



SUMMIT GOLD LIMITED AND CONTROLLED ENTITIES

(formerly Indochine Mining Limited)

ACN 141 677 385

**Annual Financial Report
30 June 2021**



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Directors' Report

Your Directors present their report, together with the financial statements on the consolidated entity of Summit Gold Limited (formerly known as Indochine Mining Limited) (**Group, Company** or "**Summit**") and the entities it controlled at the end of, and during, the year ended 30 June 2021.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors have been in office from the date of appointment to the date of this report unless otherwise stated.

Brian Rodan – Executive Director	(Appointed 19 January 2021)
Jonathon Edwards – Non-Executive Director	(Appointed 19 January 2021)
Johnathon Busing – Non-Executive Director	(Appointed 19 January 2021, Resigned 18 January 2022)
David Nixon – Non-Executive Director	(Appointed 9 February 2022)
Craig Dawson – Non-Executive Director	(Appointed 18 February 2014, Resigned 19 January 2021)
Keith Murray – Non-Executive Director	(Appointed 20 October 2014, Resigned 19 January 2021)
Anthony Gates – Non-Executive Director	(Appointed 30 May 2016, Resigned 19 January 2021)

NAMES, QUALIFICATIONS, EXPERIENCE AND SPECIAL RESPONSIBILITIES

Brian Rodan – Fellow of the Australian Institute of Mining and Metallurgy (FAusIMM)

Executive Director

Managing Director and former owner of Australian Contract Mining Pty Ltd (ACM), a mid-tier contracting company that successfully completed \$1.5B worth of work over a 20-year period. ACM was sold to an ASX listed gold mining company in 2017.

Founding Director of Dacian Gold Limited who purchased the Mt Morgans Gold Mine from the Administrator of Range River Gold Ltd. After listing on the ASX in 2012 Mr Rodan was Dacian's largest shareholder.

Mr Rodan was also the Executive Director of Eltin Limited, Australia's largest full service ASX listed contract mining company, with annual turnover of \$850M (+) and is the acting Executive Chairman of Siren Gold Limited (ASX: SNG) and Executive Chairman of Icen Gold Limited. Additionally, Mr Rodan is a former Director and is currently a substantial shareholder of Desert Metals Limited (ASX: DM1), having resigned shortly prior to DM1's listing on ASX.



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Directors' Report (continued)

Jonathon Edwards – Bachelor Degree in Mechanical Engineering

Non-executive Director

Mr Edwards has over 40 years' experience in a wide range of position in both the mining and oil and gas sectors. Mr Edwards was the Managing Director and owner of Seatrac Pty Ltd, an oil field services business that had a turnover of \$20 million per annum at the time of sale in 2007 and spent a further five years as the Business Development Manager for the purchaser of Seatrac, Helix Energy Solutions Group. Mr Edwards is currently an active property and share market investor.

Johnathon Busing – BBus, CA

Non-executive Director

Mr Busing is the managing director and owner of Everest Accounting. He specialises in advising ASX listed companies on compliance, mergers and acquisitions and statutory accounting requirements.

Mr Busing was a forensic accountant at RSM before joining Mining Corporate in 2011 and was responsible for the compliance and requirements of ASX listed and unlisted entities. Mr Busing is the current Company secretary for multiple ASX listed entities and Director of Caeneus Minerals Limited (ASX: CAD).

Mr Busing is a member of Chartered Accountants Australia and New Zealand and holds a public practice certificate.

David Nixon – BSc (hons) MAusIMM

Non-executive Director

David Nixon has a significant depth of experience as an Exploration Geologist over 25 years, predominantly in gold. His experience covers generative, greenfields and brownfields exploration in Australia, North America, South America and Papua New Guinea. Mr Nixon has worked on orogenic lode gold, VMS, porphyry, epithermal & skarn deposit styles and has held previous roles as Principal Generative Geologist, Registered Exploration Manager and Exploration Superintendent.

