



Flynn Gold Limited
ABN 82 644 122 216

31 December 2022
Half year financial report

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Directors

Mr Clive Duncan (Non-Executive Chairperson)
Mr Samuel Garrett (Technical Director)
Mr John Forwood (Non-Executive Director)

Company secretary

Mr Mathew Watkins

Registered office

Level 4
96-100 Albert Road
South Melbourne VIC 3205
Telephone: (03) 9692 7222
Facsimile: (03) 9077 9233

Principal place of business

Level 4
96-100 Albert Road
South Melbourne VIC 3205

Share register

Computershare Investor Services Pty. Ltd.
Yarra Falls 452 Johnston Street
Abbotsford Victoria 3067
Ph: 1300 850 505

Auditor

William Buck
Level 20, 181 William Street
Melbourne, VIC 3000

Stock exchange listing

Flynn Gold Limited shares are listed on the Australian Securities Exchange (ASX code: FG1)

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Flynn Gold Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the period ended 31 December 2022.

Directors

The names of Directors of the company in office at any time during or since the end of the period are:

Mr Clive Duncan (Non-Executive Chairperson)
Mr Samuel Garrett (Technical Director)
Mr John Forwood (Non-Executive Director)

Principal activities

The principal activity of the consolidated entity is as an Australian mineral exploration company with a portfolio of exploration projects in Tasmania and Western Australia. The Company has a number of 100% owned projects located in northeast Tasmania and is establishing a portfolio of gold exploration assets in the Pilbara and Yilgarn regions of Western Australia. The Company also has prospective tin, copper and cobalt projects within its northeast Tasmania gold project, as well as two zinc-silver tenements on Tasmania's mineral rich west coast.

Share based payment

During July 2022, the Company granted 142,800 performance rights to its employees.

On 3 August 2022, the Company granted 400,000 unlisted share options to a consultant of the Company, which were issued on 24 August 2022. The options are exercisable immediately at \$0.2 per option.

On 19 August 2022, the Company granted 2,400,000 performance rights to the incoming Chief Executive Officer ("CEO"), with various barrier prices with reference to 30-day VWAP. The performance rights were issued on 9 September 2022. As at 31 December 2022, the Company's share price did not reach any of the barrier prices and none of the performance rights vested.

Refer to note 15 to the financial statements for details of terms and conditions of the performance rights and options.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$2,963,522 (31 December 2021: \$1,825,673).

The loss for the half year ended 31 December 2022 is primarily driven by:

Exploration and evaluation expenses of \$2,008,520 (31 December 2021: \$1,462,163);

Corporate and administrative expenses of \$362,588 (31 December 2021: \$263,956);

Employee benefits expense increased to \$606,502 (31 December 2021: \$103,844), including non-cash share-based payment of \$249,480 and increase in number of staff from expansion of operations in Tasmania; and

Offset by other income of the Company earned during the period of \$14,088 (2021: \$4,290).

Cash and cash equivalents at 31 December 2022 was \$3,800,612 (30 June 2022: \$5,356,721).

Net assets at 31 December 2022 were \$3,519,521 (30 June 2022: \$4,904,756) with working capital of \$3,401,857 (30 June 2022: \$4,838,038).

During the half year, exploration continued across the Company's suite of gold and battery metals exploration projects in Tasmania and Western Australia during the period.

The Company's main exploration focus continued to be at the Golden Ridge project in Tasmania with diamond drilling at the Trafalgar prospect and reconnaissance scout RC drilling across three locations. Field activities were also carried out on the Portland and Mount Dove projects.

A wide spaced ultra-fine clay fraction (UFF) soil sampling program at Mount Dove Project in the Pilbara region of Western Australia identified eleven lithium anomalies, including a high priority anomaly over 1200m x 400m with coincident pathfinder trace element (Sn-Rb-Ce) anomalism. In addition, anomalous UFF gold geochemistry, potentially coincident with intrusive margins and structural trends was also recognised from the soil sampling.

In November 2022, the Company secured a 6-month Option Agreement with Greatland Gold plc (AIM:GGP) to acquire the Firetower and Warrentinna projects in northern Tasmania.

