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SUNSHINE GOLD LIMITED

(ABN 12 063 388 821)

INTERIM FINANCIAL STATEMENTS

31 DECEMBER 2022

SUNSHINE GOLD LIMITED AND CONTROLLED ENTITIES

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SUNSHINE GOLD LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT

The directors of Sunshine Gold Limited ("Sunshine Gold" or "the Company") present their report together with the consolidated interim financial report for the Company and entities it controlled during the half-year ended 31 December 2022 ("the Group").

DIRECTORS

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

- Alec Pismiris (Chairman and Company Secretary)
- Damien Keys (Managing Director)
- Paul Chapman (Non-Executive Director)
- Les Davis (Non-Executive Director)
- Anthony Torresan (Non-Executive Director)

REVIEW OF OPERATIONS

QUEENSLAND - OPERATIONS

Exploration focussed primarily on the Ravenswood West Project area for the reporting period.

Two large geophysical campaigns were completed at Titov-Gagarin and at Wilbur's Hill. The Titov-Gagarin surveys were completed with conventional induced polarisation (IP), an electrical method used to detect the presence of sulphides. The Gagarin IP survey comprised six north-south oriented IP lines, 200m apart, with 50m spacing between survey stations along each line. The survey has delineated two discrete chargeable anomalies. The main chargeability anomaly coincides with a low resistivity zone and Cu soil anomaly which has been shallowly drill tested. Historical drilling however did not reach the top of the chargeability anomaly. Gagarin now presents as an exciting opportunity for another porphyry Cu-Au-Ag-Mo discovery.

A deep sensing IP-Magnetotelluric (MT) survey was completed over the Wilbur's Hill Breccia Au target. The survey was co-funded by the Queensland Department of Resources as part of their Collaborative Exploration Incentive Grant process. The survey identified two drill ready targets at Wilbur's Hill.

The first target is a strong conductive and chargeable pipe-like anomaly ~300m x 250m in dimension and defined to depths of 800m (from MT). The top of the anomaly is at 150m depth. A similar technique (MIMDAS) utilised over Mt Wright the 1990s concluded that the target showed coincident moderate chargeability and strong conductivity anomalism (Webb & James, 2001). From the TITAN IP-MT survey similar responses are seen at Wilbur's Hill including:

- the rhyolite below Wilbur's Hill is ~40 times more conductive than the surrounding diorite and granodiorite intrusives and is likely caused by clay development through hydrothermal alteration, potentially associated with gold mineralisation; and
- a strong chargeability anomaly coincident with a resistivity low over ~300-400m of strike and likely relates to sulphide contained within the rhyolite.

SUNSHINE GOLD LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

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

Drilling intercepted:

- 1m @ 0.31 g/t Au, 13.7 g/t Ag and 0.77% Cu from 68m; and
1m @ 0.19 g/t Au, 4.1 g/t Ag and 0.33% Cu from 125m (22WHDD001)
- 480m interval of >3% pyrite*, including 70m >5% pyrite* (22WHDD001);
67m interval of >2% pyrite* and a 36m interval of >3% pyrite* (22WHDD002);

The two holes drilled at Wilbur's Hill have tested only a small portion of the overall breccia pipe but have demonstrated the system is "live" with gold. Furthermore, important vectors to potential mineralised zones have been identified. Specifically, field mapping has been integrated with soil sampling, rock chip and geophysical data and reinforced two key targets which are scheduled for next phase drill testing in 2023.

Total drilling activities totalled 5,325m for the half year. Reverse circulation (RC) drilling comprised 3,606m, aircore drilling (AC) comprised 401m and diamond drilling (DD) totalled 1,318m.