Craig Dawson – AssocDipMMT (Mine Surveying), BAppSc (Mining Engineering), MBA, MAusIMM, GAICD, AWASM

Non-executive director

Craig Dawson brings successful mine development experience and expertise over three decades in Australia, Africa and Brazil. Mr Dawson has had multiple roles in companies such as Lion Ore/Norilsk Nickel Australia, Northern Mining Limited, Aditya Birla Minerals Limited and Sandfire Resources NL, and is currently the General Manager Operations for the world's largest lithium producer – Talison Lithium Pty Ltd. A key highlight in his career was his role as General Manager Operations with Sandfire Resources, where he led the successful development of the DeGrussa Copper project in Western Australia, an open pit and underground mine and processing plant. Mr Dawson played a pivotal role in delivering the DeGrussa project on time and under budget.



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Directors' Report (continued)

Keith Murray – B Accounting, CAANZ

Non-executive director

Keith Murray has an executive career spanning 40 years, with experience in audit and accounting, principally as a financial controller and company secretary in contract mining companies as well as in retail operations. He is currently General Manager Corporate and Company Secretary with the Heytesbury Group.

Anthony Gates – B.Sc, FAustIMM, FAIG, Chart.Prof(Geol), MMICA

Non-executive director

Anthony Gates is an exploration geologist with over 50 years of experience in the mining industry, primarily focused in Australia and Papua New Guinea (PNG). His success includes the discovery of the high-grade Emily Ann Nickel Deposit and Higginsville colluvial /alluvial mine in Western Australia. His work in PNG involved detailed mapping, sampling and exploration drilling and included due diligence on the Mt Kare Gold project and the Malamunda Gold project.

COMPANY SECRETARY

The names and details of the Company's Secretaries in office during the financial year and until the date of this report are as follows.

Sebastian Andre

(Appointed 14 September 2020)

The office of Company Secretary was vacant during the period 15 April 2020 to 13 September 2020.

Sebastian Andre – BAcc/BA, GradDip Fin, FGIA

Sebastian Andre is a Chartered Secretary with over 10 years of experience in corporate advisory, governance and risk services. He has previously acted as an adviser at the ASX and has a thorough understanding of the ASX Listing Rules, specialising in providing advice to companies and their boards in respect to capital raisings, IPOs, backdoor listings, corporate compliance and governance matters. Mr Andre holds qualifications in accounting, finance and corporate governance and is a member of the Governance Institute of Australia.

PRINCIPAL ACTIVITIES

During the year the principal activities of the Group were working towards the effectuation of the Deed of Company Arrangement (DOCA). The DOCA was executed on 19 January 2021.

Indochine Mining Limited changed its name to Summit Gold Limited on 21st July 2021.

Aude Holdings Pty Ltd (the **Secured Creditor**) continued to fund the costs associated with continuing the operations of the Group including:

- a) funding legal costs associated with the Papua New Guinea judicial review initiated by Summit Development Limited; and
- b) funding amounts payable to the administrator of the Deed of Company Arrangement (DOCA).

A variation to increase and extend the facility with Aude Holdings Pty Ltd was effected on 26 June 2019.



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Directors' Report (continued)

The company has successfully raised \$1,735,000 from professional and sophisticated investors during the financial year.

The Company also continues to evaluate new opportunities that may restore value to shareholders.

OPERATING AND FINANCIAL RESULTS

On a consolidated basis, the Company made a loss of \$9,528,049 for the year ended 30 June 2021 (2020: loss of \$3,029,651).

The DOCA was executed on 19 January 2021, the conditions and all other obligations under the DOCA executed on 4 June 2015 have been met and accordingly the DOCA has been fully effectuated. Consequently, the Deed Administrator retired from the Company and the Company returned to the control of the Directors.

In connection with effectuating the DOCA, the Company has issued 10,000,000 fully paid ordinary shares and 10,000,000 options exercisable at \$0.05 each on or before 31 December 2025 to the Proponent.

The Proponent of the DOCA raised a sum of \$1,735,000 (Subscription Sum) from professional and sophisticated investors, with the Subscription Sum invested in Summit. Of the Subscription Sum, \$450,000 was applied toward payment of the Second Loan Amount under the DOCA and the relevant investors received Shares on effectuation of the DOCA at an issue price of \$0.05 per Share. The options granted on effectuation of the DOCA are currently held by the nominee of the Proponent.

