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# CORPORATE DIRECTORY

## DIRECTORS

**Jeffery William McGlinn**  
Executive Chairman

**Andrew Hunt**  
Non-Executive Director

**Simon Jon Mottram**  
Non-Executive Director

**Aaron Treyvaud**  
Non-Executive Director

## COMPANY SECRETARY

**Peter Stanley Alphonso**

## EXECUTIVE MANAGEMENT

**Raul Conde Villanueva**  
President Philippines subsidiaries

**Patrick William Warr**  
Chief Financial Officer

**James Pingul Llorca**  
General Manager, Geology & Resources

## PRINCIPAL & REGISTERED OFFICE

Suite A, Level 1  
1 Preston Street  
Como  
Western Australia 6152

### *Postal address:*

PO Box 122  
South Perth  
Western Australia 6151

Telephone: + 618 9474 1330

Email: [admin@x64.gold](mailto:admin@x64.gold)

Website: [www.x64.gold](http://www.x64.gold)

## AUSTRALIAN BUSINESS NUMBER

**ABN 60 099 377 849**

## STOCK EXCHANGE LISTING

**Australian Securities Exchange Limited (ASX)**

Trading Code: X64

## AUDITORS

### *Australia:*

#### **BDO AUDIT (WA) PTY LIMITED**

Mia Yellagonga Tower 2  
5 Spring Street  
Perth, WA 6000

### *Philippines:*

#### **RSB & Associates**

18 Floor Cityland Condominium 10 - Tower 1  
Makati City  
Philippines 1200

## SOLICITORS

### *Australia:*

#### **Ashurst Australia**

Level 10, Brookfield II  
123 St Georges Terrace  
Perth, WA 6000

### *Philippines:*

#### **BMD Law Offices**

18 Floor Cityland Condominium 10 - Tower 1  
Makati City  
Philippines 1200

## BANKERS

#### **Commonwealth Bank**

150 St George's Terrace  
Perth, WA 6000

## SHARE REGISTRY

#### **Computershare Investor Services**

Level 11, Reserve Bank Building  
172 St George's Terrace  
Perth, WA 6000

Telephone: + 618 9323 2000

Facsimile: + 618 9323 2033

Investor enquiries: 1300 557 010

Shareholders who require information about their shareholdings, dividend payments or related administrative matters should contact the Company's share registry.



## HIGHLIGHTS OF 2022 FINANCIAL YEAR

Ten Sixty Four Limited (“Ten Sixty Four Limited” or the “Company”), presents its audited financial results for the year ended 30 June 2022 (“FY2022”), with a statutory after-tax profit of US\$2.8 million.

<b>PRODUCTION</b>	<b>TOTAL DIVIDENDS</b>	<b>CASH BALANCE</b>
<b>89,789oz</b> Unhedged gold	<b>A\$0.07</b> Per share	<b>US\$80.8m</b> Cash & equivalent

### Financials

- Revenues of US\$140.0 million compared to US\$179.0 million for the previous year, a decrease of 22%;
- Ten Sixty Four Limited is an un-hedged gold producer and received an average gold price of US\$1,811 per ounce from the sale of 88,710 ounces of gold for the year (FY2021: 94,619 ounces at US\$1,856 per ounce) from its Co-O Gold Mine in the Philippines;
- Earnings before interest, tax, depreciation and amortisation (“EBITDA”) of US\$42.9 million (FY2021: EBITDA of US\$97.7M);
- Underlying Net Profit before tax of US\$41.8M (FY2021: US\$66.4M).
- Basic earnings per share (“EPS”) of US\$0.01 based on NPAT of US\$2.8 million (FY2021: US\$0.23 based on NPAT of US\$47.3M); and
- The Company had total cash and cash equivalent in gold on metal account of US\$80.8 million at year end (2021: US\$72.2M).

Description	Unit	FY2022	FY2021	Variance	(%)
Revenues	US\$	\$140.0M	\$179.0M	(\$39.0M)	(22%)
EBITDA	US\$	\$42.9M	\$97.7M	(\$54.8M)	(56%)
NPAT	US\$	\$2.8M	\$47.3M	(\$44.5M)	(94%)
UNDERLYING NET PROFIT BEFORE TAX	US\$	\$41.8M	\$66.4M	(24.6M)	(37%)
EPS (basic)	US\$	\$0.01	\$0.23	(\$0.22)	(94%)

During the period,

- Underlying Net Profit of US\$41.8M was impacted by one-off / unusual items which resulted in NPAT of US\$2.8M. These were:
  - Higher amount of gold bullion held at balance date of 16,547 ounces (FY21:3,679 ounces). The impact of this is a reduction of reported profit of US\$17.2M before tax.
  - The one one-off cost of acquisition of Ten Sixty Four Ltd of US\$12.5M, following the Group accounting policy to expense costs relating to exploration acquisition costs and exploration and evaluation activities.
  - During FY22 there has been significant foreign exchange currency volatility which has negatively impacted the profit result by US\$5.4M (FY21: US\$0.6M).



## HIGHLIGHTS OF 2022 FINANCIAL YEAR

- The Company's operating subsidiary in the Philippines settled a tax matter with the Bureau of Internal Revenue relating to the tax year 2012 incurring a one-off payment of US\$2.8M.
- Depreciation of fixed assets and amortisation of capitalised mine development, right of use asset and mine exploration was US\$38.8 million (FY2021: US\$34.6M);
- US\$20.1 million was expended on capital works associated with the Tigerway Decline Project, infrastructure, mine expansion and sustaining capital at the mine and mill (FY2021: US\$11.0 M);
- Exploration expenditure, inclusive of underground diamond drilling was US\$5.4 million (FY2021: US\$5.8M);
- Capitalised mine development costs totalled US\$32.6 million for the year (FY2021: US\$28.6 M); and
- Administration expenses of US\$8.2 million (FY2021: US\$7.7M).

## Operations

Description	Unit	30 June 2022	30 June 2021	Variance	(%)
Ore mined	WMT	576,421	517,739	58,682	11%
Ore milled	DMT	511,212	463,948	47,264	10%
Gold head grade	g/t	5.74	6.48	(0.74)	(11%)
Gold recovery	%	95.30	95.73	(0.43)	(1%)
Gold produced	ounces	89,789	95,193	(5,404)	(6%)
All-In-Sustaining-Costs	US\$/oz	\$1,362	\$1,231	(\$131)	(11%)
Gold sold	ounces	88,710	94,619	(5,909)	(6%)
Average gold price received	US\$/oz	\$1,811	\$1,856	(\$45)	(2%)
Cash & cash equivalent	US\$M	\$80.8	\$72.2	\$8.6	12%

The Company produced 89,789 ounces of gold for the year at the Co-O Mine, compared to 95,193 ounces in FY2021 at an average recovered grade of 5.74 g/t gold (FY2021: 6.48 g/t gold).

All-In-Sustaining-Costs ("AISC") for the year was US\$1,362 per ounce of gold (FY2021: US\$1,231 per ounce).

## FY2023 Production Guidance

The production guidance for the Co-O Mine for FY 2023 is expected to be between 84,000 to 89,000 ounces at AISC of between US\$1,320 to US\$1,370 per ounce.

AISC includes cash production costs, royalties, mine development, capital works and associated capital, exploration expenditure and corporate overheads.

The FY2023 AISC guidance excludes any expenditure for the construction of the Tigerway Decline ("Tigerway"). The project to date expenditure is US\$17.7M at 30 June 2022 and completion is estimated to remain on budget of US\$54 million.

Ten Sixty Four remains completely unhedged and exposed to the prevailing spot gold price.

# HIGHLIGHTS OF 2022 FINANCIAL YEAR

## Corporate

### Dividends

On 19 November 2021 the Board paid an interim un-franked dividend of A\$0.02 per fully paid ordinary share. There was no foreign conduit income attributed to the dividend and a dividend of A\$0.05 was payable for the previous year to 30 June 2021.

On 5 September, the Directors declared a final unfranked dividend for the year ended 30 June 2022 of A\$0.05 per ordinary share to be paid on 20 October 2022.

### Board Appointments/Retirements:

- On the 28 February 2022, Mr Roy Daniel retired as a Non-Executive Director.
- On 3 March 2022, Mr Paul Ryan Welker was appointed as a Non-Executive Director.
- On 8 March 2022, Mr Paul Ryan Welker was appointed as Managing Director following the cessation of Mr Andrew Teo as Managing Director of the Company.
- On 16 March 2022, Mr Andrew Charles Hunt was appointed as a Non-Executive Director.
- On 2 May 2022, Mr Jeffery McGlenn was appointed as Executive Chairman of the Company and Mr Aaron Treyvaud was appointed as a Non-Executive Director.
- On 28 June 2022, Mr Paul Ryan Welker resigned as Managing Director of the Company. On 5 July 2022, the Company advised the termination of his executive services agreement in accordance with the terms of the agreement.

## CHAIRMAN'S REVIEW

Dear Ten Sixty Four shareholders,

I am pleased to present to you the Annual Report for Ten Sixty Four Limited (the "Company") for the Financial Year ending 30 June 2022 ("FY2022"). During the period the Company performed operationally, delivered returns to shareholders, continued a process of Board renewal and upgraded its governance practices.

In FY2022 the business maintained its consistent operational track record. The Co-O Gold Mine produced close to 90,000 ounces for the fifth consecutive year. Production of 89,789 ounces was slightly short of the top end of revised FY2022 guidance and at the lower end of the original guidance which was 90,000 ounces. All-In-Sustaining-Costs ("ASIC") for the year were US\$1,362 per ounce which was well within the revised guidance range. We expect this consistency to continue into FY2023 with production guidance of 84,000 to 89,000 ounces at an AISC of US\$1,320 to US\$1,370 per ounce.

The Tigerway Decline Project is making significant progress, having advanced by 827 metres and being approximately 17% complete at the end of FY2022. Significant core surface infrastructure has been completed with no adverse health and safety incidents. Construction of the ventilation shaft has commenced as well as establishing an underground communication system. The Tigerway construction project provides the best option to access deeper ore below Level 12 and has been re-engineered to enhance safety while underpinning longevity and operational flexibility.

There has been an 8% increase in the overall Mineral Resources (Measured, Indicated, and Inferred) for the Co-O Mine. This is attributable to higher drilling productivity and results achieved during the period, particularly at the lower Level 10 and Level 12. Total resources for Co-O Mine are now estimated at 2.44 million tonnes at a grade of 10.01g/t gold for a total of 786,000 contained ounces.

The Co-O Mine has again replenished its the Ore Reserve after mine depletion. Drilling during the period supported an Ore Reserve estimate of 1.88 million tonnes at a grade of 5.50g/t gold for a total 331,400 ounces which was in line with the previous year's estimate after 12 months' further depletion.

Our strategy to diversify our assets beyond the Co-O Mine took a step forward through the acquisition of the Ten Sixty Four exploration assets in the southern Drummond Basin region of Queensland. The first scout drilling in the area at the Mount Wilkin and Nivram targets was undertaken with the results confirming the mineral prospectivity of the systems and further drilling will be completed in FY2023 to further refine the targets.

From a financial perspective we maintained our forward momentum with an increase in our cash and cash equivalent balance during the year to US\$81 million with minimal debt. This was after payment of all capital expenditure including the Tigerway Decline Project. This leaves the Company in an extremely strong financial position and your Board takes its responsibility to be an honest steward of this significant cash balance on behalf of shareholders very seriously. We will continue to adopt a conservative approach to our balance sheet management and undertake capital management with consideration of the capital requirements of the business and the overall market outlook.

Capital management and shareholder returns continue to be a key part of our strategy to deliver shareholder returns. Two dividend payments were declared for the period. An interim unfranked dividend of \$0.02 a share was declared in October 2021 and a final unfranked dividend of \$0.05 a share was declared in September 2022. The declaration of dividends will continue to be considered by the Board at the end of financial reporting periods.

An on-market share buyback (SBB) program was also established in June 2022. The total number of shares purchased under the SBB depend on the prevailing share price, market conditions and regulatory considerations including blackout periods leading up to statutory reports. The Company considers the SBB an effective way to improve shareholder returns, maintain capital efficiency and financial flexibility to pursue future growth and investment opportunities.



## CHAIRMAN'S REVIEW

The Philippine team continues to make a big contribution in the local Bunawan-Rosario municipalities of Agusan del Sur province in Central Eastern Mindanao. This contribution includes the provision of medical care to local host communities through our Philsaga medical clinic/hospital and outreach programs. We have assisted in the establishment of freshwater treatment facilities which service thousands of families near Co-O and have supported the construction of critical community infrastructure through our community programs. We are committed to being a positive and productive member of the Bunawan-Rosario municipalities. Improving our safety performance remains our biggest priority. Safety training for our employees and contractors and hazard prevention are the cornerstones of improving our safety performance and protecting our people. At the same time we recognise our safety culture and performance must improve. We were deeply saddened by a fatal accident which occurred at the Co-O Mine in July 2022 and continue to support the employee's family and colleagues.

The Company has implemented and maintained stringent COVID-19 preventive measures to reduce health risk to personnel at work. This management and mitigation program have proved successful, resulting in no confirmed cases for the previous quarter. Our environmental performance was strong with no material incidents occurring in the period and rehabilitation of disturbed areas continuing to plan.

Significant changes have occurred at a Board level in the past 12 months as part of our program for Board renewal. Mr Andrew Hunt was appointed as a Non-Executive Director in March 2022 and Mr Aaron Treyvaud was appointed as a Non-Executive Director in May 2022. Mr Hunt has more than 40 years of relevant experience spanning mining, construction and business development in the public and private sector, including in international markets such as the Philippines. Mr Treyvaud has more than 20 years' experience in the mining, finance, and private equity sectors. His work for global investment banks and high-profile investment groups includes expertise in corporate strategy, mergers and acquisitions and debt and equity capital market transactions. The skillsets of Mr Hunt and Mr Treyvaud complement those of our third Non-Executive Director, Mr Simon Mottram, who joined in 2020. Mr Mottram is a geologist who has spent more than 25 years working with precious and base metals and he has made an important contribution to your Board.

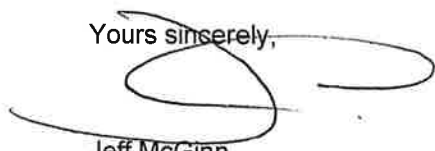
With these changes to the Board's structure, I fervently believe we have a strong team with an appropriate mix of a deep understanding of operating in the Philippines with mining and commercial experience. Leveraging industry skill and expertise and maintaining a strong connection between our head office and our operating sites is critical to the Company.

In June 2022, former Managing Director Mr Paul Ryan Welker tendered his resignation and subsequently had his executive services agreement terminated in July 2022.

In May 2022 I was appointed as Executive Chairman of the Company. I bring a long history in international business, having founded several successful companies. This includes the ASX-listed mining services contractor NRW Holdings Ltd (ASX:NWH). My immediate focus as Executive Chairman has been improving the Company's internal reporting processes and strengthening our long-term planning and governance procedures including investigating merger and acquisition initiatives.

On behalf of the Board, I would like to give our sincere thanks to our management team and, most importantly, our workforce on site who have done a tremendous job in continuing to deliver through this complex period.

Yours sincerely,



Jeff McGinn

Executive Chairman

## REVIEW OF OPERATIONS

# HIGHLIGHTS

### Co-O OPERATIONS:

**"The operations had another year of consistent performance, producing 89,789 ounces which was at the top end of the revised guidance and near the bottom end of original guidance."**

- ❑ **Annual gold production from the Co-O Gold Mine totalled 89,789 ounces, which is near the top end of the FY2022 guidance of 87,000 to 90,000 ounces, with annual unhedged gold sales of 88,710 ounces;**
- ❑ **Annual All-In-Sustaining-Costs ("AISC") were US\$1,362 per ounce, an increase of 11% from the previous year of US\$1,231 per ounce. The AISC includes sustaining capital costs related to infrastructure projects and exploration expenditures;**
- ❑ **Exploration expenditure, inclusive of underground resource drilling, was US\$5.4 million (FY2021: US\$5.8M);**
- ❑ **Consistent high mill recoveries averaging 95.3% for the year;**
- ❑ **Surface excavation activities for the decline access, the Tigerway Decline Project ("Tigerway"), have progressed, with work on the decline portal area completed and the main development drive commenced. The Tigerway access is essential to mine production at the lower levels (Level 12 and below); and**
- ❑ **The Company's COVID-19 rigid safety protocol and strategy to mitigate the restricted movement of personnel and material proved successful in preventing the transmission of infections at the site and achieving its gold production guidance.**

## REVIEW OF OPERATIONS

### GROUP ORE RESERVES AND MINERAL RESOURCES:

"The Company's Ore Reserves position is robust to having maintained 331,400 ounces after mining depletion, compared to the previous year's estimate of 331,300 ounces."

**Table 1: Total Mineral Resources and Ore Reserves estimates as at 31 Dec 2021** (as per ASX announcement dated 28 Apr 2022). The JORC 2012 Table 1 can all be referenced through the ASX announcements.

Deposit	Category	Tonnes (4)	Grade (4) (g/t gold)	Gold (4) (ounces)
<u>MINERAL RESOURCES</u> (1,2)	Measured	237,000	8.09	62,000
	Indicated	1,233,000	10.59	420,000
Co-O Resources (1) (JORC 2012)	Measured & Indicated	1,470,000	10.19	482,000
	Inferred	971,000	9.73	304,000
<b>Total Co-O Resources</b>	<b>Measured, Indicated &amp; Inferred</b>	<b>2,441,000</b>	<b>10.01</b>	<b>786,000</b>
Saugon Resources (3) (JORC 2004)	Indicated	47,500	7.00	10,700
	Inferred	34,000	4.60	5,000
<b>Total Saugon Resources</b>	<b>Indicated &amp; Inferred</b>	<b>81,500</b>	<b>6.00</b>	<b>15,700</b>
TSF#1 Tailings Resources (JORC 2012)	Indicated	510,000	1.72	28,200
<b>Total TSF#1 Tailings Resources</b>	<b>Indicated</b>	<b>510,000</b>	<b>1.72</b>	<b>28,200</b>
Royal Crowne Vein	Indicated	54,000	5.45	9,000
	Inferred	356,000	7.14	82,000
<b>Total Royal Crowne Vein (JORC 2012)</b>	<b>Indicated &amp; Inferred</b>	<b>411,000</b>	<b>6.92</b>	<b>91,000</b>
<b>TOTAL RESOURCES</b>	Measured	237,000	8.09	62,000
	Indicated	1,844,000	7.89	468,000
	Inferred	1,361,000	8.94	391,000
<b>TOTAL RESOURCES</b>	<b>Measured, Indicated &amp; Inferred</b>	<b>3,443,000</b>	<b>8.32</b>	<b>921,000</b>
<u>ORE RESERVES</u> (2)	Proven	206,000	7.32	48,500
	Probable	1,668,000	5.27	282,900
Co-O Reserves (2) (JORC 2012)				
<b>TOTAL RESERVES</b>	<b>Proven and Probable</b>	<b>1,874,000</b>	<b>5.50</b>	<b>331,400</b>

Notes:

- (1) Mineral Resources are inclusive of Ore Reserves.
- (2) Co-O, TSF#1 and RCV Mineral Resources and Co-O Ore Reserves are estimated under the guideline of JORC 2012.
- (3) Saugon Mineral Resources were previously prepared and first disclosed under the JORC 2004 and have not been updated to comply with JORC 2012 on the basis that the information has not materially changed since it was last reported.
- (4) Rounding to the nearest 1,000 or 100 may result in some slight apparent discrepancies in totals used in all tables.
- (5) Broken stocks and pillars have been declared as Measured Mineral Resources and Proven Ore Reserves since 2020.



# REVIEW OF OPERATIONS

## **Mineral Resources:**

### Co-O:

- a minimum lower block cut-off of 3.3 gram\*metres/tonne accumulation incorporates minimum mining widths of 1.25m or 1.5m (depending on vein attitude) above the cut-off grade, in its derivation.
- various high-cut gold grades, up to 300 g/t gold, have been applied to different veins, and
- a gold price of US\$1,750 per ounce has been applied.

### Saugon:

- a lower cut-off of 2.0 g/t gold has been applied: and
- a gold price of US\$1,500 per ounce has been applied.

### TSF#1 Tailings:

- a lower cut-off of 0.85 g/t gold has been applied;
- a Bangka drilling was undertaken using a grid spacing of 25 by 25 meters; and
- a gold price of US\$1,500 per ounce has been applied.

### Royal Crowne Vein:

- Inferred Resources estimated only from all available drill holes as of January 2021;
- a lower cut-off of 0.3 g/t gold has been applied to define the mineralisation; and
- a bulk density of 2.55 g/cm<sup>3</sup> was used based on the average density measurements.

## **Ore Reserves:**

Ore Reserves are a subset of Mineral Resources.

### Co-O:

- minimum mining widths of 1.25 metres (stopes  $\geq 50^\circ$ ) and 1.5 metres (stopes  $< 50^\circ$ ) have been applied, and where the vein width was equal to, or greater than the minimum mining width, an extra 0.25 metres dilution was added to the hanging wall;
- a further 10% dilution has been allowed for slabbing in the mining of low angle stopes under draw;
- shape dilution of 7% of extra tonnage at 2 g/t gold applied to reflect pinch and swell of veins and faulting;
- an allocation for additional development 'on-vein' at a grade of 2 g/t gold has been applied;
- an allowance for extra development 'off-vein' at a grade of 1 g/t gold has been applied;
- 85% mining recovery for stopes  $< 10$  g/t gold;
- 90% mining recovery for stopes  $\geq 10$  g/t gold;
- all pillars in the mine were manually assessed and a 50% recovery factor was applied to the tonnage of all pillars;
- stopes containing  $< 500$  tonnes were removed to account for ore loss;
- a cut-off grade of 3.5 g/t gold has been applied to all stopes; and
- a gold price of US\$1,750 per ounce has been applied.

# REVIEW OF OPERATIONS

## EXPLORATION ACTIVITIES:

"Regional exploration continued to advance through the year although restricted by COVID-19, with the completion of the definition drilling at the Royal Crowne Vein Project, which remains open at depth and along strike."

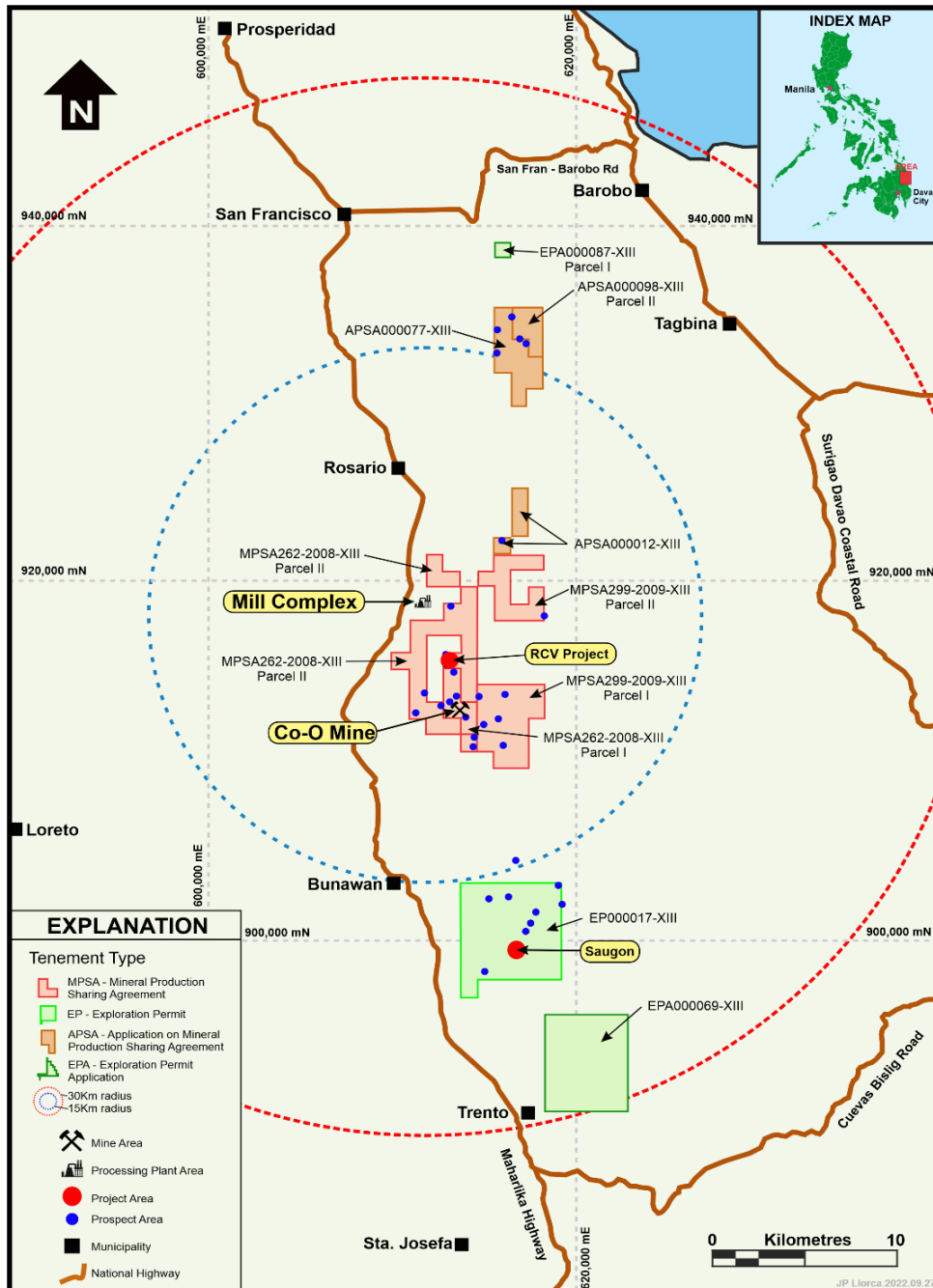


Figure 1. The Company's tenement location plan, showing consolidated tenement outlines, deposits and projects.

# REVIEW OF OPERATIONS

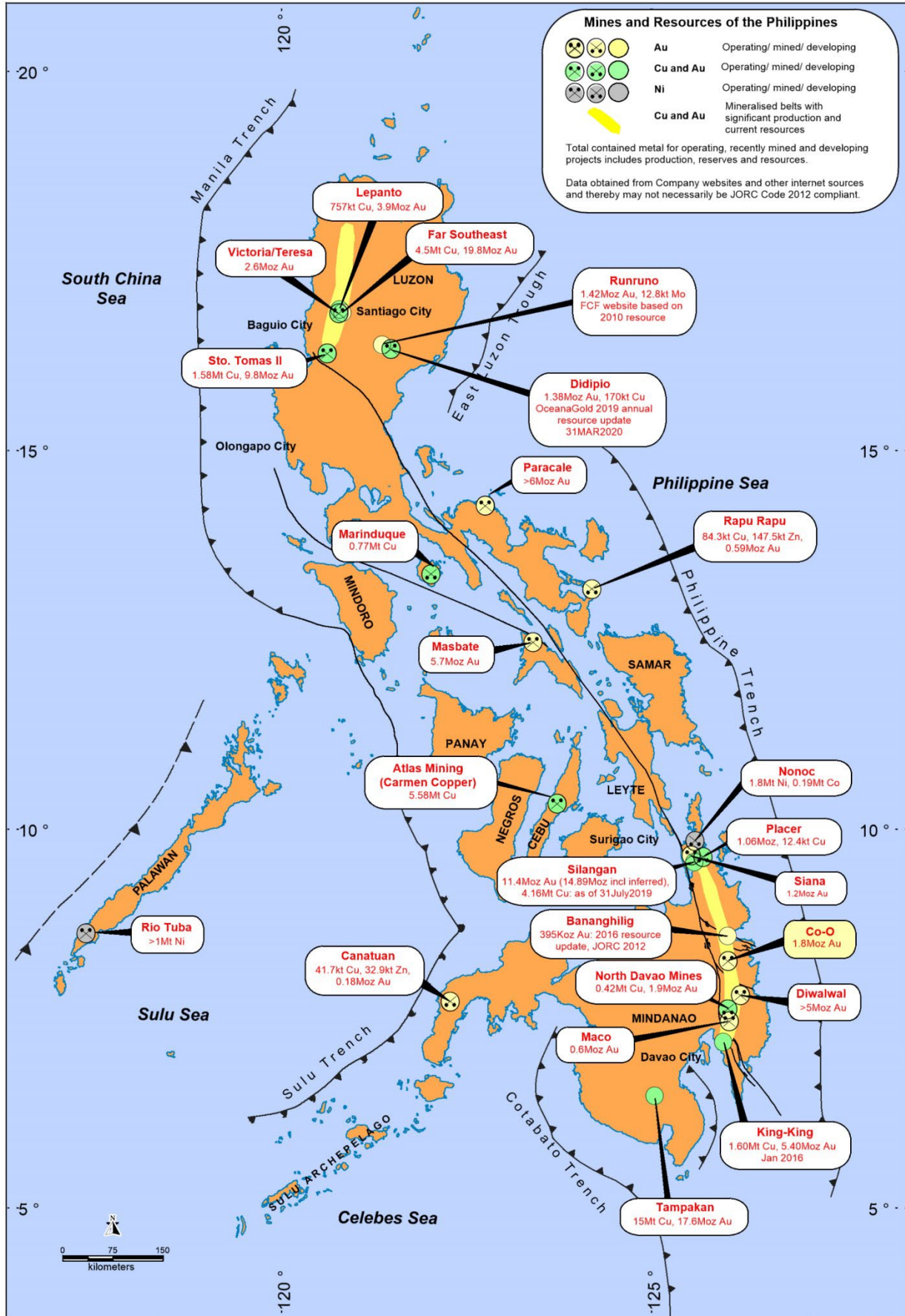


Figure 2. Location diagram of the Company's main project areas in relation to the significantly mineralised belts of the Philippines.



## REVIEW OF OPERATIONS

### EXPLORATION - PHILIPPINES

Exploration in the Philippines in FY2022 focused on the evaluation of prospects within the Co-O Mine and Royal Crowne Vein (Old Sinug-ang) areas, as well as a review of Philsaga Mining Corporation ("PMC") granted tenements and applications.

#### Co-O MINE

Drilling program continued to focus on understanding and defining the geological limits of the main epithermal veins, particularly to the East and down plunge of the Great Hamish Vein ("GHV") as well as the other major vein systems (Don Pedro, Central, and Jereme veins).

The drilling program successfully shows that the narrow veins return economic grade intercepts at and below Level 12 and remain open down to the East. Current and future drilling campaigns will be focused on the down-dip extensions to probe, prove and increase the resource base.

#### Co-O SURFACE EXPLORATION

##### Royal Crowne Vein Project (Old Sinug-Ang)

The detailed discussions and interpretations of the Royal Crowne Vein ("RCV") geology and mineralisation were initially reported on 15 April 2019 and are also contained in the 2019 and 2021 Annual Reports, with plans and sections.

The RCV Project corresponds to 500+ metres of projected vein segment along the northern portion of the 1,500 metres long Sinug-ang vein system that has not yet been fully tested by drilling down dip.

The preliminary Mineral Resource Estimate for RCV Deposit was released on 13 April 2021 and updated in July 2021 (*refer to ASX announcement dated 23 July 2021*). Total JORC 2012 Indicated and Inferred Mineral Resources is estimated at 409,000 tonnes at a grade of 6.92 g/t gold, equivalent to 91,000 ounces of gold. This represents a 370%, 49% and 600% increase in tonnage, grade and ounces, respectively, from the previous fiscal year's resource estimate (*refer ASX announcement dated 6 April 2020*).

An underground approach for future drilling to increase the RCV resource is currently underway through the construction of an exploratory surface shaft.

##### TSF #1 Tailings Project

The Tailings Storage Facility ("TSF") #1 was utilised by the original processing plant in the 1980s. The TSF #1 material is from the earlier higher gold grade Co-O mine ore, which was processed using outdated extraction techniques that were relevant at that time. A previous assessment completed in October 2015 focused on metallurgical testing using samples collected from auger drill holes.

The drilling results were modelled in Surpac. A resource estimation using a lower cut-off grade of 0.85 g/t gold resulted in 510,169 tonnes at 1.72 g/t gold, containing 28,200 ounces of gold in the Indicated category (JORC 2012). The model reveals that higher grades are concentrated in the upper portion of the tailings section, simplifying mining and minimising disturbance to the lower grade base of TSF#1.

#### SAUGON GOLD DEPOSIT

The Saugon Inferred Mineral Resource (81,500 tonnes at a grade of 5.97 g/t gold for a total of 15,700 ounces contained gold) has remained unchanged since 2013.

This information was prepared and initially disclosed under JORC 2004. There have been no material changes since it was last reported.

The Company is undertaking a technical review on the project of whether to retain or relinquish the area as it may no longer form part of the Company's core assets.

## REVIEW OF OPERATIONS

### EXPLORATION – QUEENSLAND, AUSTRALIA

On 24 February 2022, Medusa announced the acquisition of the unlisted public company Ten Sixty Four Queensland Ltd. (previously Ten Sixty Four Limited), which has 100% interest in an extensive gold exploration portfolio within the Drummond Basin region in Central Queensland (Figure 6). The region is prospective for large, intrusion-related gold (IRG) systems.

Three large-scale projects have already been identified in the region (Figure 7) as priority scout drilling areas, namely:

- **Mt Wilkin:** a 5.5km<sup>2</sup> alteration footprint with a 950m x 650m gold in soil anomaly.
- **Monteagle:** an 18km strike along a regional structural boundary with high-grade rock chip samples (Figure 10). A previous diamond drill hole intersected a large breccia pipe with significant hydrothermal veining.
- **Nivram:** a 2km long gold in soil anomaly identified within a 15 km-wide eroded caldera. Targeting a low sulphidation, epithermal deposit.

Following the acquisition of Ten Sixty Four Queensland Ltd (previously Ten Sixty Four Limited), Medusa announced the mobilisation of ground-induced polarisation (IP) geophysical survey focused on the Monteagle project area. The IP survey will provide additional technical information to better constrain the design and location of planned drill holes in the project area. Results of the IP survey are pending.

#### Nivram Gold Prospect Drilling

Nivram features a 2km long gold in soil anomaly identified within a 15km-wide eroded caldera. The area is prospective for a low sulphidation, epithermal gold deposit similar to the Pajingo system to the north. (*Refer to ASX Announcement on 12 August 2022*)

The first pass probe drilling program is a technical success, having achieved the objective of confirming the hydrothermal alteration halo of the low sulphidation deposit.

A single fence of ten RC drill holes for 676m (to a maximum depth of 84m) targeted the shallow subsurface across the strike of the best soil anomaly downflow from the 5m sinter terraces.

The drilling showed a well-defined contact between the Tertiary and the altered clay horizon, with anomalous pathfinder geochemistry (Te-As-Sb-Bi-Mo) typical of a hydrothermal halo. The hydrothermal alteration was present in all drill holes and was intensifying to the east. Assay results indicated limited gold anomalism (<0.23g/t) due to the system's shallow level, which was in line with expectations.

A Phase 2 drill program is currently being planned to extend drilling deeper toward the East to test the depth potential of the system at greater than 150m. These will be undertaken by a wireline triple-tube diamond drill rig.

### EXPLORATION - OTHER AREAS

The Company continues to evaluate opportunities within the Asia Pacific Region to grow the Company's portfolio.

# REVIEW OF OPERATIONS

## Co-O OPERATIONS

Philsaga Mining Corporation operates the Co-O Gold Mine (Figures 1 and 2) under Mineral Production Sharing Agreement ("MPSA") 262-2008-XIII, which covers 2,539 hectares.

## Co-O GOLD PRODUCTION

Table II: Co-O gold production statistics for financial years ended 30 June 2021 and 2022.

Description	Unit	30 June 2022	30 June 2021	Variance	(%)
Ore mined	WMT	576,421	517,739	58,682	11%
Ore milled	DMT	511,212	463,948	47,264	10%
Gold head grade	g/t	5.74	6.48	(0.74)	(11%)
Gold recovery	%	95.3	95.73	(0.43)	(1%)
Gold produced	ounces	89,789	95,193	(5,404)	(6%)
All-in-Sustaining Cost	US\$/oz	\$1,362	\$1,231	(\$131)	(11%)
Gold sold	ounces	88,710	94,619	(5,909)	(6%)
Average gold price received	US\$/oz	\$1,811	\$1,856	(\$45)	(2%)
Cash & cash equivalent	US\$M	\$80.8	\$72.2	\$8.6	12%

- The Company produced 89,789 ounces of gold for the year at the Co-O Mine, compared to 95,193 ounces in FY2021 at an average recovered grade of 5.74 g/t gold (FY2021: 6.48 g/t gold), and
- All-In-Sustaining-Costs ("AISC") for the year was US\$1,362 per ounce of gold (FY2021: US\$1,231 per ounce).

## FY2023 Production Guidance

On 17 August 2022, the Company provided its production and cost guidance for FY2023 of between 84,000 to 989,000 ounces at an AISC of between US\$1,320 to US\$1,370 per ounce.

AISC includes cash production costs, royalties, mine development, capital works and associated capital, exploration expenditure and corporate overheads.

The FY2023 AISC guidance excludes any expenditure for constructing the Tigerway Decline Project ("Tigerway"). The total construction costs for Tigerway remain at the original estimate of US\$54 million.

Ten Sixty Four Limited remains unhedged and exposed to the prevailing spot gold price.

## COVID-19 Update

As the largest employer in the Caraga region, the Company's operating affiliate in the Philippines, Philsaga Mining Corporation, has implemented several health and safety protocols to prevent the spread of COVID-19 in the workplace and assist with community response. These protocols are expected to remain in place for the foreseeable future.

To date, the Company has been fortunate not to have experienced any major COVID-19-related disruptions to its operations. However, difficulties in sourcing and securing labour, travel restrictions and associated isolation requirements due to the pandemic are issues that present a potential risk to future production.



# REVIEW OF OPERATIONS

**Table III: COVID-19 Statistics at CoO Mine and Mill Operations.**

MONTH 2021-2022	RAPID ANTIGEN TEST			RTPCR TEST			CONFIRMED COVID CASES
	Positive	Negative	Total	Positive	Negative	Total	
<b>JULY</b>	174	600	774	31	143	174	31
<b>AUGUST</b>	328	5181	5509	99	229	328	99
<b>SEPTEMBER</b>	334	607	1266	185	149	334	185
<b>OCTOBER</b>	74	810	884	38	36	74	38
<b>NOVEMBER</b>	31	654	685	5	26	31	5
<b>DECEMBER</b>	3	419	422	1	2	3	1
<b>JANUARY</b>	241	5,500	5,741	185	56	241	185
<b>FEBRUARY</b>	52	1,722	1,774	44	8	52	44
<b>MARCH</b>	3	3,331	3,334	1	2	3	1
<b>APRIL</b>	10	6,761	6,771	0	10	10	0
<b>MAY</b>	0	2,701	2,701	0	0	0	0
<b>JUNE</b>	1	2,747	2,748	0	1	1	0
<b>TOTAL</b>	<b>1,251</b>	<b>31,033</b>	<b>32,609</b>	<b>589</b>	<b>662</b>	<b>1,251</b>	<b>589</b>

The above table illustrates that the company's COVID protocol policy is effective that less than 2 % of the population tested confirmed to have been infected. Note that the high number of tests on August 21, January 22 and April 22 was when the Company mandated to have all the workforce, contractors and visitors tested to ensure COVID control.

## Co-O MILL

The Co-O Processing Plant is a conventional gold mill, comprising a single-stage jaw crusher, SAG mill and conventional CIL circuit, with a gravity gold & intense cyanide leach system. Tailings are treated and thickened before discharge to a multi-celled tailings storage facility.

# REVIEW OF OPERATIONS

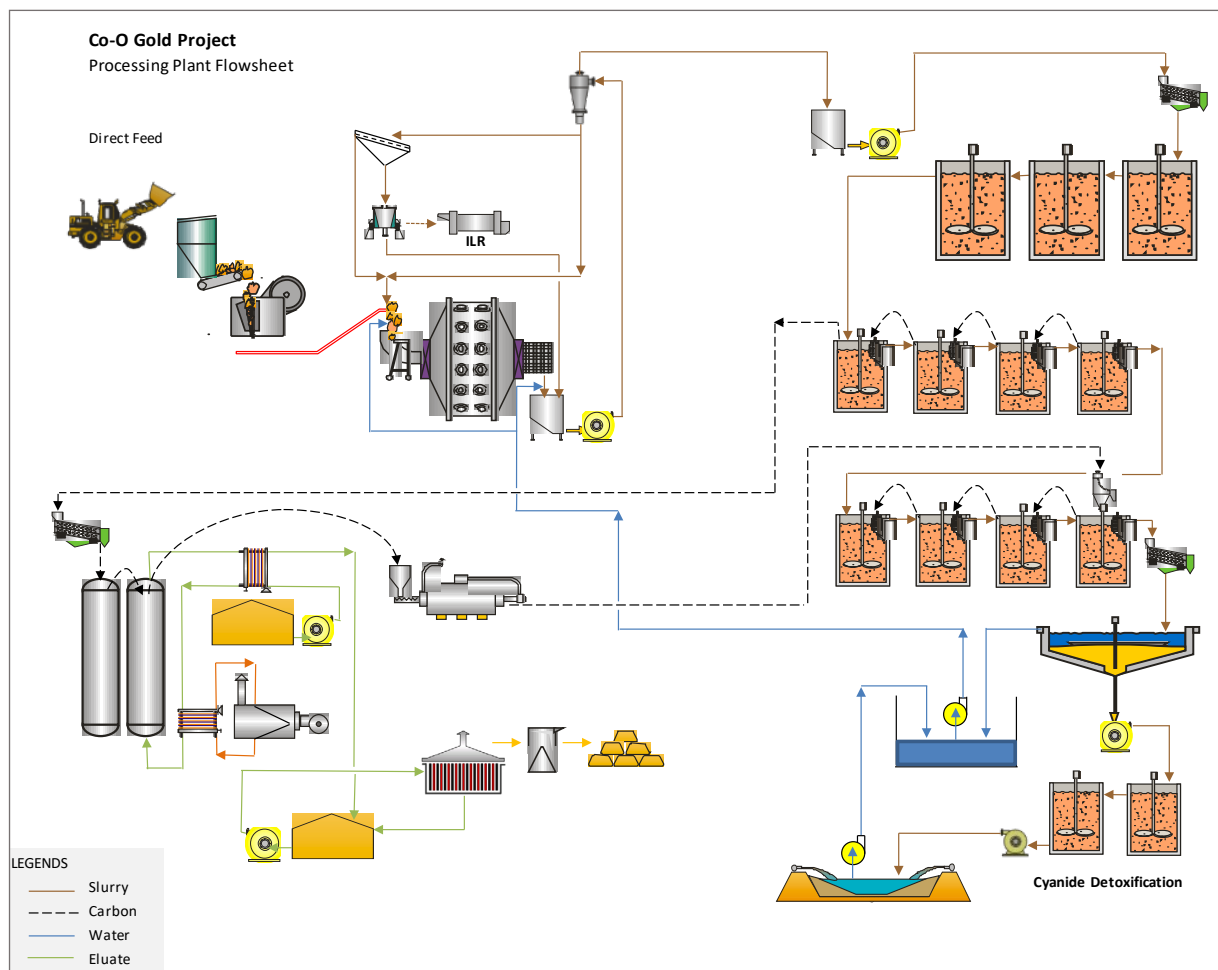


Diagram 1. Co-O Processing Plant flow sheet.

The Co-O mine is 6km from the process plant, with a 12km haulage route due to the local topography.

The processing plant is powered by the regional grid and has dedicated gensets that can run the plant at total capacity. The majority of the power supply is from the area grid.

The Co-O Mill performed efficiently throughout FY2022, with an average mill recovery of 95.3% from an average head grade of 5.74 g/t gold.

Optimisation of processing plant operation and maintenance resulted in reduced contract labour costs for Mill relines and major shutdowns, as these were completed by on-site personnel during scheduled downtimes.

Low processing plant utilisation is expected to continue into FY2023, up and until the full lifting of COVID-19 restrictions that affect the material and personnel movements. The Company's response has been swift and aligned, especially in protecting the health of the employees and the community and laying the groundwork to support the longer-term economic recovery.

The mill does not require significant work, upgrades or refurbishments under the current life-of-mine plan ("LOMP"). Tailings Storage Facility ("TSF") # 5 was completed during FY2016-2017 and is expected to provide adequate TSF capacity up until the end of 2022. In addition, construction work has progressed on TSF#5B, which would have an additional three years of capacity.

## REVIEW OF OPERATIONS



Photo 1. Ongoing construction extension of TSF#5B. Crest view.

### Co-O MINE

The Co-O Mine is currently a shaft access, underground track mine which utilises battery-powered locomotives and 1.2-tonne mine cars. Ore and waste are mined using air-leg mining and ore is extracted from the mine via the main L8 Production Shaft and the 60-degree inclined shaft: Agsao. Diagram 2 is a representative drawing of the primary infrastructure of the Co-O Mine. The primary levels from 1 to 12 typically average 1,000 metres from West to East. Levels are developed 50 metres apart vertically, putting Level 10 approximately 500 metres below the surface. Five winzes are operating between Level 8 and Level 12, two servicing Level 9, another two servicing Level 10 and the last one servicing Level 11 and 12. As mining progresses, winzes will be systematically deepened and soon develop up to Level 14.

The E15 Shaft is used to transport people and materials underground, enabling increased rock hoisting utilisation of the L8 Shaft.

# REVIEW OF OPERATIONS

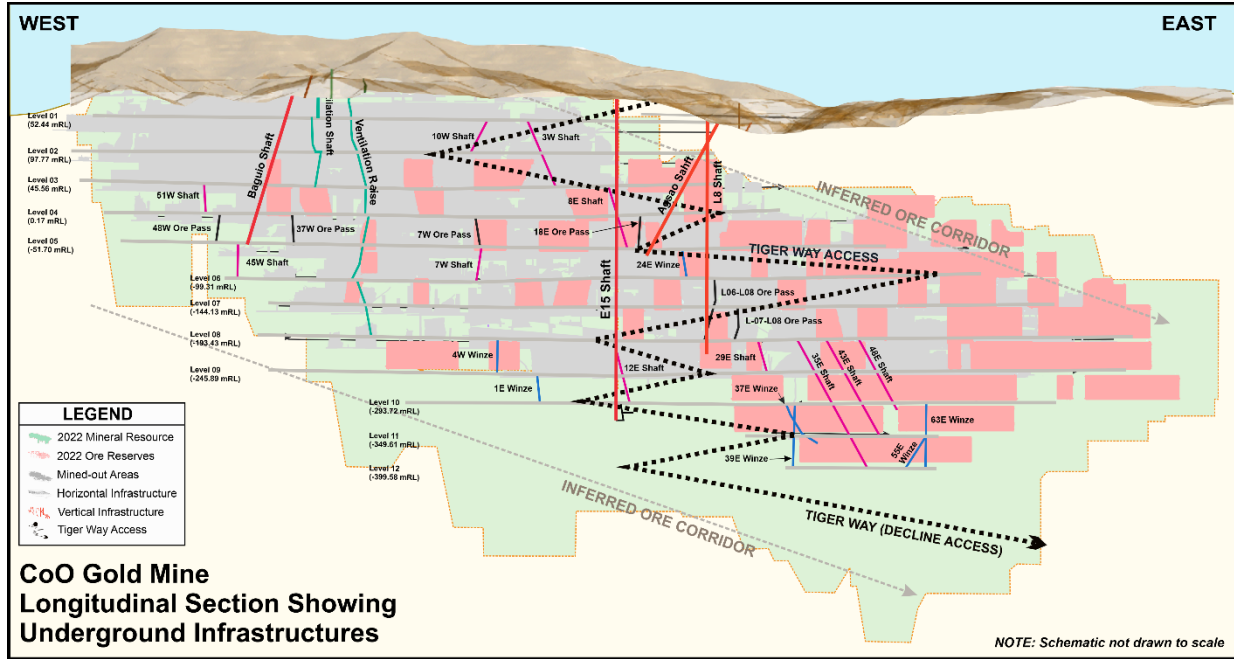
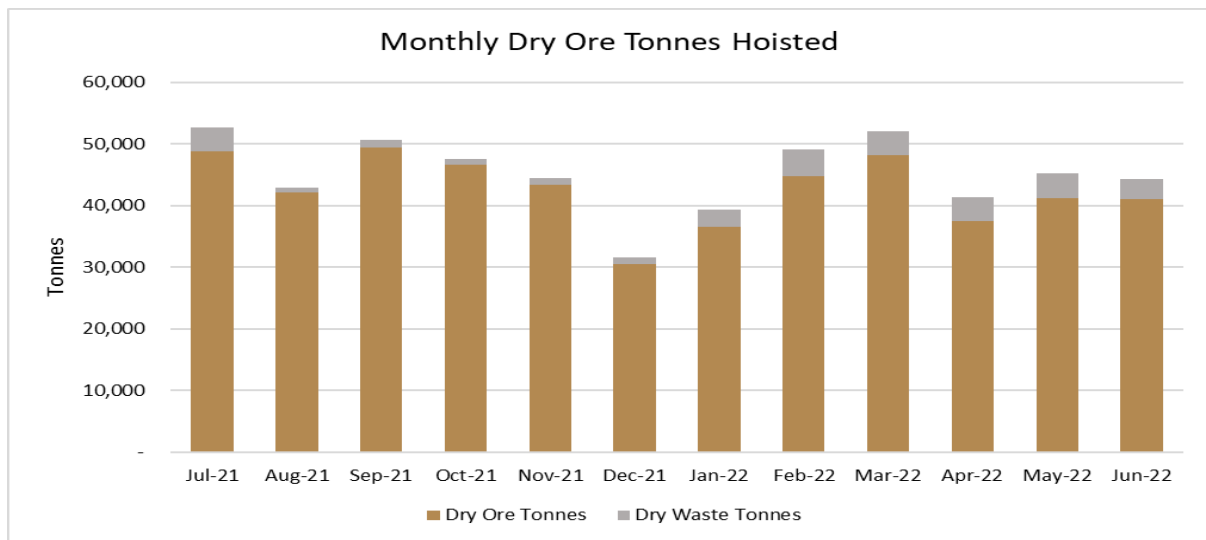


Diagram 2. Locations of major infrastructures of the Co-O Mine.