RC drilling was completed at Titov and Bank Cu-Mo-Ag targets. The drilling at Titov followed up on successful first pass testing in late 2021 and first half 2022 drilling. Drilling at the Bank followed up on highly anomalous soil sampling and a historic IP survey completed in the early 1970's. The drilling included best results of:

- 103m @ 0.57% CuEq* from surface (22TVRC012) Titov Main
- 42m @ 0.34% CuEq* from 15m (22TVRC011) Titov Main
- 16m @ 0.50% CuEq* from 15m (22TVRC022) Titov Main
- 5m @ 0.95% CuEq* from 201m (22TVRC018) Titov South
- 5m @ 0.79% CuEq* from 229m (22TVRC018) Titov South
- 70m @ 0.22% CuEq* from 102m to EOH (22BKRC005) Bank

Aircore drilling was completed at the Elphinstone Creek rare-earth element (REE) prospect. Elphinstone Creek is hosted within the Barrabas Adamellite, a quartz monzonite occupying an area of 27km². The target was initially generated from elevated REE and Au in stream sediment sampling. Soil sampling undertaken 2022 demonstrated that the Barrabas Adamellite is enriched in REE, with >90% of the Barrabas Adamellite soil samples grading >400 ppm Total Rare Earth Oxide (TREO). Despite the high overall TREO content of the soil samples over the Barrabas Adamellite, discrete zones of highly anomalous (>750 ppm TREO) were also observed. A first-pass, air-core drilling traverse was completed during the quarter to quickly and cheaply assess the rare earth potential. The 67 hole program had an average hole depth of 6m. Samples were collected every metre and were analysed for rare-earth and gold content. The drilling returned no fresh rock REE anomalism but did intersect:

- 4m @ 0.71 g/t Au from 2m (22ECAC021)
- 1m @ 0.11 g/t Au from 3m (22ECAC001)

SUNSHINE GOLD LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

Sunshine Gold also engaged rare-earth specialist Ross Chandler (ANU), to undertake a preliminary mineralogical investigation into the mineral host to the high REE. The mineral monazite is the dominant REE-bearing mineral observed with trace xenotime and thorite. Potential exists for there to be units within the Barrabas Adamellite such as pegmatites or late-stage intrusives with higher monazite concentrations.

Soil sampling and mapping was completed at the Connolly Au Prospect, 15km south of the Ravenswood Gold Mine. The sampling comprised 548 soil samples, 54 rock chip samples and defined a large-scale 1.8km x 2.5km >50 ppb Au soil anomaly, with ~15% of samples returning assays >50ppb Au, with a max of 1.47 g/t Au. Best rockchip sampling in the program returned values of 17.15 g/t Au (KK22_015), 9.38 g/t Au (KK22_015) and 7.79 g/t Au (KK22_023). Sampling also returned lead to 9.44% (CY22_017).

CORPORATE

CAPITAL RAISING

In August 2022, the Company completed a share placement to institutional and sophisticated investors at \$0.025 for a total of \$3.75 million (before costs). Directors contributed \$245,000 to the Placement subject to shareholder approval, which was obtained on 11 November 2022.

INVESTMENT IN COCKATOO IRON

Sunshine Gold holds 6,250,000 fully paid ordinary shares in Cockatoo Iron NL ("Cockatoo Iron") as a consequence of the sale of its interests in the Cockatoo Island Project and participation in a subsequent entitlements issue. Cockatoo Iron has a 43.24% interest in Pearl Gull Limited (ASX: PLG).

BUSINESS DEVELOPMENT

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

SUBSEQUENT EVENTS

On 20 January 2023, the Company entered into a Binding Farm-in and Joint Venture agreement with Rockfire Resources PLC to earn up to 75% Lighthouse Gold Project by spending \$2.2m over 3 years.

As at the date of this report, no other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent years.

SUNSHINE GOLD LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

RESULTS OF OPERATIONS

The net loss after income tax for the period was \$583,249 (2021: \$783,628).

FINANCIAL POSITION

The net assets of the Company are \$14,418,099 as at 31 December 2022 (at 30 June 2022: \$11,454,546).