The balance of the Subscription Sum (\$1,285,000) was invested in Summit through a placement of 25,700,000 Shares at an issue price of \$0.05 per Share (Placement). Funds raised were used to settle amounts owing by Summit to the Administrator (for costs incurred on behalf of Summit during the term of the DOCA) and the balance retained for future working capital purposes.

Each of the current directors of Summit participated in the capital raising completed by the Proponent. In this regard, on effectuation of the DOCA, the Administrator resolved to issue 2,321,167 Shares to Brian Rodan and 2,532,869 Shares to Jonathon Edwards (or their respective associates) in conversion of the DOCA Loan. This was confirmed by shareholder approval at the AGM.

In addition, an entity associated with Brian Rodan settled expenses of Summit incurred during the term of the DOCA for an aggregate sum of \$150,000.35. These amounts were converted into 3,000,007 Shares at an issue price of \$0.05 per Share. This was confirmed by shareholder approval at the AGM.

DIVIDENDS

No dividends have been paid or declared during the financial year, nor do the directors recommend the declaration of a dividend.

FINANCIAL POSITION

The net liabilities of the consolidated group increased by \$6,780,858 from \$30,595,405 as at 30 June 2020 to \$37,376,263 as at 30 June 2021.



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Directors' Report (continued)

EVENTS SUBSEQUENT TO REPORTING DATE

The Company changed the name from Indochine Mining Limited to Summit Gold Limited on 22 July 2021.

On 17 December 2021, the judgement in the Appeal was handed down in PNG's Supreme Court. The Appeal was commenced by Summit following the PNG Government's refusal to extend the term of its exploration licence EL 1093 in 2015. The Appeal was dismissed. The orders restraining any dealings with the Mt Kare tenements were dissolved and Summit was ordered to pay the taxed costs of the other parties incidental to the Appeal. The Appeal judgement acknowledges that the primary judge made a number of errors; however, the Appeal Court found those errors were not of sufficient magnitude to warrant the Supreme Court overturning the primary judge's decision

As the applications are processed, Summit (the 4th in-time applicant) will, in accordance with the Mining Act 1992 (Mining Act), have the opportunity to object to each of the prior in-time applications. Summit will object to the 1st in-time application submitted by Global Mining Group Limited (GMG). MRA accepted GMG's application in breach of Section 30 of the Mining Act, which Section specifically prohibits an application for a new licence being made or accepted within the period of 30 days immediately following the expiry of the old EL 1093. Summit may also object to the 2nd in-time application submitted by New Britain Lime & Cement Limited (now called Tribune Mt. Kare Gold Limited) (Tribune). Notwithstanding this, Summit is open to the possibility of developing this asset in conjunction with Tribune on agreed terms. Discussions between Summit and Tribune have been constructive and are on-going. In the meantime, Summit has entered into an agreement with the 3rd in-time applicant, ACM Contract Mining (PNG) Limited (ACM PNG). Pursuant to this agreement, Summit and ACM PNG will, in the event that either of them is granted the new licence, co-operate to complete the exploration of and to develop a world class gold mine at Mt Kare in the interests of all stakeholders in particular the Mt Kare landowners and the Enga Provincial Government. Again, Summit and ACM PNG are open to the possibility of Tribune becoming part of this JV. Summit has successfully hosted warden's hearings at Mt Kare in the past and looks forward to the new warden's hearing in relation to its own application for EL 2429. Summit is in regular contact with the Mt Kare landowners, the Enga Provincial Government and the National Government concerning Summit's plans for Mt Kare and has received strong support for those plans. As the only applicant with the knowledge and geological understanding of the Mt Kare project and with its long history of working closely with the Mt Kare landowners and the Enga Provincial Government, Summit is confident that in due course its application for the new licence will be granted.

There are no significant events that have arisen after the balance date of these reports that are not covered in this Directors' Report or within the financial statements at Note 23 Events subsequent to reporting date.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Potential developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The economic entity's operations are subject to significant environmental regulation in respect to its exploration activities. There have been no reports of breaches of environmental regulations during the financial year or to the date of this report.



