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ZULEIKA GOLD

ZULEIKA GOLD LIMITED

ABN 43 141 703 399

FINANCIAL REPORT
for the half year ended 31 December 2021

CORPORATE DIRECTORY

Board of Directors

Hui Guo		Managing Director
Graeme Purcell		Non-Executive Director
Michael Higginson		Non-Executive Director (appointed 10 February 2022)

Company Secretary

Michael Higginson

Principal & Registered Office

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Postal Address

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Auditors

Stantons
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DIRECTORS' REPORT

The Directors of Zuleika Gold Limited (**Zuleika Gold** or the **Company**) (ASX: **ZAG**) submit their Interim Financial Statements for the financial half-year ended 31 December 2021.

Directors

The names of the Directors of the Company in office during the half-year and to the date of this Report are:

Hui Guo (Managing Director – appointed 9 October 2020)
Malcolm Carson (Executive Chairman – Mr Carson passed away on 7 February 2022)
Graeme Purcell (Non-Executive Director – appointed 8 March 2021)
Michael Higginson (Non-Executive Director – appointed 10 February 2022)

Review of Operations

Exploration and Evaluation

Zuleika's tenement portfolio is illustrated in the following Figure 1.

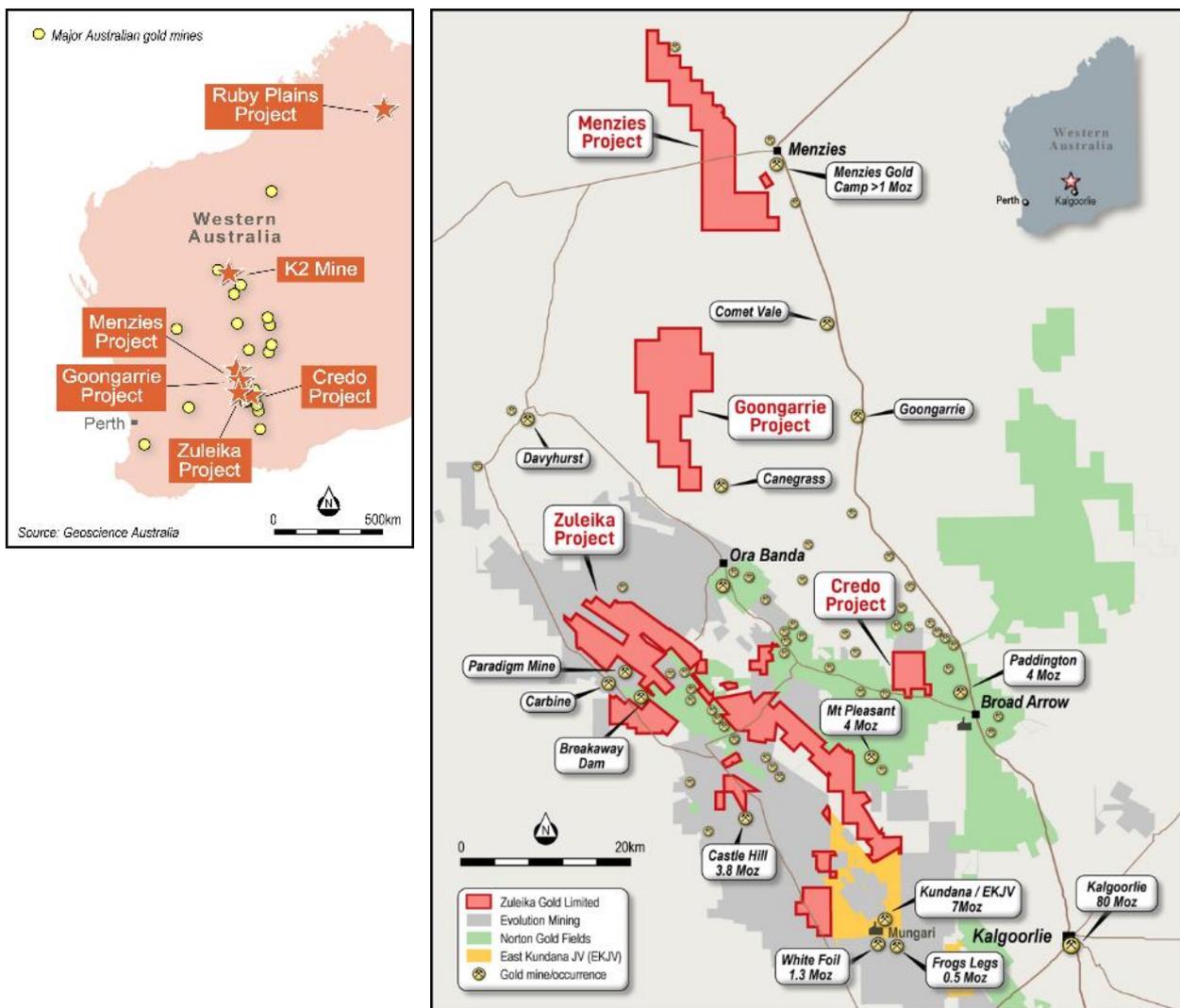


Figure 1 - Zuleika Gold's tenement portfolio in Western Australia. Inset Kalgoorlie / Menzies Projects

Zuleika Gold's presence in the gold-rich Kalgoorlie region gives the Company scope to undertake exploration on relatively under-explored ground in this world class gold region.