The mine tonnes hoisted in the year's first half have an average of 45,000 tonnes per month. It, however, decreased in the second half of the fiscal year due to The Christmas and New Year holidays in late December and January when planned, lower employee headcount reduced mine productivity and provided the opportunity for major shaft maintenance.



Graph 1. Co-O Mine dry tonnes hoist for FY 21-22 by month.

# REVIEW OF OPERATIONS

## Stoping methods

Two mining methods are currently utilised at the Co-O Mine:

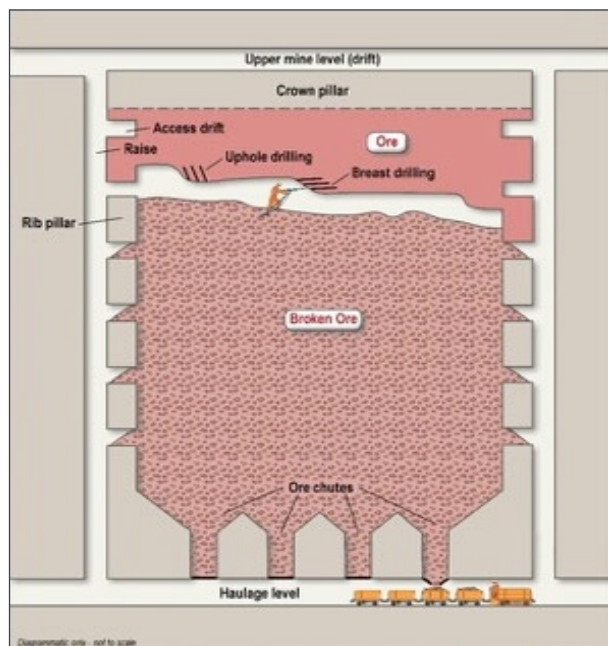


Diagram 3. Schematic diagram of a **shrink stope**.

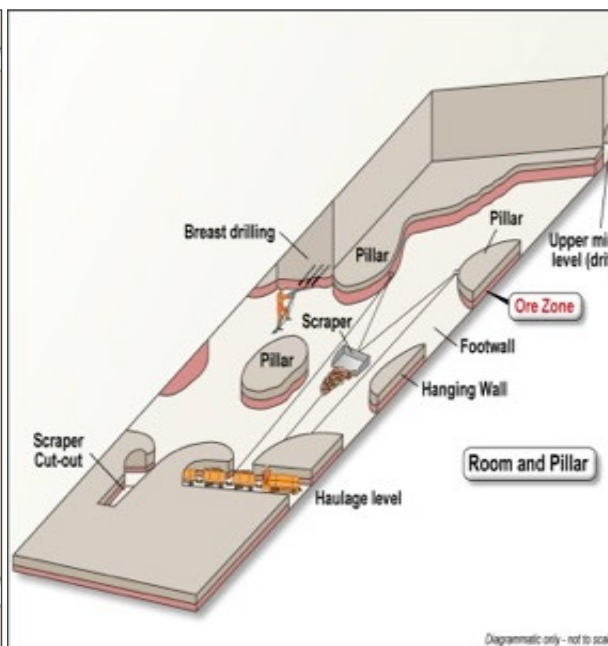


Diagram 4. Schematic diagram of a **room and pillar (slot) stope**.

### (i) Shrink stope mining

This method is predominantly used on steeply dipping veins with a minimum mining width of 1.25 metres. (Diagram 3). Mining commences from the bottom and progresses upwards, and the broken ore is left in the stope to provide ground support. The ore volume expands by about 30% after blasting, and this material needs to be progressively drawn from the stope during operation. Once blasting has reached the crown pillar, the remaining 70% of ore can be drawn quickly at a low cost.

### (ii) Room and pillar (slot) mining

This method is used on the low-angle veins where the ore would not naturally flow to the draw points. (Diagram 4). The broken ore needs to be scraped to the haulage level by mechanical slushers, and pillars must be left behind for ground support. The minimum mining width for low-angle veins is 1.5 metres. Hence the higher dilution is partly responsible for the overall lower than average grade achieved from the upper parts of the mine, where the low-angle veins are prominent. The ratio of room and pillar stopes to shrink stopes will likely decrease with depth.

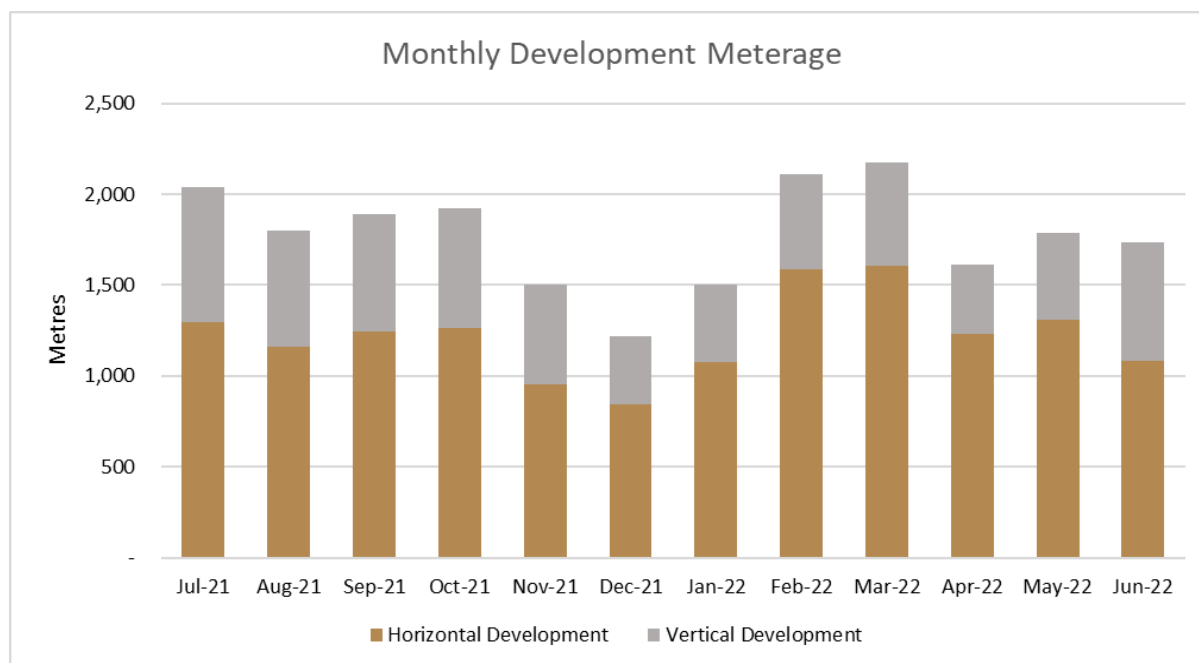
## Development

Development and stoping continued at Levels 4 to 11 during the year and winzes (internal shafts) from Level 10 down to Level 12. Most development is conducted on ore, with waste development being confined to crosscuts, ventilation raises, internal shafts and infrastructure requirements.

A total of 22,592 metres of horizontal and vertical development was completed in FY2022., a slight decrease of 1% from the previous year (FY2021 of 26,720 metres).



## REVIEW OF OPERATIONS



Graph 2. FY21-22 mine development (horizontal and vertical) by month.

### L8 Shaft

With the completion of the E15 Shaft in 2018, the utilisation of the L8 Shaft for rock hoisting has increased and is expected to be maintained.

### Internal Winzes (shafts) from Level 8 to Level 10

By the end of FY2022, five primary winzes (internal inclined shafts) were in operation, hoisting to Level 8.

The 12E and 29E winzes service Level 9 while the 12E and 48E winzes service both Level 9 and 10. The 35E winze is currently servicing Levels 11 and 12.

The 43E internal shaft is currently in development down to L12. It is projected to provide additional support to future development and production at Levels 11 and below.

Improved ore pass and skip loading arrangements were implemented on the 12E and 48E internal to augment the development of the 43E winze.

Diamond drill stations currently operate at Level 10 and Level 12 and are utilised for resource drilling in areas below Level 12. An additional crosscut is expected to commence for a different Drill Station at Level 12 for future resource drilling.

The 35E internal shaft winder equipment is planned to be modified to support its continued development down to Level 14.

### Tigerway Decline Project ("Tigerway")

Ore and waste material from the Co-O Mine are currently hoisted to the surface through existing mine infrastructure, including the L8, Baguio, Agsao and internal shafts. These assets, however, can only effectively facilitate mining to Level 12 (~600m below surface), which is the limit of the current Ore Reserve. Whilst this is sufficient to underpin the existing production profile in the coming years, further infrastructure is required for accessing deeper levels of the Co-O Mine efficiently and cost-effectively.

The Company believes there is strong potential for this trend to continue at Level 12 and below through ongoing exploration. The limited resource drilling completed below Level 12 is the main contributor to this mine area not currently having a higher established gold endowment. Thus, a comprehensive study ('the Study') into the long-term infrastructure solution at the Co-O Mine was undertaken, concluding that establishing a decline from the surface, named the "Tigerway", was the best option for the Co-O Mine moving forward.

## REVIEW OF OPERATIONS

Early site works were commenced in FY19-20 to establish the infrastructure for the Tigerway development. In April 2021, a local contractor, Mount Rock Powder Corporation, was awarded the Tigerway Project contract. To date, mobilisation and additional site preparations have been completed, including heavy equipment transport, contractor personnel deployment, construction of site offices, ancillary buildings and primary and auxiliary infrastructure necessary for the development of the decline.

Following the installation of self-drilling anchor bolts, preliminary portal breaking commenced on 2 August 2021.



Photo 2: View of the portal area for the Tigerway Decline Portal.

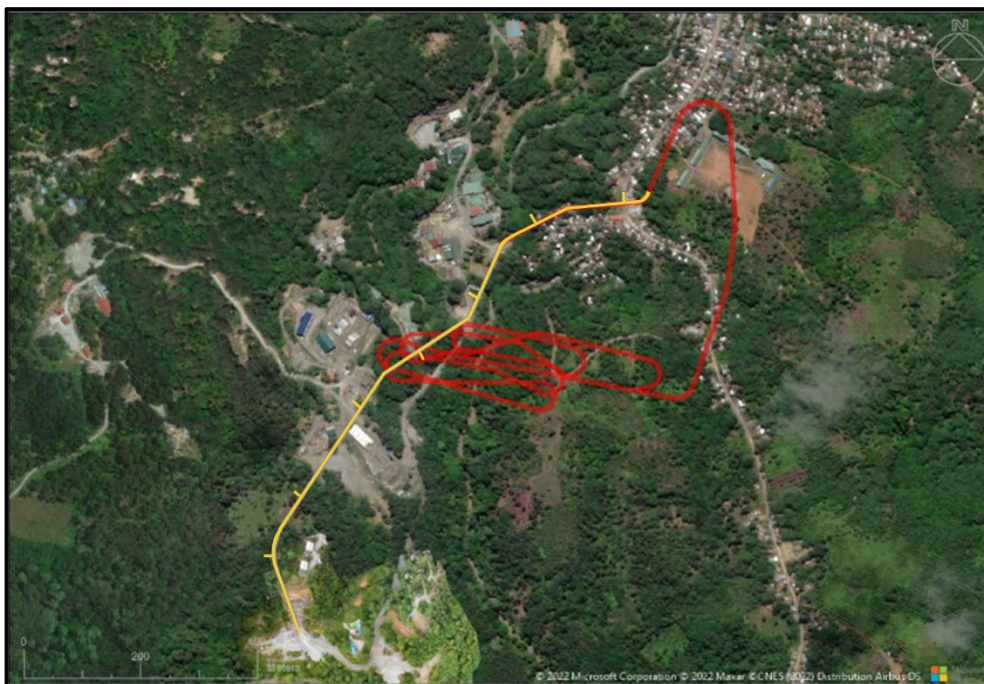


Photo 3: Tigerway excavation map (yellow - excavated, red – planned). As at September 2022,



# REVIEW OF OPERATIONS

## Co-O MINE GEOLOGY

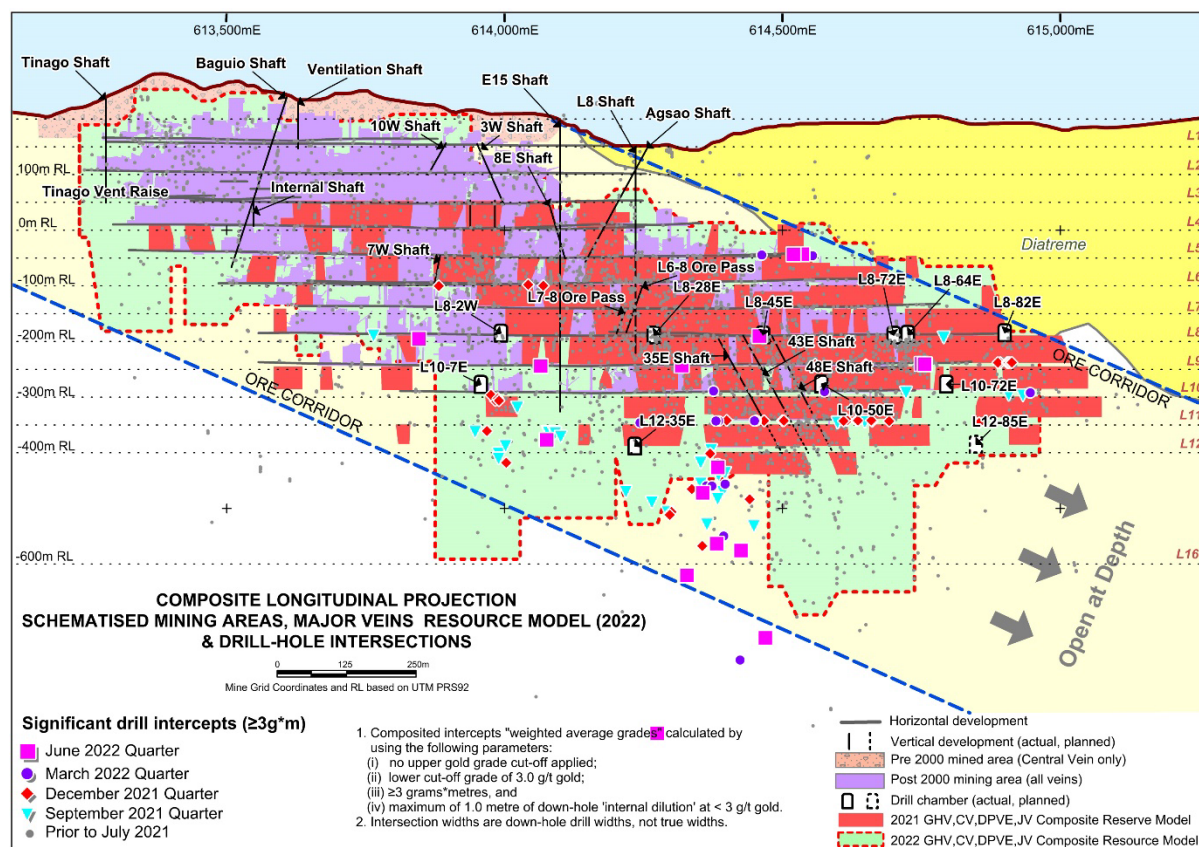


Figure 3: Co-O Mine composite longitudinal projection showing the locations of reported significant drill intercepts (since 2010), underground development, E15 Shaft. The 2022 Measured, Indicated and Inferred Resources model (light green) is also shown, demonstrating the potential for down-plunge extensions at depth.

During the past year, the Company has continued its resource drilling campaign with a full review of the Great Hamish Vein ("GHV") and Jereme Vein, particularly identifying structures and vein textures and their relationships with mineralisation and gold grades in the eastern extension. The key points from the extensive review, re-interpretations and re-modelling of the Co-O Mine underground geology achieved several key objectives:

- Maintained a high level of confidence in the Co-O resources as per the high conversion rate of Measured and Indicated Resource to Ore Reserves despite the depletion of high-grade broken stocks and pillars.
- Continued to define the eastern geologic extension to the main GHV between Levels 12 and 16;
- The GHV at Level 16 and below is returning economic intercepts open to the East and down-dip but with narrower widths; and
- Further drilling has shown that the addition of internal dilution can improve these veins' continuity.

The total Mineral Resources, inclusive of the Ore Reserves, is presented in the longitudinal section (Figure 3) above. In addition, drilling information revealed that there are ore shoot extensions beyond the initially projected ore boundaries.

# REVIEW OF OPERATIONS

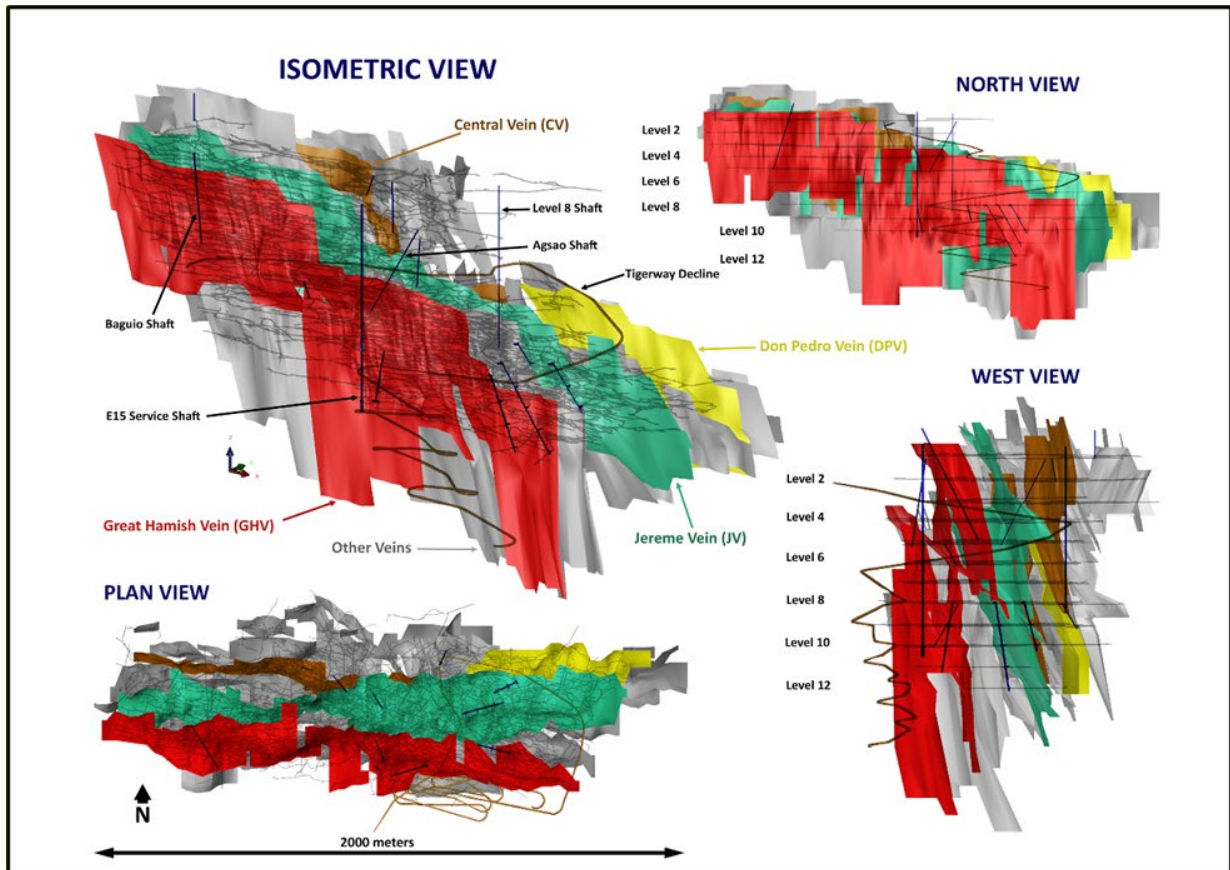


Figure 4: Isometric and Orthogonal views of the Co-O Mine's 2022 resource model, major veins (GHV, Jereme, Central and Don Pedro Veins) in colour and associated sub-parallel and link veins in translucent grey, plus underground development and production shafts.

# REVIEW OF OPERATIONS

## GROUP ORE RESERVES AND MINERAL RESOURCES

The Annual Mineral Resources Update Statement and Annual Ore Reserves Update Statements for the Company were released on 28 April 2022, and include Material Information for the individual deposits, including a Material Information Summary pursuant to ASX Listing Rules 5.8 and 5.9 and the Assessment and Reporting Criteria in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC 2012").

The Mineral Resources and Ore Reserves Statements have been prepared in accordance with the JORC 2012 for the Co-O Mine. However, the Saugon Mineral Resources was prepared and first disclosed under JORC 2004 and has not been updated to comply with JORC 2012 on the basis that the information has not materially changed since it was last reported. Moreover, the Saugon project is under review for retention or relinquishment.

Refer to the Company's Annual Update Statement of Mineral Resources, and Ore Reserves dated 28 April 2022 for background information and material information relating to the resources and reserves estimates.

The Company conducts regular internal and external reviews of Mineral Resource and Ore Reserve estimation procedures to validate the quality and integrity of these procedures. External consultants are also regularly contracted to conduct independent reviews of Mineral Resource and Ore Reserve estimation procedures and results. The reviews have not identified any material issues with these procedures or results.

### Life of Mine

The Co-O Mine has a long history of Ore Reserve replacement by diamond drilling and conversion of Measured and Indicated Resources (Graph 3). The Company remains confident in the long-term future of the Co-O Mine given the current Mineral Resource inventory, the nature of the geology and mineralisation and the historical conversion rate (~68%), after allowance for mining recovery of Measured and Indicated Mineral Resources to Ore Reserves. The Co-O Mine maintains a minimum plus three-year mine plan for Measured and Indicated Resources and more than a five-year life, considering the resource endowment. This is typical of how these narrow-vein, high-grade gold mines have operated for many years.

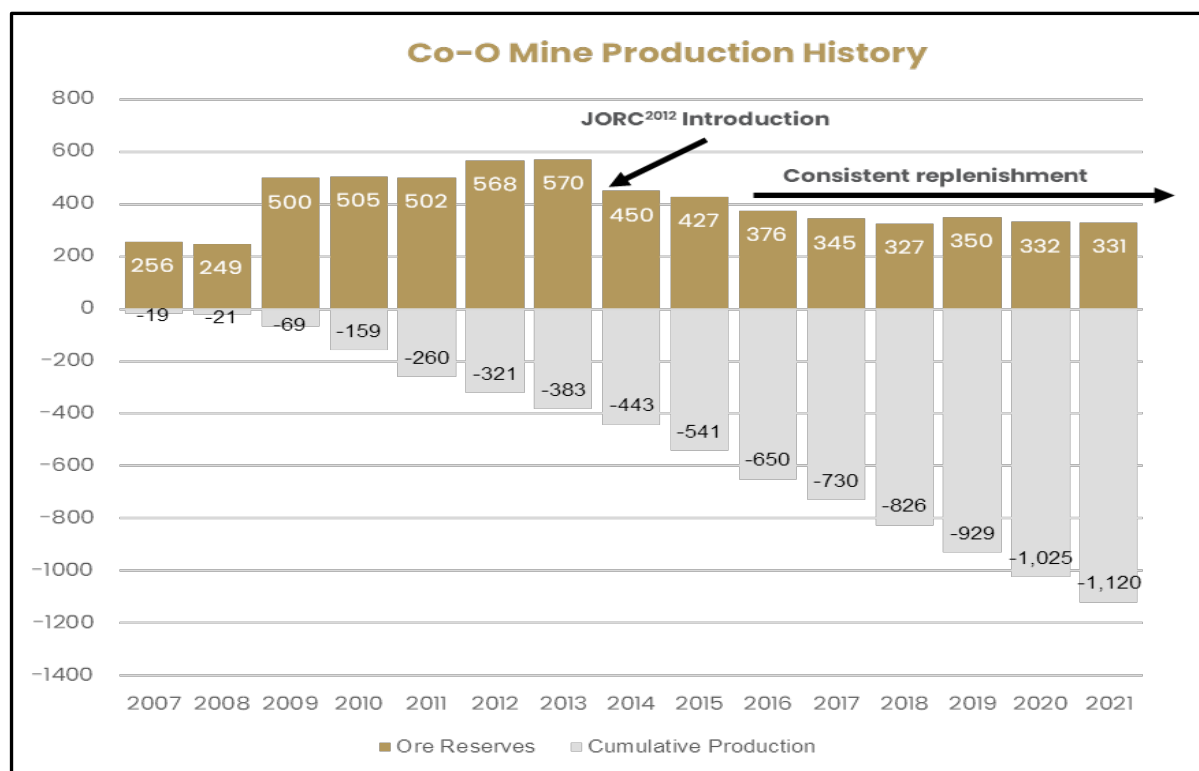
### Mineral Resource and Ore Reserve Assumptions

Mineral Resources are reported inclusive of Ore Reserves and include all exploration and resource definition drilling information up to 31 December 2021 and have been depleted for mining to 31 December 2021.

The gold price assumption used to estimate Mineral Resources and Ore Reserves is US\$1,750 per ounce.



## REVIEW OF OPERATIONS



Graph 3. Production, Ore Reserves and Mineral Resources status since 2007, demonstrating the Co-O Mine's history of increasing resources and replacing mine depletion.

### Notes:

FY2008 to FY2013 - Ore Reserve ounces are classified under JORC 2004 guidelines;  
 FY2014 to FY2018 - Mineral Resource and Ore Reserve ounces are classified under JORC 2012 guidelines;  
 FY2018 to FY2019 - Ore Reserves estimated using gold price of \$1,275 per ounce;  
 FY2020 - Ore Reserves estimated using gold price of \$1,350 per ounce; and  
 FY2021 - Mineral Resources and Ore Reserves using gold price of \$1,750 per ounce.

## Co-O MINE MINERAL RESOURCES

Total Measured, Indicated and Inferred Mineral Resources for the Co-O Mine are now estimated at 2.44 million tonnes at a grade of 10.01 g/t gold for a total of 786,000 ounces contained gold (Table IV), compared to the 31 December 2020 estimate of 2.31 million tonnes at a grade of 9.77 g/t gold for a total 725,900 ounces contained gold (Table IV).

There has been an increase in the overall ounces (Measured, Indicated and Inferred) in the Co-O Mine's Mineral Resources by 8%, while the gold grade has increased by 2%. This is attributable to favourable drilling meterage and results during the period where drilling occurs from the lower levels (L10 & 12).

The total contained ounces in the Measured and Indicated Mineral Resource category has decreased by 2%, while grade has increased by 2%. The total contained ounces in the Inferred category has increased by 28%, while the inferred grade has increased by 5%.

The increase of 8% in the overall resource ounces is due to the following factors:

- Favourable drilling meterage and results during the period where drilling has taken place from the lower levels (L10 & 12).
- Internal dilution of previously interpreted narrow veins, where vein continuity was extended through drilling and mine development, leading to a resource more amendable to future mining.
- Drilling has also delineated additional lower-grade veins (above cut-off grade) that were included in the estimate, given their proximity to higher-grade veins.

This is despite:

- COVID-19 related operational constraints.
- Mining depletion of 100,000 ounces (95,000 ounces recovered).

## REVIEW OF OPERATIONS

**Table IV: Comparison summary of total undiluted Co-O Mineral Resource estimates (31 Dec 2020 & 31 Dec 2021).**

Mineral Resource Category <sup>(1)</sup>	31 Dec 2020			31 Dec 2021			Variance (%)		
	Tonnes	Au (g/t)	Au (oz)	Tonnes	Au (g/t)	Au (oz)	Tonnes	Au (g/t)	Au (oz)
Measured	252,000	9.84	79,600	237,000	8.09	62,000	-5.95%	-17.78%	-22.11%
Indicated	1,264,000	10.07	409,100	1,233,000	10.59	420,000	-2.45%	5.16%	2.66%
Inferred <sup>(2)</sup>	794,000	9.30	237,200	971,000	9.73	304,000	22.29%	4.62%	28.16%
<b>Total</b>	<b>2,310,000</b>	<b>9.77</b>	<b>725,000</b>	<b>2,441,000</b>	<b>10.01</b>	<b>786,000</b>	<b>5.67%</b>	<b>2.42%</b>	<b>8.22%</b>

**Notes:**

<sup>(1)</sup> Mineral Resources are reported inclusive of Ore Reserves;

<sup>(2)</sup> Resources are reported to Level 16 (-595m RL).

## Co-O MINE ORE RESERVES

A detailed review of all Co-O Mine and milling production data, including mining and metallurgical performances, to determine appropriate physical mining parameters, cut-off grades, and dilutions, has been completed for this latest update to the Mineral Resource and Ore Reserve statement.

The drilling program and mine development, as at 31 December 2021, have resulted in a Proven and Probable Reserve of 331,400 ounces of contained gold (Table V).

The Co-O Mine Proven and Probable Ore Reserves are now estimated at 1.87 million tonnes at a grade of 5.50 g/t gold for a total of 331,400 ounces contained gold, compared to the 31 December 2020 estimate of 1.89 million tonnes at a grade of 5.45 g/t gold for a total 331,300 ounces contained gold.

There has been a slight increase in total Proven and Probable ounces of 0.03% compared to the 31 December 2020 Probable Reserve of 331,000 ounces. The 31 December 2021 Proven and Probable Reserve grade has slightly increased by approximately 0.92% from a grade of 5.45 g/t to a grade of 5.50 g/t gold.

The Co-O Mine Ore Reserves changes are due to mining depletion; modified vein interpretations through increased geological knowledge of the different vein sets obtained by further underground development, mapping, and drilling. The basal cost assumptions are from the previous year's actual costs. Measured and Indicated Mineral Resources conversion to Ore Reserves stand at ~68%. This conversion rate indicates high resource confidence when costs and schedules are applied to the Resource.

**Table V: Comparison summary of Co-O Mine's Ore Reserve estimate (31 Dec 2020 & 31 Dec 2021).**

Ore Reserve Category <sup>(1)</sup>	31 Dec 2020			31 Dec 2021			Variance (%)		
	Tonnes	Au (g/t)	Au (oz)	Tonnes	Au (g/t)	Au (oz)	Tonnes	Au (g/t)	Au (oz)
Proven	249,000	7.49	59,800	206,000	7.32	48,500	-17.27%	-2.27%	-18.90%
Probable	1,641,000	5.14	271,500	1,668,000	5.27	282,900	1.65%	2.53%	4.20%
<b>Total</b>	<b>1,890,000</b>	<b>5.45</b>	<b>331,300</b>	<b>1,874,000</b>	<b>5.50</b>	<b>331,400</b>	<b>-0.85%</b>	<b>0.88%</b>	<b>0.03%</b>

**Note:**

<sup>(1)</sup> Ore Reserves are reported to Level 13 (-454m RL), with minimal Ore Reserves below Level 12 (-395m RL).

# REVIEW OF OPERATIONS

## EXPLORATION ACTIVITIES

### EXPLORATION - PHILIPPINES

#### Co-O UNDERGROUND EXPLORATION

"Underground drilling during FY2022 continued to focus on the definition and conversion of wide-spaced intersections between Levels 10 to 12 into mineral resources, and to develop additional mineral resources down plunge below Level 14."

#### Resource and Definition Drilling

In FY2022, continued focus on the underground drilling and development was primarily to probe the eastern and downdip extensions of GHV, Jereme Vein, and upgrade Inferred Resources into the Indicated Resources category. During FY2022, drilling was carried out at Levels 5, 6, 7, 9 and 10.

Table VI: Summary of Co-O Mine underground drilling for FY20-21.

Project	Purpose	Levels	Number of Holes	Meterage
Co-O Mine Underground	Resource drilling	10 & 12	39	21,840
	Definition drilling	4, 5, 6, 8, 9, 10 & 11	71	13,784
	<b>TOTAL DRILLING</b>		<b>110</b>	<b>35,624</b>

Details of significant intersection results obtained during the FY2022 have been reported in the September 2021, December 2021, March 2022 and June 2022 quarterly reports. Table VII below summarises the more significant drill intersections obtained in FY2022.

Table VII: Co-O Mine - significant underground drill hole results of  $\geq 3$  gram-metres.

Hole Number	East	North	RL	Depth (metres)	Azim (°)	Dip (°)	From (metres)	To (metres)	Width (metres)	Gold (g/t)	Accumulations (gm*m)
<b>UNDERGROUND RESOURCE DRILLING - LEVEL 5</b>											
L5-47E-001	614478	912971	-42	135.50	190	0	81.60	82.15	0.55	17.33	9.53
L5-50E-002	614529	913010	-41	250.00	6	3	211.30	212.95	1.65	22.12	36.50
							including		0.90	34.33	30.90
									0.75	7.47	5.60
L5-50E-003	614530	913010	-41	250.40	21	-1	16.00	16.20	0.20	59.70	11.94
L5-50E-004	614528	913010	-41	250.40	352	0	63.35	64.00	0.65	6.13	3.98
<b>UNDERGROUND RESOURCE DRILLING - LEVEL 6</b>											
L6-14W-002	613864	912929	-97	85.90	13	-2	83.15	84.15	1.00	3.29	3.29
L6-1E-002	614011	912983	-95	175.00	23	-2	83.00	83.75	0.75	4.63	3.47
							154.50	155.50	1.00	7.73	7.73
<b>UNDERGROUND RESOURCE DRILLING - LEVEL 8</b>											
L8-22W-001	613778	912971	185	230.00	349	0	67.70	68.70	1.00	4.92	4.92
L8-44E-001	614460	912856	188	75.10	183	-1	25.40	26.60	1.20	247.21	296.65
							including		0.20	1458.25	291.65
									1.00	5.00	5.00
L8-5W-002	613995	913048	188	250.00	314	-1	208.40	209.35	0.95	19.87	18.88
L8-77E-002	614759	912873	187	125.50	16	1	111.60	112.05	0.45	33.31	14.99
<b>UNDERGROUND RESOURCE DRILLING - LEVEL 9</b>											

# REVIEW OF OPERATIONS

Hole Number	East	North	RL	Depth (metres)	Azim (°)	Dip (°)	From (metres)	To (metres)	Width (metres)	Gold (g/t)	Accumulations (gm*m)
L9-27E-003	614309	913153	241	250.20	7	1	52.80	53.80	1.00	3.40	3.40
L9-54E-001	614562	913047	239	65.00	189	2	14.75	15.25	0.50	7.32	3.66
L9-54E-002	614564	913049	239	115.80	123	0	102.40	103.40	1.00	5.07	5.07
L9-71E-001	614720	913001	237	110.60	15	0	103.70	104.70	1.00	5.73	5.73
							47.25	47.45	0.20	118.03	23.61
							79.60	80.65	1.05	40.09	42.09
							including		0.40	96.30	38.52
									0.65	5.50	3.58
L9-87E-001	614889	913061	236	108.40	33	3	4.90	5.10	0.20	19.33	3.87
L9-87E-002	614887	913061	236	105.20	3	2	9.20	9.75	0.55	15.00	8.25
L9-87E-003	614901	913052	236	250.00	136	2	4.80	5.45	0.65	8.50	5.53
							8.10	10.10	2.00	22.32	44.64
							including		1.00	8.97	8.97
									1.00	35.67	35.67
							14.75	17.35	2.60	27.40	71.24
							including		0.95	40.97	38.92
									0.65	42.63	27.71
									1.00	4.60	4.60
L9-9E-002	614107	913057	240	250.50	344	0	159.35	159.60	0.25	47.57	11.89
<b>UNDERGROUND RESOURCE DRILLING - LEVEL 10</b>											
L10-34E-001	614356	913115	287	55.00	156	3	49.00	49.70	0.70	4.56	3.19
L10-55E-002	614576	912969	288	50.10	188	0	2.10	2.65	0.55	200.53	110.29
L10-60E-001	614612	913014	288	200.20	49	2	144.00	146.00	2.00	10.48	20.96
							including		1.00	8.82	8.82
									1.00	12.13	12.13
L10-74E-003	614723	912824	288	420.00	49	-1	243.45	243.75	0.30	16.56	4.97
							277.30	277.85	0.55	22.35	12.29
L10-7E-035	613987	912950	291	551.10	179	-44	156.60	157.35	0.75	11.79	8.84
							169.45	170.45	1.00	3.91	3.91
L10-7E-037	613986	912950	292	551.10	210	-40	102.15	102.95	0.80	5.13	4.10
L10-7E-038	613989	912950	291	551.40	131	-31	133.85	134.60	0.75	5.46	4.09
							136.00	137.70	1.70	7.55	12.84
							including		1.00	4.16	4.16
									0.70	12.40	8.68
L10-7E-039	613987	912952	291	550.90	145	-20	67.50	67.80	0.30	13.22	3.97
							193.95	194.95	1.00	12.99	12.99
							198.80	199.45	0.65	8.85	5.75
							217.90	218.90	1.00	3.17	3.17
L10-7E-041	613987	912949	291	551.20	173	-35	159.15	160.15	1.00	3.64	3.64
L10-7E-044	613987	912949	291	551.10	186	-26	31.25	31.50	0.25	44.35	11.09
							159.25	159.80	0.55	19.96	10.98
L10-7E-045	613987	912949	291	552.60	177	-16	438.85	439.85	1.00	13.42	13.42
L10-7E-047	613985	912950	290	365.10	222	-16	14.10	14.65	0.55	20.45	11.25
L10-7E-048	613987	912957	290	551.70	1	0	117.10	118.10	1.00	77.96	77.96
							223.00	224.00	1.00	3.26	3.26
L10-7E-055	613989	912958	291	500.10	30	-25	194.85	195.60	0.75	13.43	10.07
L10-80E-001	614777	912989	287	250.80	53	-1	207.55	209.35	1.80	18.40	33.12
							including		0.80	13.90	11.12
									1.00	22.00	22.00
<b>UNDERGROUND RESOURCE DRILLING - LEVEL 11</b>											
L11-45E-001	614455	912989	340	400.00	7	0	99.95	100.50	0.55	7.37	4.05
L11-45E-003	614456	912988	340	401.50	35	1	76.25	76.65	0.40	25.50	10.20

# REVIEW OF OPERATIONS

Hole Number	East	North	RL	Depth (metres)	Azim (°)	Dip (°)	From (metres)	To (metres)	Width (metres)	Gold (g/t)	Accumulations (gm*m)
							80.40	80.85	0.45	11.83	5.32
L11-45E-004	614452	912986	339	350.70	316	-2	74.55	75.55	1.00	3.59	3.59
							299.15	299.80	0.65	7.60	4.94
L11-46E-001	614457	912972	340	300.60	184	1	60.35	61.95	1.60	22.98	36.77
							including		0.60	55.97	33.58
									1.00	3.18	3.18
							94.60	94.90	0.30	26.00	7.80
							101.00	101.50	0.50	13.37	6.68
L11-46E-003	614457	912973	340	500.60	224	1	105.05	105.65	0.60	6.57	3.94
							111.25	112.25	1.00	3.04	3.04
L11-60E-001	614593	912919	340	293.80	43	1	59.80	60.25	0.45	6.97	3.14
							62.95	63.95	1.00	4.05	4.05
							146.30	146.50	0.20	25.92	5.18
L11-60E-002	614592	912919	340	401.60	13	2	78.75	79.40	0.65	7.33	4.76
L11-61E-002	614605	912891	340	400.70	182	-1	169.60	170.60	1.00	101.73	101.73
							192.55	193.55	1.00	4.30	4.30
L11-61E-003	614606	912890	340	400.50	159	1	114.55	115.45	0.90	22.23	20.01
							150.95	151.50	0.55	5.56	3.06
L11-61E-004	614605	912896	340	310.20	57	1	11.45	13.90	2.45	38.89	95.28
							including		1.00	11.13	11.13
									0.20	218.76	43.75
									0.25	100.20	25.05
									1.00	15.36	15.36
							65.05	66.05	1.00	10.32	10.32
							296.50	297.30	0.80	16.66	13.33
<b>UNDERGROUND RESOURCE DRILLING - LEVEL 12</b>											
L12-35E-002	614373	913066	391	533.10	171	-32	86.45	87.75	1.30	34.46	44.80
							including		1.00	8.39	8.39
									0.30	121.38	36.41
							144.10	144.85	0.75	8.89	6.67
L12-35E-003	614373	913065	391	550.10	177	-21	240.75	241.75	1.00	32.81	32.81
L12-35E-004	614374	913066	391	551.10	162	-29	84.00	84.90	0.90	38.23	34.41
							276.85	277.25	0.40	8.06	3.22
L12-35E-005	614373	913065	389	551.10	181	-29	264.45	265.45	1.00	10.79	10.79
L12-35E-006	614372	913065	391	550.00	186	-21	2.80	3.35	0.55	10.53	5.79
							173.20	173.65	0.45	6.83	3.07
L12-35E-007	614372	913065	390	551.10	190	-12	100.50	101.35	0.85	4.00	3.40
							107.15	107.60	0.45	334.04	150.32
L12-35E-008	614373	913069	391	550.00	197	-22	294.60	294.90	0.30	15.65	4.69
L12-35E-009	614371	913066	391	550.10	206	-21	254.10	254.50	0.40	7.79	3.12
L12-35E-010	614371	913066	390	550.50	206	-13	344.20	344.80	0.60	5.83	3.50
L12-35E-011	614371	913066	391	550.10	201	-30	230.10	230.95	0.85	19.68	16.73
							240.40	240.65	0.25	17.59	4.40
L12-35E-012	614374	913066	391	550.90	156	-30	185.10	185.45	0.35	52.06	18.22
L12-35E-015	614372	913066	391	550.60	185	-44	252.40	253.40	1.00	3.86	3.86
L12-35E-017	614371	913066	391	550.60	206	-44	105.20	106.20	1.00	6.67	6.67
L12-35E-018	614372	913067	391	551.10	199	-55	9.70	11.10	1.40	6.89	9.65
							including		0.70	8.40	5.88
									0.70	5.37	3.76
L12-35E-020	614372	913067	391	551.10	191	-54	83.00	83.20	0.20	49.53	9.91
L12-35E-021	614373	913067	391	550.10	179	-56	82.45	83.45	1.00	6.47	6.47
L12-35E-022	614373	913067	391	600.50	170	-53	196.50	196.90	0.40	8.33	3.33



# REVIEW OF OPERATIONS

Hole Number	East	North	RL	Depth (metres)	Azim (°)	Dip (°)	From (metres)	To (metres)	Width (metres)	Gold (g/t)	Accumulations (gm*m)
							197.30	198.30	1.00	4.89	4.89
							476.55	477.55	1.00	10.90	10.90
L12-35E-023	614373	913067	391	546.00	150	-53	33.55	34.05	0.50	22.90	11.45
							79.55	79.75	0.20	66.77	13.35
L12-35E-025	614374	913067	391	600.10	145	-63	37.50	38.15	0.65	8.00	5.20
							203.70	203.90	0.20	24.45	4.89
							377.95	378.95	1.00	4.38	4.38
L12-35E-026	614372	913068	390	600.30	207	-63	89.10	89.60	0.50	9.47	4.74
							254.35	254.70	0.35	10.57	3.70
							568.40	569.40	1.00	4.58	4.58
L12-35E-027	614373	913067	391	600.10	167	-73	179.15	179.70	0.55	11.57	6.36

## Notes:

1. Compositing intercepts' 'weighted average grades' calculated by using the following parameters:

- (i) no upper gold grade cut-off was applied;
- (ii)  $\geq 6$  gram\*metres; and
- (iii) a maximum of 1.0 metre of down-hole internal dilution at  $\leq 3$  g/t gold.

Only down-hole intercepts with compositing grades  $\geq 6$  gram\*metres are reported in the above table.

2. Intersection widths are down-hole drill widths, not true widths;

3. Analysis by Classical Fire Assay technique and AAS finish and carried out by Philsaga Mining Corporation's on-site laboratory;

4. Some results reported above may differ slightly from those previously reported as a result of the inclusion of subsequent additional check analyses, which form part of the Company's ongoing QAQC protocols; and

5. Grid Co-Ordinates and elevation in metres relative to the Mine Datum.

# REVIEW OF OPERATIONS

## Co-O SURFACE EXPLORATION

Exploration activities for FY2022 focused on evaluating prospects within the Co-O tenements and reviewing Philsaga Mining Corporation's ("PMC") granted tenements and applications.

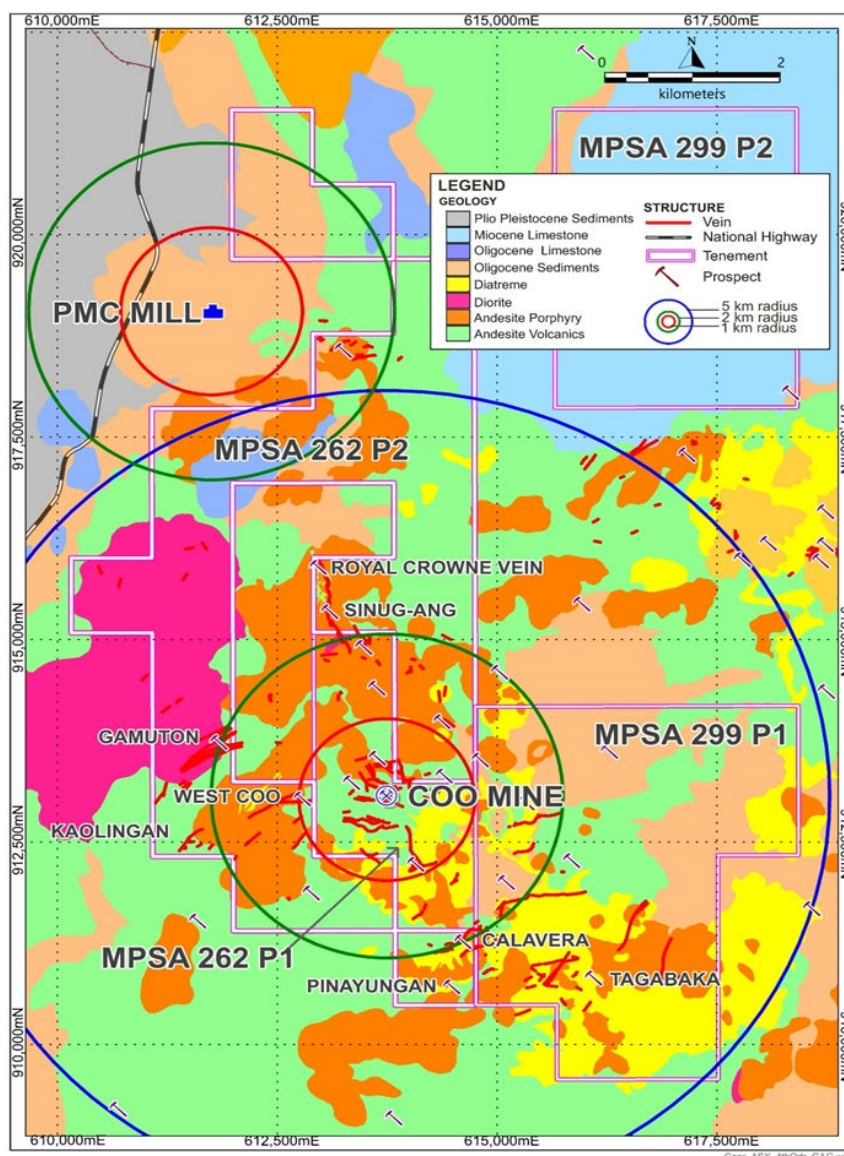


Figure 5. Active surface exploration projects within the company tenements.