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Directors' Report (continued)

MEETING OF DIRECTORS

During the financial year three meetings of Directors were held. Attendances by each Director during the year are stated in the following table:

	Directors Meetings	
	Number eligible to attend	Number attended
Craig Dawson	0	0
Keith Murray	0	0
Tony Gates	0	0
Brian Rodan	3	3
Jonathon Edwards	3	3
Johnathon Busing	3	3

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Indemnification

The Company has agreed to indemnify the directors of the Company for any liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

Insurance premiums

During the financial year the Company has paid a premium of \$12,141 (2020: \$Nil) in respect of a contract to insure the directors and officers of the Company and its controlled entities against any liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001.

OPTIONS

Unissued shares under option

At the date of this report, the unissued ordinary shares of the Company under option are as follows:

Grant Date	Date of Expiry	Exercise Price \$	Number under Option
19 January 2021	31 December 2025	0.05	10,000,000

No person entitled to exercise an option has participated or has any right by virtue of the option to participate in any share issue of any other body corporate.

Shares issued on exercise of options

No shares have been issued upon exercise of options.



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Directors' Report (continued)

PROCEEDINGS ON BEHALF OF THE COMPANY

On 14 December 2015, the then Minister for Mining refused an application for renewal of Exploration Licence EL1093 (Mt Kare) held by Summit Gold's wholly owned subsidiary, Summit Development Limited (SDL).

On 1 March 2016 Summit Development Limited filed an application with the PNG National Court seeking a Judicial Review of the Minister's decision. The Judicial Review was heard on 5 September 2017.

On 27 April 2018, Her Honor Justice Nablu (deceased) upheld the Minister for Mining's decision. SDL subsequently appealed the decision of Justice Nablu, with the Appeal heard on 26 February 2019 by a three judge bench of the Supreme Court of Papua New Guinea, comprising Justices Batari, Dingake and Miviri.

Dingake J. has remained out of the Country during the COVID 19 pandemic and has not yet provided a formal written judgement. At a hearing on 4 May 2021 to determine whether Batari J and Miviri J could deliver a ruling in Dingake J's absence, the Court agreed to stand the matter over until the June 2021 sitting of the Court to allow Dingake J to deliver his judgement.

On 30 June 2021 the Appeal was mentioned again before Justice Batari and Justice Mviri. The appeal judgement was not handed down at the Mention and the Court ordered the matter be adjourned for further mention to the next Supreme Court sitting which is expected to be held in July 2021. The Court advised that Dingake J is expected to return to PNG during July 2021. Summit Gold does not anticipate that a final decision will be handed down on that date and that a further adjournment is likely.

On 29 October 2021, the Appeal was mentioned again before Justice Batari and Justice Miviri. The Court advised that Justice Dingake has returned to Papua New Guinea and is currently in isolation and that once released from isolation he will be re-sworn as a judge of the National Court and Supreme Court of PNG. The Court advised that following this the parties will be advised when the three man bench is ready to hand down its decision. Summit Gold's PNG Counsel has advised there is expected to be a further sitting of the Supreme Court before Christmas 2021; however, there is no certainty the Court will be ready to hand down its judgement at this time. The Company looks forward to the judgement being delivered by the full bench of the Supreme Court.

Until the Court's decision is handed down, the Minister for Mining, the Mineral Resources Authority and the other defendants are precluded from taking any action in respect of the Mt Kare Gold Project, including granting of a licence to another party to explore or develop the Project. Summit Development Limited will continue to provide updates on the Court's process.

With the strong commitment from the Directors and Board of Summit Gold, the unwavering support from its major shareholders and with the assistance its brokers the Company will continue to evaluate various new strategic opportunities that are designed to create value for shareholders and enable the Company to re-list on the ASX.



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Directors' Report (continued)

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2021 has been received and can be found on page 11 following the Directors' report.

Signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read "Brian Rodan".

Brian Rodan
Executive Director

Date: 9 May 2022

AUDITORS INDEPENDENCE DECLARATION

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Summit Gold Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Summit Gold Limited and the entities it controlled during the year.