SCHEDULE OF TENEMENT INTERESTS AS AT 31 DECEMBER 2022

Project	Tenement	Status	Beneficial Interest
TRIUMPH	EPM 18486	GRANTED	100%
TRIUMPH	EPM 19343	GRANTED	100%
HODGKINSON	EPM 18171	GRANTED	100%
HODGKINSON	EPM 19809	GRANTED	100%
HODGKINSON	EPM 25139	GRANTED	100%
HODGKINSON	EPM 27539	GRANTED	100%
HODGKINSON	EPM 27574	GRANTED	100%
HODGKINSON	EPM 27575	GRANTED	100%
INVESTIGATOR	EPM 27343	GRANTED	100%
INVESTIGATOR	EPM 27344	GRANTED	100%
RAVENSWOOD	EPM 26041	GRANTED	100%
RAVENSWOOD	EPM 26152	GRANTED	100%
RAVENSWOOD	EPM 26303	GRANTED	100%
RAVENSWOOD	EPM 26304	GRANTED	100%
RAVENSWOOD	EPM 27824	GRANTED	100%
RAVENSWOOD	EPM 27825	GRANTED	100%
RAVENSWOOD	EPM28237	APPLICATION	100%
RAVENSWOOD	EPM28240	APPLICATION	100%

AUDITOR'S INDEPENDENCE DECLARATION

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

SUNSHINE GOLD LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT

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



Alec Pismiris
Director

Dated at Perth this 9th day of March 2023

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SUNSHINE GOLD LIMITED AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Note	31 December 2022 \$	31 December 2021 \$
Other income	3	-	1,359
Corporate expenses	3	(583,249)	(437,962)
Impairment of investments		-	(150,000)
Share-based payments		-	(42,025)
Rehabilitation expense	11	-	(155,000)
Loss before income tax		(583,249)	(783,628)
Income tax		-	-
Loss for the period		(583,249)	(783,628)
Other comprehensive income/(loss) for the period		-	-
Total comprehensive loss for the period attributable to the members		(583,249)	(783,628)
		Cents	Cents
Basic and diluted loss per share (cents per share)	4	(0.08)	(0.16)

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

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SUNSHINE GOLD LIMITED AND CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

	Note	31 December 2022 \$	30 June 2022 \$
Current Assets			
Cash and cash equivalents	5	2,980,933	1,853,737
Security deposits		175,445	178,615
Trade and other receivables	6	86,883	69,219
Prepayments		17,877	-
Total Current Assets		3,261,138	2,101,571
Non-Current Assets			
Exploration and evaluation expenditure	7	12,033,996	9,943,600
Property, plant and equipment		295,482	340,557
Other financial assets		51,100	51,100
Total Non-Current Assets		12,380,578	10,335,257
TOTAL ASSETS		15,641,716	12,436,828
Current Liabilities			
Trade and other payables		580,189	306,134
Interest-bearing liabilities		-	8,408
Lease liability		89,933	87,282
Provisions		69,537	50,863
Total Current Liabilities		739,659	452,687
Non-Current Liabilities			
Lease liability		126,958	172,595
Provision for rehabilitation	11	357,000	357,000
Total Non-Current Liabilities		483,958	529,595
TOTAL LIABILITIES		1,223,617	982,282
NET ASSETS		14,418,099	11,454,546
EQUITY			
Issued capital	8	26,044,772	22,497,970
Reserves	9	4,157,108	4,157,108
Accumulated losses		(15,783,781)	(15,200,532)
TOTAL EQUITY		14,418,099	11,454,546

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

SUNSHINE GOLD LIMITED AND CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

	Issued Capital	Share-Based Payments Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$
Balance at 01/07/2021	17,609,493	2,945,083	(13,533,266)	7,021,310
Total comprehensive Income/(loss) for the period				
Loss for the period	-	-	(783,628)	(783,628)
Total comprehensive loss for the period	-	-	(783,628)	(783,628)
<i>Equity transactions:</i>				
Share based payments	-	42,025	-	42,025
Issue of fully paid ordinary shares	5,162,000	-	-	5,162,000
Capital raising costs	(273,523)	-	-	(273,523)
Balance at 31/12/2021	<u>22,497,970</u>	<u>2,987,108</u>	<u>(14,316,894)</u>	<u>11,168,184</u>
Balance at 01/07/2022	<u>22,497,970</u>	<u>4,157,108</u>	<u>(15,200,532)</u>	<u>11,454,546</u>
Total comprehensive Income/(loss) for the period				
Loss for the period	-	-	(583,249)	(583,249)
Total comprehensive loss for the period	-	-	(583,249)	(583,249)
Issue of fully paid ordinary shares	3,750,000	-	-	3,750,000
Capital raising costs	(203,198)	-	-	(203,198)
Balance at 31/12/2022	<u>26,044,772</u>	<u>4,157,108</u>	<u>(15,783,781)</u>	<u>14,418,099</u>