### Royal Crowne Vein Project (MPSA 262-2008-XIII Parcel 2)

The detailed discussions and interpretations of the Royal Crowne Vein ("RCV") geology and mineralisation were initially reported on 15 April 2019 and are also contained in the 2019 and 2021 Annual Reports, with plans and sections.

The RCV Project corresponds to 500+ metres projected vein segment along the northern portion of the 1,500 metres long Sinug-ang vein system that has not yet been thoroughly tested by drilling down dip.

The preliminary Mineral Resource Estimate for RCV Deposit was released on 13 April 2021 and updated in July 2021 (refer ASX announcement dated 23 July 2021). Total JORC 2012 Indicated and Inferred Mineral Resources is estimated at 409,000 tonnes at a grade of 6.92 g/t gold, equivalent to 91,000 ounces of gold. The Phase 5 drilling completed early this calendar year is currently being analysed and is expected to complement the current mineral resources.

An underground approach for future drilling to increase the RCV resource is currently underway through an exploratory surface shaft construction.

## **REVIEW OF OPERATIONS**

### **TSF #1 Tailings Project**

The Tailings Storage Facility ("TSF") #1 was utilised by the original processing plant in the 1980s. The TSF #1 material is from the earlier higher gold grade Co-O mine ore, which was processed using outdated extraction techniques that were relevant at that time. A previous assessment completed in October 2015 focused on metallurgical testing using samples collected from auger drill holes.

The drilling results were modelled in Surpac. A resource estimation using a lower cut-off grade of 0.85 g/t gold resulted in 510,169 tonnes at 1.72 g/t gold, containing 28,200 ounces of gold in the Indicated category (JORC 2012). The model reveals that higher grades are concentrated in the upper portion of the tailings section, simplifying mining and minimising disturbance to the lower grade base of TSF#1.

A detailed study is ongoing to determine the best option for gaining value from TSF #1 resource, including the feasibility of mining and processing this material.

## **REGIONAL PROJECTS**

### **Saugon Gold Deposit**

The Saugon Inferred Mineral Resource (81,500 tonnes at a grade of 5.97 g/t gold for a total of 15,700 ounces contained gold) has remained unchanged since 2013.

This information was prepared and initially disclosed under JORC 2004. There have been no material changes since it was last reported.

The Company is undertaking a technical review on the project of whether to retain or relinquish the area as it may no longer form part of the Company's core assets.

# REVIEW OF OPERATIONS

## EXPLORATION – QUEENSLAND, AUSTRALIA

On 24 February 2022, the Company announced the acquisition of the unlisted public Company Ten Sixty Four Queensland Ltd. (i.e. 1064) (previously Ten Sixty Four Limited), which has a 100% interest in an extensive gold exploration portfolio within the Drummond Basin region in Central Queensland (Figure 6). The region is prospective for large, intrusion-related gold (IRG) systems.

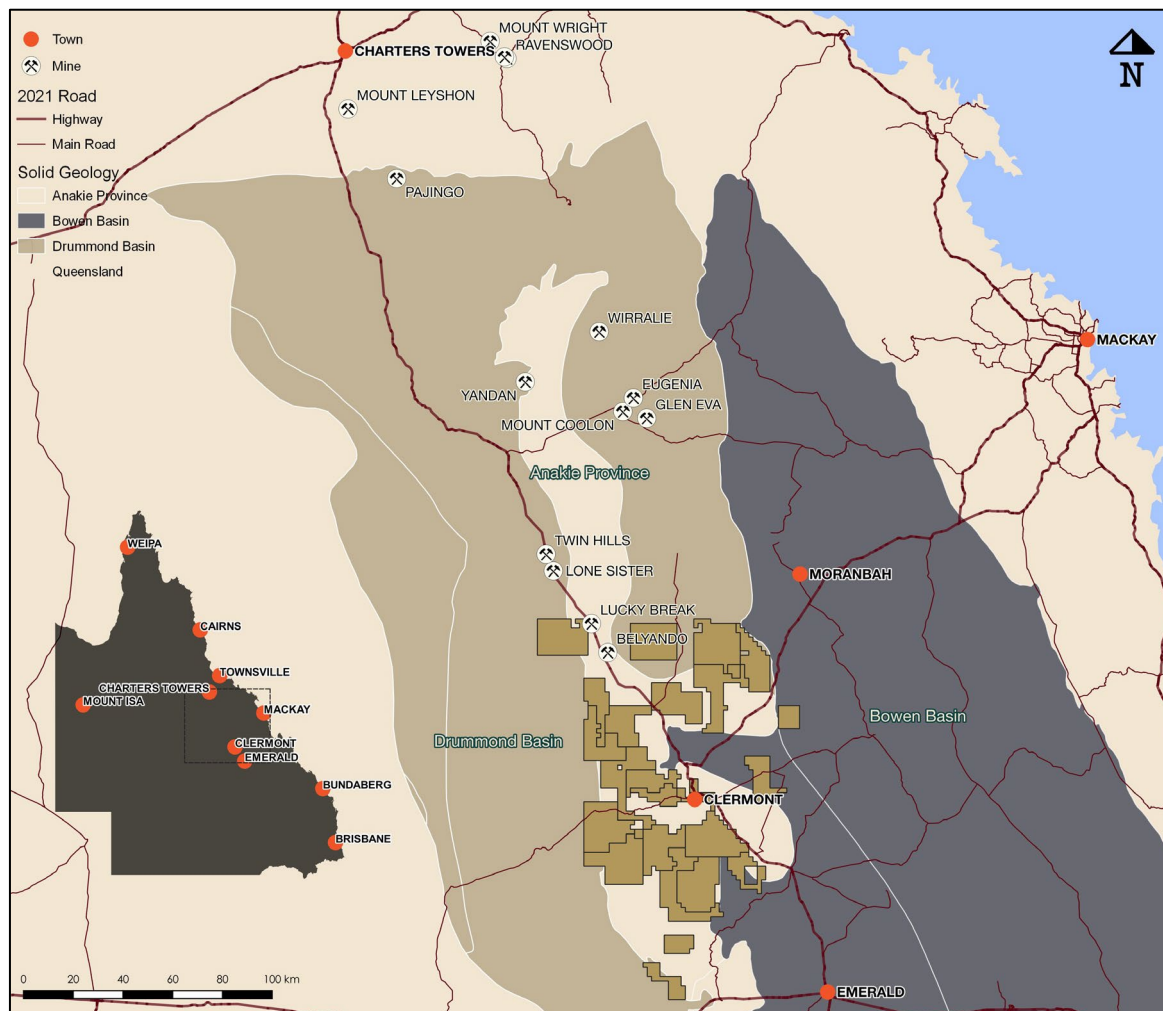


Figure 6. Map of the Drummond Basin showing the extensive tenement locations and relative position of existing gold mines.

Three large-scale projects have already been identified in the region (Figure 7) as priority scout drilling areas, namely:

- **Mt Wilkin:** a 5.5km<sup>2</sup> alteration footprint with a 950m x 650m gold in soil anomaly.
- **Monteagle:** an 18km strike along a regional structural boundary with high-grade rock chip samples (Figure 10). A previous diamond drill hole intersected a large breccia pipe with significant hydrothermal veining.
- **Nivram:** a 2km long gold in soil anomaly identified within a 15km-wide eroded caldera. Targeting a low sulphidation, epithermal deposit.

## REVIEW OF OPERATIONS

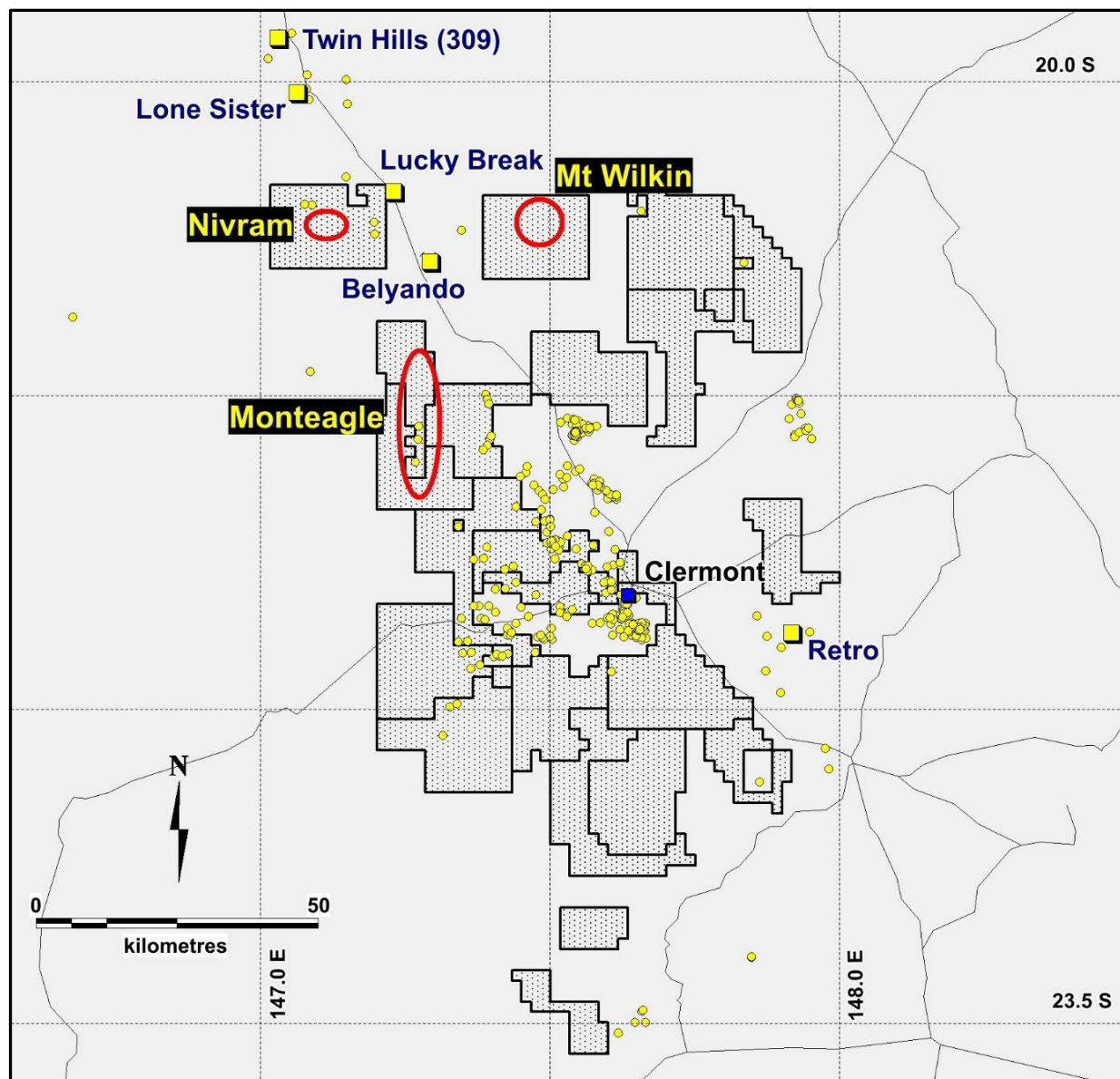


Figure 7. Locations of significant gold deposits (yellow squares) and Queensland government documented gold occurrences (yellow circles) in the Clermont area. (Source: Tenement and mineral occurrence data from GeoResGlove).

Following the acquisition of Ten Sixty Four Queensland Ltd (previously Ten Sixty Four Limited), Medusa announced the mobilisation of ground-induced polarisation (IP) geophysical survey focused on the Monteagle project area. The IP survey will provide additional technical information to better constrain the design and location of planned drill holes in the project area. Results of the IP survey are pending.

### Nivram Gold Prospect Drilling

Nivram features a 2km long gold in soil anomaly identified within a 15km-wide eroded caldera. The area is prospective for a low sulphidation, epithermal gold deposit similar to the Pajingo system to the north (*Refer to X64:ASX Announcement on 12 August 2022*).

The first pass probe drilling program was a technical success, having achieved the objective of confirming the hydrothermal alteration halo of the low sulphidation deposit.

A single fence of 10 RC drill holes for a total of 676m (to a maximum depth of 84m) targeted the shallow subsurface across the strike of the best soil anomaly downflow from the 5m sinter terraces.



## REVIEW OF OPERATIONS

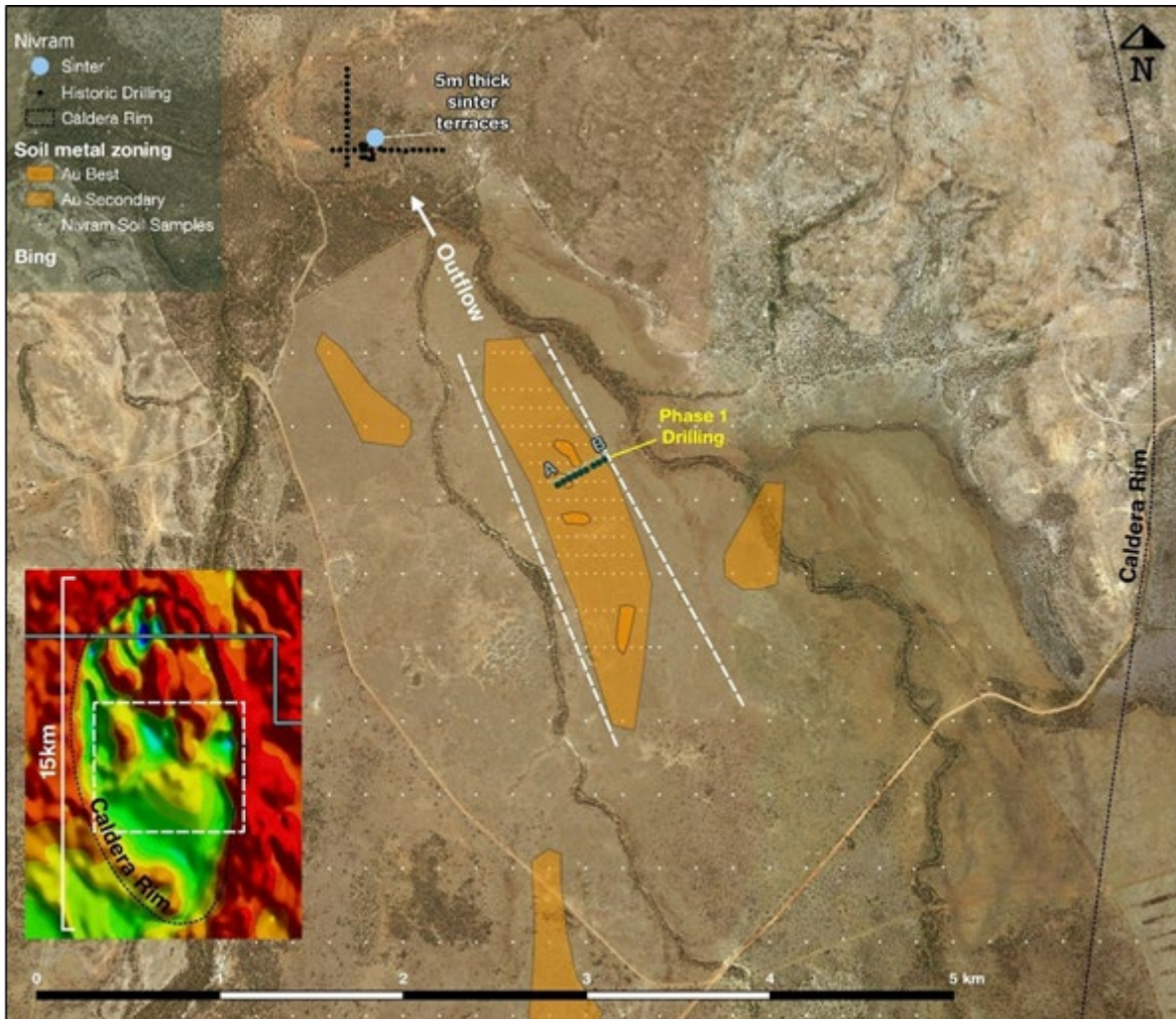


Figure 8. Nivram geochemical anomalies, location of mapped sinter, historic drilling and planned 1064 drilling fences.

The drilling showed a well-defined contact between the Tertiary and the altered clay horizon, with anomalous pathfinder geochemistry (Te-As-Sb-Bi-Mo) typical of a hydrothermal halo. The hydrothermal alteration was present in all drill holes and was intensifying to the east. Assay results indicated limited gold anomalism (<0.23g/t) due to the system's shallow level, which was in line with expectations.

A Phase 2 drill program is currently being planned to extend drilling deeper toward the East to test the depth potential of the system at greater than 150m. These will be undertaken by a wireline triple tube diamond drill rig.

# REVIEW OF OPERATIONS

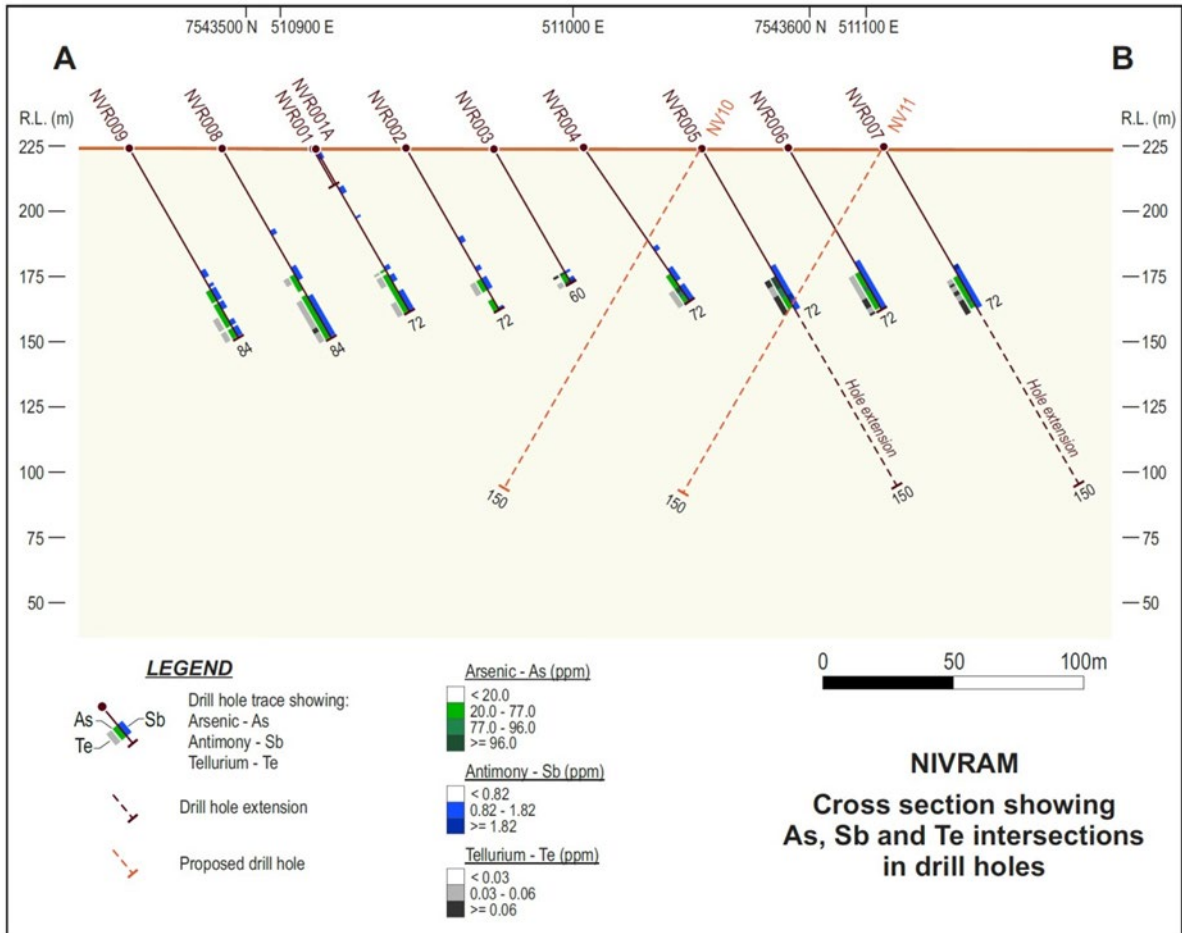


Figure 9. Nivram Phase 1 drilling cross section showing anomalous geochemistry

## EXPLORATION - OTHER AREAS

### Other Areas

The Company continues to evaluate opportunities within the Asia Pacific Region to grow the Company's portfolio.

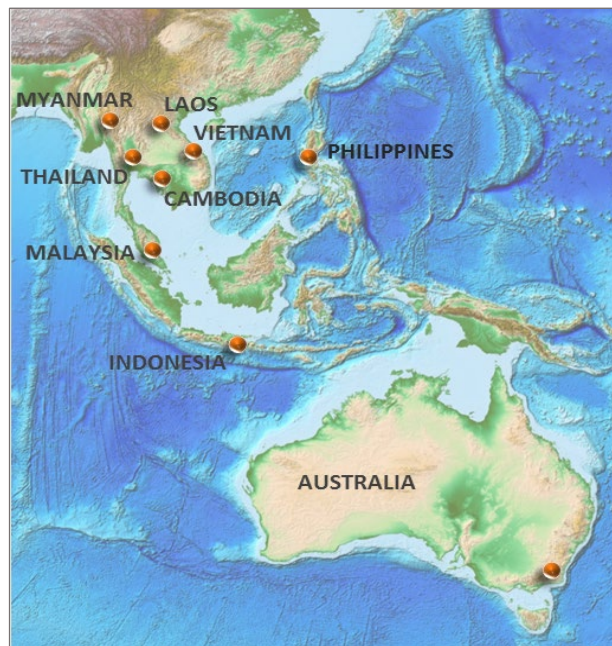


Figure 10. Country and regional areas of interest considered in project generation.

# REVIEW OF OPERATIONS

## TENEMENTS

### Philippines Tenements

At the end of the FY2022 the Company's Philippine tenements remain at eight with a combined area of approximately 122km<sup>2</sup> (Figure 1 & Appendix B). Accordingly, all tenements are current and in good statutory standing.

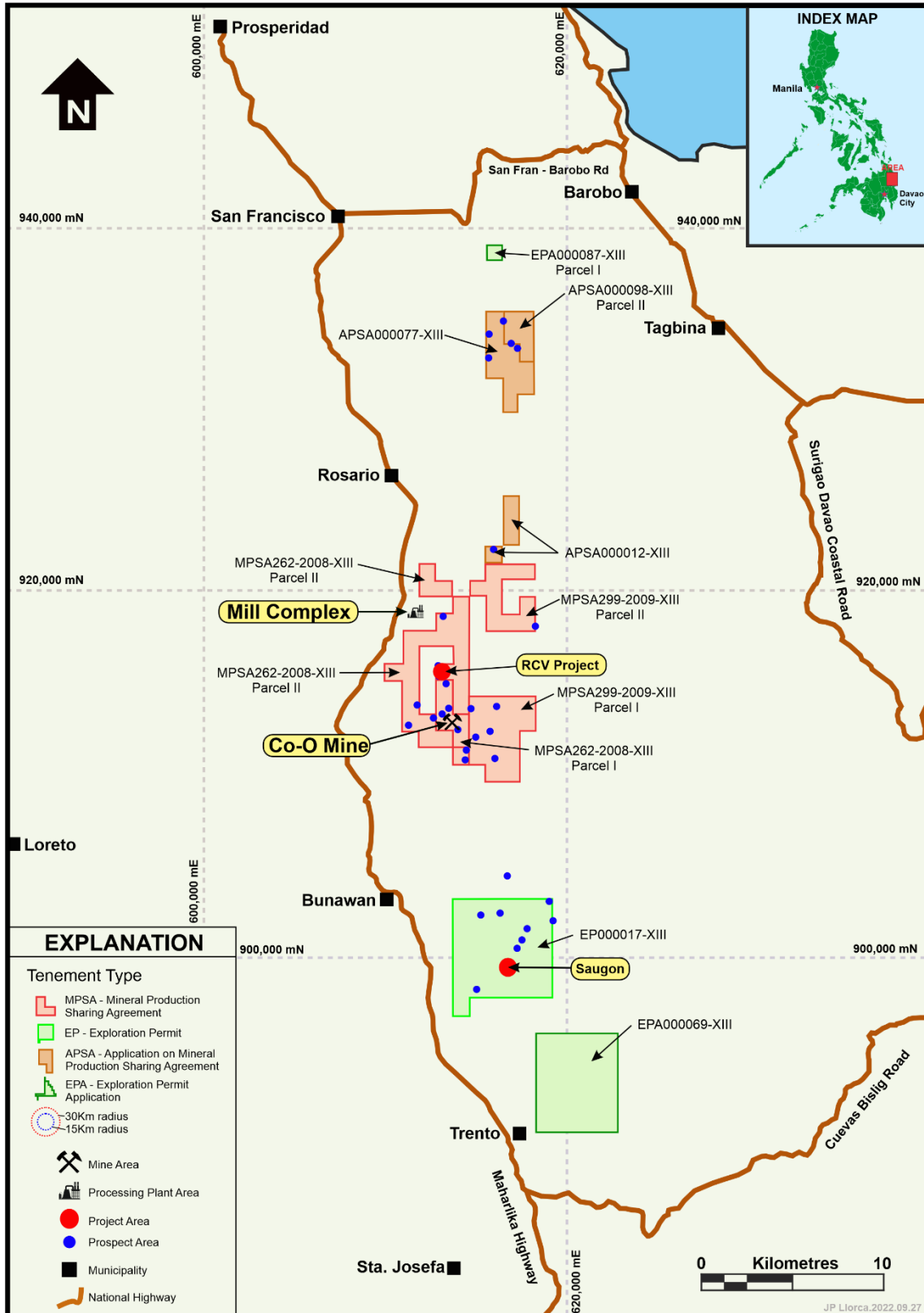


Figure 11. Philippine status of tenement holdings at the end of June 2022.



# REVIEW OF OPERATIONS

## Queensland Tenements, Australia

The Company has 20 granted Exploration Permits for Minerals (EPMs) and six EPM applications located in the Clermont region of central Queensland. The granted tenure covers an area of approximately 4,714km<sup>2</sup> and the applications cover an area of approximately 900km<sup>2</sup>. The details of the EPMs are presented in Schedule B, and the locations are shown in Figure 12.

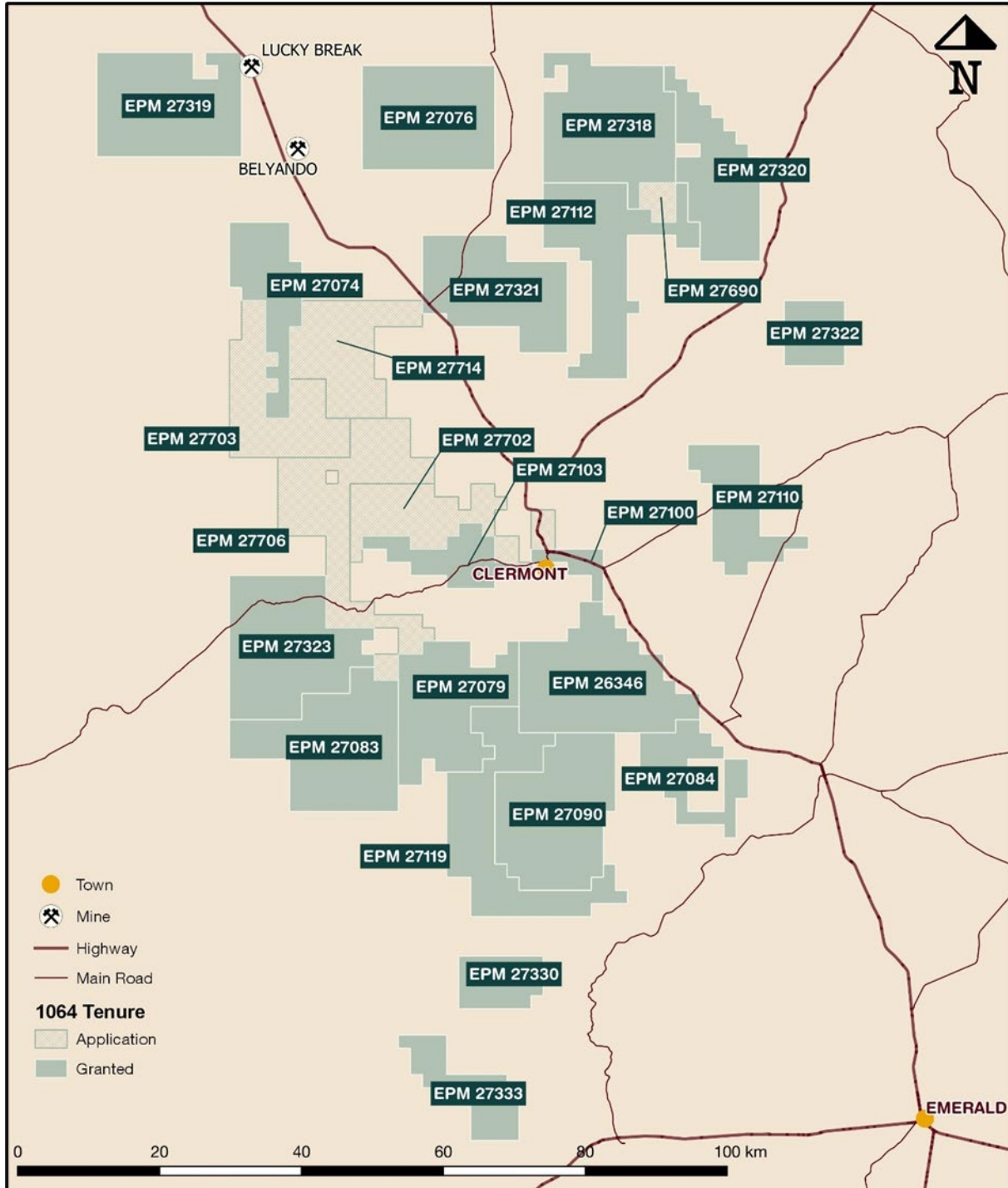


Figure 12. Drummond Basin status of tenement holdings at the end of June 2022.

# REVIEW OF OPERATIONS

## TENEMENT SCHEDULE A: Philippines

### Tenement Schedule (as of 30 June 2022)

Name	Tenement ID	Registered Holder	Company's Interest as of		Royalty <sup>(1)</sup>	Area (hectares) as of	
			31 Dec 2021	31 March 2021		31 Dec 2021	31 March 2021
Co-O Mine	MPSA 262-2008-XIII	PMC	100%	100%	-	2,539	2,539
	MPSA 299-2009-XIII	PMC	100%	100%	-	2,200	2,200
Co-O	APSA 00012-XIII	BMMRC	100%	100%	-	340	340
	APSA 00098-XIII	Philcord	100%	100%	1% NPI	507	507
Saugon	EP 017-XIII <sup>(2)</sup>	PMC	100%	100%	-	3,132	3,132
	EPA 00069-XIII <sup>(2)</sup>	Phsamed	100%	100%	-	2,540	2,540
	EPA 00087-XIII <sup>(2)</sup>	PMC	100%	100%	-	85	85
Corplex	APSA 00077-XIII	Corplex	100%	100%	4% GSR	810	810

#### Notes:

- <sup>(1)</sup> Royalties are payable to registered holders, aside from the prescribed royalties' payable to the Philippine government and the indigenous people.
- <sup>(2)</sup> Pending approval and confirmation by MGB of area reduction. The company is assessing the prospectivity of the tenement if to be relinquished.

#### ABBREVIATIONS:

##### Tenement Types

APSA	Application for Mineral Production Sharing Agreement
EP	Granted Exploration Permit
EPA	Application for Exploration Permit
MPSA	Granted Mineral Production Sharing Agreement

##### Registered Holders

BMMRC	Base Metals Mineral & Resources Corporation
Corplex	Corplex Resources Incorporated
PMC	Philsaga Mining Corporation
Philcord	Mindanao Philcord Mining Corporation
Phsamed	Phsamed Mining Corporation

##### Royalty

GSR	Gross Smelter Royalty
NPI	Net Profit Interest
NSR	Net Smelter Royalty



# REVIEW OF OPERATIONS

## TENEMENT SCHEDULE B: Queensland, Aus Tenements

### Tenement Schedule (as of 30 June 2022)

Name	Tenement ID	Registered Holder	Company's Interest as of		Royalty	Area (hectares) as of	
			31 Mar 2022	30 June 2022		31 March 2022	31 June 2022
Douglas Creek	EPM 26346	1064 Qld	100%	100%	n/a	28,000	28,000
Scotties Creek (Monteagle)	EPM 27074	1064 Qld	100%	100%	n/a	14,000	14,000
Mt Wilkin	EPM 27076	1064 Qld	100%	100%	n/a	24,640	24,640
Theresa Creek	EPM 27079	1064 Qld	100%	100%	n/a	21,840	21,840
Drummond Range	EPM 27083	1064 Qld	100%	100%	n/a	28,000	28,000
Prairie	EPM 27084	1064 Qld	100%	100%	n/a	10,640	10,640
Langton Edge	EPM 27090	1064 Qld	100%	100%	n/a	27,160	27,160
Spring Creek	EPM 27100	1064 Qld	100%	100%	n/a	3,800	3,800
Bathampton (Alpha/ Expedition Dam)	EPM 27103	1064 Qld	100%	100%	n/a	8,680	8,680
Pumpkin Hill	EPM 27110	1064 Qld	100%	100%	n/a	13,720	13,720
Undara Downs	EPM 27112	1064 Qld	100%	100%	n/a	23,240	23,240
Tomahawk	EPM 27119	1064 Qld	100%	100%	n/a	24,080	24,080
Bijingo (Nivram)	EPM 27319	1064 Qld	100%	100%	n/a	26,040	26,040
Brolga	EPM 27318	1064 Qld	100%	100%	n/a	28,000	28,000
Fletcher	EPM 27320	1064 Qld	100%	100%	n/a	17,640	17,640
Yackadoo	EPM 27321	1064 Qld	100%	100%	n/a	22,400	22,400
Gemini	EPM 27322	1064 Qld	100%	100%	n/a	7,000	7,000
Redrock	EPM 27323	1064 Qld	100%	100%	n/a	27,720	27,720
Pigeon Peak	EPM 27330	1064 Qld	100%	100%	n/a	7,560	7,560
Black Peak	EPM 27333	1064 Qld	100%	100%	n/a	8,960	8,960
Mt McLaren	EPM 27690	1064 Qld	100%	100%	n/a	2,240	2,240
Native Bee	EPM 27702	1064 Qld	100%	100%	n/a	16,800	16,800
Comstock	EPM 27706	1064 Qld	100%	100%	n/a	26,600	26,600
Ladlode	EPM 27714	1064 Qld	100%	100%	n/a	17,640	17,640
Monteagle South	EPM 27703	1064 Qld	100%	100%	n/a	18,200	18,200
Mt. Violet	EPM 28559	1064 Qld	n/a	100%	n/a	n/a	16,800
<b>TOTAL</b>						<b>454,600</b>	<b>471,400</b>

#### ABBREVIATIONS:

##### Tenement Types

EPM Exploration Permit for Minerals

##### Registered Holders

1064 Qld Ten Sixty Four Queensland Limited

# REVIEW OF OPERATIONS

## SUSTAINABILITY

The Company's commitment to all its stakeholders is founded on four key components namely –

- ❑ Health and Safety;
- ❑ Environmental Protection, Management and Monitoring;
- ❑ Community Participation, Development Programmes and Benefits; and
- ❑ Employment, Local Suppliers and Payment of Local Taxes and Wages.

To optimise benefits and ensure the sustainability of these key components, updated policies and improved procedures were instituted to promote organisational efficiencies through the conduct of regular operational audits and performance reviews.

## SAFETY AND HEALTH

The Safety and Health of all personnel are paramount in the conduct of the Company's operation. To strengthen this culture of safety and health in the workplace, the Company has instituted the following safety and health programs which establishes:

- An open and transparent line of communication across all levels of Management on relevant aspects of Safety and Health concerns through the regular conduct of regulatory central safety and health committee (CSHC) meetings and routine conduct of safety tool-box meetings at the team, section, department and division levels.
- Fostering a strong sense of safety awareness by conducting relevant safety training and seminars, regular education-information-communication (IEC) campaigns, and similar safety promotion initiatives addressing all aspects of the Company's underground and surface activities.
- Maintaining a state of readiness to cope with any type of natural, manmade or operational emergency by developing comprehensive emergency-specific preparedness action plans, allocating appropriate resources and training, regular refresher courses to emergency responders, and conducting regular emergency drills to ensure a level of emergency readiness and identify areas for improvement on the Company's emergency response capability.
- Mandatory comprehensive annual health checks for all employees.
- A continuous review and audit program to improve hazard prevention and control in the workplaces through the implementation of appropriate hazard awareness training, regular and systematic safety monitoring and inspection of workplaces, regular review of job hazards for routine and non-routine work tasks, thorough investigation and analysis of incidents/accidents, and proactively communicate identified corrective safety actions and improvements to the workforce.
- The issuance of appropriate personal protective equipment (PPE) to all employees, its proper use and a system to monitor the effectiveness of such PPEs; and
- Proactive implementation of health and safety initiatives to minimise the spread of the COVID-19 pandemic within the workplace.

For FY2022, there has been a 15% increase in manhours, with about 0.9 million manhours logged. Lost-Time Accident (LTA) Frequency Rate remains at about 2 LTA per million manhours, despite a decrease in Total Serious Injuries with a reportable Incident Rate of 23%.

Administrative controls were improved that required proper communication of annual physical examination results to Managers to enable them to institute appropriate work areas and periods for employees, particularly those with medical histories of comorbidities.

The Company's Medical Team and Hospital were able to function as a fully-staffed hospital during the fiscal year providing medical and health services to employees, their families and the local communities. It has been at the forefront of the successful fight against minimising the impact of the COVID-19 pandemic in the workplace in coordination with local government health initiatives, particularly in testing and vaccination. About 98% of the Company's workforce has been fully vaccinated, and roughly two-thirds of employees have received a booster dose. The Company has proactively partnered with local government units to conduct an IEC campaign encouraging employees to vaccinate and receive booster shots.

## REVIEW OF OPERATIONS

With the lowering of the COVID-19 alert level in the province of Agusan del Sur, and most of the employees vaccinated, the Company was able to secure approval from the local government to conduct face-to-face meetings provided that minimum health protocols are followed – e.g. wearing face masks. This paved the way for the conduct of both conventional and hybrid safety meetings and training.

In recognition of its overall excellence in safety and health, environment, and social development and Management, the Mindanao Mineral Processing and Refining Corporation (MMPRC), a subsidiary of Ten Sixty Four, was named the recipient of the 2021 Presidential Mineral Industry Environmental Award (PMIEA) given last 26 November 2021.

Overall the Company's safety performance has improved from the previous fiscal year, which the Safety and Health Department looks forward to sustaining in FY2023.



Photo 4. Training. Following the approval of the local government to conduct face-to-face training, with daily COVID-19 testing and following minimum health protocols, the Company was able to resume training on first aid and essential life support last October 2021.



Photo 5. Emergency responders transported the drill victim during an underground cave-in emergency drill at the Co-O Mine.



# REVIEW OF OPERATIONS



Photo 6. Emergency response team enhancement training is conducted monthly, while emergency drills of different natures of emergency are conducted quarterly. A combined earthquake and landslide emergency drill was conducted last May 2022 at the Co-O Mine.



Photo 7. Mine Survey personnel (left) pays attention during one of the 36 refresher courses conducted at the mine site during the fiscal year. Mine Explosive personnel (right) receive their certificates upon finishing their refresher course.



Photo 8. UG Level-06 (left) received 1st place for Safety Performance - Underground Level category. Mine Mechanical Department (right) receive third place in the Mine Department category.

# REVIEW OF OPERATIONS



Photo 9. A variety of safety enhancements: supervisors subcommittee meeting (left) conducted face-to-face, while participants from different divisions of the Company take an attendance screenshot during a loss control management (right) webinar.



Photo 10. The Mindanao Mineral Processing and Refining Corporation (MMPRC) was the recipient of the 2021 Presidential award in recognition of its overall excellence in environment, safety, and health management and community development in its mineral processing.



## REVIEW OF OPERATIONS

### COMMUNITY PARTICIPATION, DEVELOPMENT PROGRAMMES AND BENEFITS.

Since 2001, the Company's Philippine operating business, Philsaga Mining Corporation, has established an enviable record in the local communities in which it operates. This record is acknowledged by municipal and regional governments and at a national level.

The Company continues to build on this record by establishing and nurturing programmes to strengthen the quality of living, economic, social and cultural, environmental, health and religious aspects of stakeholder communities.

### EDUCATION

#### Scholarship

Since 2010 the Company has continued with its commitment to provide opportunities to less privileged but academically promising students from its host and neighbouring communities to pursue tertiary courses by providing scholarships and financial assistance. The scholarship program assists beneficiaries with Full Scholarship grants, Half Scholarship grants and Educational Assistance.

Despite the academic challenges posed by the ongoing pandemic situation, the Company continued to provide support and financial assistance to 47 scholars during the fiscal year. To date, the Company has produced 87 scholars who graduated from various professional fields and are gainfully employed – some are currently employed with the Company and teaching at Philsaga High School Foundation.



Photo 11. Scholarship orientation program for SY 2020-2021

#### Company Schools and Adopt-a-School Programme

Apart from the Philsaga High School Foundation, the Company has extended assistance to 13 elementary schools from the Municipality of Rosario and Bunawan in Agusan del Sur, and one school from Loon, Bohol Island, since 2018 as part of its Adopt-a-School Programme. The programme aims to assist underprivileged students and schools in these remote areas in the form of school supplies and health kits for the students, instructional materials for the teachers, and financial assistance for Brigada Eskwela activities and similar school events.

A total of Php 2.5 million was spent by the Company for the implementation of the Adopt-A-School Program for the school year 2020-2021.

## REVIEW OF OPERATIONS



Pictures 12. Distribution of school supplies and health kits.



Pictures 13. Distribution of instructional material for the teachers

## HEALTH

### COVID-19 Emergency Response Initiatives

In response to the ongoing COVID-19 pandemic, the Company's medical and hospital team has enhanced its monitoring and preventive efforts by partnering with medical teams of local government units (LGU) to minimise its impact. Key initiatives under this LGU partnership include:

- Enhanced COVID-19 monitoring and IEC campaign; and
- Proactive support and implementation of the vaccination campaign/drive of the government.

The Company has been supportive of monitoring the transmission of COVID-19 in the community through the institution of protocols that includes routine testing of inbound employees, suppliers and visitors and random mass testing during heightened COVID-19 surges. It has coordinated and participated with the LGU in its information, education and communication campaign (IEC) drives to raise community awareness in preventing and mitigating COVID-19 transmission, particularly in encouraging people to get fully vaccinated. The success of these initiatives is reflected in almost 98% of the Company's workforce is fully vaccinated, and roughly two-thirds of employees have received at least one booster dose. Similarly, the number of active COVID-19 cases has dropped significantly to almost zero during some periods, placing some of the Company's quarantine and isolation facilities in inactive status.

# REVIEW OF OPERATIONS

## LIVELIHOOD PROGRAMME

### Rice Financing Programme

Agriculture is one of the primary sources of livelihood and income for families in the province of Agusan del Sur. In support of this, the Company has established the Rice Financing Programme which aims to provide financial assistance in the form of interest-free cash financing amounting to PHP 36,000 per cropping season to small farmers. Since its inception in 2018, the programme has benefitted 99 farmers tilling more than 200 hectares of rice fields within the Municipality of Rosario and Bunawan.



Picture 14. Release of the Rice Financing for the second cropping season of 2021 to recipient farmers of Wasi-an, Rosario, Agusan del Sur.

## FINANCIAL ASSISTANCE PROGRAMME

The Company continues to provide financial assistance and accommodates solicitations from various stakeholders in the province. Solicitations received and provided with financial assistance include:

- Educational and financial assistance in the form of monthly honoraria of 12 volunteer teachers;
- Medical and burial cash assistance to individuals from the indigenous people, local community and Company employees. Solicitation requests of this nature were most sought after due to the ongoing COVID-19 pandemic;
- Support to local Security Forces in the form of fuel, rice and office supplies subsidies;
- Disaster response cash and goods assistance channelled through local government units or directly to disaster-affected communities and individuals, mainly in the aftermath of Typhoon Vicky and Typhoon Odette;
- Socio-cultural and religious sponsorships and donations during fiestas, festivals, sporting events and similar socio-cultural events; and
- Training assistance to various government and local organisations attending symposia and conventions.

From January to December 2020, the Company extended a total of PHP 9.6 million for solicitations and donations, focused on the Company's ongoing support and assistance of medical front liners and local government unit efforts to address the COVID-19 pandemic.



Photo 15. Medical assistance to local communities.



## REVIEW OF OPERATIONS



Photo 16. Financial assistance to socio-cultural and religious events.



Photo 17. Financial assistance to disaster-affected communities.



Photo 18. Goods subsidies to local Security organisations.

## REVIEW OF OPERATIONS

### EMPLOYMENT, LOCAL SUPPLIERS & PAYMENT OF LOCAL TAXES AND WAGES

The Company is one of the largest taxpayers in the district and the province of Agusan del Sur. The annual local government budgets of the Municipality of Bunawan, Municipality of Rosario, and the Province of Agusan del Sur support the operating companies' annual taxes and fees.

The Company has a firm policy of "buy and manufacture locally" whenever possible to provide goods and services to the projects and operations to maximise the multiplier effect locally.

### HUMANITARIAN AID

#### **Earthquake victims in Bangued, Abra, get cash assistance from Philsaga Mining Corporation.**

Bangued, Abra - As a world-class mining company committed to delivering excellent services to the community, Philsaga Mining Corporation ("PMC"), through the PMC-MMPRC Foundation, Inc. ("Foundation"), successfully conducted a community extension project in the form of humanitarian aid with the theme "Continuing to Care Beyond Our Boundaries", at Sitio Damulay, Barangay Sagap, Bangued, Abra last August 24-30, 2022.

A total of Three Hundred Seventy-Five Thousand Pesos (PHP 0.4 million) in cash assistance was given to 25 families for construction materials to repair their damaged houses due to the magnitude seven (7) earthquake that hit the municipality. This initiative and noble undertaking are under the stirring leadership of Attorney Raul Conde Villanueva, the President of PMC and Chairman of the Foundation.

The company representative, Ms. Reygela M. Decalit, spearheaded the activity and delivered her message of hope to the affected residents.

*"This is a great help to us quake victims in building our homes and starting a new life. We are also so grateful to Philsaga for coming to our place despite the distance and the challenges in reaching our Barangay just to assist the affected families. Thank you so much PMC-MMPRC Foundation".* Those were the kind words of Ms. Mencita Baroit, one of the beneficiaries, who expressed her utmost gratitude to PMC and the Foundation.

Philsaga Mining Corporation is committed to its corporate values of TEAMWORK, INTEGRITY, GROWTH, EXCELLENCE, and RESPONSIBILITY (The Way of the TIGER) in the conduct of its business, and through the PMC-MMPRC Foundation, carries on its corporate, social, and environmental responsibilities to the Filipino people. As aptly expressed by the theme for the Abra humanitarian aid mission, "Continuing to Care Beyond Our Boundaries", PMC proves that caring for others need not be limited to the Company's area of mining operations in Agusan del Sur on the Island of Mindanao. Our heart for the community, for those in need, is not limited by geographical boundaries.

We hope that the financial assistance provided by Philsaga will help uplift the lives of the beneficiaries as they continue to recover and live normal life.



# REVIEW OF OPERATIONS



Photo 19. Earthquake victims in Sitio Damulay, Barangay Sagap, Bangued, Abra received humanitarian aid from Philsaga Mining Corporation – Mindanao Mineral Processing and Refining Corporation Foundation Inc. on August 24-30, 2022.

## REVIEW OF OPERATIONS

### ENVIRONMENTAL PROTECTION, MANAGEMENT AND MONITORING

The Company is committed to its environmental protection, Management, and compliance with all applicable statutory and environmental regulatory obligations.

