the period and no recommendation is made as to dividends.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under s.307C of the *Corporations Act 2001* is included on the following page of this financial report and forms part of this Director's Report.

Signed in accordance with a resolution of the Directors



Dennis Karp

Director

Date: 15th March 2022

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**Building a better
working world**

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Auditor's Independence Declaration to the Directors of Manuka Resources Limited

As lead auditor for the review of the half-year financial report of Manuka Resources Limited for the half-year ended 31 December 2021, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Manuka Resources Limited and the entities it controlled during the financial period.

Ernst & Young

Siobhan Hughes
Partner
15 March 2022

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Consolidated Condensed Interim Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2021

	Notes	31 December 2021 \$	Restated 31 December 2020 ⁷ \$
Sales revenue	6	38,926,147	20,448,472
Cost of sales	7(a)	(23,881,749)	(20,571,442)
Operating contribution		15,044,398	(122,970)
Other income		237,402	282,879
Expenses	7(c)	(1,222,514)	(1,263,355)
Profit / (loss) before finance income / (expenses)		14,059,286	(1,103,446)
Finance income / (expenses)	7(d)	(2,232,637)	96,861
Profit / (loss) before income tax		11,826,649	(1,006,585)
Income tax expense		-	-
Profit / (Loss) for the period attributable to members of Manuka Resources Limited		11,826,649	(1,006,585)
Other comprehensive income		6,297	-
Total comprehensive loss for the year attributable to members of Manuka Resources Limited		11,832,946	(1,006,585)
Earnings / (Loss) per share for earnings / (loss) attributable to the ordinary equity holders of the Company			
Basic earnings / (loss) per share (cents per share)	18	4.39	(0.40)
Diluted earnings / (loss) per share (cents per share)	18	3.99	(0.40)

This statement should be read in conjunction with the notes to the financial statements.

⁷ Refer Note 4

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Consolidated Condensed Interim Statement of Financial Position

As of 31 December 2021

	Notes	31 December 2021 \$	Restated ⁸ 30 June 2021 \$	Restated 30 June 2020 \$
Assets				
Current				
Cash and cash equivalents		4,278,890	1,018,035	1,509,040
Trade and other receivables		802,121	693,571	7,653,740
Contract assets		-	4,533	-
Inventories	8	4,449,511	4,692,287	2,007,761
Prepayments	9	596,669	569,627	351,127
Financial assets	10	323,065	84,000	-
Total current assets		10,450,256	7,062,053	11,521,668
Non-current				
Prepayments	9	185,132	-	-
Mine properties and development assets	11	8,584,917	8,209,912	11,273,958
Exploration and evaluation assets	12	7,088,835	4,780,492	322,305
Property, plant and equipment	13	9,822,354	10,090,632	8,589,019
Right of use assets		1,648	68,083	194,557
Financial assets	10	6,863,299	7,063,984	7,124,778
Total non-current assets		32,546,185	30,213,103	27,504,617
Total assets		42,996,441	37,275,156	39,026,285
Liabilities				
Current				
Trade and other payables	14	7,964,151	9,979,330	7,670,573
Provisions	15	1,732,433	460,189	188,617
Borrowings	16	11,549,432	-	25,704,579
Other liabilities		8,057	81,716	128,937
Current liabilities		21,254,073	10,521,235	33,692,706
Non-current				
Provisions	15	6,294,183	7,457,767	7,038,820
Borrowings	16	-	16,621,347	-
Other liabilities		-	694	73,078
Total non-current liabilities		6,294,183	24,079,808	7,111,898
Total liabilities		27,548,256	34,601,043	40,804,604
Net assets / (deficit)		15,448,185	2,674,113	(1,778,319)

⁸ Refer Note 4

Consolidated Condensed Interim Statement of Financial Position (continued)

As of 31 December 2021

	Notes	31 December 2021 \$	Restated ⁹ 30 June 2021 \$	Restated 30 June 2020 \$
Equity				
Share Capital	19	21,512,355	21,512,355	5,112,041
Other contributed equity		-	-	8,867,407
Share based payment reserve	20	2,427,203	1,486,077	1,486,077
Hedging reserve		-	(6,297)	-
Accumulated losses		(8,491,373)	(20,318,022)	(17,243,844)
Total equity / (deficit)		15,448,185	2,674,113	(1,778,319)

This statement should be read in conjunction with the notes to the financial statements.