In October 2019, Zuleika Gold entered into two joint ventures in the world class Kalgoorlie Goldfield; the namesake Zuleika Project (~220 km²) centred around the prolific Zuleika Shear Zone; and the Credo Well Project (~12 km²) located northeast of the Mt Pleasant gold mining centre. The Zuleika and Credo areas have generated ~20 million ounces of gold and contain a number of producing gold mines currently operated by Evolution and Zijin (Norton Goldfields).

DIRECTORS' REPORT

Review of Operations (CONTINUED)

In January 2019, Zuleika Gold acquired the rights to earn up to 80% in two tenements covering an area of ~400 km² north of Kalgoorlie in the gold mining centres of Goongarrie and Menzies.

In 2018, Zuleika Gold purchased 100% of the Ruby Plains Gold Project from private vendors. The project is located in the Kimberley region of Western Australia, 70km SSE of the township and historical goldfield at Halls Creek and covers ~1,000 km² of paleo-placer deposits which have characteristics similar in terms of age and genesis to the paleo-sedimentary multi-million-ounce gold deposits of the rich Californian goldfields.

Zuleika Gold is in dispute with Vango Mining Limited (ASX: VAN) over the Company's right to earn up to a 50% interest in the K2 Mine in accordance with a binding farm-in joint venture agreement, for the expenditure of up to \$3M on pre-development expenditure. The K2 Mine has a 1.4km developed decline to the ore blocks and contains Resources of 107,000 ounces at 8.9 g/t Au which includes 67,000 ounces at 10.9 g/t. The mine requires dewatering and refurbishment of the decline prior to gold production. Vango has challenged Zuleika's rights to earn-in to the K2 Mine and the matter is now the subject of a legal dispute before the Courts of Western Australia.

On 1 February 2021, the Company announced the commencement of a 30,000m exploration program, which was designed to advance exploration on the Zuleika Project, specifically: Paradigm East Prospect; Browns Dam Prospect; Breakaway Dam Prospect and follow-up work on the Credo Well Gold Prospect; together with testing new prospect areas with drilling and early-stage reconnaissance exploration.

By the end of 2021 the Company had advanced the program and to date has drilled ~78% of the planned 30,000m, totalling 23,370m including, 18,246m of aircore (AC) and 5,124m of reverse circulation (RC) drilling.

Results to date from the program have confirmed the highly prospective nature of the Company's gold project portfolio and support its strategy to test known targets for continuity of mineralisation and simultaneously define new potential targets in new prospects.

The work continues to be undertaken in a highly efficient and effective manner by Zuleika Gold's technical and drilling teams.

In addition to the drilling, Zuleika Gold will continue to systematically carry out soil sample surveys on a number of other tenements within the Company's portfolio, using a cutting-edge ultrafine assay technique developed by the CSIRO, which is an excellent tool for defining subtle gold anomalies in soil covered terrain, generating more targets to drill test.

Zuleika Gold's project area is extensive and contains several major structural zones and secondary structures off these zones that are considered to have high potential for hosting economic mineralisation.

Zuleika Gold is working systematically to evaluate the entire project area in the most cost-effective manner.

This methodology is producing consistently good gold results, allowing the ranking of the prospects based on those which have the best chance of hosting economic gold resources. The results have confirmed and enhanced our working geological models, which are providing increasing confidence that our exploration goals will be achieved.

Financial Result

The loss after tax for the half-year ended 31 December 2021 was \$1,964,870 (2020: loss of \$4,623,969).

Events Subsequent to Reporting Date

On 18 January 2022, the Company announced (subject to receiving shareholder approval at a General Meeting to be held on 18 March 2022) a private placement to Mr Mark Creasy of 100,000,000 fully paid ordinary shares, at an issue price of \$0.03 per share, and 100,000,000 free attaching options as follows:

- 50,000,000 options each exercisable at \$0.05 and expiring on 28 February 2025;
- 30,000,000 options each exercisable at \$0.07 and expiring on 28 February 2025; and
- 20,000,000 options each exercisable at \$0.10 and expiring on 28 February 2025.

On 25 January 2022, 3,000,000 fully paid ordinary shares were issued following the exercise of 3,000,000 options each exercisable at \$0.02 and expiring 31 January 2022.

On 2 February 2022, the Company issued 500,000 fully paid ordinary shares, at a deemed issue price of \$0.02 per share, in consideration for the acquisition of the Gold Rights for Mining Leases M29/417 and M29/418.

On 10 February 2022, the Company announced the passing of Mr Malcolm Carson (executive Chairman) and the appointment of Mr Michael Higginson as a non-executive director.