Key risks and uncertainties

The Company is subject to general risks as well as risks that are specific to the Company and the Company's business activities.

Economic

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

Future funding risks

The Company is involved in exploration for minerals predominately in Tasmania and is yet to generate revenues. The Company has a cash and cash equivalents balance of \$3,800,612 and net assets of \$3,519,521 at 31 December 2022. Additional funding will be required in future for the costs of the Company's exploration programs to effectively implement its business and operations plans, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur.

In addition, should the Company consider that its exploration results justify commencement of production on any of its Projects, additional funding will be required to implement the Company's development plans, the quantum of which remain unknown at the date of this report.

The Company may seek to raise further funds through equity or debt financing, joint ventures, production sharing arrangements or other means. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of exploration, development or production on the Company's properties or even loss of a property interest. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

Reliance on key personnel

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

The Company's future depends, in part, on its ability to attract and retain key personnel. It may not be able to hire and retain such personnel at compensation levels consistent with its existing compensation and salary structure. Its future also depends on the continued contributions of its executive management team and other key management and technical personnel, the loss of whose services would be difficult to replace. In addition, the inability to continue to attract appropriately qualified personnel could have a material adverse effect on the Company's business.

Government Policy Changes

Adverse changes in government policies or legislation may affect ownership of mineral interests, taxation, royalties, land access, labour relations, and mining and exploration activities of the Company. It is possible that the current system of exploration and mine permitting in the Australia may change, resulting in impairment of rights and possibly expropriation of the Company's properties without adequate compensation.

Exploration and Operating

The Projects are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that future exploration of any of the Projects, will result in the discovery of an economic resource. Even if an apparently viable mineral resource is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns or adverse weather conditions, unanticipated operational and technical difficulties, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, industrial and environmental accidents, industrial disputes, unexpected shortages and increases in the costs of consumables, spare parts, plant, equipment and staff, native title process, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company being able to maintain title to the mineral tenements comprising the Projects and obtaining all required approvals for their contemplated activities. In the event that exploration programmes at any Project prove to be unsuccessful this could lead to a diminution in the value of that Project, a reduction in the cash reserves of the Company and possible relinquishment of one or more of the mineral tenements comprising that Project.

Litigation

The Company is not currently involved in any litigation. However, the Company may in the ordinary course of business become involved in litigation and disputes, for example with its contractors or clients over a broad range of matters including its products. Any such litigation or dispute could involve significant economic costs and damage to relationships with contractors, clients or other stakeholders. Any such outcomes may have an adverse impact on the Company's business, market reputation and financial condition and financial performance.

Environmental

The operations and proposed activities of the Company are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall or bushfires may impact on the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the Company's operations more expensive.

Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programmes or mining activities.

Regulatory Compliance

The Company's operating activities are subject to extensive laws and regulations relating to numerous matters including resource licence consent, environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, native title and heritage matters, protection of endangered and protected species and other matters. The Company requires permits from regulatory authorities to authorise the Company's operations. These permits relate to exploration, development, production and rehabilitation activities.

While the Company believes that it is in substantial compliance with all material current laws and regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of existing permits and agreements applicable to the Company or its properties, which could have a material adverse impact on the Company's current operations or planned development projects.

Obtaining necessary permits can be a time-consuming process and there is a risk that the Company will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict the Company from proceeding with the development of a project or the operation or development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of the Company's activities or forfeiture of one or more of the mining tenements comprised in a Project.

Significant changes in the state of affairs

On 22 August 2022, the Company announced the appointment of Mr Neil Marston as Chief Executive Officer, with effect from 24 August 2022.