⁹ Refer Note 4

Consolidated Condensed Interim Statement of Changes in Equity

For the half-year ended 31 December 2021

	Share Capital	Contributed Equity	Share based payment reserve	Hedging Reserve	Accumulated losses	Total equity
	\$	\$	\$	\$	\$	\$
Restated Balance at 1 July 2020	5,112,041	8,867,407	1,486,077	-	(17,243,844)	(1,778,319)
Restated loss for the period	-	-	-	-	(1,006,586)	(1,006,586)
Other comprehensive income	-	-	-	-	-	-
Total restated comprehensive loss for the period	-	-	-	-	(1,006,586)	(1,006,586)
Shares issued	18,231,000	(10,231,000)	-	-	-	8,000,000
Share issue costs	(1,830,686)	1,363,593	-	-	-	(467,093)
Restated balance at 31 December 2020	21,512,355	-	1,486,077	-	(18,250,430)	4,748,002
Restated balance at 1 July 2021	21,512,355	-	1,486,077	(6,297)	(20,318,022)	2,674,113
Profit for the period	-	-	-	-	11,826,649	11,826,649
Other comprehensive profit	-	-	-	6,297	-	6,297
Total comprehensive profit for the period	-	-	-	6,297	11,751,643	11,932,946
Share based payments	-	-	941,126	-	-	941,126
Balance at 31 December 2021	21,512,355	-	2,427,203	-	(8,491,373)	15,448,185

This statement should be read in conjunction with the notes to the financial statements.

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Consolidated Condensed Interim Statement of Cash Flows

For the half-year ended 31 December 2021

	31 December 2021	31 December 2020
	\$	\$
Operating activities		
Receipts from customers	38,822,130	20,322,417
Payments to suppliers and employees	(25,607,641)	(19,577,906)
Other income	237,402	514,379
Finance costs paid	(1,953,597)	(3,407,237)
Net cash from/ (used in) operating activities	11,498,294	(2,148,347)
Investing activities		
Acquisition of property, plant and equipment	(465,120)	(1,438,968)
Disposal of property, plant and equipment	225,128	-
Payments for development and exploration assets	(3,354,505)	(2,103,290)
Payment for other assets	(148,000)	(40,827)
Net cash used in investing activities	(3,742,497)	(3,583,085)
Financing activities		
Repayments of borrowings	(4,417,445)	(1,624,213)
Repayment of lease liabilities	(77,497)	(73,893)
Proceeds from issues of ordinary shares	-	13,112,907
Net cash from / (used in) financing activities	(4,494,942)	11,414,801
Net change in cash and cash equivalents	3,260,855	5,683,369
Cash and cash equivalents, at beginning of the period	1,018,035	1,509,040
Cash and cash equivalents, at end of period	4,278,890	7,192,409

This statement should be read in conjunction with the notes to the financial statements.

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Notes to the Financial Statements

1 Nature of operations

The principal activities of Manuka Resources Ltd comprise of exploration, mine development, mining and processing of silver and gold.

During the financial half-year ending 31 December 2021, the Company's principal activities related to continuing mining from the Mt Boppy pit and gold production at the Wonawinta plant. Field activities for exploration consisted of drilling targets on the western and eastern tenement portfolio and designing additional geophysics programs to investigate newly identified prospects. In addition, the Company is preparing to transition from gold production into silver operations at its Wonawinta silver project in Cobar in late March 2022¹⁰.

2 Basis of preparation

The interim consolidated financial statements of the Group are for the six months ended 31 December 2021 and are presented in Australian dollars (\$), which is the functional currency of the parent company.

These interim condensed consolidated financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting. They do not include all the information required in annual financial statements in accordance with Australian Accounting Standards and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2021 together with any public announcements made during the half-year ended 31 December 2021.

The interim financial report has been approved and authorised for issue by the board of directors on 15 March 2022.

2.1 Going Concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

During the reporting period, the Group achieved the following significant milestones:

- Documentation of Secured Debt Facility Extension and issuance of options. During the period, the Company successfully negotiated to extend the term of the facility to 30 September 2022¹¹.
- During the period the Company made early repayments of \$US2Million (\$AU2.99Million) against its Secured Debt Facility.

¹⁰ Refer ASX announcement dated 28 January 2022

¹¹ Refer ASX announcements dated 14 May 2021 and 29 June 2021

- The Company completed the settlement of the Meadowhead royalty agreement, the cost had been fully provisioned as at 30 June 2021 and was paid in full during the period to 31 December 2021. In addition, during the period the Manuka and the Mt Boppy Royalty Agreements¹² between the Company and Polymetals were completed and paid out in full.

Additionally, there has been a significant improvement in the net asset position of the Group, driven by commercial production, with the Group achieving a profit for the period ended 31 December 2021 of \$11,826,649 (31 December 2020 Loss: \$1,006,585). This has resulted in the Company converting its balance sheet to a net asset position of \$15,448,185 (restated 30 June 2021: \$2,674,113). However, the Group is in a net current liability position of \$10,803,817 as at the reporting date (restated 30 June 2021: \$3,459,182), which is due in large part to the current senior secured debt facility of \$11,435,733, of which \$10,673,955 is due for repayment on 30 September 2022 to TransAsia Private Capital Limited (TPC).

Management have prepared cash flow projections for the period to April 2023 that support the ability of the Group to continue as a going concern.