On 14 February 2022, the Company announced a major 20,000m expansionary drilling program at its Kalgoorlie gold projects.

On 4 March 2022, the Company announced that 4,000,000 Performance Rights (issued on 13 January 2020) had lapsed as a result of the passing of Mr Carson.

No other material subsequent events have occurred from balance date to the date of this report.

DIRECTORS' REPORT

Auditor's independence declaration

The auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 6

This Report is signed in accordance with a resolution of the Board of Directors.

On behalf of the Directors.



Annie Guo

Managing Director

Dated this 16 March 2022

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16 March 2022

Board of Directors
Zuleika Gold Limited
Ground Floor
8 Kings Park Road
West Perth
WA 6005

Dear Directors

RE: ZULEIKA GOLD LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Zuleika Gold Limited.

As Audit Director for the review of the financial statements of Zuleika Gold Limited for the half year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD

A handwritten signature in black ink, appearing to read "Samir", written over a horizontal line.

Samir Tirodkar
Director



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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half-year ended 31 December 2021

	Note	31 Dec 2021 \$	31 Dec 2020 \$
Continuing operations			
Revenue	4	4,828	5,759
Other income		-	174,988
Administration expenses	4	(353,069)	(762,658)
Exploration and evaluation expenses	9	(982,231)	-
Share-based payments expense	19	(634,398)	(4,042,058)
(Loss) from continuing operations before income tax		(1,964,870)	(4,623,969)
Income tax expense / (benefit)		-	-
(Loss) from continuing operations		(1,964,870)	(4,623,969)
Other comprehensive income			
Items that will not be reclassified to profit or loss		-	-
Items that may be subsequently reclassified to profit or loss		-	-
Total comprehensive (loss) for the period		(1,964,870)	(4,623,969)
(Loss) attributable to owners of the Company		(1,964,870)	(4,623,969)
Total comprehensive (loss) attributable to owners of the Company		(1,964,870)	(4,623,969)
(Loss) per share:			
From continuing operations			
Basic (cents per share)	6	(0.48)	(1.61)
Diluted (cents per share)	6	(0.48)	(1.61)

The accompanying condensed notes form part of the financial statements.

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STATEMENT OF FINANCIAL POSITION

as at 31 December 2021

	Note	31 Dec 2021 \$	30 Jun 2021 \$
Current assets			
Cash and cash equivalents	7	2,274,649	4,892,691
Other receivables	10	203,015	143,577
Other assets	11	26,832	8,115
Total current assets		2,504,496	5,044,383
Non-current assets			
Property, plant and equipment	8	37,445	4,364
Intangible assets		7,520	9,303
Exploration and evaluation expenditure	9	4,844,371	4,352,843
Total non-current assets		4,889,336	4,366,510
TOTAL ASSETS		7,393,832	9,410,893
Current liabilities			
Trade and other payables		422,289	810,381
Provisions	12	366,534	700,000
Lease liability	13	34,969	-
Total current liabilities		823,792	1,510,381
TOTAL LIABILITIES		823,792	1,510,381
NET ASSETS		6,570,040	7,900,512
Equity			
Issued capital	14	34,746,551	34,746,551
Reserves	15	5,342,972	4,708,574
Accumulated losses		(33,519,483)	(31,554,613)
TOTAL EQUITY		6,570,040	7,900,512

The accompanying condensed notes form part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

for the half-year ended 31 December 2021

Company	Attributable to equity holders				
	Ordinary Shares	Accumulated Losses	Option Reserve	Other Reserve	Total Equity
For the six months ended 31 December 2021	\$	\$	\$	\$	\$
Balance at 1 July 2021	34,746,551	(31,554,613)	4,458,445	250,129	7,900,512
<i>Transactions with shareholders in their capacity as shareholders</i>					
Performance Rights	-	-	-	632,952	632,952
Options to be issued to director	-	-	1,446	-	1,446
<i>Comprehensive Income</i>					
(Loss) for the period	-	(1,964,870)	-	-	(1,964,870)
Total comprehensive (loss) for the half-year	-	(1,964,870)	-	-	(1,964,870)
Balance as at 31 December 2021	34,746,551	(33,519,483)	4,459,891	883,081	6,570,040

Company	Attributable to equity holders				
	Ordinary Shares	Accumulated Losses	Option Reserve	Share Based Payment Reserve	Total Equity
For the six months ended 31 December 2020	\$	\$	\$	\$	\$
Balance at 1 July 2020	28,380,420	(26,186,844)	391,132	4,973	2,589,681
RESTATEMENT – change in accounting policy	-	809,052	-	-	809,052
Restated Balance as at 1 July 2020	28,380,420	(25,377,792)	391,132	4,973	3,398,733
Issue of shares (cash)	2,757,780	-	-	-	2,757,780
Conversion of options	32,143	-	-	-	32,143
Shares to be issued	13,025	-	-	-	13,025
Cost of share issue	(130,372)	-	-	-	(130,372)
Issue of shares other than cash	102,850	-	-	-	102,850
Issue of performance rights	-	-	-	27,427	27,427
Options issued to directors, consultants and issued for loan facility	-	-	4,014,631	-	4,014,631
Total comprehensive income					
(Loss) for the half-year	-	(4,623,969)	-	-	(4,623,969)
Total comprehensive (loss) for the half-year	-	(4,623,969)	-	-	(4,623,969)
Balance as at 31 December 2020	31,155,846	(30,001,761)	4,405,763	32,400	5,592,248

The accompanying condensed notes form part of the financial statements.