On 1 December 2022, the Company entered into a 6-month Option Agreement with Greatland Gold plc (AIM:GGP) for the acquisition of the Firetower and Warrentinna projects in northern Tasmania with the following considerations:

- Option fee - \$100,000, paid via the issue of 1,000,000 ordinary shares of the Company at 10 cents per share;
- Consideration on exercise of option - \$200,000, or 2,000,000 ordinary shares of the Company (at the Company's election);
- Deferred Consideration -

* \$500,000 payable upon the definition of a combined mineral resource of 500,000oz Au on the projects, (payable in cash or shares to an equivalent value, at the Company's election);

** \$500,000 payable upon the issue of a permit to mine, (payable in cash or shares to an equivalent value, at the Company's election); and

*** 1% Net Smelter Royalty on all production from the projects.

On 15 December 2022, the Company announced it was conducting a capital raising to raise up to approximately \$6.1 million by way of a \$1.3 million placement followed by a 1 for 2 non-renounceable entitlement offer which was partially underwritten by Henslow Pty Ltd to approximately \$2.455 million to raise up to a further \$4.8 million (before costs):

- On 23 December 2022, the Company issued a total of 13,262,487 fully paid ordinary shares to new and existing professional and sophisticated investors at an issue price of 10 cents per share, raising \$1.3 million (before costs)
- The non-renounceable entitlement offer closed on 2 February 2023, raising \$2.455 million (before costs). See matters subsequent to the end of the financial period for more details.

There were no other significant changes in the state of affairs of the consolidated entity during the financial period.

Matters subsequent to the end of the financial period

On 9 February 2023, upon the closure of the non-renounceable entitlement offer, the Company issued 24,550,000 new ordinary shares at \$0.10 (10 cents) per share and raised \$2.455 million.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Environmental regulation

The Company holds controlling interests in a number of exploration tenements across Australia. The various authorities granting such tenements require the tenement holder to comply with the terms of the grant of the tenement and all directions given to it under those terms of the tenement. To the best of the Directors' knowledge, the Company has adequate systems in place to ensure compliance with the requirements of all environmental legislation described above and are not aware of any breach of those requirements during the financial year and up to the date of the Directors' report.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Mr Clive Duncan
Non-Executive Chairperson

16 March 2023
Melbourne

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF FLYNN GOLD LIMITED

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2022 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.



William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136



J. C. Luckins
Director
Melbourne, 16 March 2023

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Flynn Gold Limited
Statement of profit or loss and other comprehensive income
For the period ended 31 December 2022



		Consolidated	
	Note	31 December 2022	31 December 2021
		\$	\$
Revenue			
Interest income		14,088	4,290
Expenses			
Corporate and administrative expenses	4	(362,588)	(263,956)
Exploration and evaluation expenditure	5	(2,008,520)	(1,462,163)
Employee benefits expense	6	<u>(606,502)</u>	<u>(103,844)</u>
Loss before income tax expense		(2,963,522)	(1,825,673)
Income tax expense		<u>-</u>	<u>-</u>
Loss after income tax expense for the period attributable to the owners of Flynn Gold Limited		(2,963,522)	(1,825,673)
Other comprehensive income for the period, net of tax		<u>-</u>	<u>-</u>
Total comprehensive loss for the period attributable to the owners of Flynn Gold Limited		<u>(2,963,522)</u>	<u>(1,825,673)</u>
		Cents	Cents
Basic loss per share	14	(3.09)	(1.92)
Diluted loss per share	14	(3.09)	(1.92)

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

		Consolidated	
	Note	31 December 2022 \$	30 June 2022 \$
Assets			
Current assets			
Cash and cash equivalents	7	3,800,612	5,356,721
Other receivables		116,564	100,691
Other current assets		80,029	78,898
Total current assets		<u>3,997,205</u>	<u>5,536,310</u>
Non-current assets			
Security deposits		50,345	44,745
Property, plant and equipment		12,789	14,164
Right-of-use assets		65,678	48,789
Total non-current assets		<u>128,812</u>	<u>107,698</u>
Total assets		<u>4,126,017</u>	<u>5,644,008</u>
Liabilities			
Current liabilities			
Trade and other payables	8	486,299	674,390
Lease liabilities		61,186	15,684
Employee benefits		47,863	8,198
Total current liabilities		<u>595,348</u>	<u>698,272</u>
Non-current liabilities			
Lease liabilities		9,311	36,966
Employee benefits		1,837	4,014
Total non-current liabilities		<u>11,148</u>	<u>40,980</u>
Total liabilities		<u>606,496</u>	<u>739,252</u>
Net assets		<u>3,519,521</u>	<u>4,904,756</u>
Equity			
Issued capital	9	14,281,586	12,952,779
Reserves		747,444	497,964
Accumulated losses		(11,509,509)	(8,545,987)
Total equity		<u>3,519,521</u>	<u>4,904,756</u>