#### Code of Conduct

Environmental responsibility forms an integral part of the Company's Code of Conduct. The Code of Conduct outlines the Company's commitment to appropriate and ethical corporate practices. It describes how the Company expects its directors and employees to behave in the Company's business activities.

In accordance with the Code of Conduct, the Company:

- is fully aware of its obligations to comply with relevant statutory and regulatory requirements concerning the environment; and
- monitors its environmental Management and performance appropriately and is committed to ensuring proper rehabilitation of the sites where the Company has been conducting its exploration or operational activities.

#### Co-O Gold Project Environmental Conditions

The Company's flagship Co-O Gold Mine has established processing facilities subject to regular inspections by various authorities. As a result, it has achieved a high level of recognition for adherence to statutory requirements.

The Company's mining operations are underground, resulting in very small surface environmental footprints for each operation. Rehabilitation of disturbed areas around new operations is part of the Company's standard operating procedure. Water samples are taken daily to monitor water quality in and around the Company's facilities. The samples collected were analysed, with the results submitted to the relevant authorities.

In compliance with the conditions set in the Environmental Compliance Certificate (ECC), the Company has crafted and implemented an Environmental Protection and Enhancement Program (EPEP), which covers the Management of the land and water resources, air and noise quality, Management of solid and hazardous wastes generated from the operation. The program also embodies activities that will support ecosystem conservation and relevant training and capacity enhancement of the personnel overseeing the EPEP implementation.

### MINING FOREST PROGRAMME

#### Agroforest Nursery

The Company has established and maintains a one-hectare Agroforest Nursery to provide seedlings for its internal and various stakeholder reforestation initiatives. The facility currently nurtures 22 species of indigenous forest trees and 19 species of fruit trees, with in-stock seedlings of approximately 100,000 as of the end of June 2022. Since its inception, the nursery has provided more than 1,190,947 seedlings to various stakeholders. For this fiscal year, about 10,000 seedlings – comprising 3,526 indigenous forest trees and 6,696 fruit trees, were donated to external stakeholders.



## REVIEW OF OPERATIONS



Photo 20. The Agroforest Nursery facility.

### Reforestation Programme

The Company's reforestation and forest enhancement initiatives have rehabilitated roughly 2,000 hectares of forest and mixed Agro-forest areas. Most of these areas were replanted using indigenous forest tree species. For this fiscal year, about 22 hectares of the Company's granted tenement have been rehabilitated using indigenous forest seedling stock.

In response to suggestions by the community, the Company initiated the Fruit Tree Plantation Program in 2015, which aims to provide landowners with the option to rehabilitate their lands with fruit-bearing trees that can be a source of future seasonal livelihood. About 545 hectares have been replanted exclusively with fruit-bearing trees with 335 landowner beneficiaries. For this fiscal year, about 55 hectares of land within the Municipality of Rosario, Agusan del Sur was replanted with fruit-bearing trees such as Lansones (*Lansium domesticum*), Rambutan (*Nephelium lappaceum*), Durian (*Durio zibithenus*) and Mangosteen (*Garcinia mangostana*).



Photo 21. Rehabilitated forest areas in the Mine site were replanted with indigenous forest tree seedlings.



## REVIEW OF OPERATIONS



Photo 22. Rehabilitated areas were replanted with fruit-bearing tree seedlings.

### The Bamboo Plantation Initiative

In support of the DENR and MGB's Bamboo Plantation Initiative as embodied in DAO 2021-26, which encourages mine operators to convert and rehabilitate at least 10 per cent of their mined-out areas into a bamboo plantation, the Company has since established more than 15 hectares within its mine operating area into a bamboo plantation.



Photo 23. Rehabilitated areas replanted Giant Bamboo species.



# REVIEW OF OPERATIONS

## MANGROVE REHABILITATION INITIATIVE

The Company continues its commitment to the Mangrove Reforestation Programme in partnership with the Municipality of Barobo, Barangay Wakat, PENRO Surigao del Sur and DENR-CENRO Lianga. Starting in 2015, the Company has since established a Mangrove Nursery, continuously monitors and maintains a 5-hectare mangrove area, and established educational signages at strategic sites to raise awareness of the importance of preserving a mangrove forest buffer zone along coastal areas.



Photo 24. Mangrove Reforestation at Brgy. Wakat and Talisay, Surigao del Sur.

## ADOPT A WATERSHED PROGRAMME

In support of the DENR's and local government's Adopt-a-Watershed-Programme efforts aimed at protecting and enhancing watershed areas identified as potential water sources in the community, the Company has committed to assisting in the protection and enhancement of the Maputi Watershed and the Alfred Spring Forest Reserve.

The Maputi Watershed is located in Barangay Sta. Cruz, Rosario. A three-year reforestation programme costing roughly PHP 4M covering a 100-hectare area of the watershed is jointly implemented by Company in partnership with the municipal government of Rosario, DENR-CENRO Bunawan, and local indigenous people.

The Alfred Spring Forest Reserve, on the other hand, is located within Barangays Bunawan Brook and San Andres, Bunawan Agusan del Sur. The Company has also partnered with the Bunawan Water District and local indigenous people in a three-year reforestation programme costing more than Php 1M to protect and enhance a 20-hectare area within the Alfred Spring Forest Reserve.



Photo 25. Adopt-a-Watershed reforestation initiatives in the Maputi Watershed.



## REVIEW OF OPERATIONS



Photo 26. Adopt-a-Watershed reforestation initiatives in the Alfred Spring Forest Reserve.

## CONSERVATION VALUES

The Company recognises its responsibility to maintain and preserve the ecosystem within its tenement areas. To promote conservation values within the Company and the community, the Company regularly monitors the terrestrial and aquatic ecosystems within the Mine and Mill areas every two years to identify potential adverse impacts on the ecosystem and serve as a basis and guidance on future mitigation measures.

The Company routinely conducts clean-up initiatives along natural drainages, including enhancing riparian habitats through replanting indigenous riparian plant species such as narra, tibig and bamboo along the banks of streams and creeks. The Company has since commenced an Adopt-a-Creek initiative to cover these activities, initially focusing on three water bodies – Agsao, Bayugan 3 and Co-O Creeks, that may be affected by Company and artisanal mining operations.



Photo 27. Wildlife monitoring and baseline study.



## REVIEW OF OPERATIONS



### RIVER'S FOR LIFE INITIATIVE

In support of the government's River's-for-Life Initiative – which encourages the protection of the nation's water resources, the Company has coordinated and partnered with the DENR-CENRO Bunawan, Municipal ENRO of Sta. Josefa, Brgy. Barangays Poblacion, and Sta. Isabel of Sta. Josefa in the rehabilitation, protection and enhancement of a 2km Agusan River traversing along these localities.

A Memorandum of Agreement was signed on July 29, 2020, officially launching the initiative that includes among its proposed activities the conduct of water quality monitoring at designated areas along the river, informal education and communication (IEC) campaign promoting river conservation and protection measures, continuous monitoring and enforcement of solid waste management practices, and enhancement of the Barangay Tree Park near the Agusan River.



Photo 31. Upcycling of safety boots and used HDPE pipes as roofing and walling of view.

# REVIEW OF OPERATIONS

## ISO 14001:2015 CERTIFICATION

On May 2022, Philsaga Mining Corporation ("PMC") and Mindanao Mineral Processing and Refining Corporation ("MMPRC"), were successfully recertified by Certification International of its ISO 14001:2015 Certification, demonstrating the Company's continued compliance with sound environmental management systems as well as adequate environmental controls and protections.



Photo 29. Adopt-a-Creek rehabilitation activities along Agsao Creek.

## WASTE MANAGEMENT

The Company's solid and hazardous waste management conformed to RA 9003 and RA 6969, respectively. A Materials Recovery Facility has been established that oversees the final segregation of reusable and recyclable materials, which initially have been segregated at source as to their biodegradable, non-biodegradable and recyclable categories. Generated reusable materials – such as safety boots, hardhats, and plastic carboys- were donated to schools for landscaping purposes or used in some upcycling works in the mine and mill sites.



Photo 30. Scrap safety boots and hard hats are reused in gardening.



# REVIEW OF OPERATIONS

## JORC 2012 COMPLIANCE - CONSENTS OF COMPETENT PERSONS

### Ten Sixty Four Limited

Information in this report relating to Exploration Results and all geological work on Co-O Mineral Resources and Bananghilig Mineral Resources, Saugon and TSF #1 Tailings Project has been reviewed by Mr James Llorca and is based on information compiled by Philsaga Mining Corporation's Co-O mine-site and technical exploration personnel.

Mr Llorca is a Fellow of The Australian Institute of Geoscientists (AIG), a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM), and a Chartered Professional in Geology with the AusIMM. Mr Llorca is General Manager of Geology and Resources, a full-time employee of Ten Sixty Four Ltd, and is entitled to participate in the Company's incentive plans, details of which are included in Medusa's 2022 Remuneration Report. Mr Llorca has 40 years of sufficient experience, which is relevant to the styles of mineralisation and type of deposit under consideration and to the activities for which he is undertaking to qualify as a "Competent Person" as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves."

Mr Llorca consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

### Carras Mining Pty Ltd

Information in this report relating to Co-O Mineral Resources, Co-O Ore Reserves Mineral Resources is based on information compiled by Dr Spero Carras of Carras Mining Pty Ltd, who worked at the Co-O mine site with Philsaga geologists and engineers.

Dr Carras is a Fellow of the Australasian Institute of Mining & Metallurgy and has more than 30 years of experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

Dr Carras consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Since 2016, Dr Carras has been retained by Ten Sixty Four Ltd to assist in defining the requirements of Co-O underground infrastructure and its implementation.

### FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements. The words 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan' and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Medusa, and its officers, employees, agents and associates, that may cause actual results to differ materially from those expressed or implied in such statements.

Actual results, performance or outcomes may differ materially from any projections and forward-looking statements and the assumptions on which those assumptions are based.

You should not place undue reliance on forward-looking statements and neither Medusa nor any of its directors, employees, servants or agents assume any obligation to update such information.



# CORPORATE GOVERNANCE

Ten Sixty Four Limited ("X64" or "the Company"), as a listed entity, must comply with the *Corporations Act 2001* (Cth) ("Corporations Act"), the Australian Securities Exchange ("ASX") Listing Rules ("ASX Listing Rules") and other Australian and international legal, regulatory and governance requirements.

The Board of Directors of the Company ("Board") is committed to achieving and maintaining high standards of corporate governance. The Board operates in accordance with a set of corporate governance principles that take into account relevant practice recommendations, having regard to the particular circumstances of the Company's business, operations and the interests of its shareholders and other stakeholders. These include the ASX Corporate Governance Council's ("ASXCGC") fourth edition of the Corporate Governance Principles and Recommendations ("ASX Principles").

The Company's practices are largely consistent with the recommendations set out in the ASX Principles and, except as disclosed below, the Company believes it complied with each of those recommendations throughout the financial year ended 30 June 2022 and to the date of this statement. Details of the Company's compliance with the ASX Principles are set out below, including details of specific disclosures required by the ASX Principles. Where the Company has not followed a particular recommendation in the ASX Principles, the Company has identified this and the reasons for not following, along with what (if any) alternate corporate governance practices the Company has adopted in lieu of the particular recommendation.

This statement is current as at 30 September 2022 and has been approved by the Board. Further information on the Company's corporate governance policies and practices is publicly available on the Corporate Governance page of the Company's website at [www.x64.gold](http://www.x64.gold).

## 1. BOARD OF DIRECTORS

### Role and Responsibilities of the Board

#### *ASX Principles, Recommendation 1.1*

The Board has adopted a Board Charter that sets out, among other things, its specific powers, duties and responsibilities, as well as matters delegated to the Chief Executive Officer or Managing Director (as applicable) and those specifically reserved for the Board.

The Board's primary role is to guide and monitor the business and affairs of the Group on behalf of the shareholders by whom the Board is elected and to whom it is accountable.

In addition to matters required by law to be approved by the Board, there are certain duties and responsibilities reserved for the Board under the Board Charter. These include:

- overseeing the Company, including its control and accountability systems;
- appointing and removing the Chief Executive Officer, or any Managing Director or Executive Director (as applicable) in respect of his or her executive role;
- ratifying the appointment and removal of the Company Secretary;
- assisting with the development of and approving the Company's corporate strategy;
- assisting with the development of and approving the Company's annual operating and capital budget;
- approving and monitoring the progress of acquisitions/divestments;
- monitoring compliance with all legal and regulatory obligations;
- reviewing and ratifying systems of risk management and internal compliance and controls, codes of conduct, continuous disclosure, legal compliance and other significant corporate policies;
- monitoring management's performance and implementation of strategy and policies, ensuring appropriate resources are available; and
- approving and monitoring financial and other reporting to the market, shareholders, employees and other stakeholders.

# CORPORATE GOVERNANCE

The Board has delegated responsibilities for the day-to-day operational, corporate, financial and administrative activities of the Group to the Chief Executive Officer or Managing Director (or equivalent) and the Chief Financial Officer.

A copy of the Company's Board Charter is available on the Corporate Governance page of the Company's website at [www.x64.gold](http://www.x64.gold).

## Agreements with Directors and Senior Executives

### *ASX Principles, Recommendation 1.3*

The Board Charter provides that:

- a new Director will receive a formal letter of appointment setting out the key terms and conditions relative to their appointment;
- the Managing Director/Chief Executive Officer must have a formal employment agreement describing their term of office, duties, rights and responsibilities, among other things; and
- the Company also has formal employment agreements with each senior executive of the Company, setting out the terms of their employment, including duties, rights and responsibilities, among other things.

## Composition of the Board

### *ASX Principles, Recommendations 2.2 and 2.5*

In assessing the composition of the Board, the Directors have had regard to the following principles:

- the role of the Chairperson and the Managing Director should not be exercised by the same person;
- the Board should comprise of at least three Directors, increasing where additional expertise is considered desirable in certain areas, when an outstanding candidate is identified, or to ensure a smooth transition between outgoing and incoming Non-Executive Directors;
- the majority of the Board should comprise independent Non-Executive Directors who satisfy the criterion for independence (see below for the criterion for determining when a Director is considered to be independent); and
- the Board should comprise Directors with an appropriate range of skills, qualifications, expertise and experience.

Currently, the Board has four Directors on the Board comprising of three Non-Executive Directors (Aaron Treyvaud, Andrew Hunt and Simon Mottram) and one Executive Director (Jeffery McGlinn).

The Company's current Chair, Jeffrey McGlinn, was appointed as Executive Chairman of the Company in May 2022 and is therefore not an independent Director (having regard to the criteria for determining whether a Director is considered independent as set out below).

On 28 June 2022, Mr Paul Ryan Welker resigned as Managing Director of the Company. On 5 July 2022, the Company advised the termination of his executive services agreement in accordance with the terms of the agreement. The board acknowledges the ASX Recommendation 2.5 which provides that the chair of a company should be an independent director, however the Board has formed the view that Mr McGlinn is the most appropriate person to lead the Board as its Chairman, given his history of leadership in successful business like NRW Holdings Ltd (a successful listed entity, a creation of Mr McGlinn that offered construction services to mining companies), as well as his leadership involvement with other profitable businesses. His experience, business relationships and insights are considered to be invaluable to the Group.

The Board reviews its size and composition annually to ensure that it has the appropriate balance of skills, qualifications, expertise and experience. When a vacancy exists, or where the Board considers that it would benefit from the services of a new Director with particular skills, qualifications, expertise and experience, the Board will endeavour to select and appoint appropriate candidates with the relevant skills, qualifications, expertise and experience.

# CORPORATE GOVERNANCE

The Board seeks to ensure that it comprises Directors having the appropriate mix of skills, qualifications, expertise and experience to operate effectively and efficiently, and so that it can adequately discharge its responsibilities and duties. The Board considers that this is achieved by the Directors having substantial skills and experience in the following:

- industry knowledge - mining, mineral exploration and marketing, mine development and geology;
- accounting, finance and investments - financial reporting, tax and governance;
- legal - legal, risk and regulatory knowledge; and
- business management - management experience, other relevant board experience and business administration.

Section 1 and Section 2 of this Corporate Governance Statement provides further information on the mix of skills and diversity the Board seeks to achieve in membership of the Board.

Collectively, the Directors have a broad range of skills, qualifications, expertise and experience relevant to the business and operations of the Company, as identified above - details relevant to the position of each Director who is in office at the date of this statement, and the period of office held by each Director, is included in the Directors' Report on pages 74 to 77.

Directors appointed by the Board are subject to election by shareholders at the next annual general meeting following their appointment. All Directors (other than the Managing Director, if applicable) are subject to re-election in accordance with the Company's constitution.

# CORPORATE GOVERNANCE







## Board Skills Matrix





### ASX Principles, Recommendations 2.2


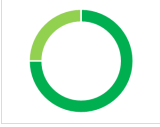


A Board skills matrix is designed to show each Director's self-assessment of their skills and experience considered relevant to the Company.

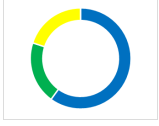


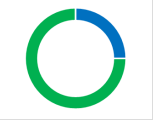
The matrix ensures there is a balance of skills, experience, expertise and diversity on the Board and highlights skills that may require strengthening.

Combined Board Rating Per Skill:

					
5. Highest level of skills & experience	4. Advanced level of skills & experience	3. Acceptable level of skills & experience	2. Some refinement to lowest level of skills & experience	1. Lowest level of skills & experience	0. Immediate strengthening of skills necessary

Executive Leadership	Financial Acumen	Environmental, Social & Governance values	People & Culture
Demonstrates effective leadership that aligns with Company objectives & values. Experience of senior leadership in a public listed company.	Experience in financial accounting reporting, internal financial & risk controls and ability to address financial issues.	Aligning and integrating environmental, social & governance values into company framework, policy design and decision making.	Experience in building workforce & remuneration framework to attract & retain desired personnel. Experience in developing the right corporate culture.
			

Health & Safety	Information Technology	International Expertise	Technical skills in Mining
Experience in workplace health and safety practices. Implementing health & safety strategies and mitigating risks.	Experience in the use of technology to support value creation & maximise operational efficiency.	Experience in building businesses in regions & countries relative to the Company's strategy & activities.	Understanding of the technical aspects within the gold mining industry.
			

Industry Knowledge	Board Experience	Risk Management & Compliance	Strategy
Knowledge & experience of the international gold mining industry.	Executive experience of a listed entity with varied experience relating to global operations.	Strategic & operational experience in risk management in local & foreign jurisdictions.	Experience in developing & implementing successful strategies to achieved planned outcomes.
			

Ethics & Integrity
Demonstrating behaviour that supports the ethical and integrity principles of the organisation at the highest level.




# CORPORATE GOVERNANCE

## Board independence and length of service

### *ASX Principles, Recommendations 2.3, 2.4 and 2.5*

The Board has determined that Simon Mottram, Andrew Hunt and Aaron Treyvaud are independent Non-Executive Directors. The Board has made this determination (after considering all facts and circumstances) having regard to the criteria set out below and confirms that none of its independent Directors has any interest, position or relationship of the type described below. In addition, the length of service of each Director is set out in pages 74 to 77 of the Company's Directors' Report, which forms part of the Annual Report.

The Board is, therefore, comprised of a majority of independent Directors.

The Board considers that a Director will be independent if he or she is a person who:

- is not a substantial shareholder of the Company, represents, or is or has been within the last three years an officer or employee of, or professional adviser to a substantial shareholder of the Company;
- has not, within the last three years, been employed in an executive capacity by the Company or any of its child entities;
- does not receive performance-based remuneration (including options or performance rights) from, or participate in an employee incentive scheme of, the Company;
- is not, and has not within the last three years been, in a material business relationship (eg as a supplier, professional adviser, consultant or customer) with the Company or any of its child entities, or an officer of, or otherwise associated with, someone with such a relationship;
- does not have close personal ties (eg family, friendship or other social or business connections) with any person who falls into a category listed directly above; and
- has not been a Director of the Company for such a period that his or her independence from management and substantial holders may have been compromised.

In each case, the materiality of the interest, position or relationship is assessed by the Board to determine whether it might interfere, or might reasonably be seen to interfere, with the Director's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company as a whole, rather than in the interests of an individual shareholder or other party.

The Board does not consider Jeffrey McGlinn as an independent Director because he is currently employed as an Executive Director by X64, and, subject to shareholder approval at the Company's 2022 AGM, it is proposed that Jeffrey McGlinn will be issued options in the Company.

The test of whether a relationship or business is material is based on the nature of the relationship or business and the circumstances and activities of the Director. Materiality is considered from the perspective of the Company, the persons or organisations with which the Director has an affiliation and from the perspective of the Director. To assist in assessing the materiality of a supplier or customer the Board has adopted the following materiality thresholds:

- a material customer is a customer of the Company that accounts for more than 5% of the Group's consolidated gross revenue; and
- a supplier is material if the Company accounts for more than 5% of the supplier's consolidated gross revenue.

# CORPORATE GOVERNANCE

## **Chairperson, Managing Director and Company Secretary**

### *ASX Principles, Recommendations 1.4 and 2.5*

The roles of Chairperson and Managing Director are held by the same person.

The Chairperson, Jeffery McGlenn, is responsible for, among other things, leadership and effective performance of the Board and overseeing the provision of information by management to the Board and ensuring the adequacy of that information. He has also been responsible for the day-to-day management of the Company following the termination of the former Managing Director executive services agreement on 5 July 2022.

The Chairperson's and Managing Director's responsibilities are set out in more detail in the Board Charter, which is available on the Corporate Governance page on the Company's website [www.x64.gold](http://www.x64.gold).

The Company Secretary, Peter Alphonso, is responsible for the corporate secretarial functions of the Company. The decision to appoint or remove the Company Secretary is to be made by the Board, as set out in the Board Charter, and the Company Secretary reports and is accountable to the Board (through the Chairperson).

## **Training and performance evaluation**

### *ASX Principles, Recommendations 1.6, 1.7 and 2.6*

Under the terms of the Company's Nomination Committee Charter, the Nomination Committee reviews potential Board candidates' skills, knowledge, and expertise with a view to ensuring that they can add value to the Board.

The Company's Nomination Committee Charter also requires the Nomination Committee to establish evaluation methods of rating the performance of the Directors and to conduct assessments of Directors as to whether they have devoted sufficient time in fulfilling their duties as Directors.

The Director evaluation methods established by the Company's Nomination Committee included a review of the performance of the Board and each of its committees against the requirements of their respective charters and the individual performances of the Chairperson and each Director.

During the reporting period, the Nomination Committee met on one occasion to evaluate the performance of the Board, its committees and individual Directors in accordance with the above evaluation process.

Details of the process for evaluating the performance of Senior Executives and Directors, and the conduct of that process in the reporting period, are included in the Remuneration Report, which forms part of the Directors' Report on pages 82 to 105.

The Company has a program for inducting new Directors and for periodically reviewing whether there is a need for existing Directors to undertake professional development to maintaining the skills and knowledge needed to perform their role as Directors effectively

## **Board access to independent advice**

Each Director is entitled to seek such independent professional advice as they consider necessary in the furtherance of his or her duties as a Director at the Company's expense. Any Director seeking independent advice must first discuss the request with the Chairperson, who will facilitate obtaining such advice.

Details of Directors' attendance at Board meetings and Committee meetings are set out in the Directors' Report on page 78.

# CORPORATE GOVERNANCE

## 2. BOARD COMMITTEES

### Nomination Committee

#### *ASX Principles, Recommendations 1.2 and 2.1*

The Board has established a Nomination Committee, which operates under a Nomination Committee Charter approved by the Board. A copy of the Nomination Committee Charter is available on the Corporate Governance page of the Company's website at [www.x64.gold](http://www.x64.gold), and includes details of, among other things, the role and responsibilities, composition and structure of the Nomination Committee.

The role of the Nomination Committee Charter is to assist the Board in fulfilling its corporate governance obligations and responsibilities by:

- monitoring the size and composition of the Board, including giving due consideration to the value of diversity of backgrounds and experiences among the members of the Board;
- recommending individuals for nomination as members of the Board and Committees; and
- reviewing the performance of the Board to ensure that its members remain committed and are adequately discharging their duties and responsibilities.

In selecting individuals for nomination as a Director, the Nomination Committee Charter provides that the potential candidate will, among other things, have the required skills, knowledge, and expertise to add value to the Board. In performing its duties prescribed under its Charter, the Nomination Committee conducts appropriate checks prior to selecting individuals for nomination, which will include checks such as the person's character, experience, education, criminal record and bankruptcy history. The Nomination Committee is empowered to engage external consultants in its search for a new Director.

The Nomination Committee Charter provides that any notice of general meeting where the election or re-election of a Director (as the case may be) is to be put to the Company's shareholders should include the following information, so as to enable shareholders to make an informed decision about their election or re-election (as the case may be):

- biographical details, including competencies and qualifications and information sufficient to enable an assessment of the independence of the candidate;
- details of relationship between the candidate and X64, as well as Directors of X64;
- other Directorships held;
- particulars of other positions which involve significant time commitments;
- the term of office currently served by any Directors subject to re-election; and
- any other particulars required by law.

Such information is also provided by way of ASX announcement when any appointment is made by the Board.

The Nomination Committee consists of Aaron Treyvaud, (as Chairperson of the Nomination Committee), Andrew Hunt and Simon Mottram. The Nomination Committee, therefore, comprises a majority of independent Directors and is chaired by an independent chair as recommended by Recommendation 2.1 of the ASX Principles.

The Company undertakes appropriate checks before appointing a senior executive to the Company.

The number of times the Nomination Committee met during the reporting period, and the individual attendance of each Nomination Committee member at each meeting are set out in the Directors' Report on page 78.

# CORPORATE GOVERNANCE

## Remuneration Committee

### *ASX Principles, Recommendations 8.1, 8.2 and 8.3*

The Board has established a Remuneration Committee, which operates under a Remuneration Committee Charter approved by the Board. A copy of the Remuneration Committee Charter is available on the Corporate Governance page of the Company's website at [www.x64.gold](http://www.x64.gold), and includes details of, among other things, the role and responsibilities, composition and structure of the Committee.

The role of the Remuneration Committee is to assist the Board in fulfilling its corporate governance responsibilities with respect to remuneration by reviewing and making appropriate recommendations on:

- the remuneration packages of Executive Directors, Non-Executive Directors and Senior Executives;
- employee incentive plans and benefit programs, including the appropriateness of performance hurdles and total payments proposed;
- remuneration, recruitment, retention and termination policies and procedures;
- superannuation arrangements;
- employee equity-based plans and schemes; and
- remuneration by gender.

The members of the Remuneration Committee are Simon Mottram (as Chairperson), Andrew Hunt and Aaron Treyvaud. The Remuneration Committee, therefore, comprises a majority of independent Directors and is chaired by an independent chair as recommended by Recommendation 8.1 of the ASX Principles.

The number of times the Remuneration Committee met during the reporting period, and the individual attendance of each Committee member at each meeting are set out in the Directors' Report on page 78.

The Board's policy is that any reviews of remuneration packages and policies applicable to Executive Directors, Non-Executive Directors and Senior Executives are to be conducted on an annual basis by the Committee.

Details on the Company's remuneration policies, including how the structure of the remuneration of Non-Executive Directors is distinguished from that of Executive Directors and Senior Executives, are included in the Remuneration Report, which forms part of the Directors' Report on pages 82 to 105. No schemes for the provision of retirement benefits, other than the provision of superannuation, are provided by the Company for the benefit of Non-Executive Directors.

Consistent with section 206J of the Corporations Act, it is the Company's policy to prohibit Directors and Senior Executives from dealing in financial products issued or created over or in respect of the Company's securities (eg hedges or derivatives), where that dealing has the effect of reducing or eliminating the risk associated with any equity incentives that the Company may offer from time to time.

A copy of the Company's Share Trading Policy is available on the Corporate Governance page of the Company's website at [www.x64.gold](http://www.x64.gold).

## Audit Committee

### *ASX Principles, Recommendation 4.1*

The Board has established an Audit Committee, which operates under an Audit Committee Charter approved by the Board. A copy of the Audit Committee Charter is available on the Corporate Governance page of the Company's website at [www.x64.gold](http://www.x64.gold), and includes details of, among other things, the role and responsibilities, composition and structure of the Audit Committee.

The role of the Audit Committee is to assist the Board to meet its oversight responsibilities in relation to the Company's financial reporting, compliance with legal and regulatory requirements, internal control framework and audit functions.

The Audit Committee's role also includes assessing the performance of the external auditor and, as appropriate, making recommendations to the Board on the appointment, re-appointment or replacement of the external auditor.

The members of the Audit Committee, who are all Non-Executive Directors, are Andrew Hunt (Chairperson of the Audit Committee), Aaron Treyvaud and Simon Mottram. The composition of the Audit Committee is



# CORPORATE GOVERNANCE

entirely made up of independent Directors and is chaired by an independent chair, who is not the chair of the Board, as recommended by Recommendation 4.1 of the ASX Principles.

Details of the qualifications of each member of the Audit Committee are included in the Directors' Report on pages 74 to 77.

The number of times the Audit Committee met during the reporting period, and the individual attendance of each Audit Committee member at each meeting are set out in the Directors' Report on page 78.

## **Safety, Health and Environmental Committee**

### *ASX Principles, Recommendation 7.4*

The Board has established a Safety, Health and Environmental Committee, which operates under a Safety, Health and Environmental Committee Charter approved by the Board.

A copy of the Safety, Health and Environmental Committee Charter is available on the Corporate Governance page of the Company's website at [www.x64.gold](http://www.x64.gold).

The role of the Safety, Health and Environmental Committee is to provide oversight of the Company's policies and systems relating to safety, health and the environment, as well as target high safety, health and environmental performance and best practices. The Safety, Health and Environmental Committee is mandated by the Board to:

- facilitate company-wide communication of a high-performance safety, health and environmental culture and an awareness of seeking best practice and measurable goals;
- ensure adequate resources are available to management to implement appropriate safety, health and environment systems;
- oversee management implementation of a safety, health and environment performance measurement system that can determine safety, health and environment performance and whether there is continuous improvement;
- use safety, health and environment performance measures to monitor compliance with legal requirements and internal targets, as well as to communicate X64's safety, health and environmental commitment to shareholders, stakeholders and employees;
- oversee management implementation of a safety, health and environment compliance audit programme, including evaluation of risk exposures and control actions and also receive regular reports of the impact of proposed regulatory changes, material claims and ways to achieve continuous improvement in the areas of safety, health and environment;
- receive quarterly safety, health and environment performance reports from management that include environmental, health and safety issues of a material nature, details of accidents and incidents and statistics concerning relative performance and continuous improvement; and
- provide feedback to management of safety, health and environment goals, policies, practices and systems.

The Safety, Health and Environmental Committee Consists of Raul Villanueva (Chairperson of the Safety, Health and Environmental Committee), Andrew Hunt, Aaron Treyvaud, Simon Mottram and Jeff McGlinn.

# CORPORATE GOVERNANCE

## 3. PROMOTING ETHICAL AND RESPONSIBLE DECISION MAKING

### Values

#### *ASX Principles, Recommendation 3.1*

The Core Values of the Company that links our business activities to our environmental, social and governance responsibilities are:

- Respect the Law;
- Respect each other;
- Respect the Environment;
- Respect stakeholders;
- Uphold honesty;
- Aim for the highest standards;
- Be accountable for our actions; and
- Value diversity.

### Code of Conduct

#### *ASX Principles, Recommendation 3.2*

The Company has a formal Code of Conduct, which outlines the Company's commitment to appropriate ethical and responsible decision making and corporate practices.

The Code of Conduct describes how the Company expects its Directors and employees to behave in the conduct of the Company's business activities. The Code of Conduct covers matters including:

- general principles;
- compliance with laws and regulations;
- political contributions;
- unacceptable payments;
- giving or receiving gifts;
- protection of Company assets;
- proper accounting;
- dealing with auditors;
- unauthorised public statements;
- conflict of interest;
- the use of confidential information;
- trading of the Company's shares;
- alcohol and drug abuse;
- equal opportunity and employee discrimination,
- environmental responsibilities;
- occupational health and safety; and
- economy and efficiency.

All employees are required to comply with the Code of Conduct. Any breach of applicable laws, prevailing business ethics or other aspects of the Code of Conduct will result in disciplinary action, which may include, depending on the severity of the breach, termination of employment. Under the Code of Conduct, all employees are requested to report immediately any circumstances which may involve deviation from the Code of Conduct to the Managing Director or Company Secretary of the Company, who are responsible for investigating and reporting any unethical practices to the Board. A copy of the Code of Conduct is available on the Corporate Governance page of the Company's website at [www.x64.gold](http://www.x64.gold).

# CORPORATE GOVERNANCE

## Whistle Blower Policy

### *ASX Principles, Recommendation 3.3*

The Company has a formal Whistle Blower Policy, which encourages and supports the reporting of suspected wrongdoing as soon as possible.

The Whistle Blower Policy covers matters including:

- making protected disclosures under relevant Australian legislation;
- how disclosures can be made;
- protections available to people that make protected disclosures;
- support and practical protections provided by the Company;
- how the Company will handle and investigate disclosures; and
- other general information.

All employees are required to comply with the Whistle Blower Policy at all times. Any breach of the Whistle Blower Policy by an employee of the Company may be regarded as misconduct and may lead to disciplinary action up to and including termination of employment. The Board, or a committee of the Board (as applicable), will be informed of material incidents reported under the Whistle Blower Policy.

A copy of the Whistle Blower Policy is available on the Corporate Governance page of the Company's website at [www.x64.gold](http://www.x64.gold).

## Anti-Bribery and Corruption Policy

### *ASX Principles, Recommendation 3.4*

The Company has a formal Anti-Bribery and Corruption Policy, which addresses the issues of anti-bribery and corruption. All the Company's directors, employees, contractors, consultants and other business partners and their employees must be aware of and comply with applicable anti-bribery and corruption laws and this policy.

The Anti-Bribery and Corruption Policy covers matters including:

- improper acts and other unfair dealings;
- bribes;
- gifts and hospitality, charitable contributions and political donations;
- associated persons;
- record keeping;
- reporting of offences;
- training; and
- confidential reporting and investigations.

The Company's Code of Conduct also addresses the issues of anti-bribery and corruption.

The Code of Conduct relevantly covers matters including:

- compliance with laws and regulations;
- political contributions;
- unacceptable payments; and
- giving or receiving gifts.

All employees are required to comply with the Code of Conduct. Any breach of applicable laws, prevailing business ethics or other aspects of the Code of Conduct will result in disciplinary action, which may include, depending on the severity of the breach, termination of employment. Under the Code of Conduct, all employees are requested to report immediately any circumstances which may involve deviation from the Code of Conduct to the Managing Director or Company Secretary of the Company, who are responsible for investigating and reporting any unethical practices to the Board. A copy of the Anti-Bribery and Corruption Policy and Code of Conduct are available on the Corporate Governance page of the Company's website at [www.x64.gold](http://www.x64.gold).

# CORPORATE GOVERNANCE

## Diversity Policy

### *ASX Principles, Recommendations 1.5 and 2.2*

Recommendation 1.5 of the ASX Principles provides that a company should establish a policy concerning diversity and disclose that policy or a summary of it. Such a policy is to include requirements for the Board to establish measurable objectives for achieving gender diversity in the composition of its Board, Senior Executives and workforce generally, and for the Board to assess and disclose annually in respect of both the objectives and progress in achieving them.

The Board is committed to engaging directors, management and employees with the highest qualifications, skills and experience to develop a cohesive team that is best placed to achieve business success regardless of age, nationality, race, gender, religious beliefs, sexuality, physical ability or cultural background. The Board has not adopted a formal diversity policy as recommended by Recommendation 1.5 of the ASX Principles as it believes its current processes and policies for recruitment and appointment are appropriate and adequately take into account diversity among a number of factors considered by the Company in ensuring its directors and workforce have an appropriate mix of qualifications, experience and expertise. The Board does, however, recognise that diversity makes an important contribution to corporate success and the Company considers diversity as one of a number of factors when seeking to appoint Directors, filling Senior Management roles and positions and reviewing recruitment, retention and management practices, notwithstanding the absence of a formal diversity policy.

Recommendation 1.5 of the ASX Principles provides that a company should disclose in its annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and its progress towards achieving them. The Board has not at this stage adopted a formal diversity policy for the reasons set out above and, consequently, has not set measurable objectives under such a policy. The Board considers that it is not necessary to set measurable objectives for achieving gender diversity as recommended by the ASX Principles.

While the Company considers diversity is important, the priority for the Company when recruiting is ensuring an appropriate mix of qualifications, experience and expertise regardless of age, nationality, race, gender, religious beliefs, sexuality, physical ability or cultural background, however, generally makes it clear when seeking to appoint additional Directors, senior management and employees that women are encouraged to apply for roles and that the Company is an equal opportunity employer

In accordance with Recommendation 1.5(c)(3)(A) of the ASX Principles, the X64's workforce gender profile as at 30 June 2022 is set out in the following table:

Role type	Female	Female %	Male	Male%
Technical	15	3%	18	4%
Supervisory / professional	65	14%	280	58%
Middle management	24	5%	70	15%
Senior Management	1	0%	8	2%
Total	105	22%	376	78%
Board members	-	-	4	100%

For the purposes of the above table, "Senior Management" includes executives as well as senior personnel that play a significant role in management of the Company's operations.

## Share Trading Policy

Whilst the Board encourages its Directors and employees to own securities in the Company, it is also mindful of the responsibility of the Company, its Directors and employees not to contravene the Corporation Act's "insider trading" provisions.

The Board has approved a Share Trading Policy that applies to all Directors and all employees of the Company.

In summary, the Share Trading Policy prohibits Directors and employees from trading in the Company's securities:

- when aware of non-public price sensitive information, until such time as that information has become generally available; and
- as part of active trading with a view to deriving profit related income.



# CORPORATE GOVERNANCE

A Director or employee wishing to deal in the Company's shares must first notify the Chief Executive Officer or Managing Director (or equivalent) and confirm that the employee is not aware of any non-public price sensitive information.

The Share Trading Policy is subject to the overriding application of the insider trading laws.

A copy of the Share Trading Policy is available on the Corporate Governance page of the Company's website at [www.x64.gold](http://www.x64.gold).

## 4. RISK MANAGEMENT

### *ASX Principles, Recommendations 7.1, 7.2, 7.3 and 7.4*

The Board recognises that risk oversight is a core function of the Board that serves in protecting and enhancing shareholder wealth.

Having regard to the size of the operations of the Company, the nature of its activities and the composition of the Board, a "Risk Committee" has not been established. As noted above, the Board's responsibilities include reviewing and ratifying systems of risk management and internal compliance and controls, codes of conduct, continuous disclosure, legal compliance and other significant corporate policies.

The Board has approved a Risk Management Policy that outlines the Company's policies for the oversight and management of material business risks and the design, implementation and monitoring of an internal compliance and control framework.

A copy of the Risk Management Policy is available on the Corporate Governance page of the Company's website at [www.x64.gold](http://www.x64.gold).

The Board is ultimately responsible for the oversight and management of material business risks, as contemplated by the Board Charter. However, the design and implementation of the Risk Management Policy and the day-to-day management of risk is the responsibility of the Chief Executive Officer or Managing Director (or equivalent), with the assistance of Senior Management. In addition, the Chief Executive Officer or Managing Director (or equivalent) also undertakes the monitoring of business activities to periodically reassess risks and the effectiveness of controls to manage such risks.

The Chief Executive Officer or Managing Director (or equivalent) is responsible and reports directly to the Board on all matters associated with risk management and in fulfilling his duties, has unrestricted access to all Company employees, contractors and records and may obtain independent expert advice on any matters he deems appropriate.

The Board reviews the effectiveness of the Company's system of internal control and risk management framework, including a review of financial, operational, compliance and risk controls, on a continual basis and at least annually, to satisfy itself that it continues to be sound and that the Company is operating with due regard to the risk appetite set by the Board. During the reporting period, the Company conducted such a review.

The Company does not have an Internal Audit Department. However, strategy meetings at both corporate and operational levels comprising the Board and Executives and Executives and Divisional Managers respectively, are held to discuss and review amongst many items, risk management and the Company's internal control framework. Any agreed changes to processes are subsequently implemented and reported back. The Board will continue to periodically review whether there is a need for an Internal Audit Department.

Whilst the Board acknowledges that it is responsible for the overall internal control framework, it is also cognisant that no cost-effective internal control system will preclude all errors and irregularities.

The Company's main business risks are determined by the nature of its business activities and assets. There are numerous factors (both external and internal) that could influence the risk profile of the Company.

As required by Recommendation 7.4 of the ASX Principles, the Board has identified the following risk factors that could influence the risk profile of the Company:

- **Economic risks:** The Company may be exposed to general economy wide risks, which include the state or health of the industry sector, foreign exchange and interest rates, equity and commodity prices and a nation's economic well-being. These risks are specifically contemplated by, and set out in, the Company's Risk Management Policy.

# CORPORATE GOVERNANCE

- **Environmental risks:** The Company's activities are expected to have an impact on the environment, and the Company may be responsible for environmental liabilities associated with its mining activities. The Company aims to monitor environmental risks and obligations so as to remain compliant with applicable environmental laws. The Company also has a Safety, Health and Environmental Committee that aims to assist with monitoring and reporting on environmental-related risks and issues.
- **Social sustainability risks:** The Company is exposed to social sustainability risks. The risks could include the potential breakdown of business relations of the Company and the possibility that the safety of the Company's employees is adversely impacted. The Board has a focus on maintaining strong communications with its key stakeholders and ensuring that key business relations are maintained. In addition, the Company has a Safety, Health and Environmental Committee that aims to assist with monitoring and reporting on safety and health-related risks, as well as a Code of Conduct for employees dealing with stakeholders and ensures integrity and fair dealing in business affairs.

The Company's risk management system is continuously developing and will evolve with the evolution and growth of the Company's activities.

## **Chief Executive Officer or Managing Director (as applicable) and Chief Financial Officer assurance**

### *ASX Principles, Recommendations 4.2, 7.2 and 7.3*

Before the adoption by the Board of the Company's financial statements for a financial reporting period, the Board receives written declarations from the Chief Executive Officer or Managing Director (or equivalent) and Chief Financial Officer, in accordance with section 295A of the Corporations Act, that the financial records of the Company have been properly maintained in accordance with section 286 of the Corporations Act and that the Company's financial statements and notes comply with the accounting standards and present a true and fair view of the consolidated entity's financial position and performance for the financial reporting period.

The Chief Executive Officer or Managing Director (or equivalent) and the Chief Financial Officer also have to state in writing to the Board that the above declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks. In addition, during the reporting period the Chief Executive Officer or Managing Director (or equivalent) and the Chief Financial Officer report to the Board as the effectiveness of the Company's management of its material business risks.

## **Periodic Corporate Reports**

### *ASX Principles, Recommendation 4.3*

Where a periodic corporate report that is released to the market is not required to be audited or reviewed by an external auditor, the Company conducts a comprehensive internal verification process. This verification process involves a review by relevant subject matter experts across the organisation and an approval process to verify the integrity of the report and ensure that the content of such report is materially accurate, balanced and provide investors with appropriate information to make informed investment decisions

## **5. CONTINUOUS DISCLOSURE**

### *ASX Principles, Recommendations 5.1, 5.2 and 5.3*

The Company is subject to continuous disclosure obligations under the ASX Listing Rules and the Corporations Act. Subject to limited exceptions, the Company must immediately notify the market, through ASX, of any information that a reasonable person would expect to have a material effect on the price or value of its securities. The Board has approved a Continuous Disclosure Policy to reinforce the Company's commitment to complying with its continuous disclosure obligations and outline management's accountabilities and the processes to be followed for ensuring compliance. A copy of the Continuous Disclosure Policy is available on the Corporate Governance page of the Company's website at [www.x64.gold](http://www.x64.gold).

The Chief Executive Officer or Managing Director (or equivalent) and Company Secretary are responsible for ensuring that the Continuous Disclosure Policy is implemented and enforced, and that the Company complies with its continuous disclosure obligations.

# CORPORATE GOVERNANCE

In accordance with the Continuous Disclosure Policy, the Board receives copies of all material market announcements promptly after they are made. This is to ensure that the Board has timely visibility of the nature and quality of the information being disclosed to the market and the frequency of such disclosures.

The Company ensures that copies of new and substantive investor or analyst presentations are released on the ASX Market Announcements Platform ahead of the presentation, in accordance with the Continuous Disclosure Policy.

## 6. SHAREHOLDER COMMUNICATION

*ASX Principles, Recommendations 6.1, 6.2, 6.3, 6.4 and 6.5*

The Board recognises the important rights of its Shareholders and strives to effectively communicate with Shareholders clearly and effectively.

The Board has approved a Shareholder Communications Policy to promote effective communications with its shareholders and encourage effective participation at general meetings. As contemplated by the Shareholder Communications Policy, the Company Secretary is charged with ensuring that materials detailed in the policy (including announcements in accordance with the Company's continuous disclosure and periodic disclosure obligations) are made available on the Company's website, and that relevant communications are distributed to shareholders in accordance with the ASX Listing Rules and Corporations Act.

In accordance with the Shareholder Communications Policy the Company maintains a website at [www.x64.gold](http://www.x64.gold) on which the Company provides, among other things, the following information:

- information about its Directors;
- a copy of its constitution, Board and other applicable Charters, and other corporate governance documentation referred to in this Corporate Governance Statement;
- company announcements released to ASX for disclosure and related information (including presentations and briefings to analysts and media);
- notices of meetings and explanatory materials;
- quarterly reports, containing details of the Company's activities and consolidated statements of cash flows;
- half-yearly reports, containing consolidated financial information and a brief overview of the Company's activities;
- annual reports, which include a review of the Company's operations and financial results for the year; and
- general information about the history of the Company, an overview of its projects and high-level summaries of some concepts fundamental to its business.

Shareholders may also elect to receive information from, and make contact with, the Company and its share registry by email. Contact email addresses for the Company and the share registry are set out on the Company's website.

Annual reports are distributed in hard copy to shareholders who have registered their election with the Company's share registry to receive the annual report in hard copy.

The Board encourages attendance and participation of shareholders at general meetings of the Company, by providing reasonable opportunity for communication and questions at general meetings. In addition, the Company's external auditor attends the Company's annual general meeting to answer shareholder questions about the conduct of the audit, the preparation and content of the audit report, the accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.

As in previous years, decisions on all substantive resolutions at general meeting of the Company will continue to be decided by a poll to ensure that the true will of shareholders is ascertained (rather than by a show of hands, which is inconsistent with the "one security one vote" principle in the ASX Listing Rules).

A copy of the Shareholder Communications Policy is available on the Corporate Governance page of the Company's website at [www.x64.gold](http://www.x64.gold).

# DIRECTORS' REPORT

for the year ended 30 June 2022

## 1. DIRECTORS

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

Name of Director	Period of Directorship
<b><u>Non-Executive Directors:</u></b>	
Mr Simon Mottram	since 11 June 2020.
Mr Andrew Hunt	since 16 March 2022.
Mr Aaron Treyvaud	since 2 May 2022.
Mr Roy Philip Daniel	since 25 November 2015 and retired on 28 February 2022.
<b><u>Executive Directors:</u></b>	
Mr Jeffery McGlinn (Executive Chairman)	Appointed as a Non-Executive Director since 16 February 2021. Subsequently, appointed as Executive Chairman on 2 May 2022.
Mr Paul Ryan Welker	Appointed as a Non-Executive Director since 3 March 2022. Subsequently, appointed as Managing Director on 8 March 2022 and resigned on 28 June 2022.
Mr Andrew Boon San Teo (Managing Director)	Appointed as a Non-Executive Director since 15 February 2010. Subsequently, appointed as Managing Director on 19 March 2021 and ceased on 8 March 2022.

Each of the Directors, unless otherwise stated above, has been in office since the start of the financial year to the date of this report.

## 2. DIRECTORS' INFORMATION

### **Mr Jeffery McGlinn** **Executive Chairman (current)**

#### **Experience and expertise**

Mr McGlinn was appointed Executive Chairman on 2 May 2022. He joined the Board of Medusa Mining Limited (Now Ten Sixty Four Limited) on 16 February 2021 as a Non-Executive Director and was appointed as Non-Executive Chairman on 19 March 2021.

Mr McGlinn is an entrepreneur and has over four decades of experience in the mining and mining services sectors. He has established trusted relationships with governments, major industry leaders and entrepreneurs in Australia and internationally.

Mr McGlinn was the founding Managing Director and Chief Executive Officer of ASX listed NRW Holdings Limited (NWH), one of Australia's leading mining service providers. He was instrumental in establishing NRW in 1994 and played a major role in the Company's growth and development over 16 years until his resignation.