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

SUNSHINE GOLD LIMITED AND CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

	Note	31 December 2022 \$	31 December 2021 \$
Cash Flows from Operating Activities			
Payments to suppliers and employees		(787,818)	(394,945)
Interest received		-	1,359
Net Cash Used In Operating Activities		<u>(787,818)</u>	<u>(393,586)</u>
Cash Flows from Investing Activities			
Payments for exploration expenditure		(1,600,417)	(1,677,624)
Acquisition of financial assets		-	(12,500)
Purchase of plant and equipment		(15,853)	(47,250)
Net Cash Used In Investing Activities		<u>(1,616,270)</u>	<u>(1,737,374)</u>
Cash Flows from Financing Activities			
Gross proceeds from share issues		3,750,000	5,162,000
Costs of share issues		(210,210)	(299,583)
Repayment of borrowings		(8,506)	(8,506)
Net Cash From Financing Activities		<u>3,531,284</u>	<u>4,853,911</u>
Net increase in cash and cash equivalents held		1,127,196	2,722,951
Cash and cash equivalents at beginning of the financial period		1,853,737	2,192,165
Cash and cash equivalents at the end of the half-year	5	<u><u>2,980,933</u></u>	<u><u>4,915,116</u></u>

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

SUNSHINE GOLD LIMITED AND CONTROLLED ENTITIES

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 1: BASIS OF PREPARATION

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

It is recommended that this consolidated interim financial report be read in conjunction with the annual financial report for the year ended 30 June 2022 and any public announcements made by Sunshine Gold Limited and its controlled entities during the half-year in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001* and ASX Listing Rules.

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

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

Statement of compliance

The interim financial statements were authorised for issue on 9 March 2023.

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

Significant accounting estimates and judgements

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

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2022.

New and Revised Accounting Standards and Interpretations

The accounting policies and methods of computation have been consistently applied by the consolidated entity and are consistent with those in the June 2022 annual financial report except for the impact (if any) of new and revised standards and interpretations outlined below.

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

SUNSHINE GOLD LIMITED AND CONTROLLED ENTITIES

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022 *(continued)*

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

Standards and Interpretations applicable to 31 December 2022

In the period ended 31 December 2022, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no material change is necessary to Group accounting policies.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all Standards and Interpretations in issue not yet adopted for the period ended 31 December 2022. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted by the Group and, therefore, no change is necessary to Group accounting policies.

NOTE 2: DIVIDENDS

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

NOTE 3: LOSS BEFORE INCOME TAX

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

	Consolidated	
	6 months to 31 December 2022 \$	6 months to 31 December 2021 \$
(a) Other income		
Interest earned	-	1,359
(b) Significant items		
<i>Included in corporate expenses</i>		
Consulting and directors fees	139,016	170,036
Share register maintenance and listing fees	65,298	61,007
Legal fees	-	2,049

SUNSHINE GOLD LIMITED AND CONTROLLED ENTITIES

**CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022 (continued)**

NOTE 4: LOSS PER SHARE

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

	Consolidated	
	6 months to 31 December 2022	6 months to 31 December 2021
	\$	\$
Loss per share (cents)	(0.08)	(0.16)
Loss used in calculating basic and diluted loss per share	(583,249)	(783,628)
	Number of Shares	Number of Shares
Weighted average number of ordinary shares used in calculating basic loss per share:	723,021,631	474,056,275

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

NOTE 5: CASH AND CASH EQUIVALENTS

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

	Consolidated	
	31 December 2022	30 June 2022
	\$	\$
Cash at bank	2,980,933	1,853,737

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SUNSHINE GOLD LIMITED AND CONTROLLED ENTITIES

**CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022 (continued)**

NOTE 6: TRADE AND OTHER RECEIVABLES

	Consolidated	
	31 December 2022	30 June 2022
	\$	\$
GST	84,641	58,089
Other	2,242	11,130
	86,883	69,219

NOTE 7: EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	6 months to 31 December 2022	Year to 30 June 2022
	\$	\$
Balance at the beginning of the period	9,943,600	4,513,541
Acquisition of XXXX Gold Pty Ltd	-	1,000,000
Expenditure incurred during the period	2,090,396	4,430,059
Balance at the end of the period	12,033,996	9,943,600

The ultimate recoupment of deferred exploration and evaluation expenditure in respect of an area of interest is dependent upon the discovery of commercially viable reserves and the successful development and exploitation of the respective areas or alternatively sale of the underlying areas of interest for at least their carrying value.