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

Flynn Gold Limited
Statement of changes in equity
For the period ended 31 December 2022



Consolidated	Issued capital \$	Share based Payments \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2021	12,952,779	497,964	(4,677,352)	8,773,391
Loss after income tax expense for the period	-	-	(1,825,673)	(1,825,673)
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive loss for the period	-	-	(1,825,673)	(1,825,673)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	4,460	-	4,460
Balance at 31 December 2021	<u>12,952,779</u>	<u>502,424</u>	<u>(6,503,025)</u>	<u>6,952,178</u>
Consolidated	Issued capital \$	Share based Payments \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	12,952,779	497,964	(8,545,987)	4,904,756
Loss after income tax expense for the period	-	-	(2,963,522)	(2,963,522)
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive loss for the period	-	-	(2,963,522)	(2,963,522)
<i>Transactions with owners in their capacity as owners:</i>				
Shares issued for placement net of transaction costs (note 9)	1,228,807	-	-	1,228,807
Vesting of share based payments	-	249,480	-	249,480
Shares issued to Greatland Gold plc as payment for option fee for the acquisition of the Firetower and Warrentinna projects	100,000	-	-	100,000
Balance at 31 December 2022	<u>14,281,586</u>	<u>747,444</u>	<u>(11,509,509)</u>	<u>3,519,521</u>

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

Flynn Gold Limited
Statement of cash flows
For the period ended 31 December 2022



	Note	Consolidated	
		31 December 2022	31 December 2021
		\$	\$
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(664,972)	(855,588)
Payments for exploration expenditure (inclusive of GST)		(2,114,267)	(1,496,261)
		(2,779,239)	(2,351,849)
Interest received		14,088	4,290
Interest and other finance costs paid		(820)	(1,112)
Net cash used in operating activities		(2,765,971)	(2,348,671)
Cash flows from investing activities			
Payments for property, plant and equipment		-	(1,383)
Payments for security deposits		(5,600)	-
Net cash used in investing activities		(5,600)	(1,383)
Cash flows from financing activities			
Proceeds from issue of shares from placement, net of capital raising costs	9	1,228,807	-
Repayment of lease liabilities		(13,345)	(7,915)
Net cash from/(used in) financing activities		1,215,462	(7,915)
Net decrease in cash and cash equivalents		(1,556,109)	(2,357,969)
Cash and cash equivalents at the beginning of the financial period		5,356,721	9,340,718
Effects of exchange rate changes on cash and cash equivalents		-	559
Cash and cash equivalents at the end of the financial period		<u>3,800,612</u>	<u>6,983,308</u>

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

Note 1. General information

The financial statements cover Flynn Gold Limited as a consolidated entity consisting of Flynn Gold Limited (the 'Company') and the entity it controlled at the end of, or during, the period.

The financial statements are presented in Australian dollars, which is Flynn Gold Limited's functional and presentation currency.

Flynn Gold Limited is a public company, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 4
96-100 Albert Road
South Melbourne VIC 3205

The financial statements were authorised for issue, in accordance with a resolution of directors, on 16 March 2023.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 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 the annual report for the period ended 30 June 2022 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 3. Operating segments

Identification of reportable operating segments

The consolidated entity operates in one segment, being an explorer of gold and other minerals, which is also the basis on which the board reviews the company's financial information.

AASB 8 requires operating segments to be identified on the basis of internal reports about the components of the consolidated entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In the current year the board reviews the consolidated entity as one operating segment being mineral exploration within Australia.

All assets and liabilities and operations are based in Australia.