STATEMENT OF CASH FLOWS

for the half-year ended 31 December 2021

	Note	31 Dec 2021 \$	31 Dec 2020 \$
Cash flows from operating activities			
Interest received		7,489	2,347
Payments to suppliers and employees		(741,175)	(665,476)
Interest paid		(2,253)	(971)
Net cash (used in) operating activities		(735,939)	(664,100)
Cash flows from investing activities			
Payments for exploration and evaluation		(1,848,542)	(934,802)
Payments for acquisition of tenements		-	(31,818)
Net cash (used in) investing activities		(1,848,542)	(966,620)
Cash flows from financing activities			
Proceeds from issues of ordinary shares		-	2,802,948
Payment of share issue costs		-	(191,092)
Repayment of lease liability		(33,561)	(25,029)
Net cash (used in) / provided by financing activities		(33,561)	2,586,827
Net (decrease) / increase in cash and cash equivalents		(2,618,042)	956,107
Cash and cash equivalents at the beginning of the half-year		4,892,691	2,178,953
Cash and cash equivalents at the end of the half-year	7	2,274,649	3,135,060

The accompanying condensed notes form part of the financial statements.

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CONDENSED NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 31 December 2021

1. Basis of preparation of interim financial report

Zuleika Gold Limited (**Zuleika Gold** or **Company**) is a public company limited by shares incorporated in Australia whose shares are quoted on the Australian Securities Exchange.

These financial statements comprise the Company and a dormant subsidiary. The half-year financial statements are therefore prepared as a Company. The half-year financial statements were authorised for issue by the Board of Directors on 16 March 2022.

This interim financial report for the half-year period ended 31 December 2021 has been prepared in accordance with accounting standard AASB 134 Interim Financial Reporting and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

This interim financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this interim financial report be read in conjunction with the annual financial report for the financial year ended 30 June 2021 and considered together with any public announcements made by Zuleika Gold during the half-year ended 31 December 2021 in accordance with the continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the impact of any new or amended standards became applicable for the current reporting period.

2. Summary of Significant Accounting Policies

(a) Exploration and evaluation expenditure

Exploration and evaluation expenditures in relation to each separate area of interest is recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
 - (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
 - (b) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities directly related to each area of interest. Consultants fees related to the overall exploration programmes are allocated across the tenements on a pro-rata basis. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The assessment of impairment indicators as per AASB 6 is undertaken at least annually. Where there are impairment indicators, the recoverable amount of the exploration and evaluation asset is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to

- (i) abandon the entire area of interest; or
- (ii) allow the entire area of interest to expire without renewal; or
- (iii) it is reasonably likely that the area of interest will expiry in the near future; or
- (iv) a decision is made to no longer undertaken exploration work,

then the exploration and evaluation assets will be written off.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 31 December 2021

2. Summary of Significant Accounting Policies (cont)

(b) New and revised accounting standards adopted by the Company

All the new standards and interpretations effective from 1 July 2021 were adopted. The adoption of the new or amended standards and interpretations did not result in any significant changes to the Company's accounting policies. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

(c) Going concern

The financial report has been prepared on a going concern basis.

The Board considers that there are sufficient grounds to believe that the Company will be able to continue to pay its debts as and when they fall due. This is based on future cash forecasts, existing cash reserves and the ability to significantly reduce activity to preserve cash if necessary. Furthermore, the Directors are also of the opinion that a capital raising could be achieved to raise additional funds if required. Subsequent to the end of the half-year, the Company agreed to issue 100,000,000 fully paid ordinary shares to raise \$3,000,000 (before costs), subject to receiving shareholder approval in March 2022.

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CONDENSED NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 31 December 2021

3. Segment Information

The Company operates predominantly in the mineral exploration industry in Australia. For management purposes, the Company is organised into one main operating segment which involves the exploration of minerals in Australia. All of the Company's activities are interrelated and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

4. Loss from continuing operations

	31 Dec 2021	31 Dec 2020
	\$	\$
Loss from continuing operations before income tax has been determined after:		
(a) Revenue		
Interest revenue	4,828	5,759
(b) Other income		
Research and development tax incentive	-	174,988
(c) Expenses		
Depreciation	37,233	25,590

5. Change in accounting policy

In the previous financial year, the Board changed the Company's accounting policy to capitalise its exploration and evaluation costs to an asset within the statement of financial position. This resulted in a restatement of prior periods' financial statements with a cumulative effect on Accumulated Losses of \$809,052 as shown in the Statement of Changes in Equity.