In order to repay its current liabilities in the timeframe, the projections rely on the ability of the Group continuing gold and silver production profitably, based on the forecast gold and silver prices, the cut-off grade, and the planned recoveries from known resources and stockpiles. It also relies on the successful transition of the plant to silver production at Wonawinta as well as further extending the repayment date of the Secured Debt Facility (refer Note 16(b) for the current repayment details). The Company's forecast silver price and the forecast USD/AUD exchange rate are also key. Current forecasts assume a silver price of \$US26 per oz and an exchange rate of AUD/USD \$0.73. The above factors create a material uncertainty with respect to the ability of the Group to continue as a going concern and accordingly its ability to realise its assets and extinguish its liabilities in the ordinary course of operations.

In such a scenario the Group has a number of alternative plans including:

- Undertaking capital raising activities on the market; and
- Renegotiating with TransAsia Private Capital Limited ("TPC") the terms of the facility by delaying and extending the repayment dates disclosed in Note 16(b) and/or finding alternative financing arrangements.

As a result, the Directors are confident with respect to the favourable outcome of the above matters and as such have therefore prepared the financial statements on a going concern basis.

3 Significant accounting policies

These general-purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general-purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

¹² Refer Company Prospectus dated 22 May 2020 Section 8.4

All accounting policies and methods of computation are consistent with those of the most recent annual financial statements.

New, revised or amending Accounting Standards and Interpretations adopted

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those following in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2021.

Several amendments and interpretations apply for the first time in the current financial year, but do not have an impact on the interim consolidated financial statements of the Group and are not expected to have any significant impact for the full financial year ending 30 June 2022. These standards are:

- AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2.
- AASB 2020-4 Covid-19 Related Rent Concessions Beyond 30 June 2021 (AASB 2020-4).
- AASB 2021-3 Amendments to Australian Accounting Standards - Covid-19 Related Rent Concessions Beyond 30 June 2021.

Any new, revised or amending Accounting Standards or Interpretations that are not yet effective have not been adopted.

4 Correction of prior period errors

During the half year, the following matters relating to prior reporting periods came to the Company's attention and have been treated as corrections to the prior period financial statements

(a) Rehabilitation Liability (Provisions)

In prior periods, all rehabilitation liability movements were being recorded through the statement of other comprehensive income as finance expenses, rather than as an adjustment to mineral properties (rehabilitation asset). Only the unwind of the discount on the provision should have been recorded through finance expense.

(b) Environmental Bonds (Financial Assets)

In prior periods the environmental bonds were being fair valued rather than recorded at amortised cost. This resulted in a change in the method in which the carrying value has been calculated each period.

The impact that these matters have on the prior period figures as follows:

Impact on Condensed Interim Statement of Financial Position	Provisions	Financial assets	Mine Properties/ Development assets	Accumulated losses
30 June 2020	5,296,775	6,456,370	9,343,296	(17,912,252)
adjustment	1,930,662	668,408	1,930,662	668,408
Restated 1 July 2020	7,227,437	7,124,778	11,273,958	(17,243,844)
30 June 2021	6,377,651	6,888,571	6,439,546	(20,807,496)
Adjustment	1,540,305	259,413	1,770,366	489,475
Restated 30 June 2021	7,917,956	7,147,984	8,209,912	(20,318,021)

The impact of the above matters on the statement of comprehensive income for the comparative period (31 December 2020) was a decrease of \$110,906.

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5 Segment reporting

Identification of reportable segments

The Group has identified operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources. Currently all the Group's gold and silver tenements and resources are in New South Wales. Two operating segments have been identified:

- Exploration: Exploration of existing gold leases and exploration leases at Wonawinta and Mt Boppy projects
- Operations: being the appraisal, development and processing of gold and silver deposits

The following table presents revenue and loss information regarding operating segments for the half-year periods ended 31 December 2021 and 31 December 2020 (restated).

Half-year ended 31 December 2021	Exploration	Operations	Total \$
Segment revenue (external customers)	-	38,926,147	38,926,147
Segment cost of sales	-	(23,881,749)	(23,881,749)
Segment operating contribution	-	15,044,398	15,044,398
Other income	-	237,402	237,402
Expenses	(2)	(1,222,512)	(1,222,514)
Finance expenses	-	(2,232,637)	(2,232,637)
Profit / (loss) before income tax	(2)	11,826,651	11,826,649
Restated Half-year ended 31 December 2020	Exploration	Operations	Total \$
Segment revenue (external customers)	-	20,448,472	20,448,472
Segment cost of sales	-	(20,571,442)	(20,571,442)
Segment operating contribution	-	(122,970)	(122,970)
Other income	-	282,879	282,879
Expenses	(18,651)	(1,244,704)	(1,263,355)
Finance income	-	2,070,980	2,070,980
Finance expenses	(499)	(1,973,620)	(1,974,119)
Loss before income tax	(19,150)	(987,435)	(1,006,585)

The following table presents segment assets and liabilities of operating segments at 31 December 2021 and 30 June 2021 (restated).