Note 4. Corporate and administrative expenses

	Consolidated	
	31 December 2022	31 December 2021
	\$	\$
Insurance	27,933	19,699
Listing and acquisition costs	62,664	63,687
Marketing and advertising fees	-	8,440
Professional service fees	152,661	136,545
Other expenses	102,832	20,850
Depreciation and amortisation expenses	15,678	13,625
Finance cost	820	1,110
	<u>362,588</u>	<u>263,956</u>

Note 5. Exploration and evaluation expenditure

	Consolidated	
	31 December 2022	31 December 2021
	\$	\$
Drilling costs	964,839	416,669
Exploration acquisition	2,409	10,055
Employee benefit expense	398,548	289,606
Overheads and other charges	214,268	153,081
Software licenses subscriptions	24,738	61,947
Landholder duty	-	92,382
Geology expenses	357,469	396,732
Rental	46,249	41,691
	<u>2,008,520</u>	<u>1,462,163</u>

Note 6. Employee benefits expense

	Consolidated	
	31 December 2022	31 December 2021
	\$	\$
Salary and wages	290,611	93,634
Share based payment	249,480	4,460
Annual leave and long service leave	37,488	3,288
Superannuation	28,923	2,462
	<u>606,502</u>	<u>103,844</u>

Note 7. Cash and cash equivalents

	Consolidated	
	31 December 2022	30 June 2022
	\$	\$
<i>Current assets</i>		
Cash at bank	1,300,617	1,356,721
Term deposits *	2,499,995	4,000,000
	<u>3,800,612</u>	<u>5,356,721</u>

* \$1,500,000 of the total term deposits was with a maturity date longer than 90 days, however, the Company is able to access the term deposit with a 31 days notice and with reduction in interest paid. The Company considered that this term deposit was cash and cash equivalents at 31 December 2022.

Note 8. Trade and other payables

	Consolidated	
	31 December 2022	30 June 2022
	\$	\$
<i>Current liabilities</i>		
Trade payables	363,058	500,309
Other payables and accruals	123,241	174,081
	<u>486,299</u>	<u>674,390</u>

Note 9. Issued capital

	Consolidated			
	31 December 2022	30 June 2022	31 December 2022	30 June 2022
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>109,345,735</u>	<u>95,083,248</u>	<u>14,281,586</u>	<u>12,952,779</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2022	95,083,248		12,952,779
Shares issued to Greatland Gold plc as payment for option fee for the acquisition of the Firetower and Warrentinna projects	8 December 2022	1,000,000	\$0.10	100,000
Shares issued for placement	23 December 2022	13,262,487	\$0.10	1,326,249
Capital raising cost		-	\$0.00	(97,442)
Balance	31 December 2022	<u>109,345,735</u>		<u>14,281,586</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 9. Issued capital (continued)

Share buy-back

There is no current on-market share buy-back.

Note 10. Dividends

There were no dividends paid, recommended or declared during the current or previous financial period.

Note 11. Contingent liabilities

With the exception of the matter below, the consolidated entity had no contingent liabilities at 31 December 2022

The consolidated entity holds a number of exploration licences. The licences are attached to security deposits which were provided when the licences were granted. These security deposits are released once rehabilitation obligations have been discharged.

Note 12. Planned exploration expenditure

	Consolidated	
	31 December 2022	30 June 2022
	\$	\$
Minimum exploration expenditure commitments		
Within one year	1,257,100	969,000
One to five years	6,593,900	5,866,400
	<u>7,851,000</u>	<u>6,835,400</u>

Licensees may apply for extensions of term beyond the fifth year. These are generally considered on an annual basis. The minimum expenditure and program are set by negotiation between the licensee and regulators.

In the case of not meeting the commitments, the consolidated entity will seek the approval for extension from the relevant authority to maintain current rights to tenure to exploration and mining tenements.