Prior to NRW, Mr McGlinn was the Managing Director of Conclad and Trustek Australia, which provided innovative construction technology throughout Australia and South East Asia for both commercial and domestic applications.

Mr McGlinn currently manages a number of privately held business interests across the globe in the fields of construction, mining, marketing, manufacturing, industrial lighting and horse breeding. Caballus Mining, 100% owned by Mr McGlinn was recently chosen by the Panguna Tangku'urang as their preferred partner for the future reopening of the famed Panguna Copper Mine in Bougainville.

#### **Other current directorships**

None

#### **Former directorships (last 3 years)**

None

#### **Special responsibilities**

Member of the Audit Committee and Remuneration Committee during the period. Chairperson of the Nomination Committee from 3 March 2022. Mr McGlinn resigned from these positions upon his appointment as Executive Chairman on 2 May 2022.



# DIRECTORS' REPORT

for the year ended 30 June 2022

## 2. DIRECTORS' INFORMATION (continued)

### **Simon Jon Mottram**

B.Sc (Applied Geology). F.AusIMM

**Non-Executive Director (current)**

#### **Experience and expertise**

Mr Mottram was appointed Non-Executive Director on 11 June 2020.

Mr Mottram is a geologist with over 25 years' experience predominantly in base and precious metals. Mr Mottram was instrumental in taking Avanco Resources Limited, an Australian listed copper company, through discovery to production, and subsequently being acquired by OZ Minerals Limited. Mr Mottram was previously a Director of Avanco Resources Limited. Mr Mottram has held both executive and senior management roles with several successful mining companies both in Australia and abroad, has seen a number of discoveries advanced through to commercial mine development, and has been central to several significant exploration successes.

Mr Mottram is a graduate of Melbourne RMIT University and a Fellow of the AusIMM.

#### **Other current directorships**

- Oceana Lithium Limited (ASX: OCN) (since 16 March 2022 to current)

#### **Former directorships (last 3 years)**

- Odin Metals Limited (ASX: ODM) (9 April 2020 to 31 August 2022)
- Fin Resources Limited (ASX: FIN) (29 June 2020 to 17 January 2022)

#### **Special responsibilities**

Chairperson of the Remuneration Committee from 2 May 2022. Member of the Audit Committee, Nomination Committee and Safety, Health and Environment Committee during the period.

### **Andrew Hunt**

**Non-Executive Director (current)**

#### **Experience and expertise**

Mr Hunt was appointed Non-Executive Director on 16 March 2022.

Mr Hunt brings a vast range of skills and experience to the Board of Ten Sixty Four Limited. He is a highly experienced executive with 40 years of leadership experience in all aspects of mining, construction, manufacturing, business development, sales and marketing across the public and private sector. Mr Hunt is well respected amongst the mining community and is considered a key contributor in the development of local and international ties on various levels.

#### **Other current directorships**

None

#### **Former directorships (last 3 years)**

None

#### **Special responsibilities**

Chairperson of the Audit Committee from 2 May 2022. Member of the Remuneration Committee, Nomination Committee and Safety, Health and Environment Committees from 2 May 2022.

# DIRECTORS' REPORT

for the year ended 30 June 2022

## 2. DIRECTORS' INFORMATION (continued)

### **Aaron Treyvaud**

BEng (Mining), Master of Applied Finance

**Non-Executive Director (current)**

#### **Experience and expertise**

Mr Aaron Treyvaud was appointed to the Board as a Non-Executive Director on the 2 May 2022.

Mr Treyvaud has more than 20 years of experience in the mining, finance and private equity sectors. His work for global investment bank and high-profile investment group has included corporate strategy, mergers and acquisitions (M&A), debt and equity capital market transactions, valuation and technical due diligence.

Mr Treyvaud is currently a Partner at Vision Blue Resources (VBR), a company investing in clean energy related metal and mineral resources companies essential to the clean energy transition.

Prior to joining VBR he was Head of Corporate Development for I-Pulse Group (part of the Ivanhoe Group). Mr Treyvaud was also previously Head of Business Development for QKR Corp, a former Director of Investec Resources' M&A team and worked at both Gresham Partners and UBS in Australia.

Mr Treyvaud began his career as a mining consultant at Minserve Group having graduating in Engineering from the University of Queensland. He also holds a Master of Applied Finance from Melbourne University.

#### **Other current directorships**

None

#### **Former directorships (last 3 years)**

None

#### **Special responsibilities**

Chairperson of the Nomination Committee from 2 May 2022. Member of the Audit Committee, Remuneration Committee and Safety, Health and Environment Committee from 2 May 2022.

### **Mr Paul Ryan Welker**

B.A.(Hons)

**Managing Director (resigned 28 June 2022)**

#### **Experience and expertise**

Mr Welker was appointed to the Board of Ten Sixty Four Limited on 3 March 2022 as a Non-Executive Director and was appointed as Managing Director 9 March 2021. Mr Welker resigned as Managing Director on the 28 June 2022.

Mr Welker's previous and current positions include management, corporate development, and finance. Prior to moving back to Australia in 2019, Mr Welker worked for EAS Advisors in New York, where he advised and raised more than \$2 billion for dozen ASX, LSE, TSX and AIM listed companies. Prior to EAS, Mr Welker held positions at Rio Tinto, Hancock Prospecting, Standard Bank and served as a Non-Executive Director of Mineral Resources Limited.

Mr Welker is the Co-Founder and Chairman of private company Vitrinite Pty Limited which operates the Vulcan Coal Complex in Queensland's Bowen Basin, adjacent to the 1064 Drummond Basin gold exploration projects. Through this role he led an exploration and project development team in Queensland for more than five years.

#### **Other current directorships**

None

#### **Former directorships (last 3 years)**

None

#### **Special responsibilities**

Member of the Remuneration Committee from 2 May 2022. Member of the Nomination Committee from 16 March 2022. Member of the Safety, Health & Environment Committee during the period. Mr Welker resigned from these positions upon his resignation as Director on 28 June 2022.

# DIRECTORS' REPORT

for the year ended 30 June 2022

## 2. DIRECTORS' INFORMATION (continued)

### **Mr Andrew Boon San Teo**

B.Com, UWA, (CPA)

**Managing Director (ceased 8 March 2022)**

#### **Experience and expertise**

Mr Teo was appointed Non-Executive Director on 15 February 2010 and Chairperson on 22 November 2013. On 19 March 2021, Mr Teo relinquished the role of Chairperson following his appointment as Managing Director. Mr Teo ceased as Managing Director on 8 March 2022.

Mr Teo is an accountant with over 40 years of extensive and diversified experience in accounting, treasury, corporate, legal and business administration across several industries, including the mining industry. He was, until his retirement in March 2018, Chief Financial Officer/Executive Director of BGC (Australia) Pty Limited., one of Australia's largest privately-owned companies. Mr Teo worked in BGC in excess of 35 years and remains a Non-Executive Director of BGC.

#### **Other current directorships**

None

#### **Former directorships (last 3 years)**

Myanmar Metal Limited (ASX: MYL) (since 9 June 2020 to 24 November 2021)

#### **Special responsibilities**

Chairperson of the Nomination Committee to 3 March 2022. Member of the Remuneration Committee and Safety, Health & Environment Committees during the period. Mr Teo ceased from these positions upon his' cessation as Director on 8 March 2022.

### **Mr Roy Philip Daniel**

B.Com, UWA

**Non-Executive Director (retired 28 February 2022)**

#### **Experience and expertise**

Mr Roy Daniel was appointed Non-Executive Director on 25 November 2015. Mr Daniel's previous association with the Company was as the Chief Financial Officer from December 2004 until his retirement from office in June 2013. He was also an executive member of the Board from April 2006 until June 2011.

Mr Daniel has been associated with the resource and mining industry for 40 years and has held various senior management and accounting positions at corporate level with overseas and Australian companies. His association with the Company since its formative years has proven invaluable, and his financial business acumen and corporate experience has complemented and strengthened the Board.

#### **Other current directorships**

None

#### **Former directorships (last 3 years)**

None

#### **Special responsibilities**

Chairperson of the Remuneration Committee during the period. Member of the Nomination Committee and Safety, Health & Environment Committee during the period. Mr Daniel retired from these positions upon his retirement as Director on 28 February 2022.

# DIRECTORS' REPORT

for the year ended 30 June 2022

## 3. COMPANY SECRETARY

### Mr Peter Stanley Alphonso

B.Com, UWA, (CPA)

Mr Peter Alphonso was appointed Company Secretary on 11 December 2007 and as Chief Financial Officer on 1 July 2013. Mr Alphonso retired as Chief Financial Officer on 7 September 2020.

Mr Alphonso has over 40 years of experience with the auditing, engineering and communications industries, with the majority of his experience centred on the gold and nickel sectors of the mining industry. Mr Alphonso's experience has included appointments with Coopers and Lybrand, Western Mining Corporation, Great Central Mines and Ti-west Joint Venture.

As Company Secretary Mr Peter Alphonso is responsible for the corporate secretarial functions of the Company.

## 4. MEETINGS OF DIRECTORS

The number of meetings held during the financial year by Company Directors and the number of those meetings attended by each Director was:

Name of Director	Board Meetings		Audit Committee		Remuneration Committee		SHE Committee		Nomination Committee	
	Number <sup>(1)</sup>	Attended	Number <sup>(1)</sup>	Attended	Number <sup>(1)</sup>	Attended	Number <sup>(1)</sup>	Attended	Number <sup>(1)</sup>	Attended
Jeffery McGlenn <sup>(2)</sup>	9	9	2	2	2	2	-	-	3	3
Simon Mottram	9	9	2	2	1	1	2	2	4	4
Andrew Hunt <sup>(3)</sup>	3	2	-	-	1	1	-	-	1	1
Aaron Treyvaud <sup>(4)</sup>	3	3	-	-	1	1	-	-	1	1
Paul Ryan Welker <sup>(5)</sup>	4	3	-	-	1	1	-	-	2	2
Andrew Teo <sup>(6)</sup>	4	4	-	-	1	1	2	2	2	2
Roy Daniel <sup>(7)</sup>	3	3	2	2	1	1	2	2	1	1

### Notes:

- (1) Number of meetings held during the time the Director held office during the year.
- (2) Mr Jeffery McGlenn, a Non-Executive Director was appointed as Executive Chairman on 2 May 2022.
- (3) Mr Andrew Hunt was appointed as a Non-Executive Director on 16 March 2022.
- (4) Mr Aaron Treyvaud was appointed as a Non-Executive Director of the Company on 2 May 2022.
- (5) Mr Paul Ryan Welker was appointed as a Non-Executive Director of the Company on 3 March 2022. Subsequently, he was appointed as Managing Director on 8 March 2022 and resigned on 28 June 2022.
- (6) Mr Andrew Teo ceased as Managing Director on 8 March 2022.
- (7) Mr Roy Daniel, a Non-Executive Director retired on 28 February 2022

## 5. PRINCIPAL ACTIVITIES

The principal activities of the Group during the course of the financial year were mineral exploration, evaluation, development and mining/production of gold in the Asia Pacific region. There were no significant changes in the nature of the activities of the Group during the year.

## 6. OPERATING RESULTS

The net consolidated profit for the financial year attributable to members of Ten Sixty Four Limited after provision of income tax was US\$2.8 million (2021: Consolidated profit of US\$47.3 million).

Key financial results:

Description	Unit	30 June 2022	30 June 2021	Variance	(%)
Revenues	US\$	\$140.0M	\$179.0M	(\$39.0M)	(22%)
EBITDA	US\$	\$42.9M	\$97.7M	(\$54.8M)	(56%)
NPAT	US\$	\$2.8M	\$47.3M	(\$44.5M)	(94%)
Underlying Net Profit before Tax	US\$	\$41.8M	\$66.4M	(\$24.6M)	(37%)
EPS (basic)	US\$	\$0.01	\$0.23	(\$0.22)	(94%)

The audited FY22 statutory Net Profit before Tax has been adjusted to report Underlying Net Profit before Tax as follows:

- (i) The one-off cost of acquisition of Ten Sixty Four Limited of US\$12.5M, noting the Group accounting policy to expense costs relating to exploration acquisition costs and exploration and evaluation activities.
- (ii) The Group held a materially higher amount of gold bullion at the 30 June 2022 balance date of 16,547oz (30 June 2021: 3,679oz). The impact of this is a reduction of reported profit of US\$17.2m before tax in FY2022.



# DIRECTORS' REPORT

for the year ended 30 June 2022

## 6. OPERATING RESULTS (Continued)

- (iii) The Company's operating subsidiary in the Philippines settled a tax matter with the Bureau of Internal Revenue, Philippines relating to the tax year 2012, incurring a one-off payment of US\$2.8M.
- (iv) During FY22 there has been significant foreign exchange currency volatility which has negatively impacted the profit result by approximately USD\$5.4M.

Comparison of underlying profit	Note	FY2022 (US\$000)	FY2021 (US\$000)	Movement (US\$000)	Movement (%)
Statutory net profit before tax (IFRS)		3,943	62,435	(58,492)	(94)
Adjusted for:					
Acquisition costs for Ten Sixty Four Limited	(i)	12,491	-	12,491	
Gold bullion held at 30 June	(ii)	17,224	3,421	13,803	
Tax settlement	(iii)	2,768	-	2,768	
Forex unrealised	(iv)	4,244	166	4,078	
Forex realised	(iv)	1,153	409	744	
Underlying net profit before tax (*)		41,822	66,431	(24,609)	(37)

(\*) Underlying results are categorised as non-IFRS financial information provided to assist readers to better understand the financial performance of the underlying operating business. They have not been subject to audit by the Company's external auditors. All the items being adjusted pre-tax are separately identified within Notes 2 and 3 to the audited financial statements.

Ten Sixty Four Limited recorded earnings before interest, tax depreciation and amortisation ("EBITDA") of US\$42.9 million for the year to 30 June 2022. EBITDA for the previous year was US\$97.7 million.

Revenues decreased by approximately 22% from US\$179.0 million in the previous year to US\$140.0 million.

Ten Sixty Four Limited is an un-hedged gold producer and received an average price of US\$1,832 per ounce from the sale of 75,836 ounces of gold for the year (previous year: 94,619 ounces at US\$1,856 per ounce).

At year end, the Company had total cash and cash equivalent in gold on metal account of US\$80.8 million (2021: US\$72.2 million).

During the year,

- depreciation of fixed assets and amortisation of capitalised mine development, right of use asset and mine exploration was US\$38.0 million (2021: US\$34.6 million).
- US\$14.4 million was expended on capital works associated with the Tigerway Decline Project, infrastructure, mine expansion and sustaining capital at the mine and mill (2021: US\$11.0 million);
- exploration expenditure, inclusive of underground diamond drilling was US\$5.4 million (2021: US\$5.8 million).
- capitalised mine development costs totalled US\$32.6 million for the year (2021: US\$28.6 million); and
- Administration expenses of US\$8.2 million (2021: US\$7.7 million).

# DIRECTORS' REPORT

for the year ended 30 June 2022

## 7. REVIEW OF OPERATIONS

Description	Unit	30 June 2022	30 June 2021	Variance	(%)
Ore mined	WMT	576,421	517,739	58,682	11%
Ore milled	DMT	511,212	463,948	47,264	10%
Gold head grade	g/t	5.74	6.48	(0.74)	(11%)
Gold recovery	%	95.3	95.73	(0.43)	(1%)
Gold produced	ounces	89,789	95,193	(5,404)	(6%)
All-in-Sustaining Cost	US\$/oz	\$1,362	\$1,231	(\$131)	(11%)
Gold sold	ounces	88,710	94,619	(5,909)	(6%)
Average gold price received	US\$/oz	\$1,811	\$1,856	(\$45)	(2%)
Cash & cash equivalent	US\$M	\$80.8	\$72.2	\$8.6	12%

The Company produced 89,789 ounces of gold for the year, compared to 95,193 ounces from the previous corresponding period, at an average recovered grade of 5.74 g/t gold (2021: 6.48 g/t gold).

All-in-Sustaining-Costs ("AISC") for the year was US\$1,362 per ounce of gold (2021: US\$1,231 per ounce).

During the year the Company continued to improve on its Anti-Covid protocols which included mandatory face masks/shields. The introduction of Rapid Antibody Testing as well as enhancement to Rapid Antigen Testing for better identification of possible infected cases incorporates isolation and quarantine for those infected. The high standard of protocols has resulted in local governments of host municipalities granting the operations authority to continue operating with minimal restrictions. To date the impact of the effects of Covid-19 has not been significant.

The Company has undertaken the usual assessments of impairment of its assets and the going concern assumptions as the basis for preparing the financial report as at 30 June 2022, and no issues have been identified.

A full review and summary information concerning the Group's operations and exploration activities for the financial year and the results of those operations will be available in the Review of Operations section of the Annual Report.

## 8. DIVIDENDS

On 28 October 2021, the Directors declared an unfranked dividend payment of A\$0.02 per share (2021: nil), payable to shareholders on 19 November 2021. The record date of the dividend was 5 November 2021. No foreign conduit income was attributable to the dividend and the total amount of dividend paid inclusive of associated costs was A\$3.13M.

On 5 September 2022, the Directors declared a final unfranked dividend for the year ended 30 June 2022 of A\$0.05 per share, to be paid on 20 October 2022. The record date is to be 6 October 2022. No foreign conduit income is attributable to the dividend and the total amount of dividend to be paid inclusive of associated costs is approximately A\$11.4M.

No further dividends were paid during the financial year.

## 9. SIGNIFICANT CHANGE IN STATE OF AFFAIRS

- On 23 August 2021 the Company reported that it had withdrawn from the tenement covering the Bananghilig Gold Deposit.
- On 24 August 2021 the Company announced its FY22 production guidance of 90,000 ounces to 95,000 ounces at an All-In-Sustaining-Costs of US\$1,250 to US\$1,300 per ounce. On 29 April 2022, the Company subsequently revised its FY22 guidance to between 87,000-90,000 ounces at an average All In Sustaining-cost of US\$1,350-US\$1,400 per ounce.
- On 3 February 2022, the Company entered into an agreement to acquire a publicly unlisted Company Ten Sixty Four Queensland Limited to secure a 100% interest in a large gold exploration portfolio in Central Queensland, Australia. The acquisition was completed on the 24 February 2022, with 20 million shares issued as consideration. 1,916,000 of these shares were released from escrow on 24 August 2022 with the remaining 13,913,470 shares to be released from escrow on 24 August 2024.
- On 28 February 2022, Mr Roy Daniel retired as a Non-Executive Director.
- On 3 March 2022, Mr Paul Ryan Welker was appointed as a Non-Executive Director.

# DIRECTORS' REPORT

for the year ended 30 June 2022

## 9. SIGNIFICANT CHANGE IN STATE OF AFFAIRS *(continued)*

- On 8 March 2022, Mr Paul Ryan Welker was appointed as Managing Director following the cessation of Mr Andrew Teo as Managing Director of the Company.
- On 16 March 2022, Mr Andrew Charles Hunt was appointed as a Non-Executive Director.
- On 24 April 2022. The Company announced an updated Total Measured and Indicated Mineral Resources for the Co-O Mine is estimated at 1.5 million tonnes at a grade of 10.2 g/t gold for 482,000 ounces contained gold.
- On 2 May 2022, Mr Jeffery McGlenn was appointed as Executive Chairman of the Company and Mr Aaron Treyvaud was appointed as a Non-Executive Director.
- On 4 May 2022, the Company changed its name from Medusa Mining Limited to Ten Sixty Four Limited, as approved by shareholders at the Company's Extraordinary General Meeting.
- On 28 June 2022, Mr Paul Ryan Welker resigned as Managing Director of the Company. On 5 July 2022, the Company advised the termination of his executive services agreement in accordance with the terms of the agreement.

In the opinion of the Directors, there were no other significant changes in the state of the affairs of the Group that occurred during the financial year.

## 10. EVENTS SUBSEQUENT TO BALANCE DATE

On the 5 July 2022, the Company terminated the service contract of the former managing director Mr P R Welker. Refer to ASX announcement for details.

Three former Directors have commenced legal proceedings against the Company, refer ASX announcement on 8 July 2022.

On 22 July 2022 the Company advised the ASX it had received a notice under section 203D (2) and 249F (Notice) of the Corporations Act. Further to this notice it was subsequently withdrawn as reported to the ASX on 14 September 2022. On 23 September 2022 the Company received a replacement Notice seeking to convene a further S249F meeting on 26 October 2022. Refer ASX announcement for details.

On 17 August 2022, the Company revealed its FY2023 gold production and cost guidelines being:

- Production: 84,000-89,000 ounces
- Average all-in sustaining cost: USD\$1,320 - USD\$1,370 per ounce

On 5 September 2022, the Directors declared a final unfranked dividend for the year ended 30 June 2022 of 5 cents per ordinary share, to be paid on 20 October 2022.

Except for the above, subsequent to Reporting Date, there has not arisen in the interval between the end of the financial year and the date of this report any other item, transaction or event of a material and/or unusual nature likely, in the opinion of the directors of the Company, to significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

## 11. FUTURE DEVELOPMENTS, BUSINESS STRATEGIES AND PROSPECTS

The Group continues its focus on organic growth within its landholdings in the Philippines and Queensland, Australia and source mineral properties within the Asia Pacific region with a view to developing properties capable of economic production.

# DIRECTORS' REPORT

for the year ended 30 June 2022

## 12. DIRECTORS' INTEREST

The relevant interest of each current and prior Director during the financial year in the share capital of the Company held directly, indirectly or beneficially at the date of this report is as follows:

Name of Director	No. of fully paid ordinary shares	No. of options over ordinary shares	No. of performance rights over ordinary shares
Jeffery McGlinn	144,747	-	-
Simon Mottram	100,000	-	-
Andrew Hunt	-	-	-
Aaron Treyvaud	-	-	-
Paul Ryan Welker <sup>(1)</sup>	9,847,723	-	-
Andrew Teo <sup>(2)</sup>	170,000	-	-
Roy Daniel <sup>(3)</sup>	1,000,000	-	-

**Note:**

- (1) No of fully paid shares disclosed for Mr Welker as at resignation on 28 June 2022  
(2) No of fully paid shares disclosed for Mr Teo as at cessation as a Director on 8 March 2022.  
(3) No of fully paid shares disclosed for Mr Daniel as at retirement as a Director on 28 February 2022.

## 13. REMUNERATION REPORT (Audited)

The Directors present the FY2022 Remuneration Report for Ten Sixty Four Limited ("Ten Sixty Four" or "the Company") which sets out the remuneration information for the Directors and other Key Management Personnel ("KMP") for the year ended 30 June 2022.

The information provided in this remuneration report has been prepared in accordance with the requirements of the *Corporations Act 2001* and its regulations.

### Introduction

This report outlines the Company's approach to remuneration for its Non-Executives and Executives.

The Board recognises that the success of the business depends on the quality and engagement of its people. To ensure the Company continues to succeed and grow, it must attract, motivate and retain skilled Directors, Executives and employees. The Board delegates responsibility in relation to remuneration to the Remuneration Committee to ensure that people and performance are a priority.

### (a) Details of Key Management Personnel

#### Directors:

##### Non-Executive –

Andrew Hunt; <sup>(1)</sup>

Simon Mottram,

Aaron Treyvaud; <sup>(2)</sup>

Roy Daniel. <sup>(3)</sup>

##### Executive –

Jeffery McGlinn <sup>(4)</sup> (Executive Chairman);

Paul Ryan Welker <sup>(5)</sup> (Managing Director from 8 March 2022 to 28 June 2022);

Andrew Teo <sup>(6)</sup> (Managing Director until 8 March 2022).

#### Executive Officers:

Raul Villanueva (President of Philsaga Mining Corporation and President of Mindanao Mineral Processing and Refining Corporation);

Patrick Warr (Chief Financial Officer);

James Llorca (General Manager, Geology & Resources).

#### Notes:

- (1) Mr Hunt was appointed as a Non-Executive Director on 16 March 2022;  
(2) Mr Treyvaud was appointed as a Non-Executive Director on 2 May 2022;  
(3) Mr Daniel retired as a Non-Executive Director on 28 February 2022;  
(4) Mr McGlinn, who had been Non-Executive Chairperson from 16 February 2021, assumed the role of Executive Chairman on 2 May 2022;  
(5) Mr Welker was appointed as a Non-Executive Director on 3 March 2022, was appointed Managing Director on 8 March 2022 and resigned as Managing Director on 28 June 2022;  
(6) Mr Teo ceased employment as Managing Director on 8 March 2022.



# DIRECTORS' REPORT

for the year ended 30 June 2022

## 13. REMUNERATION REPORT (Audited) (continued)

### (b) Key Management Personnel remuneration (Consolidated)

The following table provides the details of the remuneration of all Directors and Executive Officers of the Group and the nature and amount of the elements of their remuneration (in US\$'s) for the year ended 30 June 2022 and the previous financial year.

Name	Year	Short term benefits					Post-employment benefits	Long-term benefits			Termination benefits	TOTAL	Proportion of remuneration performance related
		Salary / fees	Directors' fees	STI – Cash <sup>(1)</sup>	STI – PRs <sup>(1)</sup>	Other <sup>(2)</sup>	Super	LSL <sup>(3)</sup>	LTI – PRs <sup>(4)</sup>	Options <sup>(5)</sup>			
<b><u>Directors:</u></b>													
<b>Non-Executive</b>													
Andrew Hunt <sup>(6)</sup>	2022	-	18,339	-	-	-	-	-	-	-	-	18,339	-
	2021	-	-	-	-	-	-	-	-	-	-	-	-
Simon Mottram <sup>(7)</sup>	2022	-	57,308	-	-	-	-	-	-	-	-	57,308	-
	2021	-	60,326	-	-	-	-	-	-	-	-	60,326	-
Aaron Treyvaud <sup>(8)</sup>	2022	-	11,462	-	-	-	-	-	-	-	-	11,462	-
	2021	-	-	-	-	-	-	-	-	-	-	-	-
Roy Daniel <sup>(9), (17)</sup>	2022	60,174	90,011	-	-	5,551	-	-	-	-	-	155,736	-
	2021	30,056	140,326	-	-	5,751	-	-	-	-	-	176,133	-
<b><u>Executive</u></b>													
Jeffery McGlenn <sup>(10)</sup>	2022	68,770	57,308	-	-	5,290	3,152	-	-	-	-	134,520	-
	2021	-	27,293	-	-	-	-	-	-	-	-	27,293	-
Paul Welker <sup>(11)</sup>	2022	108,388	-	-	-	8,337	5,961	-	-	-	-	122,686	-
	2021	-	-	-	-	-	-	-	-	-	-	-	-
Andrew Teo <sup>(12), (17)</sup>	2022	238,004	53,333	85,963	-	39,727	28,620	39,199	(96,124)	-	-	175,364	564,084
	2021	262,500	169,712	-	-	8,668	-	-	96,124	-	-	-	537,004
													18%
<b><u>Executive Officers:</u></b>													
Raul Villanueva <sup>(13)</sup>	2022	607,424	-	100,000	56,317	-	-	-	269,785	-	-	1,033,525	41%
	2021	463,748	-	-	-	-	-	-	125,988	-	-	589,736	21%
Peter Alphonso <sup>(14)</sup>	2022	-	-	-	-	-	-	-	-	-	-	-	-
	2021	50,617	-	17,282	28,214	-	3,415	-	32,659	2,156	-	134,344	-
Patrick Warr <sup>(15)</sup>	2022	207,170	10,816	20,631	18,265	21,206	18,912	-	60,687	-	-	357,686	28%
	2021	174,123	-	-	-	21,215	15,370	-	23,085	-	-	233,794	10%
James Llorca	2022	241,555	11,750	20,631	27,173	25,673	18,912	-	29,890	-	-	375,584	21%
	2021	260,360	-	15,028	24,925	27,054	18,785	-	32,659	6535	-	385,346	19%
David McGowan <sup>(16)</sup>	2022	-	-	-	-	-	-	-	-	-	-	-	-
	2021	37,043	-	-	-	-	2,311	-	-	-	-	39,354	-
<b>Total</b>	2022	1,531,483	310,327	227,225	101,755	105,785	75,556	39,199	264,238	-	175,364	2,830,930	
	2021	1,278,447	397,657	32,310	53,139	62,689	39,881	-	310,516	8,691	-	2,183,330	

# DIRECTORS' REPORT

for the year ended 30 June 2022

## 13. REMUNERATION REPORT (Audited) (continued)

### (b) Key Management Personnel remuneration (Consolidated) (continued)

Notes:

- (1) Short Term Incentive Plan ("STI") detailed in note 12 (e) (iv) of the notes to the Financial Statements;
- (2) Comprises Annual Leave accrued during the year but not paid and non-monetary benefits, if any;
- (3) Comprises Long Service Leave accrued during the year but not paid;
- (4) KMP Performance Rights granted under the Long-Term Incentive Plan are expensed over the performance period. Refer LTI Plan detailed in note 12(e)(i);
- (5) Comprises value of options granted and expensed in the period. Refer note 12 (i);
- (6) Mr Hunt was appointed as a Non-Executive Director on 16 March 2022;
- (7) Mr Mottram was appointed a Non-Executive Director on 11 June 2020;
- (8) Mr Treyvaud was appointed as a Non-Executive Director on 2 May 2022;
- (9) Mr Daniel retired as a Non-Executive Director on 28 February 2022;
- (10) Mr McGlinn was appointed as Chairman on 16 February 2021, assumed the role of Chairperson on 19 March 2021 and assumed the role of Executive Chairperson on 2 May 2022;
- (11) Mr Welker was appointed as a Non-Executive Director on 3 March 2022, was appointed Managing Director on 8 March 2022 and resigned as Managing Director on 28 June 2022;
- (12) Mr Teo was Chairperson until his appointment as Managing Director on 19 March 2021. Mr Teo also assumed the role of Interim Chief Executive Officer ("CEO") from 21 July 2020 to 18 March 2022. Mr Teo ceased employment as Managing Director on 8 March 2022;
- (13) Mr Villanueva retired as a Non-Executive Director on 28 October 2020 but remained as a member of Key Management Personnel in the role of President of Philsaga Mining Corporation and President of Mindanao Mineral Processing and Refining Corporation;
- (14) While Mr Alphonso retired as CFO on 7 September 2020 in the previous financial year and has not been a member of Key Management Personnel since this date, comparative information has been retained in the remuneration table consistent with the disclosures in the related party note in the financial statements (Note 24) and the previous financial year's Remuneration Report;
- (15) Mr Warr was appointed CFO on 7 September 2020;
- (16) While Mr McGowan ceased employment as CEO on 20 July 2020 in the previous financial year and has not been a member of Key Management Personnel since this date, comparative information has been retained in the remuneration table consistent with the disclosures in the related party note in the financial statements (Note 24) and the previous financial year's Remuneration Report;
- (17) Comparative amount (FY21) restated to include directors' fees paid by subsidiary companies within the Ten Sixty Four Group for Roy Daniel (US\$80,000) and Andrew Teo (US\$80,000), omitted in the prior year remuneration table;
- (18) Comparative amount (FY21) Other restated to include a non - cash employee benefit omitted in the prior year remuneration table; and
- (19) Comparative amount (FY21) Salary restated to include accrued annual leave and personal leave paid out in accordance with Philippines and Group employment regulations for Raul Villanueva (US\$48,950), omitted in the prior year remuneration table.

# DIRECTORS' REPORT

for the year ended 30 June 2022

## 13. REMUNERATION REPORT (Audited) (continued)

### (c) Executive Remuneration Governance

The information contained within this section provides an overview of executive remuneration governance at Ten Sixty Four Limited.

#### (i) Remuneration Philosophy

The main objective is the retention of a high-quality Board and executive team, to maximise value of the shareholders' investment. Remuneration levels are therefore competitively set to attract, retain and motivate appropriately qualified and experienced Directors and Executives.

In determining the level and make up of remuneration levels for Executives of the Group, the remuneration policy has been structured to increase goal congruence between shareholders and Executives and includes the payment of bonuses based on achievement of specific goals related to the performance of the Group and also the issue of incentive options or equity based instruments to encourage alignment of personal and shareholder interests.

#### (ii) Remuneration Committee

The Remuneration Committee is a sub-committee of the Board, which operates in accordance with the Remuneration Committee Charter and the requirements of the Corporations Act 2001 and its regulations. The Remuneration Committee is responsible for making recommendations to the Board on:

- The Company's remuneration policy and structure;
- Executive remuneration policy for Key Management Personnel ("KMP");
- Remuneration levels of the Managing Director (if applicable) and KMP;
- Operation of incentive plans and key performance hurdles for KMP;
- Equity based remuneration plans for KMP; and
- Non-Executive Director ("NED") remuneration.

The Remuneration Committee's objective is to ensure remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company. The Remuneration Committee periodically obtains independent remuneration information to ensure NED fees and executive remuneration packages are appropriate and in line with the market.

In FY2019, the Remuneration Committee appointed BDO Reward WA Pty Limited as its external remuneration advisor to assist with the review of the overall executive remuneration framework resulting in some changes to the Company's approach to executive pay in FY2020. In FY2022, the Remuneration Committee engaged BDO Reward WA Pty Limited to undertake a review of remuneration packages for relevance to current market rates and general insights for executive incentive arrangements.

# DIRECTORS' REPORT

for the year ended 30 June 2022

## 13. REMUNERATION REPORT (Audited) (continued)

### (d) Non-Executive Remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain Non-Executive Directors of the highest calibre.

Non-Executive Directors' fees are paid within the aggregate amount approved by shareholders from time to time. Total remuneration for all Non-Executive Directors, last approved by shareholders on 18 November 2009, is not to exceed A\$400,000 per annum. The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually.

The Board considers the amount of Director fees being paid by comparable international resource companies with similar responsibilities, and the experience of each Non-Executive Director when undertaking the review process.

Directors' fees cover all main Board activities and membership of Board Committees. No retirement benefits are provided for any Non-Executive Directors' retirement or termination and Non-Executive Directors do not receive performance related compensation remuneration.

Director fees paid to Non-Executive Directors are as follows:

- Jeffery McGlenn: A\$100,000 per annum (as Non-Executive Chairperson prior to appointment as Executive Chairperson).
- Andrew Hunt: A\$100,000 per annum;
- Simon Mottram: A\$100,000 per annum;
- Aaron Treyvaud: \$100,000 per annum; and
- Roy Daniel: A\$80,000 per annum (until retirement).

### (e) Executive Remuneration

Below is a summary of the key elements the executive remuneration approach and the at-risk remuneration structure.

#### (i) Fixed and Total Remuneration Approach

Total Fixed Remuneration ('TFR') acts as a base level reward for a competent level of performance. It includes cash, compulsory superannuation contributions and any non-monetary benefits. TFR will be targeted at the market median (50th percentile) with flexibility based on:

- the size and complexity of the role;
- the criticality of the role to successful execution of the business strategy;
- role accountabilities;
- skills and experience of the individual; and
- market pay levels for comparable roles.

The Total Remuneration Package (being TFR, STI and LTI) is positioned at the median of the market (50<sup>th</sup> percentile), with the opportunity to earn a total remuneration up to the upper quartile (75<sup>th</sup> percentile) in the event that both the individual and the business exceed performance targets.

When determining the relevant market for each role, the Company will consider companies which are similar in size, complexity of operations, sector and risk profile from which it sources talent, and to whom it could potentially lose talent.



# DIRECTORS' REPORT

for the year ended 30 June 2022

## 13. REMUNERATION REPORT (Audited) (continued)

### (e) Executive Remuneration (continued)

#### (ii) Executive Remuneration Framework

The total remuneration package will consist of the following elements of pay.

Remuneration Elements	Purpose	Category	Definition of Pay Category
Total Fixed Remuneration ("TFR")	Pay for meeting role requirements	Fixed pay	Pay linked to the present value or market rate of the role.
Short Term Incentive ("STI")	Incentive for the achievement of annual objectives	Short term incentive pay	Pay for delivering the annual operational plan for the Company. Short Term Incentive pay is linked to the achievement of short term 'line-of-sight' performance goals. It reflects 'pay for short term performance'.
Long Term Incentive ("LTI")	Incentive for achievement of sustained business long term strategies (non-market measures)	Long term incentive pay	Pay for delivering long-term business sustainability for the Company. Long Term Incentive pay is linked to the achievement of long term 'line-of-sight' performance goals. It reflects 'pay for long term performance'.
	Reward for executive performance over the long term (market measures)	Long term reward pay	Pay for creating value for shareholders. Reward pay is linked to shareholder returns. It reflects 'pay for results'.

#### (iii) KMP Remuneration at Risk in FY22

The relative portions of target remuneration that are linked to performance and those that are fixed are as follows:

Name	Fixed Remuneration	At Risk: Short Term Incentives (STI)	At Risk: Options/Performance Rights (LTI)
<b>Directors:</b>			
<i>Non-Executive -</i>			
Andrew Hunt	100%	-	-
Simon Mottram	100%	-	-
Aaron Treyvaud	100%	-	-
Roy Daniel	100%	-	-
<i>Executive -</i>			
Jeffery McGlinn <sup>(1)</sup>	N/A	N/A	N/A
Paul Welker <sup>(2)</sup>	N/A	N/A	N/A
Andrew Teo <sup>(3)</sup>	43%	17%	40%
<b>Executive Officers:</b>			
Raul Villanueva	53%	11%	47%
Patrick Warr	60%	24%	16%
James Llorca	61%	24%	14%

**Notes:**

- (1) Incentives for Jeffery McGlinn (refer 12(I) (i))
- (2) Paul Welker resigned 28 June 2022 (refer 12(I) (i))
- (3) Andrew Teo ceased 8 March 2022 (refer 12(I) (i))

# DIRECTORS' REPORT

for the year ended 30 June 2022

## 13. REMUNERATION REPORT (Audited) (continued)

### (e) Executive Remuneration (continued)

#### (iv) Clawback and other Provisions of Incentive Plans

The Company has a clawback provision that allows the Board, at its absolute discretion, to reduce or clawback unvested and vested entitlements in certain circumstances, including in the case of fraud, dishonesty, gross misconduct and breach of obligations to the Group.

Where a participant to a plan ceases employment for a specified reason, including death or disablement or redundancy, the Board may, at its absolute discretion, determine that unvested Performance Rights shall vest.

In a Change of Control Event, the Board may, at its absolute discretion, determine that unvested Performance Rights shall vest to a participant to the Plan.

#### (ii) Short Term Incentive Plan Outline

An outline of the key elements of the Short-Term Incentive Plan as it relates to the Company's KMP is provided below.

Purpose	Motivate and reward employees for contributing to the delivery of annual business performance.
STI opportunity	The STI opportunity offered to each Executive as a percentage of TFR will depend on Company and individual performance but can range from zero to a maximum of 40% for Executives. STI payments will be awarded 40% cash and 60% zero exercise price options (ZEPO's) on above threshold performance against a range of Company and individual performance objectives.
Performance targets	The payment of a short-term incentive to Executives is an at-risk component of the individual's total remuneration given that a set of performance targets must be met prior to payment. These targets are based on metrics that are measurable, transparent and achievable, designed to motivate and incentivise the recipient to achieve high performance aligned with Company objectives and near-term shareholder value creation.
Performance assessment	The Company employs a system of continuous performance feedback to drive performance throughout the year, however, a final performance assessment occurs annually following the completion of the financial year for each Executive. Executives are assessed on their contribution to the achievement of Company performance objectives and individual performance objectives.
Measurement period	The STI will be an annual plan that operates from 01 July to 30 June each year.
STI deferral component	The equity component of the STI will vest on the twelve (12) month anniversary date of the STI award date. Vesting of the equity component of the STI granted to Executive KMP is based on a continuous service condition being met and is designed to act as a driver of retention and medium-term value creation.
Cessation of employment	In the event that the Executive's employment with the Company terminates prior to vesting of all ZEPO's, outstanding unvested ZEPO's will be reviewed by the Board and may or may not vest depending on the circumstances of the Executive's cessation of employment.
Board discretion	The payments of all STI's are subject to Board approval. The Board has the discretion to adjust remuneration outcomes higher or lower to prevent any inappropriate reward outcomes, including reducing (down to zero, if appropriate) any STI payment.

# DIRECTORS' REPORT

for the year ended 30 June 2022

## 13. REMUNERATION REPORT (Audited) (continued)

### (e) Executive Remuneration (continued)

#### (v) Short Term Incentive Plan Outline

As part of the annual business planning process the Board determines the key performance indicators ("KPI's") to reflect targets for the key performance objectives of the business for the following year. At the end of the year, the Board makes a rigorous assessment, taking into account quantitative and qualitative measures. For FY22 for Andrew Teo, Raul Villanueva, Patrick Warr and James Llorca, these include:

Key Result Area	Annual Measure and Rationale for Inclusion
Individual performance 30% Weighting	<p><u>Measures</u> Each Executive KMP agrees an individual scorecard of performance objectives at the start of the year against which their performance is assessed. A maximum of 4 key individual performance objectives will be set based on the specific responsibilities of each role annually.</p> <p><u>Rationale</u> Designed to specifically focus individual Executives on key performance elements that align to the Company's strategic plan and profitability drivers that are within the Executives' control.</p> <p><u>Results</u> Achieved - Andrew Teo, Raul Villanueva, Patrick Warr - 30% Partially achieved – James Llorca - 20%</p>
Company financial performance 15% Weighting	<p><u>Measures</u> Key financial measure meeting targeted All In Sustaining Cost</p> <p><u>Rationale</u> Reflects the alignment of business strategy to create sustainable value for shareholders.</p> <p><u>Results</u> Not achieved – actual AISC below threshold of 95% of ASX announced guidance.</p>
Company safety and environmental performance 20% Weighting	<p><u>Measures</u> KPI for Total Injury Frequency Rate over 12 months</p> <p><u>Rationale</u> Highlights performance on metrics to effectively manage the risks inherent in the Company's operations and to ensuring activities do not have an adverse impact on the environment.</p> <p><u>Results</u> Not achieved – recorded fatality.</p>
Company operational performance 15% Weighting	<p><u>Measures</u> Key physical measure meeting targeted Gold Production</p> <p><u>Rationale</u> Delivering strong production performance is a key enabler to funding the achievement of the Company's strategic plan and ensures management delivers on core initiatives relating to Company strategy and operating model.</p> <p><u>Results</u> Achieved – gold production exceeded budget ASX guidance amount.</p>
Growth of Company future opportunities 20% Weighting	<p><u>Measures</u> Meeting mining inventory targets as determined by the Board of Directors.</p> <p><u>Rationale</u> Demonstrates the Company's performance in achieving the organic growth of current assets.</p> <p><u>Results</u> Partial achieved – reserve replacement at 95% of budgeted amount, 19% awarded.</p>

# DIRECTORS' REPORT

for the year ended 30 June 2022

## 13. REMUNERATION REPORT (Audited) (continued)

### (e) Executive Remuneration (continued)

#### (v) Short Term Incentive Plan Outline (continued)

The STI award comprises amounts up to a cash component of 40% and a Performance Right component of 60%. Each Performance Right awarded incorporates a vesting condition that requires each KMP to remain an employee of the Company for a period of twelve months from date of grant, being 12 October 2021 for FY21. Each Performance Right is a right to acquire one share in the Company for nil consideration. The fair value of the Short Term Performance Rights, which has been recognised based on the share price of the Company at grant date in accordance with AASB 2 Share-based Payment, is \$0.50 per right.

The STI award is determined following a review of the FY21 results and typically occurs in the second quarter of the subsequent financial year. No amount is provided for or included in the financial report and remuneration report until such a review has taken place.

Based on the assessment, the STI awarded for the 2021 financial year which were paid, and Performance Rights ("PRs") granted in FY22, are detailed in the following table:

Name	Position	Total Opportunity STI US\$	Achieved STI (Cash) US\$	Opportunity STI (Performance Rights) US\$	Vesting Outcome STI (Performance Rights)
Raul Villanueva	President of PMC / MMPRC	120,000	100,000	92,875	Note 27
Andrew Teo <sup>(2)</sup>	Managing Director	148,000	85,963	N/A	N/A
Patrick Warr	CFO	92,000	20,631	30,120	Note 27
James Llorca	GM, Geology & Resources	105,000	20,631	30,120	Note 27

Notes:

- (1) The remaining vesting condition is subject to continuous employment for 12 months from date of grant to 12 October 2022 (refer Note 27 Financial Statements).
- (2) Mr Teo ceased employment as Managing Director on 8 March 2022.

In FY21, based on the assessment, the STI awarded for the 2020 financial year which were paid, and Performance Rights ("PRs") granted are detailed in the following table:

Name	Position	Total Opportunity STI US\$	Achieved STI (Cash) US\$	Opportunity STI (Performance Rights) US\$	Vesting Outcome STI (Performance Rights)
Peter Alphonso	Chief Financial Officer	124,000	17,282	23,760	23,760
James Llorca	GM, Geology & Resources	110,000	15,028	21,060	21,060

Notes:

- (1) The remaining vesting condition was subject to continuous employment for 12 months from date of grant to 30 November 2021, which has been met (refer Note 27 Financial Statements).



# DIRECTORS' REPORT

for the year ended 30 June 2022

## 13. REMUNERATION REPORT (Audited) (continued)

### (e) Executive Remuneration (continued)

#### (vi) Long-term Incentive Plan Outline

An outline of the key elements of the Long-Term Incentive ('LTI') Plan as it relates to the Company's KMP is provided below.

Purpose	Focus Executive attention on driving sustainable long-term growth and align the interests of Executives with those of shareholders.
LTI opportunity	The LTI opportunity is determined by the Executive's role within the business and is awarded by the offer of a number of performance rights or zero exercise price options ('ZEPO's') based on a percentage of TFR.
Performance hurdles	Since FY2020, the Company uses a combination of equally weighted non-market and market performance hurdles utilising the following measures: <ol style="list-style-type: none"> <li>1. Non-market measures to be determined by the Board of Directors (50% weighting)</li> <li>2. Market measures (50% weighting): <ol style="list-style-type: none"> <li>(a) Relative Total Shareholder Return ('TSR'); and</li> <li>(b) Absolute Total Shareholder Return</li> </ol> </li> </ol>
Vesting	Vesting of the performance rights ZEPO's granted to Executive KMP is based on an underlying continuous service condition and performance conditions as detailed below.
Service conditions	The LTI award is subject to a service condition. This condition is met if the KMP's employment with the Company is continuous for three years commencing on or around the grant date and is aimed at the retention of KMP's.
Performance conditions	<p><u>Financial and Strategic measures</u></p> <p>The Board will determine financial and strategic measures that align with the Company's long-term objectives.</p> <p><u>Relative TSR</u></p> <p>The TSR scorecard for the three-year measurement period is determined based on a percentile ranking of the Company's TSR results relative to the TSR of each of the companies in the peer group over the same three-year measurement period.</p> <p>The Board considers relative TSR an appropriate performance hurdle because it ensures that a proportion of each participant's remuneration is linked to the comparative return received by shareholders from holding shares in a Company in the peer group for the same period.</p> <p><u>Absolute TSR</u></p> <p>The increase in the Company's absolute TSR will be measured over a three-year period.</p> <p>The Board considers absolute TSR an appropriate performance hurdle because it ensures KMP performance is rewarded when a year-on-year improvement in shareholder value is achieved.</p>
Vesting schedule	The number of ZEPO's vested after 3 years is subject to achievement of performance conditions as shown above.
Measurement period	Testing occurs three years from 01 July of the relevant financial year.
Cessation of employment	<p>In the event that the KMP's employment with the Company terminates prior to the vesting of all rights / options, outstanding unvested rights / options will be reviewed by the Board and may or may not vest, depending on the circumstances of the cessation of employment.</p> <p>In the case of changes of control, incentives will be awarded at the absolute discretion of the Board.</p>
Peer group	The Company's TSR performance for rights / options to be issued will be assessed against a peer group comprised of members of the Metals and Mining Index.

# DIRECTORS' REPORT

for the year ended 30 June 2022

## 13. REMUNERATION REPORT (Audited) (continued)

### (e) Executive Remuneration (continued)

#### (vi) Long-term Incentive Plan Outline (continued)

No Long Term Performance Rights were granted to KMP in the FY22 financial year.

On 24 June 2021 the shareholders of the Company approved the issue of 2 million Long Term Performance Rights and 1.5 million Long Term Performance Rights to Messrs A Teo and R Villanueva respectively. Under the terms of the issue, these Executives will be required to remain in employment of the Company for a three-year vesting period, until 19 March 2024 and 1 January 2024 and expiry of 19 March 2025 and 1 January 2025 respectively. Mr Teo ceased employment on 8 March 2022 and no shares have vested.

Each Performance Right is a right to acquire one share in the Company for nil consideration.