Segment Assets	Exploration	Operations	Total \$
As at 31 December 2021	7,088,835	35,907,604	42,996,439
Restated as at 30 June 2021	4,780,492	32,494,665	37,275,157

Segment Liabilities	Exploration	Operations	Total \$
As at 31 December 2021	149,833	27,398,422	27,548,255
Restated as at 30 June 2021	317,125	34,286,919	34,604,044

Revenue and assets by geographical region

The Company's revenue is derived from sources and assets located wholly within Australia.

Major customers

The Company currently delivers all its product to one off-taker.

6 Revenue and other income

	Notes	31 December 2021 \$	31 December 2020 \$
(a) Operating sales revenue			
Sale of mineralised ore – gold		38,509,809	20,042,534
Sale of mineralised ore – silver		416,338	405,938
Total revenue from contracts with customers		38,926,147	20,448,472
(b) Other income			
Government grant - Jobkeeper		-	232,000
Income from insurance claims		150,000	-
Other income		87,402	50,879
Total other income		237,402	282,879

7 Expenses

(a) Cost of sales

	Notes	31 December 2021 \$	31 December 2020 \$
Operating expenses	b	22,195,824	20,996,623
Royalties		1,172,375	847,819
Inventory movements		513,550	(1,273,000)
Total operating expenses		23,881,749	20,571,442

(b) Operating expenses

	31 December 2021	31 December 2020
	\$	\$
Mining expenses	3,710,924	4,662,131
Hauling and crushing expenses	6,030,962	4,473,518
Processing and refining expenses	8,963,492	6,874,766
Site administration expenses	2,819,289	2,209,461
Amortisation of mine properties	671,157	2,776,747
Total operating expenses	22,195,824	20,996,623

11

(c) Other expenses

	31 December 2021	31 December 2020
	\$	\$
Professional expenses	361,596	448,802
Employment expenses	539,079	464,074
Depreciation and amortisation - leases	67,138	106,437
Other expenses	254,701	244,042
Total other expenses	1,222,514	1,263,355

(d) Finance expenses / (income)

	31 December 2021	Restated 31 December 2020
	\$	\$
Interest expense	1,186,620	1,637,109
Amortisation of prepaid borrowing costs	269,918	-
Other finance charges	340,273	337,009
Foreign currency (gain) / loss on borrowings	435,826	(2,070,979)
Total finance expenses / (income)	2,232,637	(96,861)

8 Inventories

Inventories consist of the following:

	31 December 2021	30 June 2021
	\$	\$
Consumables supplies and spares	941,291	667,383
Gold concentrate in circuit at cost	2,586,989	2,882,813
Ore stockpiles	921,231	1,142,091
Inventories at cost	4,449,511	4,692,287

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9 Prepayments

Prepayments consist of the following:

	31 December 2021	30 June 2021
	\$	\$
Current prepaid insurances	467,241	531,335
Other prepayments	129,428	38,292
Non-current prepaid insurances	185,132	-
Prepayments at cost	781,801	569,627

10 Other financial assets

	Notes	31 December 2021	Restated 30 June 2021
		\$	\$
Other financial assets comprise the following:			
Current assets at historical cost			
Deposits for exploration bonds	(a)	232,000	84,000
Rental Bond		91,065	-
Mt Boppy Resources – Deposit for environmental bond	(c)	-	1,372,982
Non-current assets at amortised cost			
Manuka Resources - Deposit for environmental bond	(b)	5,317,290	5,407,664
Mt Boppy Resources – Deposit for environmental bond	(c)	1,356,950	-
Term Deposit		189,059	192,273
Rental Bond		-	91,065
		7,186,364	7,147,984

The carrying amount of other financial assets is considered a reasonable approximation of fair value unless stated below:

- (a) Environmental Bonds have been lodged with the Department in relation to the current areas of exploration. These will be refunded on completion of the exploration program in each relevant area.
- (b) The Environmental Bond in the name of Manuka Resources Ltd have been amortised with reference to a discount rate of 1.32% (2021: 1.84%). The Environmental Bond has been discounted over a 4.3 year period which is a reasonable approximation as to when the rehabilitation work will have to be conducted.
- (c) The Environmental Bond Deposit in the name of Mt Boppy Resources Pty Ltd has been amortised with reference to a discount rate of 1.32% (2021: Nil). The Environmental Bond has been discounted over a 2 year period which is a reasonable approximation as to when the bond will be returned to the company.