Note 13. Events after the reporting period

On 9 February 2023, upon the closure of the non-renounceable entitlement offer, the Company issued 24,550,000 new ordinary shares at \$0.10 (10 cents) per share and raised \$2.455 million.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 14. Loss per share

	Consolidated	
	31 December 2022	31 December 2021
	\$	\$
Loss after income tax attributable to the owners of Flynn Gold Limited	<u>(2,963,522)</u>	<u>(1,825,673)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>95,788,712</u>	<u>95,083,248</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>95,788,712</u>	<u>95,083,248</u>

Note 14. Loss per share (continued)

	Cents	Cents
Basic loss per share	(3.09)	(1.92)
Diluted loss per share	(3.09)	(1.92)

The rights to shares held by performance rights have not been included in the weighted average number of ordinary shares for the purposes of calculating diluted earnings per share as they do not meet the requirements for inclusion in AASB 133 *Earnings per Share*. The rights are non-dilutive as the consolidated entity has generated a loss for the year.

Note 15. Share Based payments

On 15 July 2022, the Company granted 71,400 performance rights to an employee with the expiry date on 14 July 2026, of which 50% vest and become exercisable on the first financial year end date since the commencement date of the employment if still employed by the Company; and the remaining 50% become exercisable on the second financial year end date if the employee is still employed by the Company.

On 25 July 2022, the Company granted 71,400 performance rights to an employee with the expiry date of 24 July 2026, of which 50% vest and become exercisable on the first financial year end date since the commencement date of the employment if still employed by the Company; and the remaining 50% become exercisable on the second financial year end date if the employee is still employed by the Company.

On 19 August 2022, the Company granted 2,400,000 performance rights to the incoming Chief Executive Officer ("CEO"), of which 800,000 performance rights are exercisable upon the 30-day VWAP of the Company's share price being equal to or greater than \$0.15 per share; 800,000 performance rights are exercisable upon the 30-day VWAP of the Company's share price being equal to or greater than \$0.25 per share; and 800,000 performance rights to vest upon the 30-day VWAP of the Company's share price being equal to or greater than \$0.35 per share. The performance rights expire on 8 September 2025. The Company recognised the performance rights as share based payment in the profit and loss of \$158,950 during the half year ended 31 December 2022 in accordance with AASB 2 *Share based payment*. As at 31 December 2022, the Company's share price did not reach any of the barrier prices and none of the performance rights vested.

Set out below are summaries of performance right granted during the half year ended 31 December 2022:

Grant date	Expiry date	Exercise price / Barrier price	Fair value per right	Balance at start of the period	Granted	Exercised	Expired / Forfeited / Other	Balance at the end of the period
15/07/2022	14/07/2026	\$0.000	\$0.130	-	71,400	-	-	71,400
25/07/2022	24/07/2026	\$0.000	\$0.130	-	71,400	-	-	71,400
19/08/2022	08/09/2025	\$0.150	\$0.089	-	800,000	-	-	800,000
19/08/2022	08/09/2025	\$0.250	\$0.074	-	800,000	-	-	800,000
19/08/2022	08/09/2025	\$0.350	\$0.063	-	800,000	-	-	800,000
				-	2,542,800	-	-	2,542,800

On 3 August 2022, the Company granted 400,000 unlisted share options to a consultant of the Company. The options are exercisable immediately at \$0.2 per option and expire on 2 August 2025.

Set out below are summaries of options granted during the half year ended 31 December 2022:

Grant date	Expiry date	Exercise price \$	Fair value per option \$	Balance at the start of the period	Granted	Exercised	Expired / Forfeited / Other	Balance at the end of the period
03/08/2022	02/08/2025	\$0.200	\$0.052	-	400,000	-	-	400,000

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the financial period ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Mr Clive Duncan
Non-Executive Chairperson

16 March 2023
Melbourne

Flynn Gold Limited
Independent auditor's review report

REPORT ON THE REVIEW OF THE HALF-YEAR FINANCIAL REPORT

Conclusion

We have reviewed the accompanying half-year financial report of Flynn Gold Limited (the Company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, 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 Flynn Gold Limited is not in accordance with the *Corporations Act 2001* including:

- a. giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half year ended on that date; and
- b. complying with Australian Accounting Standard 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 consolidated entity 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 Management for the Financial Report

The directors of the consolidated entity 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 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 consolidated entity's financial position as at 31 December 2022 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.



William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136



J. C. Luckins
Director
Melbourne, 16 March 2023

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