The value at grant date of Performance Rights granted as part of remuneration is calculated in accordance with AASB2 Share Based Payments. The value for a Performance Right granted has been calculated as \$0.59 each. The Performance Rights were issued on 7 July 2022.

The terms and conditions of the long-term performance rights include the following:

Long Term Incentive Measures	Weighting relative to Total PR issued	Targets		Score mechanism
		Range of growth/change	Percentage allocation of weighting	
<b>Financial measure:</b> Earnings per share growth	20%	<ul style="list-style-type: none"> <li>Negative</li> <li>0 to 5% per annum growth</li> <li>5 to 10% per annum growth pro rata</li> <li>Greater than 10% per annum growth</li> </ul>	Zero Pro rata 0% to 40% Pro rata 40% to 100% 100%	EPS calculation to exclude non-recurring items and measured as the cumulative annual growth rate over a 3 year period
<b>Company growth:</b> Increase in ore reserves	10%	<ul style="list-style-type: none"> <li>Negative</li> <li>Depletion replacement to 20% growth</li> <li>20% to 40% growth</li> <li>Greater than 40%</li> </ul>	Zero Pro rata 0% to 40% Pro rata 40% to 100% 100%	Based on JORC compliant reports 2020 and 2023.
<b>Long-term Infrastructure target:</b> Tigerway decline development	20%	<ul style="list-style-type: none"> <li>&lt; 70% of decline developed</li> <li>70% to 85%</li> <li>&gt;85% of decline developed.</li> </ul>	Zero Pro rata 0% to 100% 100%	Percentage of weighting is based on achievement of programmed Tigerway Decline Project development. 1st year - 10% 2nd year - 15% 3rd year - remaining 75%
<b>Relative total shareholder returns:</b> Measure of Company return compared to peer group.	10%	<ul style="list-style-type: none"> <li>Below 50<sup>th</sup> percentile</li> <li>At 50<sup>th</sup> percentile</li> <li>50<sup>th</sup> to 75<sup>th</sup> percentile</li> <li>Greater than 75<sup>th</sup> percentile</li> </ul>	Zero 50% Pro rata 50% to 100% 100%	Measured against Peer Group based on 30 day VWAP at grant date and three year anniversary date.
<b>Absolute total shareholder return:</b> Measure of Company return	10%	<ul style="list-style-type: none"> <li>Below 20%</li> <li>Between 20 to 50%</li> <li>Greater than 50%</li> </ul>	Zero Pro rata 50% to 100% 100%	Measure by comparing 30 day VWAP at grant date and three year anniversary date.
<b>Safety:</b> Total Injury frequency rate.	30%	<ul style="list-style-type: none"> <li>Negative</li> <li>20% improvement</li> <li>20%-40% improvement</li> <li>Greater than 40% improvement</li> </ul>	Zero Pro rata 0% to 40% Pro rata 40% to 100% 100%	Measured by comparison of rates for lost time and non-lost time injuries over the vesting period.

# DIRECTORS' REPORT

for the year ended 30 June 2022

## 13. REMUNERATION REPORT (Audited) (continued)

### (e) Executive Remuneration (continued)

#### (vi) Long-term Incentive Plan Outline (continued)

On 4 June 2021, the Company issued 350,000 Long Term Performance Rights to its CFO, Mr P Warr. Under the terms of the issue, Mr Warr would be required to remain in employment of the Company for a three-year vesting period, until 1 January 2024, and expire on 1 January 2025.

Each Performance Right is a right to acquire one share in the Company for nil consideration.

The value at grant date of Performance Rights granted as part of remuneration is calculated in accordance with AASB2 Share Based Payments. The value for a Performance Right granted has been calculated as \$0.57 each.

The terms and conditions of the long-term performance rights include the following:

Long Term Incentive Measures	Weighting relative to Total PR issued	Targets		Score mechanism
		Range of growth/change	Percentage allocation of weighting	
<b>Financial measure:</b> Earnings per share growth	20%	<ul style="list-style-type: none"> <li>Negative</li> <li>0 to 5% per annum growth</li> <li>5 to 10% per annum growth pro rata</li> <li>Greater than 10% per annum growth</li> </ul>	Zero Pro rata 0% to 40% Pro rata 40% to 100% 100%	EPS calculation to exclude non-recurring items and measured as the cumulative annual growth rate over a 3 year period
<b>Company growth:</b> Increase in ore reserves	20%	<ul style="list-style-type: none"> <li>Negative</li> <li>Depletion replacement to 20% growth</li> <li>20% to 40% growth</li> <li>Greater than 40%</li> </ul>	Zero Pro rata 0% to 40% Pro rata 40% to 100% 100%	Based on JORC compliant reports 2020 and 2023
<b>Long-term Infrastructure target:</b> Tigerway decline development	10%	<ul style="list-style-type: none"> <li>&lt; 70% of decline developed</li> <li>70% to 85%</li> <li>&gt;85% of decline</li> </ul>	Zero Pro rata 0% to 100% 100%	Based on the decline metres developed at relative measurement periods.
<b>Relative total shareholder returns:</b> Measure of Company return compared to peer group.	20%	<ul style="list-style-type: none"> <li>Below 50<sup>th</sup> percentile</li> <li>At 50<sup>th</sup> percentile</li> <li>50<sup>th</sup> to 75<sup>th</sup> percentile</li> <li>Greater than 75<sup>th</sup> percentile</li> </ul>	Zero 50% Pro rata 50% to 100% 100%	Measured against Peer Group based on 30 day VWAP at the relative measure points at 30 June 2020 and 30 June 2023
<b>Absolute total shareholder return:</b> Measure of Company return	20%	<ul style="list-style-type: none"> <li>Below 20%</li> <li>Between 20 to 50%</li> <li>Greater than 50%</li> </ul>	Zero Pro rata 50% to 100% 100%	Measure by comparing 30 day VWAP at 30 June 2020 to 30 day VWAP at 30 June 2023
<b>Safety:</b> Total Injury frequency rate	10%	<ul style="list-style-type: none"> <li>Negative</li> <li>20% improvement</li> <li>20%-40% improvement</li> <li>Greater than 40% improvement.</li> </ul>	Zero Pro rata 0% to 40% Pro rata 40% to 100% 100%	Measured by comparison of rates for lost time and non-lost time injuries over the vesting period.

# DIRECTORS' REPORT

for the year ended 30 June 2022

## 13. REMUNERATION REPORT (Audited) (continued)

### (e) Executive Remuneration (continued)

#### (vi) Long-term Incentive Plan Outline (continued)

On 13 March 2020, the Company issued Long Term Performance Rights of 1,400,000 to its KMP Executive Officers, excluding Directors of the Company. Under the terms of the issue, KMP's would be required to remain in employment of the Company for a three-year vesting period, until 13 March 2023.

Each Performance Right is a right to acquire one share in the Company for nil consideration.

The value at grant date of Performance Rights granted as part of remuneration is calculated in accordance with AASB2 Share Based Payments. The value for a Performance Right granted has been calculated as \$0.26 each.

The terms and conditions of the Long-term performance rights include the following:

Long Term Incentive Measures	Weighting relative to Total PR issued	Targets		Score mechanism
		Range of growth/change	Percentage allocation of weighting	
<b>Financial measure:</b> Earnings per share growth	17%	<ul style="list-style-type: none"> <li>Negative</li> <li>0 to 5% per annum growth</li> <li>5 to 10% per annum growth pro rata</li> <li>Greater than 10% per annum growth</li> </ul>	Zero Pro rata 0% to 40% Pro rata 40% to 100% 100%	EPS calculation to exclude non-recurring items and measured as the cumulative annual growth rate over a 3 year period
<b>Company growth:</b> Increase in ore reserves	16%	<ul style="list-style-type: none"> <li>Negative</li> <li>Depletion replacement to 20% growth</li> <li>20% to 40% growth</li> <li>Greater than 40%</li> </ul>	Zero Pro rata 0% to 40% Pro rata 40% to 100% 100%	Based on JORC compliant reports 2019 and 2022
<b>Long-term Infrastructure target:</b> Decline development	17%	<ul style="list-style-type: none"> <li>&lt; 70% of decline developed</li> <li>70% to 85%</li> <li>&gt;85% of decline</li> </ul>	Zero Pro rata 0% to 100% 100%	Based on the decline metres developed at end of June 2022, based on plan to access level 14. 70% = 3,450 metres of decline, 85% = 4,190 metres.
<b>Relative total shareholder returns:</b> Measure of Company return compared to peer group.	25%	<ul style="list-style-type: none"> <li>Below 50<sup>th</sup> percentile</li> <li>At 50<sup>th</sup> percentile</li> <li>50<sup>th</sup> to 75<sup>th</sup> percentile</li> <li>Greater than 75<sup>th</sup> percentile</li> </ul>	Zero 50% Pro rata 50% to 100% 100%	Measured against Peer Group based on 30 day VWAP at the relative measure points at 30 June 2019 and 30 June 2022
<b>Absolute total shareholder return:</b> Measure of Company return	25%	<ul style="list-style-type: none"> <li>Below 20%</li> <li>Between 20 to 50%</li> <li>Greater than 50%</li> </ul>	Zero Pro rata 50% to 100% 100%	Measure by comparing 30 day VWAP at 30 June 2019 to 30 day VWAP at 30 June 2022

The following companies have been identified by the Company to comprise the Peer Group. The Remuneration Committee may recommend to the Board to either include or exclude gold mining organisations available on this list to reflect changes in the industry:

Company	ASX Code
Austral Gold Limited	AGD
Dacian Gold Limited	DCN
Emerald Resources Limited	EMR
Kingsrose Mining Limited	KRM
Pantoro Limited	PNR
Perseus Mining Limited	PRU
Ramelius Resources Limited	RMS
Red 5 Limited	RED
Resolute Mining Limited	RSG
Troy Resources Limited	TRY



# DIRECTORS' REPORT

for the year ended 30 June 2022

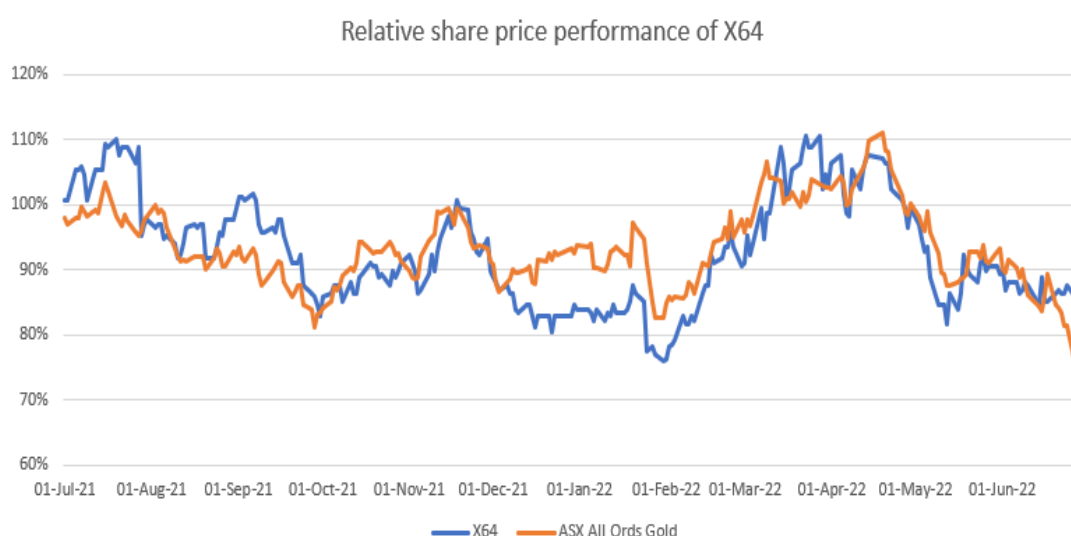
## 13. REMUNERATION REPORT (Audited) (continued)

### (f) Company Performance

The Company aims to align executive remuneration to strategic and business objectives and the creation of shareholder wealth. The following table illustrates the Company performance indicators over the last five years as required by the Corporations Act:

Metric	Unit	2022	2021	2020	2019	2018
Net Profit/(Loss) after tax (\$'000)	US\$	2,823	47,256	29,691	36,489	(55,554)
Basic earnings per share (cents)	US\$	1.20	22.7	14.3	17.6	(26.7)
Dividends paid per share (cents)	A\$	2.0	5.0	-	-	-
Share price at year end 30 June (cents)	A\$	69	84	69	57	50

For FY22, the Company share price has performed in line with S&P/ASX All Ordinaries Gold index, which is a broad market indicator for the gold companies listed on ASX, as depicted below.



### (g) Remuneration options

No options or other equity-based instruments or rights over any of them, were granted by the Company or any entity controlled by the Company, as remuneration during or since the end of the financial year.

### (h) Shares issued on exercise of options granted as remuneration

During the financial year, no fully paid ordinary shares were issued on the exercise of options previously granted as remuneration to Directors and Executives.

### (i) Option holdings

Financial year 2021/2022:

Name	Balance 01/07/21	Options granted as remuneration	Options exercised	Options not exercised and lapsed/forfeited	Balance held 30/06/22	Vested & exercisable 30/06/22 <sup>(1)</sup>	Total not exercisable 30/06/22 <sup>(2)</sup>
<b>Executive Officers:</b>							
James Llorca	500,000	-	-	(500,000)	-	-	-

**Notes:**

- (1) Options vested and exercisable are all the options vested at the reporting date;  
 (2) Options that are not exercisable have not vested at the reporting date.

# DIRECTORS' REPORT

for the year ended 30 June 2022

## 13. REMUNERATION REPORT (Audited) (continued)

### (i) Option holdings (continued)

Financial year 2020/2021:

Name	Balance 01/07/20	Options granted as remuneration	Options exercised	Options not exercised and lapsed/forfeited	Balance held 30/06/21	Vested & exercisable 30/06/21 <sup>(1)</sup>	Total not exercisable 30/06/21 <sup>(2)</sup>
<b>Executive Officers:</b>							
James Llorca	500,000	-	-	-	500,000	500,000	-
David McGowan <sup>(3)</sup>	500,000	-	-	(200,000)	300,000	300,000	-
Peter Alphonso <sup>(4)</sup>	165,000	-	-	-	165,000	165,000	-

**Notes:**

- (1) Options vested and exercisable are all the options vested at the reporting date;
- (2) Options that are not exercisable have not vested at the reporting date;
- (3) Mr David McGowan, CEO ceased employment on 20 July 2020; and
- (4) Mr Alphonso retired as CFO on 7 September 2020.

The above-mentioned options were issued to the Key Management Personnel on 8 January 2018 with an expiry date of 8 January 2022 on the following terms:

Tranche	Exercise price	Valuation per option	Terms of issue
A	A\$1.00	A\$0.275	Under the terms of the issue, the employees would be required to remain in the employment of the Company at 8 January 2019 to achieve 30% vesting of options, at 8 January 2020 to achieve 30% vesting of options with full vesting if they remain an employee of the Company a year later on 8 January 2021. All options lapsed unexercised on the expiry date.
B	A\$1.25	A\$0.255	
C	A\$1.50	A\$0.239	
D	A\$1.75	A\$0.225	

The options hold no voting or dividend rights. When exercisable, each option is convertible into one ordinary share of the Company.

### (j) Share Holdings

The movement during the year in the number of ordinary shares in Ten Sixty Four Limited held directly, indirectly or beneficially, by each Director and key management personnel, including their personally related entities are as follows:

Financial year 2021/2022:

Name	Balance 1/07/21	Shares held at appointment	Compensation shares	Shares purchased	Performance Rights exercised	Shares sold	Balance 30/06/22/Date of employment ending
<b>Directors:</b>							
<i>Non-Executive -</i>							
Simon Mottram	100,000	-	-	-	-	-	100,000
Roy Daniel <sup>(1)</sup>	1,000,000	-	-	-	-	-	1,000,000
<i>Executive -</i>							
Jeffery McGlenn <sup>(2)</sup>	-	-	-	144,747	-	-	144,747
Paul Welker <sup>(3)</sup>	-	9,667,723	-	-	-	-	9,667,723
Andrew Teo <sup>(4)</sup>	170,000	-	-	-	-	-	170,000
<b>Executive Officers:</b>							
Raul Villanueva	50,000	-	-	-	-	-	50,000
James Llorca	37,000	-	-	-	39,000	-	76,000

**Notes:**

- (1) Mr Daniel retired as a Non-Executive Director on 28 February 2022;
- (2) Mr McGlenn, who had been Non-Executive Chairperson from 19 March 2021, assumed the role of Executive Chairman on 2 May 2022;
- (3) Mr Welker was appointed as a Non-Executive Director on 3 March 2022, was appointed Managing Director on 8 March 2022 and resigned as Managing Director on 28 June 2022; and
- (4) Mr Teo ceased employment as Managing Director on 8 March 2022.

# DIRECTORS' REPORT

for the year ended 30 June 2022

## 13. REMUNERATION REPORT (Audited) (continued)

### (j) Share Holdings (continued)

Financial year 2020/2021:

Name	Balance 1/07/20	Shares held at appointment	Compensation shares	Shares purchased	Performance Rights exercised	Shares sold	Balance 30/06/21
<b>Directors:</b>							
<i>Non-Executive -</i>							
Roy Daniel	815,875	-	-	184,125	-	-	1,000,000
Simon Mottram	-	-	-	100,000	-	-	100,000
<i>Executive -</i>							
Andrew Teo	120,000	-	-	50,000	-	-	170,000
<b>Executive Officers:</b>							
Raul Villanueva	50,000	-	-	-	-	-	50,000
James Llorca	-	-	-	-	37,000	-	37,000
Peter Alphonso <sup>(1)</sup>	127,500	-	42,000	-	-	-	169,500

**Notes:**

(1) Mr Alphonso retired as CFO on 7 September 2020.

### (k) Performance Rights

The movement during the year in the number of Performance Rights over ordinary shares in Ten Sixty Four Limited held directly, indirectly or beneficially, by each Executive, including their personally related entities is as follows:

Financial year 2021/2022:

Name	Year Granted	Balance 01/07/21	Rights granted as remuneration <sup>(3)</sup>	Rights Vested	Rights Forfeited	Balance held 30/06/22 (unvested)	Max value yet to vest <sup>(1)</sup>
<b>Executive Directors:</b>							
Andrew Teo <sup>(2)</sup>	2021	2,000,000	-	-	(2,000,000)	-	-
<b>Executive Officers:</b>							
Raul Villanueva	2022	-	185,000	-	-	185,000	36,577
	2021	1,500,000	-	-	-	1,500,000	430,879
James Llorca	2022	-	60,000	-	-	60,000	11,856
	2021	39,000	-	(39,000)	-	-	-
	2020	350,000	-	-	-	350,000	20,974
Patrick Warr	2022	-	60,000	-	-	60,000	11,856
	2021	350,000	-	-	-	350,000	91,450

**Notes:**

- The maximum value of deferred performance rights yet to vest has been determined as the amount of the grant date fair value of the Performance Rights that is yet to be expensed. The value at grant date is calculated in accordance with AASB2 Share Based Payments.
- Mr Teo ceased employment as Managing Director on 8 March 2022. Pursuant to his incentive plans, the Performance Rights granted are forfeited as vesting conditions were not met.
- Performance Rights issued under the Short term Incentive Plan (refer 12 (e)).

# DIRECTORS' REPORT

for the year ended 30 June 2022

## 13. REMUNERATION REPORT (Audited) (continued)

### (k) Performance Rights (continued)

Financial year 2020/2021:

Name	Year Granted	Balance 01/07/20	Rights granted as remuneration <sup>(4)</sup>	Rights Vested	Rights Forfeited	Balance held 30/06/21 (unvested)	Max value yet to vest <sup>(1)</sup>
<b><u>Executive Directors:</u></b>							
Andrew Teo	2021	-	2,000,000	-	-	2,000,000	1,032,587
<b><u>Executive Officers:</u></b>							
Raul Villanueva	2021	-	1,500,000	-	-	1,500,000	783,223
Peter Alphonso <sup>(2)</sup>	2021	-	44,000	-	-	44,000	10,981
	2020	42,000	-	(42,000)	-	-	-
	2020	350,000	-	-	-	350,000	55,576
James Llorca	2021	-	39,000	-	-	39,000	9,733
	2020	37,000	-	(37,000)	-	-	-
	2020	350,000	-	-	-	350,000	55,576
Patrick Warr	2021	-	350,000	-	-	350,000	166,229
David McGowan <sup>(3)</sup>	2020	59,000	-	-	(59,000)	-	-
	2020	700,000	-	-	(700,000)	-	-

**Notes:**

- (1) The maximum value of deferred performance rights yet to vest has been determined as the amount of the grant date fair value of the Performance Rights that is yet to be expensed. The value at grant date is calculated in accordance with AASB2 Share Based Payments.
- (2) Mr Alphonso ceased as a KMP on 7 September 2020.
- (3) Mr McGowan ceased employment on 20 July 2020. Pursuant to his incentive plans, the Performance Rights granted are forfeited as vesting conditions were not met.
- (4) The Terms and conditions relating to the Long Term Performance Rights are outlined in Note 13 (e)(vi) of the Remuneration Report.
- (5) Fair values at grant date are determined using a Monte Carlo Simulation pricing model. Further information is set out in Note 27 to the financial statements.



# DIRECTORS' REPORT

for the year ended 30 June 2022

## 13. REMUNERATION REPORT (Audited) (continued)

### (I) Statutory Remuneration Disclosures

#### (i) Executive Contracts

Remuneration and other terms of employment for the Executives are formalised in service agreements. The service agreements specify the components of remuneration, benefits and notice periods. Participation in the STI and LTI plans is subject to the Board's discretion. Other major provisions of the agreements relating to remuneration are set out below.

**Jeffery McGlinn** (Executive Chairman - appointed on 2 May 2022)

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Contract:	Executive Services Agreement between the Company and Jeffrey McGlinn ("Executive").
Term:	Commencement date of 2 May 2022 until employment is terminated.
Services:	The Executive is employed as Executive Chairman of the Company and is responsible for managing and overseeing the strategy and direction of the Company's business.
Remuneration:	<p><u>Fixed remuneration:</u> A\$600,000 per annum (exclusive of a superannuation contribution) plus other non-cash benefits elected by the Executive, subject to annual review by the Board. During the review, the Board will consider the Executive's performance, progress of the Company and comparable industry standards.</p> <p><u>Variable remuneration - Long term incentive:</u> The Executive is eligible to receive long-term incentives in the form of 7,500,000 options at an exercise price of A\$1.30 per option (subject to shareholder approval), vesting on 2 May 2025 and expiring 2 May 2027 if not exercised prior to the expiry date.</p>
Termination:	<p><u>Termination by the Company:</u> The Employer may terminate the Executive's employment for any reason by giving the Executive 3 month's written notice or payment in lieu of notice, or a combination of notice and payment in lieu of notice.</p> <p>The Company may immediately terminate the agreement in certain circumstances, including if the Executive is in default of obligations and does not remedy that default in addition to other standard default situations.</p> <p><u>Termination by the Executive:</u> The Executive may terminate the agreement at any time by giving the Company 3 months' written notice or without notice if the Company is in default of obligations and does not remedy that default in addition to other standard default situations.</p>

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# DIRECTORS' REPORT

for the year ended 30 June 2022

## 13. REMUNERATION REPORT (Audited) (continued)

### (I) Statutory Remuneration Disclosures (continued)

#### (i) Executive Contracts (continued)

**Paul Ryan Welker** (Managing Director – appointed on 8 March 2022, resigned on 28 June 2022)

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Contract:	Executive Service Agreement between the Company and Paul Welker ("Executive").
Term:	Commencement date of 8 March 2022 until employment is terminated.
Services:	The Executive is employed as Managing Director ("MD") of the Company and is responsible for all operational aspects within the Group.
Remuneration:	<p><u>Fixed remuneration:</u> A\$500,000 per annum (inclusive of a superannuation contribution) plus other non-cash benefits elected by the Executive, subject to annual review by the Board. During the review, the Board will consider the Executive's performance, progress of the Company and comparable industry standards.</p> <p><u>Variable remuneration - Long term incentive:</u> The Executive is eligible to receive long-term incentives in the form of 2,000,000 options at an exercise price of A\$1.30 per option (subject to shareholder approval), vesting on 8 March 2025 and expiring 8 March 2026 if not exercised prior to the expiry date.</p>
Termination:	<p><u>Termination by the Company:</u> The Company may terminate the Executive's employment for any reason by giving the Executive 6 month's written notice or payment in lieu of notice, or a combination of notice and payment in lieu of notice. The Company may immediately terminate the agreement in certain circumstances, including if the Executive is in default of obligations and does not remedy that default in addition to other standard default situations.</p> <p><u>Termination by the Executive:</u> The Executive may terminate the agreement at any time by giving the Company 6 months' written notice, or without notice if the Company is in default of obligations and does not remedy that default in addition to other standard default situations.</p>

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# DIRECTORS' REPORT

for the year ended 30 June 2022

## 13. REMUNERATION REPORT (Audited) (continued)

### (I) Statutory Remuneration Disclosures (continued)

#### (i) Executive Contracts (continued)

**Andrew Teo** (Managing Director - appointed on 19 March 2021, ceased employment on 8 March 2022)

---

Contract:	Executive Service Agreement between the Company and Andrew Teo ("Executive").
Term:	Commencement date of 19 March 2021 for a three-year term.
Services:	The Executive is employed as Managing Director ("MD") of the Company and is responsible for all operational aspects within the Group.
Remuneration:	<p><u>Fixed remuneration:</u> A\$500,000 per annum (inclusive of a superannuation contribution) plus other non-cash benefits elected by the Executive, subject to annual review by the Board. During the review, the Board will consider the Executive's performance, progress of the Company and comparable industry standards.</p> <p><u>Variable remuneration - Short term incentive ("STI"):</u> The Executive may be entitled to participate in the STI Plan as detailed in this report.</p> <p><u>Variable remuneration - Long term incentive:</u> The Company may grant the Executive share options or performance rights in accordance with Ten Sixty Four's share option and performance rights plans, or as approved by shareholders, as detailed in this report.</p>
Termination:	<p><u>Termination by the Company:</u> The Employer may terminate the Executive's employment for any reason by giving the Executive 6 month's written notice or payment in lieu of notice, or a combination of notice and payment in lieu of notice. The Company may immediately terminate the agreement in certain circumstances, including if the Executive is in default of obligations and does not remedy that default in addition to other standard default situations.</p> <p><u>Termination by the Executive:</u> The Executive may terminate the agreement at any time by giving the Company 6 months' written notice. or without notice if the Company is in default of obligations and does not remedy that default in addition to other standard default situations.</p> <p><u>Termination by reason of Material Diminution:</u> A "Material Diminution" is a change in the Executive's status as Managing Director of the Company, including a material change in his authority in respect of the business of the Company or a change in his reporting relationship with the Board. If a Material Diminution occurs, within 3 months of this occurring, the Executive may give the Company 2 weeks' written notice of termination of this agreement. Subject to the Corporations Act, the Company must make a payment to the Executive in lieu of a notice period being the remaining period of the three year contract, or 6 months if the remaining period of the contract is less than 6 months.</p>

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# DIRECTORS' REPORT

for the year ended 30 June 2022

## 13. REMUNERATION REPORT (Audited) (continued)

### (I) Statutory Remuneration Disclosures (continued)

#### (i) Executive Contracts (continued)

##### James Llorca (General Manager, Geology & Resources)

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Contract:	Employment contract between the Company and James Llorca ("Employee").
Term:	Commencement date of 10 October 2016 until employment is terminated.
Services:	The Employee is employed as General Manager, Geology & Resources and is responsible all matters pertaining to geology in the Company.
Remuneration:	<p><u>Fixed remuneration:</u> A\$382,500 per annum (inclusive of a superannuation), plus other non-cash benefits elected by the Employee, subject to annual review by the Board. During the review, the Board will consider the Employee's performance, progress of the Company and comparable industry standards.</p> <p><u>Variable remuneration - Short term incentive ("STI"):</u> The Employee may be entitled to participate in the STI Plan as detailed in this report.</p> <p><u>Variable remuneration - Long term incentive:</u> The Company may grant the employee share options or performance rights in accordance with Ten Sixty Four's share option and performance rights plans as detailed in this report.</p>
Termination:	<p><u>Termination by the Company:</u> The Employer may terminate the Employee's employment for any reason by giving the Employee 3 month's written notice or payment in lieu of notice, or a combination of notice and payment in lieu of notice.</p> <p>The Company may immediately terminate the agreement in certain circumstances, including if the Employee is in default of obligations and does not remedy that default in addition to other standard default situations.</p> <p><u>Termination by the Employee:</u> The Employee may terminate the agreement at any time by giving the Company 3 months' written notice.</p>

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# DIRECTORS' REPORT

for the year ended 30 June 2022

## 13. REMUNERATION REPORT (Audited) (continued)

### (I) Statutory Remuneration Disclosures (continued)

#### (i) Executive Contracts (continued)

**Patrick Warr** (Chief Financial Officer - appointed on 7 September 2020)

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Contract: Employment contract between the Company and Patrick Warr ("Employee").

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Term: No set term and the agreement will continue until employment terminates.

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Role: The Employee as Chief Financial Officer is responsible for the day-to-day management of all financial functions of the Group.

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Remuneration: Fixed remuneration:  
A\$332,500 per annum (inclusive of superannuation), plus other non-cash benefits elected by the Employee, subject to annual review by the Board. During the review, the Board will consider the Employee's performance, progress of the Company and comparable industry standards.

Variable remuneration - Short term incentive ("STI"):

The Employee may be entitled to participate in the STI Plan as detailed in this report.

Variable remuneration - Long term incentive:

The Company may grant the employee share options or performance rights in accordance with Ten Sixty Four's share option and performance rights plans, as detailed in this report.

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Termination: Termination by the Company:  
The Employer may terminate the Employee's employment for any reason by giving the Employee 3 month's written notice or payment in lieu of notice, or a combination of notice and payment in lieu of notice.

The Company may immediately terminate the agreement in certain circumstances, including if the Employee is in default of obligations and does not remedy that default in addition to other standard default situations.

Termination by the Employee:

The Employee may terminate the agreement at any time by giving the Company 3 months' written notice.

Termination by reason of Material Diminution:

A "Material Diminution" is a change in the Employee's status as Chief Financial Officer of the Company, including a material change in his authority in respect of the business of the Company or a change in his reporting relationship with the Board.

If a Material Diminution occurs, within 3 months of this occurring, the Employee may give the Company 2 weeks' written notice of termination of this agreement. Subject to the Corporations Act, the Company must make a payment to the Employee in lieu of a notice period equal to 6 months.

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# DIRECTORS' REPORT

for the year ended 30 June 2022

## 13. REMUNERATION REPORT (Audited) (continued)

### (I) Statutory Remuneration Disclosures (continued)

#### (i) Executive Contracts (continued)

**Raul Villanueva** (President of Philsaga Mining Corporation and President of Mindanao Mineral Processing and Refining Corporation)

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Contract:	Employment contract between the Company and Raul Villanueva ("Employee").
Term:	Initial term of 36 months commencing 1 July 2021 to 30 June 2024, thereafter until employment is terminated
Role:	The Employee as President of Philsaga Mining Corporation (PMC) and President of Mindanao Mineral Processing and Refining Corporation (MMPRC), is responsible for managing the business affairs of PMC and MMPRC, implementing administrative and operational policies, attending to industrial relation matters and any other mining activities and associated complimentary services.
Remuneration:	<p><u>Fixed remuneration:</u> US\$440,000 per annum (net of government taxes and other mandated deductions), plus 13<sup>th</sup> month pay, subject to annual review by the Board. During the review, the Board will consider the Employee's performance, progress of PMC and MMPRC and comparable industry standards.</p> <p><u>Variable remuneration - Short term incentive ("STI"):</u> The Employee may be entitled to participate in the STI Plan as detailed in this report. The Board may, in its absolute discretion, pay the Employee an annual bonus.</p> <p><u>Variable remuneration - Long term incentive:</u> The Company may grant the employee share options or performance rights in accordance with Ten Sixty Four's share option and performance rights plans, or as approved by shareholders, as detailed in this report.</p>
Termination:	<p><u>Termination by the Company:</u> The Employer may terminate the Employee's employment for any reason by giving the Employee 6 month's written notice or payment in lieu of notice, or a combination of notice and payment in lieu of notice. The Company may immediately terminate the agreement in certain circumstances, including if the Employee is in default of obligations and does not remedy that default in addition to other standard default situations.</p> <p><u>Termination by the Employee:</u> The Employee may terminate the agreement at any time by giving the Company 3 months' written notice or without notice if the Company is in default of obligations and does not remedy that default in addition to other standard default situations.</p> <p><u>Termination by reason of Material Diminution:</u> A "Material Diminution" is a change in the Employee's status as President of PMC and MMPRC, including a material change in his authority in respect of the business of the Company or a change in his reporting relationship with the Board. If a Material Diminution occurs, within 3 months of this occurring, the Employee may give the Company 2 weeks' written notice of termination of this agreement. Subject to the Corporations Act, the Company must make a payment to the Employee in lieu of a notice period equal to 12 months.</p>

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# DIRECTORS' REPORT

for the year ended 30 June 2022

## 13. REMUNERATION REPORT (Audited) (continued)

### (l) Statutory Remuneration Disclosures (continued)

#### (ii) Board policy in relation to limiting exposure to risk in securities.

Under the Company's Securities Trading Policy, Directors and Executives are prohibited from dealing in financial products issued or created over or in respect of Ten Sixty Four securities (e.g. hedges or derivatives) which have the effect of reducing or eliminating the risk associated with any equity incentives that Ten Sixty Four may offer from time to time (for example, a person may be granted an equity incentive award that vests at a time in the future subject to achieving certain performance goals; certain financial institutions offer products which act as an insurance policy if the performance goals are not met, thereby reducing the "at-risk" element of the person's incentive arrangements).

### (m) Related Parties

Related parties:	Jeffery McGlinn, Paul Welker, Andrew Teo, Andrew Hunt, Roy Daniel, Aaron Treyvaud, Simon Mottram, Raul Villanueva, Patrick Warr, Peter Alphonso and James Llorca.
Type of transaction:	Director and Officers Protection Deed ("Deed")
Transaction details:	<p>The Deed entered into by the Company with each of the Directors of the Company, indemnifies the Directors to the extent permitted by law, against any liability, which he may incur whilst carrying out his duties as a Director of the Company and against any costs and expenses incurred in defending legal proceedings brought against him as a Director.</p> <p>The Deed requires the Company to maintain in force Directors' and Officers' Liability Insurance, with an agreed cover level, for the duration of the Directors' term of office and a period of 7 years thereafter.</p> <p>The Deed also provides for the Directors to have access to the Company's documents (including Board papers) for a period of 7 years after he ceases to be a Director, subject to certain confidentiality and other requirements being observed.</p>

Apart from the Key Management Personnel related transactions with the Company or its controlled and affiliated entities disclosed in this Report, no Key Management Personnel has entered into a material contract with the Company since the end of the financial year and there were no material contracts involving Management Personnel's' interests subsisting at year end.

Further, there were no loans to Key Management Personnel during the year and there were no transactions or balances with Key Management Personnel, other than those disclosed in this Report.

### (n) Voting of Shareholders at Last Year's Annual General Meeting

At the Annual General Meeting of shareholders held on 28 October 2021, a majority of 98.96% voted in favour of adopting the Remuneration Report.

### End of Remuneration Report

# DIRECTORS' REPORT

for the year ended 30 June 2022

**(o) Un-issued shares under options/rights**

At the date of this report, details of un-issued ordinary shares of the Company under rights are as follows:

Performance Rights (PRs) vesting date	Exercise price	No. of PRs	No. of shares issued if PRs criteria met and exercised
Performance Rights			
12 October 2022	N/A	437,000	437,000
13 March 2023	N/A	3,730,000	3,730,000
1 January 2024	N/A	350,000	350,000
1 January 2024	N/A	1,500,000	1,500,000
<b>Total performance rights</b>	N/A	<b>6,017,000</b>	<b>6,017,000</b>

As at the date of this report, there were no un-issued ordinary shares of the Company under options.

**(p) Shares issued on exercise of options/rights**

During the financial year 83,000 Performance Rights were converted into 83,000 fully paid ordinary shares.

During the financial year all options expired.

## 14. INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

### *Indemnification*

The Company has agreed to indemnify the following current Directors and Officers of the Company, Messrs McGlenn, Hunt, Treyvaud, Villanueva, Mottram, Alphonso and Llorca and the following former Directors and Officers Messrs Teo, Daniel, Welker, McGowan, Davis, Weinberg, Angeles, Hepburn-Brown, Timler, Powell and Gregory against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors and Officers of the Company and its controlled entities, except where the liability arises out of conduct involving a wilful breach of duty or improper use of information to gain a personal advantage.

No amount has been paid under any of these indemnities during the financial year under review.

### *Insurance premiums*

During the year, the Company paid an insurance premium for Directors' and Officers' Liability Insurance policy, which cover all Directors, Company Secretaries and other Officers of the Company and its related entities. Details of the nature of the liabilities covered and the amount of premium paid in respect of the Directors' and Officers' Liability Insurance policies is prohibited under the terms of the policy, as such details are not disclosed.

## 15. INDEMNIFICATION OF AUDITORS

Ten Sixty Four Limited ("X64") has agreed to indemnify its auditors, BDO Audit (WA) Pty Limited ("BDO") to the extent permitted by law, against any claim by a third party arising from X64's breach of their agreement. X64 will meet the full amount of any such liabilities including a reasonable amount of legal costs.

During the financial year, the Company has not paid any premium in respect to any insurance for BDO or a body corporate related to BDO and there were no officers of the Company who were former partners or directors of BDO, whilst BDO conducted audits of the Group.

## 16. ENVIRONMENTAL REGULATIONS

The Group's operations are subject to a number of environmental regulations in relation to its exploration, mining and processing activities in the Philippines and Australia. Details of these regulations are set out in the Review of Operations, under the section titled Environmental Management and Monitoring in the Final Annual Report.

The Directors are not aware of any significant breaches of environmental regulations during the financial year.

# DIRECTORS' REPORT

for the year ended 30 June 2022

## 17. PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the financial year.

## 18. NON-AUDIT SERVICES

During the year, affiliated entities of BDO Audit (WA) Pty Limited ("BDO"), the Company's auditors, performed certain other services in addition to their statutory duties.

The Board has considered and is satisfied that the provision of non-audit services during the year by the auditor is compatible with and did not compromise, the auditor independence requirements of the Corporations Act for the following reasons:

- a) all non-audit services are reviewed and approved by the Audit Committee and Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor;
- b) the nature of the non-audit services provided do not compromise the general principles relating to auditor independence as set out in APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board;
- c) The services of the affiliated entities of the BDO Group have not involved reviewing or auditing BDO's own work or acting in a managerial or decision-making capacity within the Group; and
- d) There is no reason to question the veracity of BDO's Independence Declaration.

The following fees were paid affiliated entities of BDO (Audit) Pty Limited for non-audit services provided during the year ended 30 June 2022:

Item description	Unit	2022	2021
Taxation	US\$	50,429	24,648
Remuneration consulting	US\$	14,750	-
Total	US\$	65,179	24,648

## 19. AUDITOR'S INDEPENDENCE DECLARATION

The Lead Auditor's Independence Declaration for the year ended 30 June 2022 has been received and can be found on page 36 of this Report.

## 20. ROUNDING OFF AMOUNTS

The Group is of a kind referred to in ASIC Legislative Instrument 2016/191 and accordingly, amounts in the Financial Report and Directors' Report have been rounded to the nearest \$1,000 or in certain cases, to the nearest dollar to reflect where rounding in '000 is not permitted.

Signed in accordance with a resolution of the Board of Directors



**Jeffery McGlinn**  
Executive Chairman

Dated at Perth this 29<sup>th</sup> day of September 2022

## DECLARATION OF INDEPENDENCE BY NEIL SMITH TO THE DIRECTORS OF TEN SIXTY FOUR LIMITED

As lead auditor of Ten Sixty Four Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Ten Sixty Four Limited and the entities it controlled during the period.



Neil Smith

Director

BDO Audit (WA) Pty Ltd

Perth

29 September 2022



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2022

	Note	Consolidated	
		2022 US\$000	2021 US\$000
Revenue	2	139,959	179,037
Cost of sales		(101,291)	(105,116)
Gross Profit		38,668	73,921
Other income	2	33	107
Exploration & Evaluation expenses		(1,697)	(1,412)
Administration expenses		(8,255)	(7,667)
Cost of company acquisition	3	(12,491)	-
Other expenses	3	(12,315)	(2,514)
<b>Profit before income tax expense</b>		3,943	62,435
Income tax expense	4	(1,120)	(15,179)
<b>Profit for the year after income tax expense</b>		2,823	47,256
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Movement in other reserves (net of tax)		484	(83)
Exchange differences on translation of foreign operations (net of tax)		(443)	653
Total comprehensive profit attributable to the owners		2,864	47,826
Basic profit per share (US\$ per share)	5	0.012	0.227
Diluted profit per share (US\$ per share)	5	0.012	0.221

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2022

		<b>Consolidated</b>	
		<b>2022</b>	<b>2021</b>
	Note	US\$000	US\$000
<b>CURRENT ASSETS</b>			
Cash & cash equivalents	6 (a)	50,658	51,074
Trade & other receivables	7	14,103	25,412
Inventories	8	30,659	16,697
Other current assets		694	657
<b>Total Current Assets</b>		<b>96,114</b>	<b>93,840</b>
<b>NON-CURRENT ASSETS</b>			
Trade & other receivables	7	10,871	20,869
Property, plant & equipment	9	29,612	17,675
Intangible assets		563	525
Mine Rehabilitation		638	1,036
Development expenditure	10	65,129	62,248
Deferred tax assets	4 (b)	23,818	18,921
Right-of-use assets	11	1,374	1,415
<b>Total Non-current Assets</b>		<b>132,005</b>	<b>122,689</b>
<b>Total Assets</b>		<b>228,119</b>	<b>216,529</b>
<b>CURRENT LIABILITIES</b>			
Trade & other payables	13	16,240	14,212
Borrowings	15	839	1,503
Provisions	14	360	245
Lease Liabilities	11	535	579
<b>Total Current Liabilities</b>		<b>17,974</b>	<b>16,539</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	15	213	200
Deferred tax liability	4 (b)	469	806
Provisions	14	3,709	4,999
Lease Liabilities	11	917	914
<b>Total Non-current Liabilities</b>		<b>5,308</b>	<b>6,919</b>
<b>TOTAL LIABILITIES</b>		<b>23,282</b>	<b>23,458</b>
<b>NET ASSETS</b>		<b>204,837</b>	<b>193,071</b>
<b>EQUITY</b>			
Issued capital	16	114,348	102,902
Reserves	17	7,670	7,438
Retained profits/(accumulated losses)	18	82,819	82,731
<b>Total equity</b>		<b>204,837</b>	<b>193,071</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2022

	Share capital ordinary US\$000	Retained profits US\$000	Share based payment reserves US\$000	Other reserves US\$000	Foreign currency translation reserve US\$000	Total US\$000
<b>CONSOLIDATED</b>						
<b>Balance at 30 June 2020</b>	<b>102,902</b>	<b>43,668</b>	<b>444</b>	<b>(959)</b>	<b>6,672</b>	<b>152,727</b>
<b>Balance at 1 July 2020</b>	<b>102,902</b>	<b>43,668</b>	<b>444</b>	<b>(959)</b>	<b>6,672</b>	<b>152,727</b>
Net profit after tax	-	47,256	-	-	-	47,256
Other comprehensive profit	-	-	-	(83)	653	570
Total comprehensive profit for the year	-	47,256	-	(83)	653	47,826
<i>Transactions with owners, in their capacity as owners, and other transfers</i>						
Share options expensed	-	-	534	-	-	534
Transfer from option reserve	-	(177)	177	-	-	-
Dividend paid	-	(8,016)	-	-	-	(8,016)
<b>Balance at 30 June 2021</b>	<b>102,902</b>	<b>82,731</b>	<b>1,155</b>	<b>(1,042)</b>	<b>7,325</b>	<b>193,071</b>
<b>Balance at 1 July 2021</b>	<b>102,902</b>	<b>82,731</b>	<b>1,155</b>	<b>(1,042)</b>	<b>7,325</b>	<b>193,071</b>
Net profit/(loss) after tax	-	2,823	-	-	-	2,823
Other comprehensive profit	-	-	-	484	(443)	41
Total comprehensive profit for the year	-	2,823	-	484	(443)	2,864
<i>Transactions with owners, in their capacity as owners, and other transfers</i>						
Shares issued during the period	11,425	-	-	-	-	11,425
Share buy back	(71)	-	-	-	-	(71)
Share options expensed	-	-	681	-	-	681
Transfer from option reserve	92	398	(490)	-	-	-
Dividend paid	-	(3,133)	-	-	-	(3,133)
<b>Balance at 30 June 2022</b>	<b>114,348</b>	<b>82,819</b>	<b>1,346</b>	<b>(558)</b>	<b>6,882</b>	<b>204,837</b>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2022

	Note	Consolidated	
		2022 US\$000	2021 US\$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		154,336	164,660
Payments to suppliers & employees		(94,231)	(85,531)
Payments for exploration & evaluation activities		(1,678)	(1,412)
Other income		10	73
Interest received		22	34
Income tax paid		(4,528)	(13,388)
<b>Net cash (used in) operating activities</b>	6(b)	<u>53,931</u>	<u>64,436</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment	9	(18,211)	(10,795)
Payment for development activities	10	(32,372)	(28,640)
Payments for purchase of company, net of cash acquired		(317)	-
<b>Net cash (used in) investing activities</b>		<u>(50,900)</u>	<u>(39,435)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment for lease liabilities	11	(535)	(579)
Proceeds from issue of shares/buy back		(71)	-
Payments for dividends		(3,133)	(8,016)
(Payment of) from bank loans		(652)	(4,049)
<b>Net cash by financing activities</b>		<u>(4,391)</u>	<u>(12,644)</u>
<b>Net increase/(decrease) in cash held</b>		(1,360)	12,357
Cash and cash equivalent at the beginning of the year		51,074	38,852
Exchange rate adjustment		944	(135)
<b>Cash and cash equivalent at the end of the year</b>	6(a)	<u>50,658</u>	<u>51,074</u>

The above Consolidated Statement of Cash Flows should be used in conjunction with the accompanying notes.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

## BASIS OF PREPARATION

Ten Sixty Four Limited (“X64” or the “Company”) formerly Medusa Mining Limited, is a company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange.

A description of the nature of operations and principal activities of X64 and its subsidiaries (collectively, the “Group”) is included in the Directors Report, which is not part of these financial statements.

The financial statements were authorised for issue in accordance with a resolution of the Directors on 28 September 2022.

The financial report is a general-purpose financial report which:

- has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (“AASB”) and complies with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”);
- has been prepared on historical costs basis except for assets and liabilities and share based payments which are required to be measured at fair value. The basis of measurement is discussed further in the individual notes;
- is presented in US dollars with all values rounded to the nearest thousand dollars (\$’000), unless otherwise stated, in accordance with ASIC instrument 2016/191;
- Adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of X64 and effective for reporting periods beginning on or after 1 July 2021.

There has been no new accounting standards or policies adopted this financial year.

### (a) Principles of Consolidation

The Group’s financial statements consolidate those of the Parent Company and all of its subsidiaries as at 30 June 2022. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary’s profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

A list of controlled entities during the year ended 30 June 2022 is presented in note 25.

### (b) COVID-19

Judgement has been exercised in considering the impacts of that the Coronavirus (Covid-19) pandemic has had, or may have, on the Group based on known information. This consideration includes the annual assessment of impairment of assets and the continued assumption of the going concern basis for the preparation of the financial statements. Based on information available at the time of signing this financial report, there is no known significant impact on the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Covid-19 pandemic.

### (c) Key Estimates and Judgments

In the process of applying the Group’s accounting policies, management has made a number of judgments and applied estimates of future events. Judgement and estimates which are material to the financial report are found in the following notes:

- Note 3. Asset Acquisition
- Note 4. Income Tax and Deferred Tax Assets
- Note 7. Trade & Other Receivables
- Note 10. Development Expenditure
- Note 11. Leases
- Note 12. Impairment of Non-Current Assets
- Note 14. Provisions
- Note 27. Share Based Payments

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

## PERFORMANCE FOR THE YEAR

This section of the notes includes segment information and provides further information on key line items relevant to the financial performance of the Group. It includes relevant accounting policies, key judgments and estimates relevant to understanding these items.