11 Development assets and mine properties

	31 December 2021	Restated 30 June 2021
	\$	\$
Development assets at cost and net carrying amount	4,372,251	3,326,089
Mine properties at cost	10,083,336	10,083,335
Accumulated amortisation	(5,870,670)	(5,199,512)
Net carrying amount	4,212,666	4,883,823
Total development assets and mine properties at cost	14,455,587	13,409,424
Accumulated amortisation	(5,870,670)	(5,199,512)
Total net carrying amount	8,584,917	8,209,912

During the period, the Company undertook a number of activities in relation to mine development including pre-mining development studies, consultants engaged on development of the Wonawinta Silver Project which includes design of a structured pilot test program on the silver stockpiles which when executed will provide valuable information into mining studies and process flowsheet design for the eventual development of the Wonawinta resource on ML1659. Additionally, the company continued its metallurgical test work and tenement administration/management¹³.

12 Exploration and evaluation assets

Exploration and evaluation costs carried forward in respect of areas of interest:

	31 December 2021	30 June 2021
	\$	\$
Exploration assets		
Opening net book amount	4,780,492	322,305
Exploration and evaluation costs during the year	2,308,343	4,458,187
Net book value	7,088,835	4,780,492

During the period, the Company undertook the following activities as part of the follow-up-phase exploration on the Company's regional exploration tenements¹⁴:

- Drilling for resource extensions of the Mt Boppy pit which have comprised most of the Company's field work this quarter and which were impacted by both wet weather and challenging ground conditions, requiring careful management of the drill program;
- Completion of drilling on the southern extension of the Wonawinta resource (Wirlong) with the results yet to be interpreted and incorporated into the Wonawinta resource model;
- Initial drill testing of eight RC holes of the Smith Tanks area situated on the western extent of the Wonawinta resource, which are yet to be interpreted and incorporated into the resource model;
- Encouraging chip samples were taken from EL6302 (historically known as McKinnons site) and EL8498 which will form the basis of future drill programs.

¹³ Refer ASX announcement dated 28 January 2022

¹⁴ Refer ASX announcement dated 28 January 2022

13 Property, plant and equipment

The following tables show the movements in property, plant and equipment:

	Land	IT Equipment	Plant & Equipment	Fixtures & Fittings	Motor Vehicles	Total
	\$	\$	\$	\$	\$	\$
Year ended 30 June 2021						
Balance as at 1 July 2020	754,994	29,296	7,503,738	11,650	289,341	8,589,019
Additions	-	35,895	2,122,815	13,829	176,428	2,348,967
Depreciation	-	(39,518)	(753,926)	(4,578)	(49,332)	(847,354)
Closing net book value	754,994	25,673	8,872,627	20,901	416,437	10,090,632
Balance 30 June 2021						
Cost	754,994	79,342	9,722,949	26,586	563,832	11,147,703
Depreciation	-	(53,669)	(850,322)	(5,685)	(147,395)	(1,057,071)
Net book value	754,994	25,673	8,872,627	20,901	416,437	10,090,632
Balance 31 December 2021						
	Land	IT Equipment	Plant & Equipment	Fixtures & Fittings	Motor Vehicles	Total
	\$	\$	\$	\$	\$	\$
Balance as at 1 July 2021	754,994	25,673	8,872,627	20,901	416,437	10,090,632
Additions	-	15,446	255,894	27,353	166,428	465,121
Disposals	-	-	(247,500)	-	-	(247,500)
Depreciation	-	(11,648)	(440,770)	(4,000)	(29,481)	(485,899)
Closing net book value	754,994	29,471	8,440,251	44,254	553,384	9,822,354
Balance 31 December 2021						
Cost	754,994	94,788	9,731,344	53,939	730,258	11,365,323
Depreciation	0	(65,317)	(1,291,092)	(9,686)	(176,874)	(1,542,969)
Net book value	754,994	29,471	8,440,252	44,253	553,384	9,822,354

Included within Plant and Equipment is an amount of \$414,500 (30 June 2021: \$324,000) representing costs incurred on equipment which was not brought to use as at 31 December 2021 and as such represents capital works in progress.

14 Trade and other payables

	31 December 2021	30 June 2021
	\$	\$
Current		
Trade creditors	6,871,469	7,183,356
Other creditors and accruals	1,092,682	2,795,974
Total trade and other payables	7,964,151	9,979,330

Trade and other payables amounts are short-term. The carrying values of trade payables and other payables are considered to be a reasonable approximation of fair value.