6. Loss per share

	31 Dec 2021	31 Dec 2020
	Cents per share	Cents per share
From continuing		
Basic (cents per share)	(0.48)	(1.61)
Diluted (cents per share)	(0.48)	(1.61)
From continuing operations		
Basic (cents per share)	(0.48)	(1.61)
Diluted (cents per share)	(0.48)	(1.61)
a. Reconciliation of earnings used in calculating loss per share		
Loss attributable to the owners of the Company used in calculating basic and diluted loss per share	(1,964,870)	(4,623,969)
	2021	2020
	No. of shares	No. of shares
b. Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	410,093,373	287,423,347

The shares under option at the end of the period are not considered dilutive as the average market price of ordinary shares during the period did not exceed the exercise price of the options and the Company has made a loss.

7. Current assets: Cash and cash equivalents

	31 Dec 2021	30 Jun 2021
	\$	\$
Cash at bank and on hand (i)	438,976	1,060,507
Bank short term deposits (ii)	1,835,673	3,832,184
	2,274,649	4,892,691

(i) Cash at bank and on hand earns interest at floating rates based on daily bank deposits.

(ii) Available at short notice.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 31 December 2021

8. Non-current assets: Property, plant & equipment

	31 Dec 2021	30 Jun 2021
	\$	\$
Right of use assets		
At cost	68,530	89,969
Less: Accumulated depreciation	(34,265)	(89,969)
	<u>34,265</u>	<u>-</u>
Plant & Equipment		
At cost	33,967	33,967
Less: Accumulated depreciation	(30,787)	(29,603)
	<u>3,180</u>	<u>4,364</u>
Reconciliation/movement for the year		
Carrying amount at beginning of year	4,364	44,378
Additions	68,530	2,844
Depreciation charge	(35,449)	(42,858)
Carrying amount at end of the period	<u>37,445</u>	<u>4,364</u>

9. Non-current assets: Capitalised mineral exploration and evaluation expenditure

	31 Dec 2021	30 Jun 2021
	\$	\$
Tenement acquisition costs carried forward in respect of mining areas of interest		
Opening balance	4,352,843	1,681,422
Tenement acquisition costs ¹	-	66,818
Add: Amount capitalised during the period ²	1,473,759	2,604,603
Less: write off of exploration assets ³	(982,231)	-
Closing net book amount	<u>4,844,371</u>	<u>4,352,843</u>

¹ During the prior period the Company paid \$31,818 in cash and agreed to issue 572,362 fully paid ordinary shares for the acquisition for the Ora Banda area of interest.

² Exploration and evaluation costs capitalised during the year.

³ During the period the Company re-assessed its areas of interest and determined that the disappointing results of the exploration programmes undertaken on the Ruby Plains Project warranted a decision regarding the retention (or otherwise) of the project post period end. The amount recorded in the balance sheet as an asset has been written off as at 31 December 2021.

10. Trade and other receivables

	31 Dec 2021	30 Jun 2021
	\$	\$
GST receivable	203,015	140,916
Interest receivable	-	2,661
	<u>203,015</u>	<u>143,577</u>

11. Other assets

	31 Dec 2021	30 Jun 2021
	\$	\$
Prepayments	26,832	8,115
	<u>26,832</u>	<u>8,115</u>

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 31 December 2021

12. Provisions

	31 Dec 2021 \$	30 Jun 2021 \$
Provisions		
Current Provisions	366,534	700,000
Total	<u>366,534</u>	<u>700,000</u>
Reconciliation/movement for the period		
Carrying amount at beginning of the year	700,000	78,600
Additions	-	700,000
Less: Amounts used during the period	(333,466)	(78,600)
Less: Amounts reversed	-	-
Carrying amount at end of period	<u>366,534</u>	<u>700,000</u>

The Company has provided for estimated costs relating to the current stage of its ongoing legal action with Vango. These costs are expected to be incurred in the remainder of the 2022 financial year.

13. Lease liability

	31 Dec 2021 \$	30 Jun 2021 \$
Current		
Lease liability	34,969	-
Non-current		
Lease liability	-	-
	<u>34,969</u>	<u>-</u>
Reconciliation/movement for the year		
Opening balance	-	42,144
Amounts borrowed (new leases)	68,530	-
Less: amount repaid	(33,561)	(42,144)
Closing balance at end of period	<u>34,969</u>	<u>-</u>

Interest cost incurred for the period is \$2,253 (2020: 1,190)

14. Issued capital

Equity (number of shares on issue and the amount paid (or value attributed) for the shares)

410,093,373 fully paid ordinary shares (30 June 2021: 410,093,373)

The following changes to the shares on issue and the attributed value during the periods:

	31 Dec 2021 Number	30 Jun 2021 Number	31 Dec 2021 \$	30 Jun 2020 \$
Balance at the beginning of the year	410,093,373	267,985,995	34,746,551	28,380,420
Shares to be issued in a placement ¹	-	16,454,545	-	10,000
Issue of shares to consultants ²	-	520,000	-	15,600
Issue of shares upon exercise of options ³	-	535,715	-	32,143
Issue of shares in a placement ⁴	-	44,505,101	-	2,447,780
Issue of shares under the Auracle Agreement ⁵	-	11,000,000	-	330,000
Issue of shares to extinguish debt ⁶	-	1,040,909	-	57,250
Issue of shares in a placement ⁷	-	64,585,809	-	3,552,220
Issue of share for acquisition of tenements ⁸	-	572,362	-	35,000
Issue of shares to extinguish debt ⁹	-	2,892,937	-	142,973
Share issue costs ¹⁰	-	-	-	(256,835)
Sub-total	<u>410,093,373</u>	<u>410,093,373</u>	<u>34,746,551</u>	<u>34,746,551</u>

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 31 December 2021

14. Issued capital (continued)

1. At a general meeting held on 30 July 2020, shareholders approved the issue of 15,454,545 shares at an issue price of \$0.022 and on 3 August 2020 the 15,454,545 shares were issued, raising \$340,000 (before costs) in working capital for the Company. The Company further issued 1,000,000 shares at an issue price of \$0.022 in oversubscriptions to raise an additional \$22,000.
2. On 13 August 2020, the Company issued shares at the conclusion of the contract and the fair value contract was \$15,600.
3. On 30 November 2020, the Company issued 535,715 shares following the exercise of 535,715 options each exercisable at \$0.06 and expiring 30 November 2023.
4. On 14 December 2020, the Company issued 44,505,101 shares at an issue price of \$0.055 to raise \$2,447,780 in working capital (before costs).
5. Following the receipt of shareholder approval on 11 December 2020, the Company issued 10,000,000 shares at an issue price of \$0.03 to raise \$300,000 pursuant to a Loan Agreement with Auracle Group Pty Ltd (**Auracle**), a company associated with H Guo. In addition, a further 1,000,000 shares at an issue price of \$0.03 per share were issued to Auracle in consideration for the payment of a loan facility fee of \$30,000.
6. On 14 December 2020, the Company issued 1,040,909 shares at an issue price of \$0.055 to repay creditors at a fair value of \$57,250.
7. On 10 February 2021 the Company issued 64,585,809 shares at an issue price of \$0.055 per share to raise \$3,552,220 in working capital (before costs).
8. On 10 February 2021 the Company issued 572,362 shares at an issue price of \$0.06115 in part consideration for the acquisition of two mining tenements.
9. On 10 February 2021 the Company issued 2,892,937 shares to extinguish creditors at a fair value of \$142,973.
10. The Company incurred the costs of issue during the year.

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

15. Reserves

	31 Dec 2021	30 June 2021
	\$	\$
Option reserves (a)	4,459,891	4,458,445
Other reserves (b)	883,081	250,129
	<u>5,342,972</u>	<u>4,708,574</u>

(a) The following changes to the options on issue and the attributed value during the periods:

	31 Dec 2021	30 June 2021	31 Dec 2021	30 June 2021
	Number	Number	\$	\$
Balance at the beginning of the year	143,500,000	17,100,000	4,458,445	391,132
Issue of Options - Farm-in ¹		10,000,000		
Options issues to consultants ²		5,000,000		
Options issues to consultants ³		1,200,000		10,000
Options issues for funding facility ⁴		80,000,000		3,308,111
Options issues as remuneration to directors ⁵		20,000,000		696,520
Options issues to consultants ⁶		10,000,000		50,000
Options issued as part of a prospectus ⁷		200,000		1,000
Sub-total	<u>143,500,000</u>	<u>143,500,000</u>	<u>4,458,445</u>	<u>4,456,763</u>
Options yet to be issued to director ⁸			1,446	1,682
Balance at the end of the period / year	<u>143,500,000</u>	<u>143,500,000</u>	<u>4,459,891</u>	<u>4,458,445</u>

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CONDENSED NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 31 December 2021