NOTE 8: ISSUED CAPITAL

	Consolidated	
	31 December 2022	30 June 2022
	\$	\$
(a) Issued Capital		
769,722,730 Ordinary shares fully paid (30/06/2022: 619,722,730)	26,044,772	22,497,970

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SUNSHINE GOLD LIMITED AND CONTROLLED ENTITIES

**CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022 (continued)**

NOTE 8: ISSUED CAPITAL (continued)

(b) Movements in ordinary share capital

Date	Details	No. of Shares	\$
01/07/2021	Opening balance	444,711,618	17,609,493
27/09/2021	Placement	104,111,112	4,685,000
29/11/2021	Director Placement	7,000,000	315,000
30/11/2021	Option exercise	5,400,000	162,000
01/04/2022	Performance rights vesting (d)	8,500,000	-
01/04/2022	Deferred shares vesting (c)	50,000,000	-
	Less: capital raising costs	-	(273,523)
30/06/2022	Closing balance	<u>619,722,730</u>	<u>22,497,970</u>
01/07/2022	Opening balance	619,722,730	22,497,970
22/08/2022	Placement	140,200,000	3,505,000
02/12/2022	Director Placement	9,800,000	245,000
	Less: capital raising costs		(203,198)
31/12/2022		<u>769,722,730</u>	<u>26,044,772</u>

(c) Deferred Shares

As part of the consideration for the acquisition of XXXX Gold Pty Ltd, the Company issued:

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

On 31 March 2022, the Company announced a maiden Resource at the 100% owned Triumph Gold Project totalling 1.8 million tonnes at 2.0 g/t for 118 koz of contained gold. As a result, 50,000,000 Deferred Shares vested and were converted into fully paid ordinary shares. The value of deferred shares was recognized in reserves.

SUNSHINE GOLD LIMITED AND CONTROLLED ENTITIES

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022 *(continued)*

NOTE 8: ISSUED CAPITAL *(continued)*

(d) Performance Rights

During the 2021 financial year, 17,000,000 Performance Rights were issued to directors in the following tranches:

- (a) Tranche 1 – 50% of the rights will vest on the Company announcing to ASX within 3 years of completion of the acquisition of XXXX Gold Pty Ltd (note 27) that it has a JORC 2012 compliant resource of 100,000 ounces of gold; and
- (b) Tranche 2 – 50% of the rights will vest on the Company announcing to ASX within 3 years of completion of the acquisition of XXXX Gold Pty Ltd (note 27) that it has a JORC 2012 compliant resource of 200,000 ounces of gold.

On 31 March 2022, the Company announced a maiden JORC 2012 Mineral Resource Estimate at the 100% owned Triumph Gold Project totalling 1.8 million tonnes at 2.03 g/t for 118 koz of contained gold. As a result, 8,500,000 Performance Rights vested and were converted into fully paid ordinary shares.

At date of issue, no value has been ascribed to the Tranche 2 Performance Rights as the achievement of the hurdle cannot be assessed with any certainty. During the 2022 financial year, the Company recognized a share-based payment expense of \$170,000 relating to the Tranche 1 Performance Rights that vested which has been recorded in the options reserve.