15 Provisions

		31 December 2021	Restated 30 June 2021
		\$	\$
Current			
Employment provisions		610,829	460,189
Rehabilitation provisions	15.1	1,121,604	-
Total current provisions		1,732,433	460,189
Non-current			
Employment provisions		25,832	17,125
Rehabilitation provisions	15.1	6,268,351	7,440,642
Total non-current provisions		6,294,183	7,457,767
Total provisions		8,026,616	7,917,956

15.1 Rehabilitation provisions

Rehabilitation provisions split between the parent and subsidiary are as follows:

	31 December 2021	30 June 2021
	\$	\$
Rehabilitation provisions		
Manuka Resources Ltd	6,268,351	6,319,038
Mt Boppy Resources Ltd	1,121,604	1,121,604
Total rehabilitation provisions	7,389,955	7,440,642

Provisions made for rehabilitation are recognised where there is a present obligation as a result of exploration, development or production activities having been undertaken, and it is probable that an outflow of economic benefits will be required to settle the obligation. The estimated future obligations include the costs of removing facilities, abandoning mining activities and restoring the affected areas. The provision for future rehabilitation costs is the best estimate of the present value of the expenditure required to settle the obligation at the reporting date, based on current legal requirements and technology. Future rehabilitation costs are reviewed annually, and any changes are reflected in the present value of the rehabilitation provision at the end of the reporting period. The amount of the provision for future rehabilitation costs relating to exploration and development activities is capitalised as a cost of those activities. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money, and where appropriate the risks specific to the liability. The fair value of the rehabilitation provision for Manuka Resources has been calculated with reference to an inflation rate of 2.45% and a discount rate of 1.33% (2021: 2% inflation rate and 0.83% discount rate) over 4.25 years. The discounting impact for Mt Boppy has been considered to be non-material as a result of the Company expecting to complete its rehabilitation work within six to twelve months.

The Company is required by the relevant regulatory authorities to ensure that appropriate rehabilitation is carried out on tenements that are mined. The amount of rehabilitation cost is an estimate based upon the estimated life of each mined tenement, as well as the future timing and cost of such rehabilitation. The provision is constantly revised as information about the life of mine, depth of mining and cost estimates are updated.

16 Borrowings

Borrowings include the following financial liabilities:

	Notes	31 December 2021	30 June 2021
		\$	\$
Current			
Related party loans	16(a)	676,493	-
Senior secured debt facility (net of borrowing costs)	16(b)	10,787,654	-
Other loans		85,285	-
Total current borrowings		11,549,432	-
Non-current			
Related party loans	16(a)	-	2,239,615
Senior secured debt facility	16(b)	-	14,023,439
Other loans		-	358,293
Total non-current borrowings		-	16,621,347
Total borrowings		11,549,432	16,621,347

All borrowings are denominated in Australian Dollars except for the TPC Facility which is denominated in US Dollars.

(a) The related party loans include the following:

	31 December 2021	30 June 2021
	\$	\$
ResCap Investments Pty Ltd	676,493	1,708,636
Gleneagle Securities (Aust) Pty Ltd	-	530,979

The loan provided by ResCap Investments Pty Ltd includes working capital drawn down during the period and amounts owing for services provided. The loan on the working capital portion has an interest rate of 16%, amounts advanced to Mt Boppy and the portion relating to services rendered do not attract interest.

The loan provided by Gleneagle Securities (Aust) Pty Ltd includes working capital drawn down during the period and amounts owing for services provided. The loan on the working capital portion has an interest rate of 12%. This was repaid in full during the period.

(b) The Company signed a debt facility agreement (TPC Facility) with TransAsia Private Capital Limited (TPC) during July 2019, with the first drawdown occurring in July 2019. The TPC Facility limit was for a total of US\$14 Million (AU\$20,364,427). As at 31 December 2021, the balance owing under the facility was US\$8 Million (AU\$11,389,144). During the financial period, US\$2.084 Million (AU\$2,998,302) was repaid earlier than the required repayment date of 30 September 2022. The interest rate attributable to this facility is 12.5% per annum payable quarterly, with service and management fees of 2.5% per annum. Repayment of the balance of US\$8 Million (AU\$11,389,144) is due on 30 September 2022.

Details of the unamortised borrowing costs in relation to Senior secured debt facility is as follows:

	31 December 2021	30 June 2021
	\$	\$
Senior secured debt facility	11,389,144	14,023,439
Less: Borrowing Costs	(601,490)	-
Total senior secured debt facility (net of borrowing costs)	10,787,654	14,023,439

17 Fair Value Hierarchy

The following table provides the fair value measurement hierarchy of the Group's financial assets and liabilities. The following instruments are carried at fair value in the statement of financial position and are measured at fair value through profit or loss.

	Level 1 Quoted prices in an active market	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs
	\$	\$	\$
at 31 December 2021			
Liabilities			
Derivative liabilities	-	-	-
at 30 June 2021			
Liabilities			
Derivative liabilities	6,297	-	-

At 30 June 2021 Environmental Bonds (including the Term Deposit for Rehabilitation) were valued at Fair Value. With the restatement of the 30 Jun 2021 Balance Sheet as detailed at Note 4, Environmental Bonds are now recorded at amortised cost and not at fair value.

18 Earnings / (Loss) per share

	Six months to 31 December 2021	Restated Six months to 31 December 2020
	\$	\$
Profit / (loss) for the period attributable to equity holders of the Company	11,826,649	(1,006,585)
	No of shares	No of shares
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share *	269,353,712	248,883,973
	Cents per share	Cents per share
Basic earnings / (loss) per share	4.39	(0.4)
Diluted earnings / (loss) per share	3.99	(0.4)

* As the Group made a loss for the period ended 31 December 2020, none of the potentially dilutive securities were included in the calculation of diluted earnings per share.