### 1. SEGMENT INFORMATION

#### (i) Identification of Reportable Segments

The Group has identified its reportable operating segments based on the internal management reports that are reviewed and used by the Managing Director (the chief operating decision maker) and his management team in assessing performance and in determining the allocation of resources.

The Group segments are structured as Mining, Exploration and Other. Currently the only operational mine is the Co-O mine. Other incorporates the Parent Entity's activities.

#### (ii) Segment Result, Segment Assets and Segment Liabilities

The measurement of segment results is in line with the basis of information presented to management for internal management reporting purposes;

Segment Result is based on the net of revenues and expenditure corresponding to the specific segment;

Segment Revenues represent gold and silver sales at spot prices;

Segments Assets are allocated to segments based on their nature and physical location;

Segment Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Segment Liabilities include trade and other payables; and

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments, as they are not considered part of the core operations of any segment:

- income tax expense;
- gain/(loss) on disposal of assets;
- deferred tax assets and liabilities;
- interest revenue; and
- intercompany receivables and payables.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

## PERFORMANCE FOR THE YEAR (continued)

### 1. SEGMENT INFORMATION (continued)

#### (ii) Segment Result, Segment Assets and Segment Liabilities (continued)

12 months to June 2022:	Mining	Exploration	Other	Total
	US\$000	US\$000	US\$000	US\$000
<b>Segment Revenue</b>	139,959	-	-	139,959
Reconciliation of segment revenue to group revenue				
<i>add:</i>				
Interest revenue	-	-	23	23
Other income	-	-	10	10
Group revenue				139,992
<b>Segment Result</b>				
Reconciliation of segment result to group result:	(15,385)	(3,397)	(17,115)	(35,897)
<i>add back:</i>				
Forex realised	-	-	1,153	1,153
Forex unrealised	-	-	4,244	4,244
Interest revenue	-	-	23	23
Depreciation	8,064	1	1	8,066
Amortisation	30,655	-	103	30,758
Exploration write off	-	1,697	-	1,697
Bad debts write off	35	-	-	35
Other write off	2,813	-	-	2,813
Share based expense	-	-	681	681
Retirement expense	612	-	-	612
Income tax expense	-	-	1,120	1,120
Asset write off	9	-	-	9
Cost of company acquisition (i)	-	-	(12,491)	(12,491)
Group profit/(loss) after income tax expense				2,823
<b>Segment Assets</b>				
Reconciliation of segment assets to group assets:	197,507	2,614	4,180	204,301
<i>plus:</i> Deferred tax assets	23,818	-	-	23,818
Total group assets	-	-	-	228,119
<b>Segment Liabilities</b>				
Reconciliation of segment liabilities to group liabilities:	20,900	151	1,762	22,813
<i>plus:</i> Deferred tax liabilities	469	-	-	469
Total group liabilities				23,282

Note:

(i) Refer to Note 3

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

## PERFORMANCE FOR THE YEAR (continued)

### 1. SEGMENT INFORMATION (continued)

#### (ii) Segment Result, Segment Assets and Segment Liabilities (continued)

12 months to June 2021	Mining	Exploration	Other	Total
	US\$000	US\$000	US\$000	US\$000
<b>Segment Revenue</b>	179,037	-	-	179,037
Reconciliation of segment revenue to group revenue				
<i>add:</i>				
Interest revenue	-	-	34	34
Forex realised	-	-	73	73
Group revenue				179,144
<b>Segment Result</b>				
Reconciliation of segment revenue to group result:	16,624	(1,412)	(20,251)	(5,039)
<i>add back:</i>				
Forex realised	-	-	409	409
Forex unrealised	-	-	166	166
Internet revenue	-	-	34	34
Depreciation	8,330	-	5	8,335
Amortisation	26,109	-	125	26,234
Bad debts write off	28	-	-	28
VAT write off	593	-	-	593
Share based expense	-	-	534	534
Retirement expense	758	-	-	758
Income tax expense	15,179	-	-	15,179
Asset write off	11	-	14	25
Group profit /(loss)				47,256
<b>Segment Assets</b>				
Reconciliation of segment asset to group assets:	194,478	72	3,058	197,608
<i>plus:</i> Deferred tax assets	18,921	-	-	18,921
Total group assets	-	-	-	216,529
<b>Segment Liabilities</b>				
Reconciliation of segment liabilities to group liabilities:	22,014	17	621	22,652
<i>plus:</i> Deferred tax liabilities	806	-	-	806
Total group liabilities				23,458

Revenue & non-current assets by geographical region:	Australia	Philippines	Hong Kong	Total
	US\$000	US\$000	US\$000	US\$000

#### **12 months to June 2022:**

Segment Revenue	-	-	139,959	139,959
Non-Current Assets	682	131,323	-	132,005

#### **12 months to June 2021:**

Segment Revenue	-	-	178,462	178,462
Non-Current Assets	270	122,419	-	122,689

All gold and silver sales have been produced from the Co-O Mine in the Philippines and are recognised in the mining segment as there has been no active trading of gold in the current year. Sales revenues in the mining segment represent sales of refined product from the Co-O Mine, refined and sold in Hong Kong.

In accordance with AASB 8 Operating segments disclosure requirements Non-Current Assets shown in geographical information include tangible and intangible assets but exclude financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.

The Group sells its gold on the spot market. Selection of a customer is at the Group's discretion and there is no commitment to exclusive sales to any particular customer. During the financial year ended 30 June 2022, all of the Group's revenues were derived from sales to a single customer (2021:100%).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

## PERFORMANCE FOR THE YEAR (continued)

	Consolidated	
	2022	2021
Note	US\$000	US\$000
<b>2. REVENUE AND OTHER INCOME</b>		
<u>Operating activities:</u>		
Gold and silver sales	139,959	179,037
<u>Non-operating activities:</u>		
Interest income	23	34
Other income	10	73
Total revenue and other income	139,992	179,144

### (a) Recognition and Measurement

#### Sale of refined gold & silver

Revenue is recognised when control of the goods has passed to the buyer based upon agreed delivery terms.

The Company's metal sales represent sales of refined gold and silver, when control passes to the customer which is when legal title to the refined metal transfers to the customer. The sales price is based on prevailing market metal prices.

Judgement is required to determine when transfer of control occurs relating to the sale of the goods to customers. Management based its assessment on a number of indicators of control, which include, but are not limited to whether the Company has present right of payment, and whether the control and legal title have transferred to the customer.

### 3. EXPENSES

Profit/(loss) before income tax expense/(income) has been determined after charging/(crediting) the following items:

#### Depreciation & amortisation:

- Depreciation expense	8,067	8,335
- Amortisation expense	29,935	25,361
- Mine rehabilitation and right of use assets amortisation	823	873
Total depreciation & amortisation	38,825	34,569

Employee benefits expense	18,707	19,483
Interest expense & unwinding of discount on provisions	404	661
Cost of company acquisition (i)	12,491	-

#### Other expenses:

- VAT impairment (ii)	2,813	593
- Forex realised	1,153	409
- Forex unrealised	4,244	166
- Defined benefit plans	612	758
- Assets impaired	9	25
- Share-based payment expense	681	534
- Bad debts write off	35	29
- Tax settlement	2,768	-
Total other expenses	12,315	2,514



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

## PERFORMANCE FOR THE YEAR (continued)

### 3. EXPENSES (continued)

Notes:

#### (i) Asset Acquisition

On 24 February 2022, the Company (formerly Medusa Mining Limited) acquired 100% of the ordinary shares of Ten Sixty Four Limited. This company is a Queensland based gold exploration company.

The exploration asset acquired is in the exploration phase and this together with the unique nature of the assets, means that the valuation of the asset cannot be readily estimated and as such, the fair value of the asset acquired has been measured by reference to the value of the equity instruments granted. The consideration payable was 20,000,000 million ordinary shares in the Company valued at USD\$11.446m, based on the share price at the date of completion when the rights of ownership to the asset was transferred. The acquisition was accounted for as an asset acquisition by the way of a share based payment transaction whereby the excess of consideration paid and net assets acquired was recognised as exploration and evaluation expenditure in the profit and loss in accordance with the Group's accounting policy. This is because the assets acquired do not constitute an integrated set of activities and assets that are capable of being conducted and managed for a purpose of providing a return at the time of acquisition and hence is not a business.

The fair value of the identifiable net assets and liabilities of Ten Sixty Four Limited as at that date of acquisition are:

<b>Purchase Consideration comprises:</b>	<b>USD\$000</b>
20,000,000 fully paid ordinary shares	11,425
Transaction costs (inc. Stamp Duty)	1,066
Total consideration	<b><u>12,491</u></b>
<b>Net Asset acquired:</b>	
Cost of Company Acquisition	<b><u>12,491</u></b>

Pursuant to the Company accounting policy, the Group expenses all costs incurred in respect of the acquisition costs of exploration assets and exploration and evaluation activities (refer Note 3 (iii)). Accordingly, the cost of acquiring Ten Sixty Four Limited has been expensed in the Consolidated Statement of Profit and Loss and Other Comprehensive Income.

(ii) Refer to note 7(b) for details on the provision for VAT impairment.

### Recognition and Measurement

#### (ii) Depreciation

Plant and equipment (excluding the Co-O Mine) is depreciated applying the straight-line method over their estimated useful lives, commencing from the time the asset is held ready for use.

Co-O mine's useful life is estimated to approximate the expected life of the mine, the depreciation rate is based on a charge proportional to the depletion of estimated recoverable gold ounces contained in indicated and inferred resources.

Depreciation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation method	Depreciation rate (%)
Plant and equipment (excluding Co-O Mine)	Straight line	20.0% to 33%
Office furniture and fittings	Straight line	7.5% to 20%
Building	Straight line	5.0% to 20%

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss.

Capital works in progress is included in Property, Plant and Equipment. Depreciation of the asset is applied when construction is completed, and the asset is ready for use.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

## PERFORMANCE FOR THE YEAR (continued)

### 3. EXPENSES (continued)

#### Recognition and Measurement (continued)

##### (iii) Amortisation

The Group uses the unit-of-production basis when amortising life-of-mine specific assets which results in an amortisation charge proportionate to the depletion of the anticipated remaining life-of-mine production. Each item's economic life, which it assesses annually, has due regard for both its physical life limitations and to present assessments of the available reserve of the mine property at which it is located. Refer Note 10 for further detail.

##### (iv) Exploration and Evaluation Expenses

Exploration and Evaluation expenditure incurred by or on behalf of the Group is reported separately for each area of interest. Such expenditure comprises direct costs and does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

The Group expenses all costs incurred in respect of the acquisition of exploration and evaluation activities and ongoing exploration activities in the period in which they are incurred.

#### Key Estimates and Judgments

##### (v) Acquisition not Constituting a Business

The Ten Sixty Four Limited acquisition was not accounted for as a business combination as the assets acquired did not meet the definition of a business as per AASB 3 Business combinations at the date of the acquisition. Namely, the assets do not constitute an integrated set of activities, and assets that are capable of being conducted and managed for a purpose of providing a return at the time of acquisition.

##### (vi) Acquisition share-based payment

For asset acquisitions settled via share-based payment arrangements, the Group measures the cost of the asset at fair value of the asset acquired, or if this cannot be determined, at the fair value of the equity instruments granted. During the year the Group acquired the Queensland exploration projects via the issue of equity and as such the transaction is a share-based payment under AASB 2. Given the nature of the exploration assets acquired, the fair value of the assets was unable to be determined and the transaction was recorded at the fair value of the equity instruments granted.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

## PERFORMANCE FOR THE YEAR (continued)

	Consolidated	
	2022	2021
	US\$000	US\$000
<b>4. INCOME TAX</b>		
<b>(a) Income Tax Expense</b>		
<b>(i) The components of tax expense comprise:</b>		
Current tax	6,622	10,680
Deferred tax	(5,590)	4,638
Prior year adjustment	88	(139)
	1,120	15,179
<b>(ii) The prima facie tax on profit before income tax is reconciled to the income tax as follows:</b>		
Operating profit before income tax	3,943	62,435
Prima facie tax expense/(credit) at 30% (2021: 30%) on operating profit	1,183	18,731
<i>less - tax effect of:</i>		
difference of effective foreign income tax rates	71	(3,111)
Interest income	(6)	80
amortisation and depreciation adjustment	(2,149)	(7,400)
VAT write off	-	227
share based payments expense	214	160
Impact of change in tax rate in Philippines	-	6,602
foreign exchange	1,787	42
expiry of tax credits	847	484
derecognition of deferred taxes	(1,920)	-
other	789	(128)
deferred tax assets not brought to account	304	(508)
Income tax expense/(benefit)	1,120	15,179
Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 4(c) occur:		
- Temporary differences	17,306	17,306
- Australian tax losses	2,618	2,406
Total	19,924	19,712

The benefit of tax losses will only be obtained if:

- the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit to be realised;
- the Group continues to comply with the conditions for deductibility imposed by the law; and
- no changes in tax legislation adversely affect the Group in realising the benefit.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

## PERFORMANCE FOR THE YEAR (continued)

### 4. INCOME TAX (continued)

#### (b) Deferred Tax

	Opening balance US\$000	Forex on translation US\$000	Credit/(charged) to income US\$000	Closing balance US\$000
<b>Consolidated Group</b>				
<b><u>30 June 2022</u></b>				
<b>Deferred tax liability</b>				
Mining and exploration timing differences	806	(337)	-	469
Total deferred tax liability	806	(337)	-	469
<b>Deferred tax assets</b>				
Carried forward tax losses	527	-	819	1,346
Mining and exploration timing differences	18,394	681	3,397	22,472
Total deferred tax asset	18,921	681	4,216	23,818
<b><u>30 June 2021</u></b>				
<b>Deferred tax liability</b>				
Capitalised exploration & evaluation expenditures	-	-	-	-
Mining and exploration timing differences	257	549	-	806
Total deferred tax liability	257	549	-	806
<b>Deferred tax assets</b>				
Carried forward tax losses	1,010	-	(483)	527
Mining and exploration timing differences	22,070	665	(4,341)	18,394
Total deferred tax asset	23,080	665	(4,824)	18,921

#### (c) Recognition and Measurement

The income tax expense/(credit) for the year comprises current income tax expense (credit) and deferred tax expense/(credit).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantively enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense/ (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

## PERFORMANCE FOR THE YEAR (continued)

### 4. INCOME TAX (continued)

#### (d) Recognition and Measurement (continued)

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled, and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

The deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

#### (e) Key Estimates and Judgments

Significant judgement is required in determining deferred tax assets and liabilities. There are many transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain.

In addition, deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future forecast taxable profits are available to utilise those temporary differences and losses, and the tax losses continue to be available having regard to the relevant tax legislation associated with their recoupment.

The Group has recognised a deferred tax asset of US\$24 million at 30 June 2022. The utilisation of this deferred tax asset amount depends upon future taxable amounts in excess of profits arising from the reversal of temporary differences. The Group believes this amount to be recoverable based on taxable income projections.

### 5. EARNINGS PER SHARE

#### (a) Earnings/(Loss) per Share

	Consolidated	
	2022 US\$000	2021 US\$000
Profit/(Loss) used to calculate basic and diluted EPS	2,823	47,256
Weighted average number of ordinary shares used in the calculation of the basic earnings per share.	227,794,301	207,873,301
Weighted average unlisted options & performance rights outstanding	5,598,625	6,019,496
Weighted average of ordinary shares diluted as at 30 June	233,392,926	213,892,797

#### (b) Recognition and Measurement

Basic earnings per share ("EPS") is calculated by dividing the net profit or loss attributable to members of the Company for the reporting period, after excluding any costs of servicing equity (other than ordinary shares and converting preference shares classified as ordinary shares for EPS calculation purposes), by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after-tax effect of financing costs associated with potential ordinary shares and the effect on revenues and expenses of conversion to ordinary shares associated with potential ordinary shares, by the weighted average number of ordinary shares and potential ordinary shares adjusted for any bonus issue.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

## OPERATING ASSETS & LIABILITIES

This section of the notes shows cash generation, the assets used to generate the Group's trading performance and the liabilities incurred as a result. Liabilities relating to the Group's financing activities are addressed in the Capital Structure, Financial Instruments and Risk Section.

### 6. CASH AND CASH EQUIVALENTS

#### (a) Reconciliation of cash:

For the purposes of the Statement of Cash Flows, cash includes cash on hand and short-term deposits at call, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	Consolidated	
	2022 US\$000	2021 US\$000
Cash at bank	50,620	51,036
Cash on hand	38	38
Total cash assets	50,658	51,074
<b>(b) Reconciliation of profit /(loss) after income tax to net cash provided by operating activities:</b>		
Profit after income tax	2,823	47,256
add/(less) -		
Non-cash items:		
- Depreciation/amortisation	38,002	33,696
- Mine rehabilitation amortisation	823	873
- Shares issue for company acquisition (Note 3)	11,425	-
- Retirement Benefit	612	758
- Gain on asset disposal	42	25
- Recognition of share-based expenses	714	534
- VAT write off	2,813	593
- Foreign exchange (gain) / loss	5,397	575
Total non-cash items	64,348	84,310
Changes in assets & liabilities		
- (increase)/decrease in trade & other receivables	18,494	(17,292)
- (increase)/decrease in VAT provisions for write off	(880)	315
- (increase)/decrease in prepayments	(37)	74
- (increase)/decrease in inventories	(13,962)	(1,219)
- (decrease)/increase in trade & other payables	(5,949)	(2,080)
- (increase)/decrease in deferred taxes assets	(4,896)	4,159
- increase/(decrease) in deferred taxes liabilities	337	(549)
- movement in retirement benefit liability	(1,828)	(3,282)
Total changes in assets and liabilities	(8,720)	(19,874)
Net cash provided by operating activities	55,661	64,436
<b>(c) Non-cash Investing and Financing activities</b>		
- Shares issue for company acquisition (Note 3)	11,425	-
- Performance Rights issued – (Note 27)	681	534
- Additions to the right -of-use assets (Note 11)	507	-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

## OPERATING ASSETS & LIABILITIES (continued)

### 6. CASH AND CASH EQUIVALENTS (continued)

#### (d) Restricted Funds

The Group's total cash assets mentioned above include restricted bank accounts as follows:

- (i) a rehabilitation fund of US\$4,519,440 (2021: US\$5,378,887) to be used at the end of life of mine for environmental rehabilitation.

Total restricted funds amount to US\$4,519,440.

#### (e) Recognition and Measurement

For the purpose of the Statement of Cash Flows, cash and cash equivalents include:

- cash on hand and at call deposits with bank or financial institutions, net of bank overdrafts; and
- investments in money market instruments with less than 30 days to maturity.

These amounts are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### 7. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2022	2021
	US\$000	US\$000
<b>Current</b>		
GST/VAT receivables	10,542	10,349
Trade / Other receivables	3,561	15,063
Total current receivables	14,103	25,412
<b>Non-Current</b>		
GST/VAT receivables	10,871	20,869
Total non-current receivables	10,871	20,869

#### (a) Recognition and Measurement

Trade and other receivables are initially measured at the transaction price and subsequently measured at amortised cost less an allowance for uncollectable amounts. Uncollectable amounts are determined using the expected loss impairment model. Collectability and impairment of trade receivables is assessed on a regular basis.

In the current year, the expected credit loss on trade receivables is considered insignificant as trade receivables represents refined gold and silver awaiting settlement which is generally expected to settle within two days.

#### (b) Key Estimates and Judgments

The Group has GST/VAT of \$21 million that comprises tax credit certificates ("TCC") and VAT claimable for cash and offsets. The current asset portion of VAT \$10 million comprises amounts that are estimated to be utilised within the current period. The non-current amount of VAT receivable of \$11 million represents the estimated amount utilised in future periods against tax liabilities.

Management judgment has been used to determine a provision for Philippine VAT Receivables not recoverable in future and is based on historical and estimated amounts in future.

In FY20 an amount of approximately \$9.5m relating to VAT Receivables reported in a Philippine controlled entity has been de-recognised as an asset as the timing of utilising this amount could not be determined at balance date. Under existing Philippine tax law, this amount continues to be available to offset future VAT liabilities indefinitely, dependent on future VAT transactions.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

## OPERATING ASSETS & LIABILITIES (continued)

	Consolidated	
	2022 US\$000	2021 US\$000
<b>8. INVENTORIES</b>		
Consumables - net realisable value	10,837	7,096
Ore stockpile - at cost	1,662	1,740
Gold Inventory - at cost (i)	18,160	7,861
Total inventories	30,659	16,697
(i)	Includes gold bullion held of 16,547 ounces at cost of US\$13 million. Market value at 30 June 2022 for this gold bullion is US\$30 million (FY21: gold bullion held of 3,679 ounces, held at cost of US\$3 million.)	
<b>(a) Recognition and Measurement</b>		
	Inventories consisting of ore in stockpiles, metal-in process and finished metal are valued at the lower of cost and net realisable value. Cost represents the weighted average cost and includes direct costs and an appropriate portion of fixed and variable production overhead expenditure, incurred in converting materials into finished goods. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.	
	Consumables are valued at the lower of cost and net realisable value. Any allowance for obsolescence is determined by reference to stock items identified.	
<b>9. PROPERTY, PLANT &amp; EQUIPMENT</b>		
<b>Plant &amp; equipment:</b>		
At cost	210,142	204,342
less - provision for impairment	(132,064)	(132,064)
less - accumulated depreciation	(74,340)	(66,331)
Total plant & equipment at net book value	3,738	5,947
<b>Capital works in progress:</b>		
At cost	25,704	11,570
Total capital works in progress at net book value	25,704	11,570
<b>Furniture &amp; fittings:</b>		
At cost	1,420	1,350
less - provision for impairment	(254)	(254)
less - accumulated depreciation	(996)	(938)
Total furniture & fittings at net book value	170	158
Total carrying amount at end of year	29,612	17,675

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

## OPERATING ASSETS & LIABILITIES (continued)

	Consolidated	
	2022 US\$000	2021 US\$000
<b>9. PROPERTY, PLANT &amp; EQUIPMENT</b> (continued)		
<i>Reconciliations:</i>		
<b>Plant &amp; equipment:</b>		
Carrying amount at beginning of year	5,946	10,186
<i>plus</i> - additions	5,652	2,826
<i>plus</i> - net transfer from capital works in progress	226	1,225
<i>less</i> - forex differences on translation	(69)	(2)
<i>less</i> - disposal	(9)	(25)
<i>less</i> - depreciation	(8,008)	(8,263)
Carrying amount at end of year	3,738	5,947
<b>Capital works in progress:</b>		
Carrying amount at beginning of year	11,570	4,815
<i>plus</i> - additions	14,363	7,991
<i>less</i> - net transfer to plant and equipment	(229)	(1,236)
Carrying amount at end of year	25,704	11,570
<b>Furniture &amp; fittings:</b>		
Carrying amount at beginning of year	158	69
<i>plus</i> - additions	66	149
<i>plus</i> - net transfer from capital works in progress	4	12
<i>less</i> - depreciation	(58)	(72)
Carrying amount at end of year	170	158
Total carrying amount at end of year	29,612	17,675

### (a) Recognition and Measurement

Each class of Property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

## OPERATING ASSETS & LIABILITIES (continued)

### 10. DEVELOPMENT EXPENDITURE

	Consolidated	
	2022 US\$000	2021 US\$000
At cost -	501,934	469,271
<i>less</i> - provisions for impairment	(246,260)	(246,260)
<i>less</i> - accumulated amortisation	(190,545)	(160,763)
Total carrying amount at end of year	65,129	62,248
<b><u>Reconciliation:</u></b>		
Carrying amount at beginning of year	62,248	58,796
<i>plus</i> - costs incurred	32,663	28,640
<i>less</i> - amortisation expense	(29,782)	(25,188)
Total carrying amount at end of year	65,129	62,248

#### (a) Recognition and Measurement

Development expenditure represents the accumulated land and development expenditure incurred by or on behalf of the Group in relation to areas of interest in which mining of a mineral resource has commenced.

When further development expenditure is incurred in respect of a mine property after commencement of production, such expenditure is carried forward as part of the mine property only when substantial future economic benefits are thereby established, otherwise such expenditure is classified as part of the cost of production. All horizontal development drives which include permanent rail and associated infrastructure, are capitalised.

Amortisation of costs is provided on the unit-of-production method with separate calculations being made for each mineral resource at an average rate of 29.06% (2021: 28.99%). The unit-of-production basis results in an amortisation charge proportional to the depletion of the estimated recoverable reserves. In some circumstances, where conversion of resources into reserves is expected, some elements of resources may be included. Where the life of the assets is shorter than the mine life their costs are amortised based on the useful life of the assets.

The estimated recoverable reserves and life of the mine and the remaining useful life of each class of asset is reassessed at least annually. Where there is a change in the reserves/resources amortisation rates are correspondingly adjusted.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

## OPERATING ASSETS & LIABILITIES (continued)

### 10. DEVELOPMENT EXPENDITURE (continued)

#### (b) Key Estimates and Judgments

##### (i) Key estimates - Development expenditure

Development activities commence after project sanctioning by the appropriate level of management. Judgement is applied by management in determining when a project is economically viable. In exercising this judgment, management is required to make certain estimates in determining the viability of a project.

Any such estimates and assumptions may change as new information becomes available. If, after having commenced the development activity, a judgement is made that a development asset is impaired, the impairment charge is included in profit or loss.

##### (ii) Key estimates - Recoverability of long-lived assets

Certain assumptions are required to be made in order to assess the recoverability of capitalised development expenditure.

Key assumptions include the future price of gold, future cash flows, an estimated discount rate and estimates of ore reserves. In addition, cash flows are projected over the life of mine, which is based on proved and probable ore reserves.

Estimates of ore reserves in themselves are dependent on various assumptions, in addition to those described below, including cut-off grades. Changes in these estimates could materially impact on ore reserves and could therefore affect estimates of future cash flows used in the assessment of recoverable amount.

The Group has used the Reserve Statement released on 28th April 2021, taking into account ore utilised throughout the period and replenished to estimate the recoverable amount of long-lived assets.

##### (iii) Key estimates - Determination of ore reserves and remaining mine life

The Group uses the concept of life-of-mine as an accounting value to determine the amortisation of Development Assets in production.

In determining life-of-mine, The Group prepares ore resource and resource estimates in accordance with JORC Code 2012, guidelines prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geo Scientists and Minerals Council of Australia.

The estimate of these resources and reserves, by their very nature, require judgments, estimates and assumptions.

Refer to Note 12 for details on impairment assessment undertaken at the end of the financial year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

## OPERATING ASSETS & LIABILITIES (continued)

### 11. LEASES

#### Nature of leasing activities

The Group leases certain items of plant and equipment, whereby these leases comprise a mixture of fixed and variable payments.

The Group also leases a property and the lease contracts provide for payments to increase each year by a fixed percentage.

	Consolidated		
	Land & buildings US\$000	Plant & equipment US\$000	Total US\$000
<b>Right-of-use assets</b>			
<b>Balance at start of year</b>	286	1,613	1,899
Amortisation	(81)	(403)	(484)
At 30 June 2021	205	1,210	1,415
<b>Balance at start of year</b>	205	1,210	1,415
Additions	507	-	507
Amortisation	(88)	(460)	(548)
As at 30 June 2022	624	750	1,374

Right-of-use-assets are included in the Consolidated Statement of Financial Position as Leased Assets.

	Consolidated	
	2022 US\$000	2021 US\$000
<b>Lease Liabilities</b>		
<b>Balance at start of year</b>		
Current	535	579
Non-Current	917	914
As at 30 June	1,452	1,493

The following amounts have been included as an expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income during the period:

	Consolidated	
	2022 US\$000	2021 US\$000
Interest expense (included in Interest expense)	91	108
Expenses relating to short term leases (included in Other expenses)	-	-
Expenses relating to low value assets that are not short-term leases (included in Other expenses)	-	-
As at 30 June	91	108

The Group's total cash outflow for leases in the year ended 30 June 2022 was US\$534,806 (2021: US\$578,881).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

## OPERATING ASSETS & LIABILITIES (continued)

### 11. LEASES (continued)

#### (a) Recognition and Measurement

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

#### (b) Key Estimates and Judgments

Leases - determining the lease term.

The Group has in place a number of leases of property and equipment with terms that can be renewed or extended, or, where no formal extension or renewal option exist, there is a practice of renewing or extending the lease.

In determining the lease term, management is required to determine

- Whether there is an actual or implied extension or renewal option. An implied extension or renewal option will exist if both the lessee and lessor would incur a more than insignificant penalty if the lease were not extended or renewed; and
- Whether the Group is reasonably certain to exercise any actual or implied extension options, taking into account all facts and circumstances relating to the lease.

Estimates:

Leases - determining the incremental borrowing rate.

Where the interest rate implicit in a lease is not known, the Group is required to determine the incremental borrowing rate, being the rate of interest, the Group would have to pay to borrow a similar amount, over a similar term, with similar security to obtain an asset of similar value in a similar economic environment.

As this information may not be readily available, the Group is required to estimate its incremental borrowing rate using such information as is available and making adjustments to reflect the particular circumstances of each lease.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

## OPERATING ASSETS & LIABILITIES (continued)

### 12. IMPAIRMENT OF NON-CURRENT ASSETS

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use i.e. discounted cash flows, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed in profit or loss.

Impairment testing is performed annually for intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When indicators of impairment exist, a formal estimate of the recoverable amount is made. External and internal indicators of impairment as at 30 June 2022 included:

- market value of the Company is lower than net assets of the Group; and
- increased expected future costs of production.

Due to the indicators above, the Group assessed the recoverable amounts of its major Cash-Generating-Unit ("CGU"), relating to the Co-O mining operations.

#### (a) Impairment testing

##### (i) Methodology

Impairment is recognised when the carrying amount exceeds the recoverable amount. The recoverable amount being the value in use of the CGU has been estimated using the discounted cashflows method based on the Group's recoverable minerals.

Value in use is estimated based on discounted cash flows using market-based commodity price, estimated quantities of recoverable minerals, production levels, operating costs and capital requirements. When Life of Mine ("LOM") plans fully utilise the existing mineral resource and the Group have demonstrated an ability to replenish resources, an estimated replenishment rate has been applied to unmined resources.

Estimates of quantities of recoverable minerals, production levels, operating costs and capital requirements are sourced from the Group planning and budgeting process, mill capacity levels and mining plans for the following year. The 2023 budget and mine plan were developed in the context of the current gold price environment.

Significant judgements and assumptions are made by the Group to determine value in use. This includes assessing variable key assumptions such as gold market prices, cost structures, production utilisation and capacity, available minerals and discount rates. Any change in these variable assumptions can cause adverse changes in one or more of the assumptions used to estimate value in use.

##### (ii) Key Assumptions

The table below summarises the key assumptions used in the 30 June 2022 carrying value assessments. Comparison to the prior period has been provided.

Assumptions	Unit	2022 (2023 - 2027)	2021 (2022 - 2026)
Average gold price	US\$/ounce	1,650	1,660
Average AISC (including Tigerway Decline)	US\$/ounce	1,225	1,095
Pre-Tax discount rate (%)	%	12.4	11.7
Probable reserves	Ounces	331,400	331,300
Production range per annum	Ounces	72,000 – 98,000	67,000 - 95,000

The average All-In-Sustaining-Costs ("AISC") comprises all operating, sustaining capital and overheads expenditure averaged over the period mentioned.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

## OPERATING ASSETS & LIABILITIES (continued)

### 12. IMPAIRMENT OF NON-CURRENT ASSETS (continued)

#### (a) Impairment testing (continued)

##### (ii) Key Assumptions (continued)

###### **Commodity prices**

Commodity prices are estimated with reference to external market forecasts and reviewed at least annually. The price applied has taken into account observable market data.

###### **Discount rate**

The future cash flows of the CGU are discounted by the estimated real after tax weighted average cost of capital ("WACC"), pursuant to the Capital Asset Pricing Model. The nominal pre-tax WACC has been derived from comparable company analysis, in addition to the WACC rate of the group's Co-O mining operations being the primary CGU.

###### **Production activity and operating and capital costs**

Life of mine production activity and operating and capital cost assumptions are based on the Group's latest annual budget and the LOM plan. Discounted cash flows include expected cost improvements and sustaining capital requirements. Estimated production is assumed consistent with the capacity constraint of the Co-O mill considered while assuming a constant recovery rate.

###### **Resources and reserves**

Resource and Reserve ounces were based on the Group's JORC 2012 compliant Annual Resource and Reserve Update Statement announced to the Australian Securities Exchange on 19th April 2022.

##### (iii) Impacts

Due to the recoverable amount of the Group's Co-O mining operations CGU being greater than the estimated carrying amount, no impairment charge was required for the year ending 2022 (2021: nil).

Description	Note	2022			2021		
		Carrying amt (\$'000)	Impairment (\$'000)	Balance (\$'000)	Carrying amt (\$'000)	Impairment (\$'000)	Balance (\$'000)
Development	10	65,129	-	65,129	62,248	-	62,248
Plant & equipment	9	29,612	-	29,612	17,675	-	17,675
Consumables	8	10,836	-	10,836	7,096	-	7,096
Total		105,577	-	105,577	87,019	-	87,019



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

## OPERATING ASSETS & LIABILITIES (continued)

	Consolidated	
	2022 US\$000	2021 US\$000
<b>13. TRADE &amp; OTHER PAYABLES</b>		
Trade creditors	5,721	7,412
Accruals	6,276	2,960
Income tax payable	3,193	1,291
Withholding tax	864	2,369
Other creditors	186	180
Total creditors	16,240	14,212
<b>(a) Recognition and Measurement</b>		
Trade and other payables are initially measured at the value of the invoice received from the supplier and subsequently measured at amortised cost. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of these purchase of the goods and services. The amounts are unsecured and generally paid within 30 days of recognition.		
<b>14. PROVISIONS</b>		
<b>Current provisions:</b>		
Employee benefits	360	245
Total current provisions	360	245
<b>Non-current provisions:</b>		
Retirement benefit	(395)	1,082
Mine rehabilitation	4,104	3,917
Total non-current provisions	3,709	4,999
<i>Retirement benefit</i>		
<i>Amounts recognised in profit or loss in respect of these defined benefit plans are as follows:</i>		
Current service cost	581	623
Net interest on obligation	2	123
Total	583	746
<i>The amount included in the statements of financial position arising from the entity's obligation in respect of its defined benefit plans is as follows:</i>		
Present value of defined benefit obligation	(395)	1,082
Total	(395)	1,082
<i>Movements in the present value of the defined benefit obligation in the current period were as follows:</i>		
Opening balance	1,082	3,904
Current service cost	581	623
Net interest costs	220	123
Benefits/contributions paid	(434)	(297)
Actuarial gain/(loss)	(908)	401
Plan assets	(1,303)	(3,589)
Foreign exchange gain/(loss)	367	(83)
Closing balance	(395)	1,082

The Company has Plan Assets held by trustees for employee retirement fund amounting to US\$1,303,139 (2021: US\$3,589,617). Previous years Plan Assets held as restricted cash within the Group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

## OPERATING ASSETS & LIABILITIES (continued)

	Consolidated	
	2022 US\$000	2021 US\$000
<b>14. PROVISIONS</b> (continued)		
<b>(a) Recognition and Measurement</b>		
<i>Mine rehabilitation</i>		
Carrying amount at beginning of the year	3,917	3,686
(less)/plus - in provision	187	231
Carrying amount at end of year	4,104	3,917

### (i) Employee benefits

This provision is made for the Group liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits expected to be settled within 12 months together with entitlements arising from wages, salaries and annual leave which will be settled after 12 months, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs.

Other employee benefits payable later than 12 months have been measured at the present value of the estimated future cash outflows to be made for those benefits. Contributions are made by the Group to several employee superannuation funds and are charged as expenses when incurred.

### (ii) Retirement Benefit Fund

In respect of defined benefit plans, the cost of providing the benefits is determined using the projected unit credit method. Actuarial valuations are conducted every two years, with valuations performed on an annual basis. Consideration is given to any event that could impact the funds up to the end of the reporting period where the interim valuation is performed at an earlier date.

The amount recognised in the Statement of Financial Position represents the present value of the defined benefit obligations adjusted for any unrecognised actuarial gains and losses and unrecognised past service costs less the fair value of the plan's assets. Any asset recognised is limited to unrecognised actuarial losses, plus the present value of available refunds and reductions in future contributions to the plan.

Actuarial gains and losses are amortised over the expected average remaining working lives of the participating employees in the plan. Gains or losses on the curtailment or settlement of a defined benefit plan are recognised in the profit or loss when the Group demonstrates commitment to the curtailment or settlement. Past service costs are recognised when incurred to the extent that benefits are vested and are otherwise amortised on a straight-line basis over the vesting period.

The Group has a funded non-contributory retirement plan for employees in the Philippines. The cost of providing benefits is determined using the Projected Unit Credit Method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The retirement benefit obligation recognised in the Statement of Financial Position represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of plan assets.

The funding policy is to contribute an amount based on the actuarial valuation report which is carried out at regular intervals.

### (iii) Rehabilitation Costs

Rehabilitation costs that are expected to be incurred are provided for as part of the cost of the exploration, evaluation, development, construction or production phases that give rise to the need for restoration. Accordingly, these costs are recognised gradually over the life of the facility as these phases occur. The costs include obligations relating to reclamation, waste site closure, plant closure and other costs associated with the rehabilitation of the site.

These estimates of the rehabilitation obligation are based on anticipated technology and legal requirements and future costs, which have been discounted to their present value. Any changes in the estimates are adjusted on a progressive basis. In determining the rehabilitation obligations, the entity has assumed no significant changes will occur in the relevant Federal, State or foreign legislation in relation to rehabilitation of such minerals projects in the future. At the reporting date, the group does not consider it has any significant unsatisfied obligations in respect to rehabilitation costs.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

## OPERATING ASSETS & LIABILITIES (continued)

### 14. PROVISIONS (continued)

#### (b) Key Estimates and Judgments

##### *Key estimates - Rehabilitation Provision*

The determination of the provision requires significant judgement in terms of the best estimate of the future costs of performing the work required, the timing of the cash flows and the appropriate discount rate.

In relation to estimating the costs of performing the work required, significant judgement and estimates are required in relation to estimating the extent of rehabilitation activities, including area to be rehabilitated, technological changes, regulatory changes, timing of cash flows and appropriate discount rates.

When these estimates change or become known in the future, such differences will impact the mine rehabilitation provision on the period in which they change or become known.

A change in any, or a combination of, the key estimates used to determine the provision could have a material impact on the carrying value of the provision.

##### *Key estimates - Retirement Benefit Obligation*

The Retirement Benefit in Non-Current Liabilities relates to the Philippine employees' defined benefit plan.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2022 by Actuarial Advisers, Inc. The present value of the defined benefit obligation and the related current service cost and past service cost was measured using the Projected Unit Credit Method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

- Discount rate applied – 6.68% (2021: 4.66%)
- Expected rate of salary increase - 6.00% (2021: 6.00%)

Assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to year-end by reference to high quality Government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension obligation. Other assumptions are based on management's historical experience.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

## CAPITAL STRUCTURE, FINANCIAL INSTRUMENTS & RISK

This section provides further information about the Group's contributed equity, financial liabilities, related finance costs and its exposures to various risks. It explains how these risks affect the Group's financial position and performance and what the Group does to manage the risk.

	Consolidated	
	2022 US\$000	2021 US\$000
<b>15. BORROWINGS</b>		
<b>Current borrowings:</b>		
Secured liability - interest bearing loan	154	205
Unsecured liability - interest bearing loan	685	1,298
Total current borrowings	839	1,503
<b>Non-current borrowings:</b>		
Secured liability - interest bearing loan	213	200
Total non-current borrowings	213	200
Total Borrowings	1,052	1,703

Secured Borrowing are bank loans secured by transportation equipment of the Group. Interest rates on the loans range between 4.00% to 4.79% (2021: 4.13% to 4.45%).

### (a) Recognition and Measurement

All borrowings are initially recognised at fair value less transaction costs. Borrowings are subsequently carried at amortised cost using the effective interest rate. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit and loss over the period of borrowings using the effective rate method.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

## CAPITAL STRUCTURE, FINANCIAL INSTRUMENTS & RISK (continued)

	Consolidated			
	2022 Shares	2021 Shares	2022 US\$000	2021 US\$000
<b>16. ISSUED CAPITAL</b>				
Ordinary shares fully paid	227,956,301	227,956,301	114,348	102,902
<b>Ordinary shares</b>				
Balance at beginning of year	207,873,301	207,794,301	102,902	102,811
<u>Ordinary shares issued during the year:</u>				
Vendor shares to acquire Ten Sixty Four Limited (note 16)	20,000,000	-	11,425	-
Share Buy Back	(136,000)	-	(71)	-
Issue of Shares to Key Management Personnel	83,000	79,000	92	91
Balance at end of year	227,820,301	207,873,301	114,348	102,902

### Ordinary shares

Ordinary shares are classified as equity and transaction costs directly attributable to the issue of shares recognised as a deduction from equity, net of any related income tax effects.

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.

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.

No ordinary shares were issued during the year or during the prior year.

### Capital Management

Management controls the capital of the Group by monitoring performance against budget to provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's liabilities and capital includes ordinary share capital, options/performance rights and financial liabilities, supported by financial assets.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

	Consolidated	
	2022 US\$000	2021 US\$000
<u>Capital for the reporting period under review is summarised as follows:</u>		
Total equity	204,837	193,071
Cash and cash equivalents	(50,658)	(51,074)
Total	154,179	141,997
Total equity	204,837	193,071
Borrowings	1,051	1,703
Overall financing	205,888	194,774
Capital-to-overall financing ratio	75%	73%



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

## CAPITAL STRUCTURE, FINANCIAL INSTRUMENTS & RISK (continued)

	Consolidated	
	2022 US\$000	2021 US\$000
<b>17. RESERVES</b>		
Share-based payment reserve	1,346	1,155
Other reserve	(558)	(1,042)
Foreign currency translation reserve	6,882	7,325
Total Reserves	7,670	7,438

### (a) Share based payment reserve

The share-based payment reserve records items recognised as expenses on valuation of share based payments.

#### Options:

Unlisted options over ordinary shares at 30 June 2022;

- 1,465,000 options expired on 8 Jan 2022.

The above unlisted options did not entitle the holders to participate in any share issue of the Company.

#### Performance Rights:

Under the Performance Rights plan for long term incentives, which was approved by shareholders on January 2015, eligible employees are granted performance rights (each being an entitlement to an ordinary fully paid share), subject to the satisfaction of vesting conditions and on the terms and conditions as determined by the Board.

Under the short-term incentive plan for executives, agreed annually with the Board, a predetermined amount of the award is settled in Performance Rights. Eligible employees are granted performance rights (each being an entitlement to an ordinary fully paid share), subject to the satisfaction of vesting conditions and on the terms and conditions as determined by the Board.

Performance Rights issued under these plans carry no voting or dividend rights and are issued for no consideration. Refer Note 27.

### (b) Foreign Currency Translation Reserve

The foreign currency translation reserve for the group records exchange differences arising on translation of foreign controlled subsidiaries.

### (c) Other Reserves

Remeasurement gains and losses arising from changes in actuarial assumptions relating to the retirement benefits are recognised in the period in which they occur, directly in other comprehensive income. They are included in Other Reserves in the Statement of Changes in Equity.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

## CAPITAL STRUCTURE, FINANCIAL INSTRUMENTS & RISK (continued)

	Consolidated	
	2022 US\$000	2021 US\$000
<b>18. RETAINED PROFITS AND ACCUMULATED LOSSES</b>		
Retained profit at start of year	82,731	43,668
Net profit attributable to members of Company	2,823	47,256
Transfer from share option reserve	398	(177)
Dividend paid	(3,133)	(8,016)
Retained profits at the end of year	82,819	82,731
<b>19. DIVIDENDS PAID AND PROPOSED</b>		
Interim dividend for the year ended 30 June 2022 of 2 cents per fully paid share (2021: 5 cents per fully paid share).	3,133	8,016
Total dividend paid during the financial year	3,133	8,016

On 5<sup>th</sup> September 2022, the Directors declared a final unfranked dividend for the year ended 30 June 2022 of 5 cents per ordinary share to be paid on 20 October 2022.

### (a) Recognition and Measurement

Provision is made for any declared dividend, being appropriately authorised and no longer at the discretion of Company, on or before the end of the reporting period but not distributed at the end of the reporting period. A provision for dividend is not recognised as a liability unless the dividends are declared on or before the reporting date.

## 20. FINANCIAL RISK MANAGEMENT

### (a) Financial Risk Management Policies

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable.

The main purpose of non-derivative financial instruments is to raise finance for Group operations. The Group does not speculate in the trading of derivative instruments.

#### (i) Treasury risk management

Senior executives of the Group regularly analyse financial risk exposure and evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The Group's overall risk management strategy is outlined in the Corporate Governance Statement in the Director's Report.

#### (ii) Financial risk exposures and management

The main risks the Group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk, credit risk and price risk.

#### (iii) Interest rate risk

Interest rate risk is managed by investing cash with major financial institutions in both cash on deposit and term deposit accounts. Interest rates on major deposits that are re-invested, are at a fixed rate on a monthly basis.

#### (iv) Price risk

The Group sells its gold produced at spot rate and no forward contracts or hedging is utilised. Whilst the Group is cognizant of its exposure to fluctuations in the gold price, the current policy of the Board is not to hedge primarily because the Group produces gold in the current economic environment at a very low cash cost. The Board's risk management policy acknowledges that as market factors are dynamic in nature all risk positions are monitored to ensure that the Groups' activities are consistent with the approach and strategy approved by the Board. The Board therefore regularly reviews the spot price of gold to consider whether it should adopt any measures to mitigate risk.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

## CAPITAL STRUCTURE, FINANCIAL INSTRUMENTS & RISK (continued)

### 20. FINANCIAL RISK MANAGEMENT (continued)

#### (a) Financial Risk Management Policies (continued)

##### (v) Liquidity risk

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

##### (vi) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss to the Company. Credit risk arises from the financial assets of the Company, which comprise trade and other receivables and deposits with banks and financial institutions.

The Company manages its credit risk on trade receivables and financial instruments by predominantly dealing with counterparties with an investment grade credit rating. Customers who wish to trade on unsecured credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis. As a result, the Company's exposure to bad debts is not significant. X64's maximum credit risk is limited to the carrying amount of its financial assets.

At 30 June 2022 the Company had a provision for credit loss of nil (2021: nil). Subsequent to 30 June 2022, 100% (2021: 100%) of the trade receivables balance of nil (2021: nil) has been received. Credit risk from balance with banks is managed by placing funds with reputable financial institutions with strong investment grade credit ratings.

##### (vii) Foreign currency risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk can be measured by performing a sensitivity analysis that quantifies the impact of different assumed exchange rates on the Group's forecast cash flows.

Whilst the Group is aware of its exposure to fluctuations in foreign currency, the current policy of the Board is not to hedge.

#### (b) Financial instrument composition and maturity analysis

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the Statement of Financial Position.

Consolidated Group	Weighted avg Effective interest		Floating interest rate		Within 1 Year		Within 1 to 5 Years		Non-Interest Bearing		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	(%)		(US\$000)									
<b>Financial Assets:</b>												
Cash & cash equivalent	0.13	0.45	22,811	9,366	-	-	-	-	27,847	41,708	50,658	51,074
Loans and receivables	-	-	-	-	-	-	-	-	3,561	15,063	3,561	15,063
			22,811	9,366	*	-	-	-	31,408	56,771	54,219	66,137
<b>Financial Liabilities:</b>												
<i>Financial liabilities at amortised cost</i>												
Bank Loan - Current	4.15	4.32	-	-	839	1,503	-	-	-	-	839	1,503
Bank Loan - Non-current	4.79	4.45	-	-	-	-	213	200	-	-	213	200
Lease Liabilities - Current	6.03	6.03	-	-	535	579	-	-	-	-	535	579
Lease Liabilities - Non-Current	6.03	6.03	-	-	-	-	917	914	-	-	917	914
Trade & sundry payables	-	-	-	-	-	-	-	-	16,240	14,212	16,240	14,212
			-	-	1,374	2,082	1,130	1,114	16,240	14,212	18,744	17,408

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

## CAPITAL STRUCTURE, FINANCIAL INSTRUMENTS & RISK (continued)

### 20. FINANCIAL RISK MANAGEMENT (continued)

#### (b) Financial instrument composition and maturity analysis (continued)

##### (i) Financial instrument composition and maturity analysis (continued)

	Consolidated	
	2022	2021
	US\$000	US\$000
<u>Trade and sundry payables are expected to be paid as follows:</u>		
Less than 6 months	16,240	14,212

As at 30 June 2022 and 2021, all receivables were neither past due nor impaired

##### (ii) Net fair values

The fair value of cash and cash equivalents and non- interest bearing monetary financial assets and liabilities approximates their carrying value. The fair value of financial assets and financial liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

##### (iii) Sensitivity analysis

The Group has performed sensitivity analysis relating to its exposure to interest rate risk, foreign currency risk and price risk at reporting date. This sensitivity analysis demonstrates the effect on the current year results and equity, which could result from a change in these risks.