15. Reserves (continued)

1. The Company has issued 10,000,000 options on 3 August 2020 to Torian Resources Limited as it had commenced the farm-in of the Zuleika prospect. The options will have an exercise price of \$0.15 and expire 2 years after issue. The fair value of each option is \$0.0036 and the total cost for the period was \$35,870. The Company valued the options using a Black Scholes Option Pricing model with the following inputs:
 - (a) Grant Date - 20 April 2020
 - (b) Exercise date - 1 August 2022
 - (c) Market price of securities - \$0.022
 - (d) Exercise price of securities - \$0.15
 - (e) Risk free rate - 0.23%
 - (f) Volatility - 107.83%
2. On 3 August 2020, the Company issued 5,000,000 options each exercisable at \$0.05 and expiring 31 March 2022 to Alto Capital for corporate services. The fair value of each option was \$0.0136 and the total cost recognised in the prior period was \$67,862. The Company valued the options using a Black Scholes Option Pricing model with the following inputs:
 - (a) Grant Date - 16 June 2020
 - (b) Expiry date - 31 March 2022
 - (c) Market price of securities - \$0.03
 - (d) Exercise price of securities - \$0.05
 - (e) Risk free rate - 0.26%
 - (f) Volatility - 116.68%
3. On 14 December 2020, the Company issued 1,200,000 options each exercisable at \$0.05 and expiring 14 December 2022 to a consultant in consideration for the provision of corporate services. The fair value of the options was based on the fair value of the services which was \$10,000.
4. Following the receipt of shareholder approval, on 14 December 2020 the Company issued 80,000,000 options each exercisable at \$0.05 and expiring 14 December 2025 to Auracle Group Pty Ltd (a company associated with H Guo) in relation to a loan facility to fund the litigation against Vango Mining Limited. The fair value of each option is \$0.0414 and the total cost for the period was \$3,308,111. The Company valued the options using a Black Scholes Option Pricing model with the following inputs:
 - (a) Grant Date - 11 December 2020
 - (b) Expiry date - 14 December 2025
 - (c) Market price of securities - \$0.06
 - (d) Exercise price of securities - \$0.05
 - (e) Risk free rate - 0.10%
 - (f) Volatility - 84.96%
5. Following the receipt of shareholder approval, on 14 December 2020 the Company issued a total of 20,000,000 options each exercisable at \$0.05 and expiring 14 December 2023 to two Directors to provide a performance linked incentive component in their remuneration. The Company valued the options using a Black Scholes Option Pricing model with the following inputs:
 - (a) Grant Date - 11 December 2020
 - (b) Expiry date - 14 December 2023
 - (c) Market price of securities - \$0.06
 - (d) Exercise price of securities - \$0.05
 - (e) Risk free rate - 0.10%
 - (f) Volatility - 84.96%
6. On 30 March 2021 the Company issued 10,000,000 options to consultants for corporate services with an exercise price of \$0.10 expiry on 31 January 2023. The fair value of the options was based on the fair value of the services which was \$50,000.
7. On 29 March 2021 the Company issued options under a cleansing prospectus which included an offer of 200,000 options issued at \$0.005 per option. The Company raised \$1,000 before costs. The options are exercisable at \$0.10 and expire on 31 January 2023.
8. On 8 March 2021 the Company engaged Mr Graeme Purcell under a consulting agreement. The agreement included the issue of 1 million options at an exercise price of \$0.10 per option with an expiry date 3 years from the date of issue. The Company received shareholder approval on 19 November 2021 and the updated final valuation of the options using a Black Scholes Option Pricing model using the following inputs:
 - (a) Grant Date - 19 November 2021
 - (b) Expiry date - 3 years after the date of issue
 - (c) Market price of securities - \$0.020
 - (d) Exercise price of securities - \$0.10
 - (e) Risk free rate - 0.10%
 - (f) Volatility - 79.28%

A provisional expense amount of \$1,682 was recognised in the 2021 financial year with the remaining balance expensed in the current period,

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 31 December 2021

15. Reserves (continued)

(b) Performance rights

	31 Dec 2021 Number	30 June 2021 Number	31 Dec 2021 \$	30 June 2021 \$
Balance at the beginning of the year	32,000,000	8,000,000	250,129	4,973
Rights granted during the prior year ^{1 3}	-	-	(4,346)	7,500
Rights granted during the current year ²	-	24,000,000	637,298	237,656
Balance as at period end	32,000,000	32,000,000	883,081	250,129

1. On 19 December 2019 the Company obtained shareholder approval to issue 8,000,000 Performance Rights to two Directors based on the following hurdles.

Class of Rights	Hurdle	Number	Fair value	Probability
Class A	48 Months – Defined JORC Resource of 25,000 ounces above 1 gmpt	2,000,000	\$0.015 per Right	100%
Class B	48 Months – Defined JORC Resource of 55,000 ounces above 1 gmpt	2,000,000	\$0.015 per Right	-%
Class C	48 Months – Defined JORC Resource of 75,000 ounces above 1 gmpt	2,000,000	\$0.015 per Right	-%
Class D	48 Months – Defined JORC Resource of 100,000 ounces above 1 gmpt	2,000,000	\$0.015 per Right	-%

The Company continues to monitor the performance of the hurdles during the period and no adjustment in probability was deemed necessary.

2. On 11 December 2020, the Company obtained shareholder approval to issue 24,000,000 Performance Rights (8,000,000 per class and 12,000,000 per Director) to two Directors in order to provide a performance linked incentive component in their remuneration package. The Performance Rights will vest and convert into shares upon satisfaction of the milestones listed below:

The fair value of the Performance Rights was determined using a Monte Carlo simulation model with each hurdle valued as follows:

	Class A Performance Rights	Class B Performance Rights	Class C Performance Rights
VWAP Milestone (\$) *	0.06	0.08	0.10
Methodology	Monte Carlo	Monte Carlo	Monte Carlo
Simulation iterations	50,000	50,000	50,000
Grant date	11 Dec 20	11 Dec 20	11 Dec 20
Assumed expiry date	11 Dec 23	11 Dec 23	11 Dec 23
Share price at grant date (\$)	0.06	0.06	0.06
Exercise price (\$)	Nil	Nil	Nil
Risk-free rate (%)	0.1001	0.1001	0.1001
Volatility (%)	84.96	84.96	84.96
Fair value per security (\$)	0.0577	0.0539	0.0502
Fair value (\$)	461,958	431,136	401,604

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 31 December 2021

15. Reserves (continued)

* The volume weighted average price for the Company's Shares as traded on ASX over 20 consecutive trading days must exceed the milestone.