19 Share Capital

The share capital of Manuka Resources consists only of fully paid ordinary shares; the shares do not have a par value. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of Manuka Resources.

	6 months to 31 December 2021 # Shares	30 June 2021 # Shares	6 months to 31 December 2021 \$	Year to 30 June 2021 \$
Shares issued and fully paid:				
• At beginning of period	269,353,712	193,087,960	21,512,355	5,112,041
• share issue 8 July 2020 ^(a)	-	21,265,752	-	3,231,000
• share issue 8 July 2020 ^(b)	-	35,000,000	-	7,000,000
• share issue 17 December 2020 ^(c)	-	17,500,000	-	7,000,000
• share issue 17 December 2020 ^(d)	-	2,500,000	-	1,000,000
• issue costs - options issued to broker	-	-	-	(873,499)
• IPO and Placement expenses	-	-	-	(957,187)
Total share capital at end of period	269,353,712	269,353,712	21,512,355	21,512,355

- a) On 8 July 2020, the Company issued 21,265,752 shares at \$0.15 per share for the conversion of \$3,231,000 in Convertible Notes to equity.
- b) On 8 July 2020 the Company issued 35,000,000 shares at an issue price of \$0.20 per share pursuant to the offer under its prospectus dated 22 May 2020.
- c) On 17 December 2020, the Company completed a Placement of \$7,000,000 before costs through the issue of 17,500,000 ordinary shares at \$0.40 per share, to sophisticated, professional and institutional investors. At close of business on 16 December 2020, the Company share prices was \$0.40 and the Placement is considered to have been issued at fair market value.
- d) On 17 December 2020, the Company converted \$1,000,000 in unsecured loans to equity through the issue of 2,500,000 ordinary shares at \$0.40 per share. The debt conversion was undertaken on terms similar to the Placement noted at 19(c) above and is determined to have been converted at fair market value.

20 Share based payments

Options over ordinary shares have been granted to employees and Directors and finance providers from time to time, on a discretionary basis.

Set out below is a summary of the share-based payment options granted:

	31 December 2021		30 June 2021	
	# Options	Weighted average exercise price cents	# Options	Weighted average exercise price cents
Beginning of the period	21,250,000	25	21,250,000	25
Granted	11,100,000	33	-	-
Forfeited	-	-	-	-
Outstanding at period end	32,350,000	28	21,250,000	25
Exercisable at period end	32,350,000	28	21,250,000	25

No share options were exercised during the period ended 31 December 2021.

The fair values of options granted were determined using a variation of the binomial option pricing model that takes into account factors such as the vesting period. The weighted average remaining contractual life of share options outstanding at the end of the financial period was 1.4 years (2021: 2.3 years), and the weighted average exercise price is at 28 cents (2021: 25 cents).

At 31 December 2021 the total value of the share based payment reserve is \$2,427,203 (30 June 2021: \$1,486,077).

20.1 Lender Options

In June 2021, the Company negotiated an extension of the Senior Secured Debt Facility to 30 September 2022¹⁵. The agreement was signed by the parties on the 20 July 2021. Key features of the revised facility include:

- No upfront payments and a single bullet payment due on 30 September 2022;
- A 150 basis point reduction in the interest rate payable down to 12.5%;
- No early repayment penalties;
- No hedging requirement; and
- The issue of 10m options expiring in July 2023 with a strike price based on a VWAP formula.
- No early repayment penalties;
- No hedging requirement; and
- The issue of 10m options expiring in July 2023 with a strike price based on a VWAP formula.

In relation to the issue of the options negotiated as part of the loan extension and issued in two tranches in July 2021 and September 2021, a finance charge representing the share-based payment value of \$871,408 (2021: \$Nil) has been capitalised against the borrowings (refer Note 16(b)) and credited to the share option reserve. The finance charge will be amortised over the remaining life of the loan. During the period \$269,918 has been amortised through the profit and loss.

¹⁵ Refer ASX announcements dated 14 May 2021 and 29 June 2021

20.2 Director Options

At the Company's 2021 AGM held in December 2021, shareholders voted approve the issue 1,100,000 options to Directors. The terms of the Options were 2 year expiry from date of issue and a \$0.50 exercise price¹⁶. These options were granted in December 2021 and issued in January 2022. A share based payment expense representing the share-based payment value of Director options of \$69,718 (2021: \$Nil) has been expensed through profit or loss and credited to the share option reserve.

21 Commitments for expenditure

21.1 Tenement Commitments

In order to maintain current rights of tenure to exploration tenements, the Company is required to perform minimum exploration work to meet the minimum expenditure requirements specified by the State Government. Due to the nature of the Company's operations in exploring and evaluating areas of interest, exploration expenditure commitments beyond twelve months cannot be reliably determined. It is anticipated that expenditure commitments in subsequent years will be similar to that for the forthcoming twelve months.