##### (iv) Interest Rate Sensitivity Analysis

As at 30 June 2022, the effect on profit or equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Consolidated	
	2022	2021
	US\$000	US\$000
<u>Change in profit/(loss) before income tax/equity:</u>		
- increase in interest rate by 100 basis points	246	113
- decrease in interest rate by 100 basis points	(246)	(113)

##### (v) Foreign currency risk sensitivity analysis

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the consolidated entity's functional currency.

The consolidated entity operates internationally and is exposed to foreign exchange risk arising from the United States dollar. No programs for hedging foreign exchange risk were implemented by the consolidated entity in the 2021 and 2022 financial years.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

## CAPITAL STRUCTURE, FINANCIAL INSTRUMENTS & RISK (continued)

### 20. FINANCIAL RISK MANAGEMENT (continued)

#### (b) Financial instrument composition and maturity analysis (continued)

##### (v) Foreign currency risk sensitivity analysis (continued)

The following table shows the foreign currency risk on the financial assets and liabilities of the Groups operations denominated in currencies other than the functional currency of the operations.

Consolidated	Net Financial Assets/(Liabilities) in US\$000			
	A\$	PHP	US\$	TOTAL US\$
<b>2022</b>				
Functional currency of Group Entity	-	-	3,209	3,209
Australian Dollar	-	-	-	6,020
US Dollar	-	6,020	25,795	25,795
Philippine Peso	-	-	-	-
Total	-	6,020	29,004	35,024
<b>2021</b>				
Functional currency of Group Entity	-	-	-	-
Australian Dollar	-	-	2,542	2,542
US Dollar	-	733	-	733
Philippine Peso	-	-	36,887	36,887
Total	-	733	39,429	40,162

	Consolidated	
	2022	2021
	US\$000	US\$000
<u>Change in profit/(loss) before income tax/equity:</u>		
- strengthening of A\$ to US\$ by 5%	(153)	(121)
- strengthening of Philippine Peso to US\$ by 5%	(1,285)	(1,843)
Total	(1,438)	(1,964)
- weakening of A\$ to US\$ by 5%	153	121
- weakening of Philippine Peso to by 5%	1,285	1,843
Total	1,438	1,964

##### (vi) Price risk sensitivity analysis

The policy of the Company is to sell gold at spot price and has not entered in hedging contracts. The Company's revenues were exposed to fluctuations in the price of gold. If the average selling price of gold of US\$1,811 (2021: US\$1,853) for the financial year had increased/decreased by 10% the change in the profit before income tax for the consolidated group would have been an increase/decrease of US\$16,067 million (2021: US\$17,701 million). The above interest rate, foreign exchange rate and price risk sensitivity analysis has been performed on the assumption that all other variables remain unchanged.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

## OTHER INFORMATION

This section of the notes includes other information that must be disclosed to comply with accounting standards and other regulatory pronouncements but are not considered critical in understanding the financial performance or position of the Group.

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	US\$	US\$
<b>21. AUDITORS' REMUNERATION</b>		
<i>Remuneration received or due and receivable by the Company's Auditors, BDO Audit (WA) Pty Limited for:</i>		
• auditing or reviewing the financial reports	181,739	147,643
• other services provided by related entities of auditor:		
Taxation	50,429	24,648
Remuneration consulting	14,750	-
Total remuneration of the Company's auditors	246,918	172,291
<i>Remuneration of other auditors of the Company's Philippines and Hong Kong subsidiaries for:</i>		
• auditing or reviewing the financial reports	76,896	83,194
• other services provided by related practice of auditor - taxation & compliance	3,441	7,473
Total remuneration of other auditors of the Company's Philippines subsidiaries	80,337	90,667
<b>22. COMMITMENTS</b>		
<b>(a) Other contractual commitments:</b>		
(i) On 26 March 2008, Philsaga was granted Mineral Production Sharing Agreement ("MPSA") number 262-2008-XIII over the Co-O mine. Under the terms of the Agreement Philsaga is committed to mine related expenditure in the Philippines as follows:		
These obligations are not provided in the financial report and are payable:		
- no later than 1 year	58	61
- 1 year or later and no later than 5 years	234	243
Total other contractual commitments	292	304
(ii) On 24 November 2009 Philsaga was granted Mineral Production Sharing Agreement ("MPSA") number 299-2009-XIII over the Co-O mine. Under the terms of the Agreement Philsaga is committed to mine related expenditure in the Philippines as follows:		
These obligations are not provided in the financial report and are payable:		
- no later than 1 year	61	105
- 1 year or later and no later than 5 years	243	253
Total other contractual commitments	304	358
(iii) As announced on the ASX on 16 April 2021, the Co-O gold mine decline project Tigerway was approved. The Company's associated operating entity in the Philippines has committed to spend approximately US\$54 million on the decline project over 36 months, of which approximately US\$18 million has been spent project to date.		

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

## OTHER INFORMATION *(continued)*

### 23. CONTINGENT LIABILITIES

- (i) The parent entity on behalf of its subsidiary Komo Diti Traders Limited has provided a performance guarantee to its customer Heraeus Limited amounting to no more than US\$15,000,000 for any deficiency in the subsidiary's obligations and liabilities under the Refining & Transportation Agreement with Heraeus Limited.
- (ii) The parent entity has bank guarantees of AUD\$83,630 and AUD\$95,933 with the Commonwealth Bank of Australia for its head office premises. In the event that they are unable to fulfil its rental obligation with the landlords, the bank shall release the funds for settlement.
- (iii) The Company's operating affiliate in the Philippines, Mindanao Mineral Processing and Refining Corporation ("MMPRC"), has successfully defended a corporate income tax dispute with the Bureau of Internal Revenue Philippines (BIR) in the Court of Tax Appeals. Subsequently, the BIR filed a further petition for review (appeal) with the Court of Tax Appeals on 8 April 2022. Prior to the deadline for MMPRC to file its comments on the petition, the company has requested the BIR Commissioner to withdraw the petition on the basis of settlement of another tax matter. MMPRC expects the BIR will withdraw its petition. Further, even if the petition is given due course by the court of Tax appeals, MMPRC's lawyers expect the petition will again be successfully defended.
- (iv) The Company has terminated the service contract of the former Managing Director, Mr A Teo, refer to the ASX announcement on 9 March 2022. Mr Teo has submitted a claim for compensation, which the Company will vigorously defend.
- (v) Three former directors have commenced legal proceedings against the Company, refer ASX announcement on 8 July 2022. The Company has appointed legal counsel to defend the matter.
- (vi) The Company has terminated the service contract of the former Managing Director, Mr P R Welker, refer ASX announcement on 5 July 2022. Mr Welker has submitted a claim for compensation, which the Company will vigorously defend.

### 24. RELATED PARTIES

Related parties' transactions of Ten Sixty Four Limited fall into the following categories:

#### **Key Management Personnel related parties**

The following were key management personnel of the Group at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period.

#### **Directors:**

##### Non-Executive -

Jeffery McGlinn (appointed Non-Executive Chairman 16 February 2021 and Executive Chairman on 19 March 2021);

Roy Daniel (retired 28 February 2022);

Simon Mottram;

Andrew Hunt (appointed as a Non-Executive Director on 16 March 2022);

Aaron Treyvaud (appointed as a Non-Executive Director on 2 May 2022).

##### Executive -

Andrew Teo (appointed Managing Director on 19 March 2021, ceased on 8 March 2022);

Jeffery McGlinn (appointed as Executive Chairman on 2 May 2022); and

Paul Ryan Welker (appointed as a Non-Executive Director on 3 March 2022, appointed Managing Director on 8 March 2022 and resigned as Managing Director on 28 June 2022).

#### **Executive Officers:**

David McGowan (Chief Executive Officer - ceased employment on 20 July 2020);

Raul Villanueva;

Patrick Warr (appointed Chief Financial Officer on 7 September 2020);

Peter Alphonso (Chief Financial Officer retired 7 September 2020); and

James Llorca (General Manager, Geology & Resources).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

## OTHER INFORMATION (continued)

### 24. RELATED PARTIES (continued)

Details of Key Management Personnel's remuneration, shareholdings and option/performance rights holdings are set out in the Remuneration Report section of the Directors' Report.

	Consolidated	
	2022	2021
	US\$000	US\$000
<u>Key management personnel compensation:</u>		
Short term employee benefits	2,175	1,771
Post-employment benefits	76	40
Long-term benefits	39	-
Equity-settled share-based payments	366	372
Termination benefits	175	-
Total	2,831	2,183

Detailed remuneration disclosures are provided in the remuneration section of the Directors' report.

On 16 June 2022, the Company's wholly owned subsidiary company, Ten Sixty Four Qld Ltd (X64 Qld), entered into a services agreement (2022 Drilling Contract) with Ranger Equipment Pty Ltd (Ranger Equipment), for the provision of surface drilling services in the Company's gold project in Clermont, Queensland, commencing 4 April 2022.

The then Managing Director of the Company, Mr Welker, was a director of Ranger Equipment and held shares in this company.

In June 2022, two invoices totalling A\$293,569 were presented by Ranger Equipment for payment under the 2022 Drilling Contract. Shortly thereafter, the Board of X64 became aware of the existence of the 2022 Drilling Contract as well as Mr Welker and Mr Williams' (a director of X64 Qld) financial interest in Ranger Equipment.

The 2022 Drilling Contract was terminated thereafter. The Board is reviewing the drilling invoices, however, no liability has been recognised as at 30 June 2022.

On 27 June 2022, Mr Welker resigned as Managing Director and on 5 July 2022, the Company terminated Mr Welker's employment with immediate effect. On 15 July 2022, Mr Williams was removed as a director of X64 Qld.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

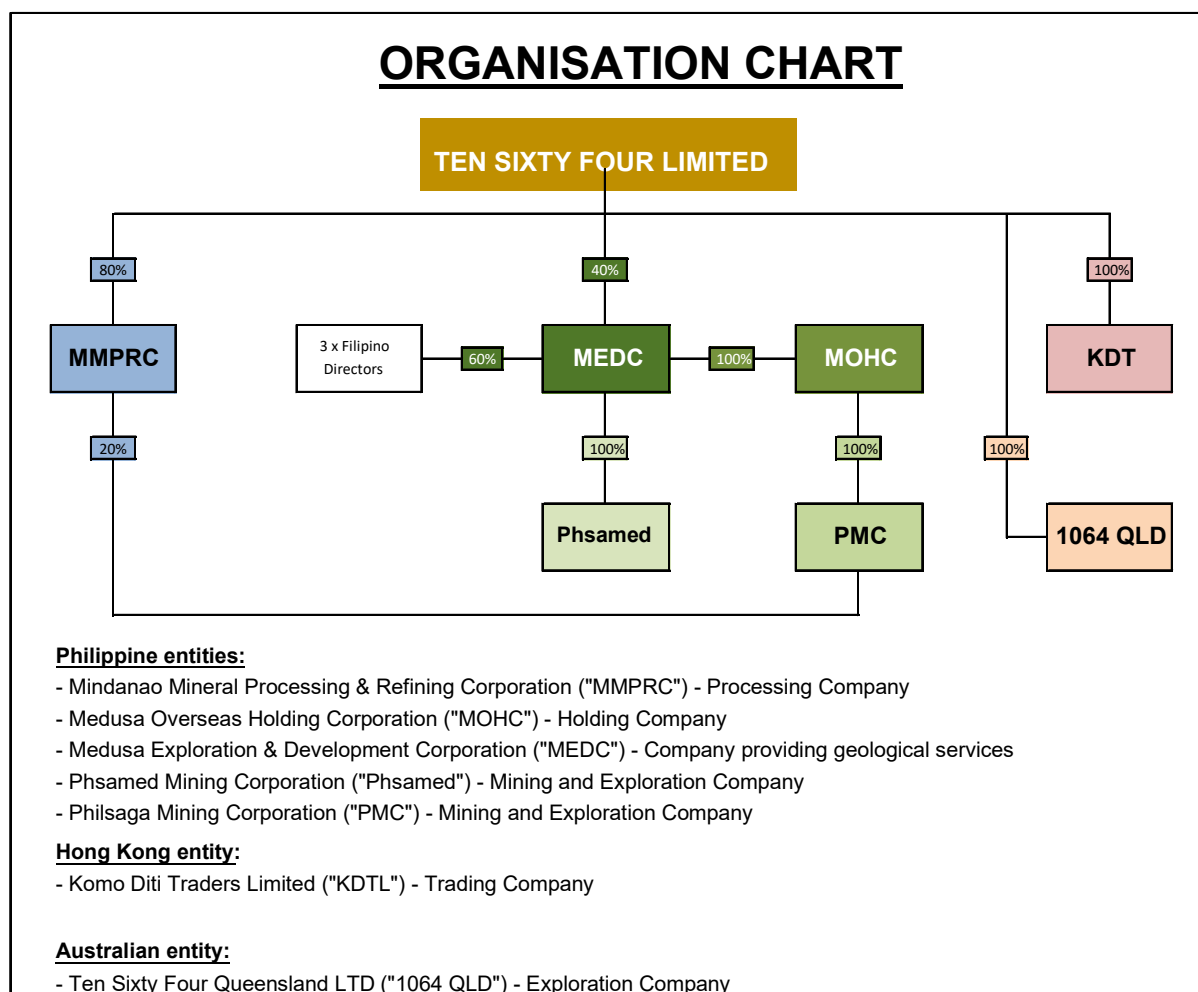
## OTHER INFORMATION (continued)

### 25. INVESTMENT IN SUBSIDIARIES

The following companies are controlled entities of Ten Sixty Four Limited as at 30 June 2022:

Controlled Entities	Date of incorporation	Country of incorporation	% interest held	
			2022	2021
Medusa Exploration & Development Corporation	29 May 2003	Philippines	40%	40%
Phsamed Mining Corporation	23 Apr 2003	Philippines	40%	40%
Medusa Overseas Holding Corporation	08 May 2003	Philippines	40%	40%
Philsaga Mining Corporation	17 May 2001	Philippines	40%	40%
Mindanao Mineral Processing and Refining Corporation	03 Nov 2005	Philippines	100%	100%
Komo Diti Traders Limited	23 Jan 2017	Hong Kong	100%	100%
Ten Sixty Four Queensland Limited	24 Feb 2022	Australia	100%	-

Ten Sixty Four Limited ("X64") holds 40% of the issued shares of Medusa Exploration and Development Corporation ("MEDC"). As X64 has various agreements in place and pursuant to local statutory provisions, X64 has effective sole rights to the economic returns of MEDC and its subsidiary companies. In such circumstances, the assets and liabilities of MEDC and its subsidiaries have been attributed 100% to the Consolidated Entity.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

## OTHER INFORMATION (continued)

### 26. PARENT COMPANY INFORMATION

	2022 US\$000	2021 US\$000
<b>Parent Entity:</b>		
Current Assets	3,497	2,788
Total Assets	29,062	20,816
Current Liabilities	1,112	392
Total Liabilities	1,761	621
<b>Net Assets</b>	<b>27,301</b>	<b>20,195</b>
Issued capital	114,348	102,902
Option premium reserve	1,640	1,155
Foreign exchange reserve	11,894	11,894
Accumulated losses	(47,163)	(45,471)
Dividends paid	(53,418)	(50,285)
<b>Total Equity</b>	<b>27,301</b>	<b>20,195</b>
Profit/(Loss) for the year	(1,829)	867
Total Comprehensive Profit/(Loss)	(1,829)	867

### 27. SHARE-BASED PAYMENTS

The following share-based payment arrangements existed during 30 June 2022:

- (i) On 8 January 2018, 1,665,000 options were issued to Australian and Philippine based employees. The options which hold no voting or dividend rights have an expiry date of 8 January 2022 and are exercisable as follows:

Tranche	Options	Exercise price	Valuation per option	Terms of issue
A	416,250	A\$1.00	A\$0.275	Under the terms of the issue, the employees would be required to remain in the employment of the company at 8 January 2019 to achieve 30% vesting of options, at 8 January 2020 to achieve 30% vesting of options with full vesting if they remain an employee of the company a year later on 8 January 2021. At reporting date, all options remain unexercised.
B	416,250	A\$1.25	A\$0.255	
C	416,250	A\$1.50	A\$0.239	
D	416,250	A\$1.75	A\$0.225	

The Options were valued using a Black Scholes pricing model. The valuation per tranche was calculated under this valuation model (using historical share price volatility measures) and applying the following inputs:

- Weighted average life of option - 48 months
- Share price volatility - 99%
- Risk free rate - 1%
- Dividend Yield - Nil

At reporting date all options have expired.

- (ii) On 13 March 2020, the Company issued 5,300,000 Long Term Performance Rights to its employees. Under the terms of the issue, employees would be required to remain in employment of the Company for a three-year vesting period, until 13 March 2023.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

## OTHER INFORMATION (continued)

### 27. SHARE-BASED PAYMENTS (continued)

The terms and conditions of the Long-term performance rights include the following:

Long Term Incentive Measures	Weighting relative to Total PR issued	Targets		Score mechanism
		Range of growth/change	Percentage allocation of weighting	
<b>Financial measure:</b> Earnings per share growth	17%	<ul style="list-style-type: none"> <li>Negative</li> <li>0 to 5% per annum growth</li> <li>5 to 10% per annum growth pro rata</li> <li>Greater than 10% per annum growth</li> </ul>	Zero Pro rata 0% to 40% Pro rata 40% to 100% 100%	EPS calculation to exclude non-recurring items and measured as the cumulative annual growth rate over a 3-year period
<b>Company growth:</b> Increase in ore reserves	16%	<ul style="list-style-type: none"> <li>Negative</li> <li>Depletion replacement to 20% growth</li> <li>20% to 40% growth</li> <li>Greater than 40%</li> </ul>	Zero Pro rata 0% to 40% Pro rata 40% to 100% 100%	Based on JORC compliant reports 2019 and 2022
<b>Long-term Infrastructure target:</b> Decline development	17%	<ul style="list-style-type: none"> <li>&lt; 70% of decline developed</li> <li>70% to 85%</li> <li>&gt;85% of decline</li> </ul>	Zero Pro rata 0% to 100% 100%	Based on the decline metres developed at end of June 2022, based on plan to access level 14. 70% = 3,450 metres of decline, 85% = 4,190 metres.
<b>Relative total shareholder returns:</b> Measure of Company return compared to peer group.	25%	<ul style="list-style-type: none"> <li>Below 50<sup>th</sup> percentile</li> <li>At 50<sup>th</sup> percentile</li> <li>50<sup>th</sup> to 75<sup>th</sup> percentile</li> <li>Greater than 75<sup>th</sup> percentile</li> </ul>	Zero 50% Pro rata 50% to 100% 100%	Measured against Peer Group based on 30-day VWAP at the relative measure points at 30 June 2019 and 30 June 2022
<b>Absolute total shareholder return:</b> Measure of Company return	25%	<ul style="list-style-type: none"> <li>Below 20%</li> <li>Between 20 to 50%</li> <li>Greater than 50%</li> </ul>	Zero Pro rata 50% to 100% 100%	Measure by comparing 30-day VWAP at 30 June 2019 to 30 day VWAP at 30 June 2022

The fair value of the non-market vesting conditions has been based on the share price of the Company at grant date.

Non-market vesting conditions are included in assumptions about the number of Performance Rights that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied. At the end of each reporting period, the Company revises its estimates of the number of Performance Rights (and options) that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to the original estimates, if any, in profit and loss, with a corresponding adjustment to equity.

The fair value of market vesting conditions has been determined at grant date by using the Monte Carlo Simulations pricing model that takes into account the exercise price, the term of the performance right, the share price at grant date, expected price volatility of the underlying share and the risk-free rate for the term of the performance right. The expected price volatility is based on historic volatility (based on the remaining life of their performance right).

Include in the valuation of relative total shareholder returns is measurement of the Company to Peer companies in the gold industry.

Model inputs for market performance rights valued using the Monte Carlo Simulations model granted during the year include:

- Grant date - 13 March 2020
- Life - 3 years
- Share price at grant date - 44.5 cents
- Share price volatility - 58%
- Risk free rate - 0.55%
- Dividend Yield - Nil
- 30-day VWAP - 51.8 cents
- Fair Value - 26.0 cents

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

## OTHER INFORMATION (continued)

### 27. SHARE-BASED PAYMENTS (continued)

- (iii) On 17 January 2020, the Company issued 167,000 Performance Rights to its executives pursuant to its Short-term incentive plan based on the performance of the Company for the year ended 30 June 2019. Under the terms of the issue, the executives would be required to remain in employment of the Company for a one-year vesting period, until 17 January 2021. The fair value of the Performance Rights of 61 cents has been recognised at grant date and based on the share price of the Company. At reporting date 83,000 of the Performance Rights are vested and issued. The remaining 84,000 Performance Rights were forfeited.
- (iv) On 30 November 2020, the Company issued 83,000 Performance Rights to its executives pursuant to its Short-term incentive plan based on the performance of the Company for the year ended 30 June 2020. Under the terms of the issue, the executives would be required to remain in employment of the Company for a one-year vesting period, until 30 November 2021. The fair value of the Performance Rights of 57 cents has been recognised at grant date and based on the share price of the Company. At reporting date all 83,000 Performance Rights are vested and issued.
- (v) On 12 October 2021, the Company issued 437,000 Performance Rights to its executives and employees pursuant to its Short-term incentive plan based on the performance of the Company for the year ended 30 June 2021. Under the terms of the issue, the executives and employees would be required to remain in employment of the Company for a one-year vesting period, until 12 October 2022. The fair value of the Performance Rights of 50 cents has been recognised at grant date and based on the share price of the Company.
- (vi) On 4 June 2021, the Company issued 350,000 Long Term Performance Rights to its CFO, Mr P Warr. Under the terms of the issue, Mr Warr would be required to remain in employment of the Company for a three-year vesting period, until 1 January 2024. Each Performance Right is a right to acquire one share in the Company for nil consideration. The value for a Performance Right granted has been calculated as \$0.57 each.

The terms and conditions of the Long-term performance rights include the following:

Long Term Incentive Measures	Weighting relative to Total PR issued	Targets		Score mechanism
		Range of growth/change	Percentage allocation of weighting	
<b>Financial measure:</b> Earnings per share growth	20%	<ul style="list-style-type: none"> <li>Negative</li> <li>0 to 5% per annum growth</li> <li>5 to 10% per annum growth pro rata</li> <li>Greater than 10% per annum growth</li> </ul>	Zero Pro rata 0% to 40% Pro rata 40% to 100% 100%	EPS calculation to exclude non-recurring items and measured as the cumulative annual growth rate over a 3-year period
<b>Company growth:</b> Increase in ore reserves	20%	<ul style="list-style-type: none"> <li>Negative</li> <li>Depletion replacement to 20% growth</li> <li>20% to 40% growth</li> <li>Greater than 40%</li> </ul>	Zero Pro rata 0% to 40% Pro rata 40% to 100% 100%	Based on JORC compliant reports 2020 and 2023
<b>Long-term Infrastructure target:</b> Tigerway decline development	10%	<ul style="list-style-type: none"> <li>&lt; 70% of decline developed</li> <li>70% to 85%</li> <li>&gt;85% of decline</li> </ul>	Zero Pro rata 0% to 100% 100%	Based on the decline metres developed at relative measurement periods.
<b>Relative total shareholder returns:</b> Measure of Company return compared to peer group.	20%	<ul style="list-style-type: none"> <li>Below 50<sup>th</sup> percentile</li> <li>At 50<sup>th</sup> percentile</li> <li>50<sup>th</sup> to 75<sup>th</sup> percentile</li> <li>Greater than 75<sup>th</sup> percentile</li> </ul>	Zero 50% Pro rata 50% to 100% 100%	Measured against Peer Group based on 30-day VWAP at the relative measure points at 30 June 2020 and 30 June 2023
<b>Absolute total shareholder return:</b> Measure of Company return	20%	<ul style="list-style-type: none"> <li>Below 20%</li> <li>Between 20 to 50%</li> <li>Greater than 50%</li> </ul>	Zero Pro rata 50% to 100% 100%	Measure by comparing 30-day VWAP at 30 June 2020 to 30 day VWAP at 30 June 2023
<b>Safety:</b> Total Injury frequency rate	10%	<ul style="list-style-type: none"> <li>Negative</li> <li>20% improvement</li> <li>20%-40% improvement</li> <li>Greater than 40% improvement.</li> </ul>	Zero Pro rata 0% to 40% Pro rata 40% to 100% 100%	Measured by comparison of rates for lost time and non-lost time injuries over the vesting period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

## OTHER INFORMATION (continued)

### 27. SHARE-BASED PAYMENTS (continued)

The fair value of the non-market vesting conditions has been based on the share price of the Company at grant date.

Non-market vesting conditions are included in assumptions about the number of Performance Rights that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied. At the end of each reporting period, the Company revises its estimates of the number of Performance Rights (and options) that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to the original estimates, if any, in profit and loss, with a corresponding adjustment to equity.

The fair value of market vesting conditions has been determined at grant date by using the Monte Carlo Simulations pricing model that considers the exercise price, the term of the performance right, the share price at grant date, expected price volatility of the underlying share and the risk-free rate for the term of the performance right. The expected price volatility is based on historic volatility (based on the remaining life of their performance right).

Include in the valuation of relative total shareholder returns is measurement of the Company to Peer companies in the gold industry.

Model inputs for market performance rights valued using the Monte Carlo Simulations model granted during the year include:

i.	Grant date	- 4 June 2021
j.	Life	- 3 years
k.	Share price at grant date	- 89.0 cents
l.	Share price volatility	- 55%
m.	Risk free rate	- 0.11%
n.	Dividend Yield	- Nil
o.	30-day VWAP	- 83.5 cents
p.	Fair Value	- relative return 60.3 cents, absolute return 50.9 cents

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

## OTHER INFORMATION (continued)

### 27. SHARE-BASED PAYMENTS (continued)

(vii) On 24 June 2021 the shareholders of the Company approved the issue of 2 million Long Term Performance Rights and 1.5 million Long Term Performance Rights to Messrs A Teo and R Villanueva respectively. Under the terms of the issue, these Executives will be required to remain in employment of the Company for a three-year vesting period, until 13 March 2024 and 1 January 2024 respectively.

The terms and conditions of the long-term performance rights include the following:

Long Term Incentive Measures	Weighting relative to Total PR issued	Targets		Score mechanism
		Range of growth/change	Percentage allocation of weighting	
<b>Financial measure:</b> Earnings per share growth	20%	<ul style="list-style-type: none"> <li>Negative</li> <li>0 to 5% per annum growth</li> <li>5 to 10% per annum growth pro rata</li> <li>Greater than 10% per annum growth</li> </ul>	Zero Pro rata 0% to 40% Pro rata 40% to 100% 100%	EPS calculation to exclude non-recurring items and measured as the cumulative annual growth rate over a 3-year period
<b>Company growth:</b> Increase in ore reserves	10%	<ul style="list-style-type: none"> <li>Negative</li> <li>Depletion replacement to 20% growth</li> <li>20% to 40% growth</li> <li>Greater than 40%</li> </ul>	Zero Pro rata 0% to 40% Pro rata 40% to 100% 100%	Based on JORC compliant reports 2020 and 2023.
<b>Long-term Infrastructure target:</b> Tigerway decline development	20%	<ul style="list-style-type: none"> <li>&lt; 70% of decline developed</li> <li>70% to 85%</li> <li>&gt;85% of decline developed.</li> </ul>	Zero Pro rata 0% to 100% 100%	Percentage of weighting is based on achievement of programmed Tigerway Decline Project development 1st year - 10% 2nd year - 15% 3rd year - remaining 75%
<b>Relative total shareholder returns:</b> Measure of Company return compared to peer group.	10%	<ul style="list-style-type: none"> <li>Below 50<sup>th</sup> percentile</li> <li>At 50<sup>th</sup> percentile</li> <li>50<sup>th</sup> to 75<sup>th</sup> percentile</li> <li>Greater than 75<sup>th</sup> percentile</li> </ul>	Zero 50% Pro rata 50% to 100% 100%	Measured against Peer Group based on 30-day VWAP at grant date and three year anniversary date.
<b>Absolute total shareholder return:</b> Measure of Company return	10%	<ul style="list-style-type: none"> <li>Below 20%</li> <li>Between 20 to 50%</li> <li>Greater than 50%</li> </ul>	Zero Pro rata 50% to 100% 100%	Measure by comparing 30-day VWAP at grant date and three-year anniversary date.
<b>Safety:</b> Total Injury frequency rate.	30%	<ul style="list-style-type: none"> <li>Negative</li> <li>20% improvement</li> <li>20%-40% improvement</li> <li>Greater than 40% improvement</li> </ul>	Zero Pro rata 0% to 40% Pro rata 40% to 100% 100%	Measured by comparison of rates for lost time and non-lost time injuries over the vesting period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

## OTHER INFORMATION (continued)

### 27. SHARE-BASED PAYMENTS (continued)

Each Performance Right is a right to acquire one share in the Company for nil consideration.

The value at grant date of Performance Rights granted as part of remuneration is calculated in accordance with AASB2 Share Based Payments. The value for a Performance Right granted has been calculated as \$0.59 each.

The fair value of the non-market vesting conditions has been based on the share price of the Company at grant date.

Non-market vesting conditions are included in assumptions about the number of Performance Rights that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied. At the end of each reporting period, the Company revises its estimates of the number of Performance Rights (and options) that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to the original estimates, if any, in profit and loss, with a corresponding adjustment to equity.

The fair value of market vesting conditions has been determined at grant date by using the Monte Carlo Simulations pricing model that considers the exercise price, the term of the performance right, the share price at grant date, expected price volatility of the underlying share and the risk-free rate for the term of the performance right. The expected price volatility is based on historic volatility (based on the remaining life of their performance right).

Included in the valuation of relative total shareholder returns is measurement of the Company to Peer companies in the gold industry

Model inputs for market performance rights valued using the Monte Carlo Simulations model granted during the year include:

- Grant date - 24 June 2021
- Life - 3 years
- Share price at grant date - 85.0 cents
- Share price volatility - 55%
- Risk free rate - 0.20%
- Dividend Yield - Nil
- 30 day VWAP - 87.8 cents
- Fair Value - (A Teo) relative return 67.7 cents, absolute return 46.0 cents  
- (R Villanueva) relative return 59.9 cents, absolute return 44.7 cents  
- Mr Andrew Teo ceased employment with the Company in March 2022

The following companies have been identified by the Company to comprise the Peer Group. The Remuneration Committee may recommend to the Board to either include or exclude gold mining organisations available on this list to reflect changes in the industry:

Company	ASX code
Austral Gold Limited	AGD
Dacian Gold Limited	DCN
Emerald Resources Limited	EMR
Kingsrose Mining Limited	KRM
Ramelius Resources Limited	RMS
Pantoro Limited	PNR
Perseus Mining Limited	PRU
Red 5 Limited	RED
Resolute Mining Limited	RSG
Troy Resources Limited	TRY

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

## OTHER INFORMATION (continued)

### 27. SHARE-BASED PAYMENTS (continued)

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expenses were as follows:

	Consolidated	
	2022 US\$000	2021 US\$000
Options	-	16
Performance Rights	681	518
Total share-based payment expense	681	534

Share based options	2022		2021	
	Number of options	Weighted average exercise price (A\$)	Number of options	Weighted average exercise price (A\$)
Outstanding at start of year	1,465,000	1.3366	1,825,000	1.2784
Granted	-	-	-	-
Forfeited	-	-	-	-
Expired	1,465,000	1.3366	360,000	1.0417
Exercised	-	-	-	-
Outstanding at year end	0	0	1,465,000	1.3366
Exercisable at year end	0	0	1,465,000	1.3366

During the year, 1,465,000 options expired (2021: 360,000 options).

Performance Rights	2022		2021	
	Number of performance rights	Weighted average exercise price (A\$)	Number of performance rights	Weighted average exercise price (A\$)
Outstanding at start of year	7,973,000	0.6452	5,467,000	0.4529
Granted	437,000	0.7300	3,933,000	0.8508
Forfeited	2,310,000	0.7956	1,348,000	0.4618
Expired	-	-	-	-
Exercised	83,000	0.7200	79,000	0.7020
Outstanding at year end	6,017,000	0.5918	7,973,000	0.6452
Exercisable at year end	-	-	-	-

The performance rights outstanding at 30 June 2022 (all of which are unlisted) had a weighted average exercise price of A\$0.5918 and a weighted average remaining contractual life of 11.18 months.

Included under administration expense in the Statement of Profit or Loss and other Comprehensive Income is US\$681,153 (2021:US\$534,100) and relates, in full, to equity-settled Share-Based payment transactions relating to employees. Also included in the Statement of Profit and loss and other Comprehensive Income is the cost of company acquisition that includes the issue of 20 million ordinary shares to vendors, refer Note 3.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

## OTHER INFORMATION (continued)

### 27. SHARE-BASED PAYMENTS (continued)

#### (a) Recognition and Measurement

The fair value of share-based payment transactions measured at grant date are recognised as an employee expense with a corresponding increase in equity over the period during which the employees become unconditionally entitled to the instruments.

If the employee does not meet a non-market condition, such as a service condition or internal KPI, any cumulative previously recognised expense is reversed.

The fair value of the share-based payment transactions granted are adjusted to reflect market vesting conditions at the time of grant date and not subsequently adjusted. Non-market vesting conditions are included in assumptions about the number of instruments that are expected to become exercisable and are updated at each reporting date. The impact of the revision to the original estimates for non-market conditions, if any, is recognised in the income statement with a corresponding adjustment to equity. Changes as a result of market conditions are not adjusted after the initial grant date.

#### (b) Key Estimates and Judgments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model or a Monte Carlo Simulation model, considers the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

### 28. EVENTS SUBSEQUENT TO REPORTING DATE

On the 5th of July 2022, the Company terminated the service contract of the former managing director Mr P R Welker. Refer to ASX announcement for details.

Three former Directors have commenced legal proceedings against the Company, refer ASX announcement on 8th July 2022.

On 22 July 2022 the Company advised the ASX it had received a notice under section 203D (2) and 249F of the Corporations Act. On 23 September 2022 the Company received a replacement Notice seeking to convene a further S249F meeting on 26 October 2022. Refer ASX announcement for details.

On 17 August 2022, the Company revealed its FY2023 gold production and cost guidelines being:

- Production: 84,000-89,000 ounces
- Average all-in sustaining cost: USD\$1,320 - USD\$1,370 per ounce

On 5<sup>th</sup> September 2022, the Directors declared a final unfranked dividend for the year ended 30 June 2022 of 5 cents per ordinary share, to be paid on 20 October 2022.

Except for the above, subsequent to Reporting Date, there has not arisen in the interval between the end of the financial year and the date of this report any other item, transaction or event of a material and/or unusual nature likely, in the opinion of the directors of the Company, to significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

## OTHER INFORMATION *(continued)*

### 29. SUMMARY OF OTHER SIGNIFICANT ACCOUNTING POLICIES

#### Foreign Currency Transactions and Balances

##### *Functional and presentation currency*

The functional currency of each of the Group's entities is the currency of the primary economic environment in which that entity operates. Though the Group's main functional currencies are the Australian dollar, US dollar and Philippines Peso, the presentation currency for the Group is US dollar. The reason for using US dollar as the presentation currency is that the US dollar is the primary currency used in the global gold market.

##### *Transaction and balances*

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction.

Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the profit before income tax in the Statement of Profit or Loss and other Comprehensive Income.

##### *Group companies*

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period where this approximates rate at the transaction date; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are recognised in other comprehensive income and accumulated in the foreign currency translation reserve in the Statement of Financial Position. These differences are reclassified from equity to profit or loss (as a reclassification adjustment) in the period in which the operation is disposed.

The functional currency of the parent entity, Ten Sixty Four Limited is Australian dollar, Komo Diti Traders Limited is United States dollar, Mindanao Mineral Processing and Refining Corporation and Philsaga Mining Corporation in United States dollar and the remaining entities are Philippine pesos.

# DIRECTOR'S DECLARATION

for the year ended 30 June 2022

In the opinion of the Directors of Ten Sixty Four Limited:

- a) The consolidated financial statements and notes of Ten Sixty Four Limited are in accordance with the *Corporations Act 2001*, including:
  - (i) Giving a true and fair view of its financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
  - (ii) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Corporations Regulations 2001 and other mandatory professional reporting requirements.
- b) There are reasonable grounds to believe that Ten Sixty Four Limited will be able to pay its debts as and when they become due and payable.
- c) The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Executive Chairman and Chief Financial Officer for the financial year ended 30 June 2022.
- d) Note 1 confirms that the consolidated financial statements also comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors



**Jeffery McGlenn**

Executive Chairman

Dated the 29th day of September 2022

## INDEPENDENT AUDITOR'S REPORT

To the members of Ten Sixty Four Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Ten Sixty Four Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with 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 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 report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Impairment assessment of Group's Co-O mining operations (CGU)

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The Group's carrying value of its Co-O mining operations (CGU) is included in property, plant and equipment (Note 10) and development expenditure (Note 11).</p> <p>At the end of each reporting period, the Group is required to assess for indicators of impairment for the CGU and at the current reporting period, the group concluded that there were indicators of impairment present due to market capitalisation deficiency and increased expected future costs of production.</p> <p>As disclosed in Note 12, the assessment of the CGU recoverable amount required the Group to make significant judgements and estimates in the underlying cash flow forecasts which includes Ore reserves estimates, commodity price, mining costs and discount rates.</p> <p>This is a key audit matter due to the quantum of the Co-O mining asset and the significant judgement and estimates involved in management's assessment of the carrying value of the CGU.</p>	<p>We evaluated management's impairment model for the Co-O mining operations (CGU) by challenging the key estimates and assumptions used by management in arriving at their assessment. Our work included but was not limited to the following procedures:</p> <ul style="list-style-type: none"> <li>Analysing management's gold price assumptions against external market information and trends, to determine whether a significant change would impact the value of the asset;</li> <li>Challenging the appropriateness of management's reserves estimate by assessing the significant assumptions, methods and source data used by management's expert in estimating the reserves. This included both meeting with management's expert and assessing the competency and objectivity of management's expert;</li> <li>Evaluating forecasted production and operating costs against the Board approved mine plan;</li> <li>Challenging the appropriateness of management's discount rate used in the impairment model in conjunction with our internal valuation experts;</li> <li>Challenging management's sensitivity assessment by performing our own sensitivity analysis in respect of the key assumptions to indicate if there would be a significant change to the value of the asset;</li> <li>Reviewing and challenging management's methodology on the amortisation calculation; and</li> <li>Assessing the adequacy of the related disclosures in Note 12 to the financial report.</li> </ul>

## Acquisition of Ten Sixty Four Limited

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>During the financial year ended 30 June 2022, the Group acquired ownership of Ten Sixty Four Limited as disclosed in Note 3 of the financial report.</p> <p>The acquisition was accounted for as a share based payment transaction whereby consideration paid in excess of net assets acquired was recognised as an exploration and evaluation expense in accordance with the Group's accounting policy.</p> <p>Accounting for this transaction requires management to exercise judgement in determining whether the acquisition should be classed as an asset acquisition or a business combination, estimating the fair value of net assets acquired and estimating the fair value of the consideration paid. As a result, this is considered a key audit matter.</p>	<p>Our work included but was not limited to the following procedures</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the transaction, including an assessment of whether the transaction constituted an asset acquisition or a business combination;</li> <li>• Reviewing key executed transaction documents to understand the key terms and conditions of the transaction;</li> <li>• Assessing management's determination of the fair value of consideration paid and agreeing the consideration to supporting documentation;</li> <li>• Evaluating management's assessment of the fair value of the net assets acquired; and</li> <li>• Assessing the adequacy of the related disclosures in Note 3 of the financial report.</li> </ul>

## Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## Responsibilities of the directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

[https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf)

This description forms part of our auditor's report.

## Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Ten Sixty Four Limited, for the year ended 30 June 2022, complies with section 300A of the Corporations Act 2001.



## Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Neil Smith'. The signature is written in a cursive style with a long horizontal stroke extending to the right.

Neil Smith  
Director

Perth,  
29 September 2022

# ADDITIONAL SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 30 September 2022

## 1. Shareholding

### (a) Distribution of shareholders and shares

Distribution	Number of Shareholders	Number of Shares
1 - 1,000	1,110	478,697
1,001 - 5,000	1,088	2,837,244
5,001 - 10,000	402	3,035,566
10,001 - 100,000	647	19,293,171
100,001 - 1,000,000	100	28,083,980
1,000,000 and over	22	174,227,643
<b>Total</b>	<b>3,369</b>	<b>227,956,301</b>

The number of shareholdings held in less than marketable parcels is 782.

### (b) Voting rights

The voting rights attaching to ordinary shares are, on a show of hands, every member present in person or by proxy shall have one vote and upon a poll, each share shall have a vote.

### (c) Twenty largest shareholders

**Total number of ordinary shares on issue - 227,956,301**

Name of Shareholders	Number of Shares held	(%)
1 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	53,174,695	23.33
2 MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED <MLPRO A/C>	21,415,330	9.39
3 BNP PARIBAS NOMS PTY LTD <DRP>	18,499,011	8.12
4 CITICORP NOMINEES PTY LIMITED	16,901,678	7.41
5 BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	9,859,376	4.33
6 BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	9,779,096	4.29
7 VITRINITE HOLDINGS PTY LTD	7,248,235	3.18
8 J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	5,896,956	2.59
9 VITRINITE HOLDINGS LLC	5,626,226	2.47
10 MR CARL ERIC HOLT + MRS LORRAINE HOLT <HOLT SUPER FUND A/C>	4,397,328	1.93
11 NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	2,698,257	1.18
12 BERNE NO 132 NOMINEES PTY LTD <594138 A/C>	2,591,880	1.14
13 VITRINITE PTY LTD	2,419,488	1.06
14 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,302,924	1.01
15 MR SAMUEL GONZALES AFDAL	2,260,000	0.99
16 MONEX BOOM SECURITIES (HK) LTD <CLIENTS ACCOUNT>	1,748,286	0.77
17 DDH GRAHAM LIMITED <THE LUGARNO FUND A/C>	1,514,138	0.66
18 MR ROY PHILIP DANIEL + MRS DONNA MARY DANIEL <DANIEL SUPER FUND A/C>	1,400,000	0.61
19 MARLON INVESTMENTS PTY LTD <MARLON INVESTMENTS A/C>	1,300,000	0.57
20 MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED	1,088,724	0.48
<b>Total: Top 20 holders of Ordinary Fully Paid Shares</b>	<b>172,121,628</b>	<b>75.51</b>
<b>Total: Remaining Holder Balance</b>	<b>55,834,673</b>	<b>24.49</b>
<b>Total: Ordinary Fully Paid Shares</b>	<b>227,956,301</b>	<b>100.00</b>

## ADDITIONAL SHAREHOLDER INFORMATION

### (d) On market buy back

Ten Sixty Four Limited currently has an on-market share buy back facility in place, whereby the Company may buy back up to 10% of shares on issue (being a maximum of approximately 20,787,330 million shares). During the financial year ended 30 June 2022, 136,000 shares were bought back on the ASX for a total consideration of AUD \$99,635.

### (e) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

Name	Ordinary Shares held	
	Number of Shares	Percentage
Vitrinite parties, Arbiter parties, Coltery parties and Debra Bakker <sup>1</sup>	46,283,909	20.30%
Ruffer LLP	33,477,713	14.69%
Ten Sixty Four Limited <sup>2</sup>	13,913,470	6.10%

<sup>1</sup> As disclosed in the 'Notice of change of interests of substantial holder' dated 22 July 2022, each of the following parties are associates of each other by nature of discussions held by them considering the board composition of the Company with the intent of calling a meeting of shareholders of the Company under section 249F of the Corporations Act:

- Vitrinite Holdings Pty Ltd ACN 614 033 180, Vitrinite Holdings LLC, Vitrinite Pty Ltd ACN 167 744 578, P. Ryan Welker & Co. Pty Ltd ACN 168 184 861, Paul Ryan Welker, NKW Group Of Companies Pty Ltd ACN 153 215 457, Nicholas Williams, M P Burgess Pty Ltd ACN 127 075 594, Matthew Peter Burgess, New Canaan Capital Advisers LLC, Lazaros Nikeas and each other related body corporate of the aforementioned bodies corporate from time to time (**Vitrinite Parties**, who collectively hold relevant interests in 16,149,025 shares in the Company or 7.084%);
- Arbiter Partners Capital Management, LLC, Arbiter Partners QP, LP and Paul J. Isaac and each other related body corporate of the aforementioned bodies corporate from time to time (**Arbiter Parties**, who collectively hold relevant interests in 28,066,943 shares in the Company or 12.312%);
- Edward Arnold Coltery, Pelham Investment Partners, LP PART V Capital Management LLC and each other related body corporate of the aforementioned bodies corporate from time to time (**Coltery Parties**, who collectively hold relevant interests in 2,065,441 shares in the Company or 0.906%); and
- Debra Anne Ridge (**Debra Bakker**, who holds relevant interests in 2,500 shares in the Company or 0.001%).

<sup>2</sup> As disclosed in the 'Notice of initial substantial holder' from the Company dated 28 February 2022, under section 608(1)(c) of the Corporations Act 2001 (Cth), the Company has a relevant interest in certain shares which are subject to escrow arrangements because the Company has the power to control their disposal pursuant to the Share Sale Deed dated 3 February 2022, a copy of which is annexed to the 'Notice of initial substantial holder'.

Following the release of 1,916,000 shares from the escrow arrangements in August 2022, the Company currently holds relevant interests in 6.09% of the issued ordinary shares in the Company pursuant to these escrow arrangements.

## 2. Unquoted Equity Securities

### (a) The following classes of performance rights are on issue:

Type of Securities	Number	%
<ul style="list-style-type: none"> <li>• 3,730,000 long term incentive (LTI) performance rights were granted. All LTIs are subject to the satisfaction of remaining as employees and any adjustments in accordance with the rules of the Executive Incentive Plan. The LTIs will automatically vest on 13 March 2023.</li> </ul> <p><u>Persons holding 20% or more:</u></p> <p>Nil</p>	-	-
<ul style="list-style-type: none"> <li>• 1,850,000 long term incentive (LTI) performance rights were granted. All LTIs are subject to the satisfaction of remaining as employees and any adjustments in accordance with the rules of the Executive Incentive Plan where applicable. The LTIs will automatically vest on 1 January 2024</li> </ul> <p><u>Persons holding 20% or more:</u></p> <p>Raul Villanueva</p>	1,500,000	81%
<ul style="list-style-type: none"> <li>• 437,000 short term incentive (STI) performance rights were granted at All STIs are subject to the satisfaction of remaining as employees and any adjustments in accordance with the rules of the Executive Incentive Plan. The STIs will automatically vest 12 October 2022.</li> </ul> <p>Raul Villanueva</p>	1,500,000	42%

## ADDITIONAL SHAREHOLDER INFORMATION

### (b) Distribution of performance rights

Distribution	Number of holders	Number of performance rights
1 - 1,000	0	0
1,001 - 5,000	0	0
5,001 - 10,000	26	260,000
10,001 - 100,000	52	2,092,000
100,001 - 1,000,000	8	2,165,000
1,000,000 and over	1	1,500,000
<b>Total</b>	<b>87</b>	<b>6,017,000</b>

### (c) Voting rights

The are no voting rights attaching to performance rights.

### 3. Restricted Securities

Type of restricted Securities	Number	Restriction period
Fully paid ordinary shares	13,913,470	Voluntarily escrowed to 24 February 2024

### 4. The name of the Company Secretary is:

Mr Peter Stanley Alphonso

### 5. The Principal Registered Office of the Company is:

Suite A, Level 1  
1 Preston Street  
Como, WA 6152  
Australia

Telephone: +618 9474 1330

Email: [admin@x64.gold](mailto:admin@x64.gold)

Website: [www.x64.gold](http://www.x64.gold)

### 6. The Register of the Company's securities is held at the following address:

Computershare Investor Services Pty Limited  
Level 11  
172 St George's Terrace  
Perth, WA 6000  
Australia

Telephone: +618 9323 2000

Facsimile: +618 9323 2033

Investor enquiries: 1300 557 010

### 7. Stock Exchange Listings

Quotation has been granted for all the ordinary shares of the Company on the Australian Stock Exchange.  
ASX code: X64