The fair value of the Performance Rights is being expensed over the assumed vesting period.

3. On 10 February 2022, the Company announced the passing of Mr Malcom Carson, executive Chairman of the Company. The profit or loss impact on the expense relating to the rights issued to Carson's has been outlined in note 19 below.

16. Commitments and contingencies

(a) Contingencies

At balance date there are no changes to the contingent assets or liabilities other than those disclosed in the 30 June 2021 annual report. These being:

- Vango Mining Limited contingent asset of \$6million
- K2 Project and the dispute with Vango Mining Limited.
- Special consideration as defined in the Auracle Group Pty Ltd (a related party of Ms Guo) loan agreement

17. Related party transactions

During the period the Company incurred office rent of \$31,200 (2021: \$52,000) at normal commercial rates paid/payable to Ms Guo for rental of the Company's office. At 31 December 2021, there were no amounts outstanding to Ms Guo for office rent.

The agreement between the Company and Auracle Group Pty Ltd (a related party of Ms Guo) remains in place and no draw down of funds occurred during the period.

18. Subsequent events

On 18 January 2022, the Company announced (subject to receiving shareholder approval at a General Meeting to be held on 18 March 2022) a private placement to Mr Mark Creasy of 100,000,000 fully paid ordinary shares, at an issue price of \$0.03 per share, and 100,000,000 free attaching options as follows:

- 50,000,000 options each exercisable at \$0.05 and expiring on 28 February 2025;
- 30,000,000 options each exercisable at \$0.07 and expiring on 28 February 2025; and
- 20,000,000 options each exercisable at \$0.10 and expiring on 28 February 2025.

On 25 January 2022, 3,000,000 fully paid ordinary shares were issued following the exercise of 3,000,000 options each exercisable at \$0.02 and expiring 31 January 2022.

On 2 February 2022, the Company issued 500,000 fully paid ordinary shares, at a deemed issue price of \$0.02 per share, in consideration for the acquisition of the Gold Rights for Mining Leases M29/417 and M29/418.

On 4 March 2022, the Company announced that 4,000,000 Performance Rights (issued on 13 January 2020) had lapsed as a result of the passing of Mr Carson.

No other material subsequent events have occurred from balance date to the date of this report.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 31 December 2021

19. Share-based payments

(a) Employees and contractor's equity instruments

No issue of securities occurred during the period.

(b) Expense

The total expense recognised for the period for historical options and rights was \$1,446 for the unlisted options and \$632,952 for the performance rights, totalling \$634,398.

Due to the passing of Mr Malcolm Carson, the expense previously recognised for the 2019 rights has been reversed and the remaining expense of \$419,742 relating to the fair value of the performance rights granted on 11 December 2020 has been fully recognised in this period.

Reconciliation of expense in the statement of profit or loss

	Dec 2021 Number	Dec 2021 \$
Options to be issued to director	1,000,000	<u>1,446</u>
Sub-total		1,446
Expense of performance rights A Guo 2019		1,890
Reversal of M Carson performance rights 2019		<u>(6,236)</u>
Sub-total		(4,346)
Expense of performance rights 2020 for the six months to 31 December		217,556
Additional expense of performance rights 2020 after the passing of M Carson		<u>419,742</u>
Sub-total		<u>637,298</u>
Share based payments expense in the profit or loss		<u>634,398</u>

DIRECTORS' DECLARATION

The Directors declare that:

- (a) The financial statements and notes, as set out on pages 7 to 20, are in accordance with the Corporations Act 2001, including:
- i. complying with Accounting Standard AASB 134 – Interim Financial Reporting and the Corporations Regulations 2001; and
 - ii. giving a true and fair view of the Company's financial position as at 31 December 2021 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date.
- (b) In the Directors' opinion there are reasonable grounds to believe that Zuleika Gold Limited will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors



Annie Guo

Managing Director

Dated this 16 March 2022

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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
ZULEIKA GOLD LIMITED**

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Zuleika Gold Limited, which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (a) giving a true and fair view of the Zuleika Gold Limited's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

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

We confirm that the independence declaration required by the *Corporations Act 2001* has been given to the directors of the Company on 16 March 2022.

Responsibility of the Directors for the Financial Report

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

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Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2021 and its performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

A handwritten signature in black ink that reads "Stantons International Audit and Consulting Pty Ltd" followed by a signature that appears to be "Samir".

Samir Tirodkar
Director

West Perth, Western Australia
16 March 2022

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