These obligations are not provided for in the financial report and are payable as follows:

	31 December 2021	30 June 2021
	\$	\$
Not later than one year	1,011,500	561,507
Between 1 year and 5 years	1,870,000	671,096
	<u>2,881,500</u>	<u>1,232,603</u>

If the Company decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the Statement of Financial Position may require review to determine the appropriateness of carrying values.

22 Related party transactions

22.1 Transactions with related parties and outstanding balances

The Company's related parties include key management personnel, and others as described below. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

Notes	31 December 2021	31 December 2020
	\$	\$
DETAILS OF TRANSACTIONS WITH RELATED PARTIES:		
Details of related party transactions with ResCap Investments Pty Ltd, an entity controlled by a member of KMP:		
• interest charged on intercompany loan	16,819	54,514
• conversion of debt to equity in Manuka Resources 19(d)	-	1,000,000
Details of related party transactions with Gleneagle Securities (Aust) Pty Ltd, being an entity which is a related party due its control over the Convertible Notes pursuant to the Convertible Note Deed Poll. Gleneagle Securities (Aust) Pty Ltd ceased being a related party on conversion of the Convertible Notes in July 2020.		
• interest charged on intercompany loan	28,428	14,292
• interest on notes payable to convertible note holders	19,638	19,638

¹⁶ Refer ASX announcement of the Notice of the 2021 AGM dated 12 November 2021

	Notes	31 December 2021 \$	30 June 2021 \$
DETAILS OF BALANCES WITH RELATED PARTIES:			
Balance of loan with Manuka Resources Ltd			
- payable to ResCap Investments Pty Ltd	16(a)	676,493	1,624,493
- payable to Gleneagle Securities (Aust) Pty Ltd	16(a)	-	530,979
Balance of loan with Mt Boppy Resources Pty Ltd			
- payable to ResCap Investments Pty Ltd	16(a)	-	84,143

22.2 Transactions with key management personnel

Key management personnel remuneration includes the following expenses:

	Notes	31 December 2021 \$	31 December 2020 \$
Short-term employee benefits		330,858	292,521
Post-employment benefits		22,060	20,912
Share based payment expenses	20.2	69,718	-
Total remuneration		422,636	313,433

23 Events subsequent to the end of the reporting period

- A\$5.0m placement¹⁷
Manuka raised A\$5.0m in a placement which settled early March 2021 at 30 cents per share, plus a 1-1 option at 50 cents with a 12 month maturity.
- Purchase of 1 MTPA Flotation Circuit¹⁸
Manuka executed a sale and purchase agreement with Oceana Gold (New Zealand) Ltd for the acquisition of their flotation circuit and associated infrastructure. This plant once integrated into the Wonawinta leach circuit, would enable the Wonawinta plant to process both oxide and sulphide resources. Manuka is currently monitoring New Zealand border movement requirements and is also in contact with NZ government offices to assist the timely entry of its team for removal planning.

Apart from the matters noted above, there are no other matters or circumstances that have arisen since the end of the period that has significantly affected or may significantly affect either:

- the entity's operations in future financial years;
- the results of those operations in future financial years; or
- the entity's state of affairs in future financial years.

24 Company Details

The registered office and principal place of business of the Company is:

Manuka Resources Ltd
Level 4 Grafton Bond Building
201 Kent Street, Sydney, New South Wales

¹⁷ Refer ASX announcement dated 24 February 2022

¹⁸ Refer ASX announcement date 2 February 2022

Directors' Declaration

In the opinion of the Directors of Manuka Resources Ltd:

- a The financial statements and notes of Manuka Resources Ltd are in accordance with the *Corporations Act 2001*, including:
 - i Giving a true and fair view of its financial position as at 31 December 2021 and of its performance for the period ended on that date; and
 - ii Complying with Australian Accounting Standards AASB 134 Interim Financial Reporting; and
- b There are reasonable grounds to believe that Manuka Resources Ltd will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors



Director
Dennis Karp

Dated the 15th March 2022

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Independent auditor's review report to the members of Manuka Resources Limited

Report on the Half Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Manuka Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the condensed statement of financial position as at 31 December 2021, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed 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.

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

- a. Giving a true and fair view of the consolidated financial position of the Group as of 31 December 2021 and of its consolidated financial 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* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group 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.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty related to going concern

We draw attention to Note 2.1 in the financial report, which indicates that the Group's current liabilities exceeded its current assets by \$10,803,817 as at 31 December 2021. This condition, along with other matters set forth in Note 2.1 indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year 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 half-year 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 of 31 December 2021 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 a half-year 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.



Ernst & Young



Siobhan Hughes
Partner
Sydney
15 March 2022