NOTE 9: RESERVES

(a) Composition	Consolidated	
	31 December 2022	30 June 2022
	\$	\$
Share based payments reserve	4,157,108	4,157,108
	4,157,108	4,157,108

(b) Movements in options

Date	Details	No. of Unlisted Options	Exercise Price	Expiry Date
01/07/21	Opening balance	72,000,000		
01/10/21	Employee options	1,000,000	\$0.07	31/07/2024
30/11/21	Option exercise	(5,400,000)	\$0.03	30/09/2025
09/12/21	Employee options	700,000	\$0.07	31/07/2024
30/06/22	Closing balance	68,300,000		
01/07/22	Opening balance	68,300,000		
31/12/22	Closing balance	68,300,000		

SUNSHINE GOLD LIMITED AND CONTROLLED ENTITIES

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022 *(continued)*

NOTE 10: SHARE BASED PAYMENTS

The following share-based payment transactions occurred or were recognised during the half year ended 31 December 2021:

- 1,700,000 \$0.07 share options expiring 31/07/2024 were issued to employees. These options were valued at \$42,025 and were fully expensed.
- 5,400,000 \$0.03 options expiring 30/9/2025 were exercised by directors raising \$162,000 in cash. The shares issued on exercise are escrowed until 10/12/2022.

All share options issued during the half year ended 31 December 2021 vested immediately. The total amount of \$42,025 was recognised as a share-based payment expense.

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

NOTE 11: PROVISIONS AND CONTINGENT LIABILITIES

(a) Provision for Rehabilitation

The provision represents the present value of the estimated costs to rehabilitate the exploration areas affected.

As part of its acquisition of Nugold Hill Mines in 2002, the Company has an obligation to rehabilitate the Xanadu tenements area. The Company has a security bond in place with the Department of Mines, Industry, Regulation and Safety which is expected to cover the majority of the cost. The Company believes there are no potential for future operations, therefore it has engaged environmental consultants to develop a plan to rehabilitate the Xanadu tenements area that will satisfy the requirements of the Department of Mines, Industry, Regulation and Safety.

As a result of this change in obligation from the prior period, the Company has recognized a Provision for Rehabilitation of \$357,000 during the year ended 30 June 2022. There has been no material change required to the value of the provision during the period ended 31 December 2022.

(b) Contingent Liabilities

The Company has no known material contingent liabilities as at 31 December 2022.

SUNSHINE GOLD LIMITED AND CONTROLLED ENTITIES

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022 *(continued)*

NOTE 12: SEGMENT INFORMATION

Business Segments

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

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

NOTE 13: FINANCIAL INSTRUMENTS

Financial Instruments

The following table presents the Group's assets and liabilities measured and recognised at fair value:

31 December 2022	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Equity investments at FVTPL	-	-	51,100	51,100
<hr/>				
30 June 2022	Level 1	Level 2	Level 3	Total
<i>Asset</i>	\$	\$	\$	\$
Equity investments at FVTPL	-	-	51,100	51,100
<hr/>				
<i>Financial liabilities</i>	Interest rate	Maturity	31 December 2022	30 June 2022
	%		\$	\$
Finance lease	6.99	6/11/2022	-	8,408
			-	8,408

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

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

NOTE 14: EVENTS SUBSEQUENT TO REPORTING DATE

On 20 January 2023, the Company entered into a Binding Farm-in and Joint Venture agreement with Rockfire Resources PLC to earn up to 75% Lighthouse Gold Project by spending \$2.2m over 3 years.

As at the date of this report, no other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent years.

SUNSHINE GOLD LIMITED AND CONTROLLED ENTITIES

DIRECTORS' DECLARATION

1. In the opinion of the directors:
 - a. the accompanying interim financial statements and notes are in accordance with the *Corporations Act 2001* including:
 - i. giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half- year then ended; and
 - ii. complying with Australian Accounting Standards, the *Corporations Regulations 2001*, professional reporting requirements and other mandatory requirements.
 - b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made by the Directors in accordance with Section 303(5) of the *Corporations Act 2001* for the half-year ended 31 December 2022.

Signed in accordance with a resolution of the board of directors

Dated this 9th day of March 2023



Alec Pismiris
Director

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Sunshine Gold Limited

Report on the Condensed Interim Financial Report

Conclusion

We have reviewed the accompanying interim financial report of Sunshine Gold Limited ("the company") which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the directors for the financial report

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

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the interim financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us

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believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the interim ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
9 March 2023



D I Buckley
Partner

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Sunshine Gold Limited for the half-year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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



Perth, Western Australia
9 March 2023

D I Buckley
Partner

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