Crowe Perth



Sean McGurk
Partner

Dated this 11 May 2022



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Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2021

		CONSOLIDATED GROUP	
		2021	2020
		\$	\$
	Note		
Other income	2	741	3,036,815
Professional fees		(198,789)	(92,692)
Insurance expenses		(20,150)	-
Travel expenses		-	(11,007)
Consultancy expenses		(145,394)	(36,804)
Administration expenses		(312,149)	(408,508)
DOCA Loss	3	(1,109,687)	-
Interest on loan		(7,742,621)	(5,517,455)
Loss before income tax from continuing operations		(9,528,049)	(3,029,651)
Income tax expense	4(a)	-	-
Loss for the year from continuing operations		(9,528,049)	(3,029,651)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Foreign currency translation reserve gains	15(a)	413,440	(82,897)
Other comprehensive income for the year		413,440	(82,897)
Total comprehensive loss for the year*		(9,114,609)	(3,112,548)

* There are no non-controlling interests or losses. All losses are attributable to the members of the parent.

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



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Consolidated Statement of Financial Position

As at 30 June 2021

CONSOLIDATED GROUP			
	Note	2021 \$	2020 \$
CURRENT ASSETS			
Cash and cash equivalents	7	499,133	140,274
Trade and other receivables	8	46,582	-
Other assets	10	36,377	-
Total Current Assets		582,092	140,274
NON - CURRENT ASSETS			
Property, plant and equipment	9	38,148	-
Total Non-Current Assets		38,148	-
TOTAL ASSETS		620,240	140,274
CURRENT LIABILITIES			
Trade and other payables	11	3,753,451	4,250,773
Borrowings	12	34,123,052	26,364,906
Short-term provisions	13	120,000	120,000
Total Current Liabilities		37,996,503	30,735,679
TOTAL LIABILITIES		37,996,503	30,735,679
NET LIABILITIES		(37,376,263)	(30,595,405)
EQUITY			
Issued capital	14	134,966,923	133,031,922
Accumulated losses	15(b)	(178,582,631)	(169,054,582)
Reserves	15(a)	6,239,445	5,427,255
TOTAL EQUITY		(37,376,263)	(30,595,405)

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

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Consolidated Statement of Changes in Equity
For the year ended 30 June 2021

		Issued Capital	Accumulated Losses	Foreign Currency Translation Reserve	Options Reserve	Total
	Note	\$	\$	\$	\$	\$
CONSOLIDATED GROUP						
Balance at 1 July 2019		133,031,922	(166,024,931)	5,510,152	-	(27,482,858)
Loss for the year		-	(3,029,651)	-	-	(3,029,651)
Currency translation differences		-	-	(82,897)	-	(82,897)
Total comprehensive income for the year		-	(3,029,651)	(82,897)	-	(3,112,548)
Balance at 30 June 2020		133,031,922	(169,054,582)	5,427,255	-	(30,595,405)
Balance at 1 July 2020		133,031,922	(169,054,582)	5,427,255	-	(30,595,405)
Loss for the year		-	(9,528,049)	-	-	(9,528,050)
Currency translation differences		-	-	413,440	-	413,440
Total comprehensive income for the year		-	(9,528,049)	413,440	-	(9,114,610)
<i>Transactions with owners, directly in equity</i>						
Shares issued	14(a)	1,935,001	-	-	-	1,935,001
Options issued during the year	16	-	-	-	398,750	398,751
Balance at 30 June 2021		134,966,923	(178,582,631)	5,840,695	398,750	(37,376,263)

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



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**Consolidated Statement of Cash Flows
For the year ended 30 June 2021**

		CONSOLIDATED GROUP	
		2021	2020
	Note	\$	\$
<i>Cash flows from operating activities</i>			
Payments to suppliers and employees		(1,495,346)	(609,906)
Net cash used in operating activities	18	(1,495,346)	(609,906)
<i>Cash flows from Investing activities</i>			
Payments for property, plant and equipment		(40,000)	-
Net cash provided from investing activities		(40,000)	-
<i>Cash flows from financing activities</i>			
Proceeds from issue of shares		1,735,000	-
Proceeds from borrowings		165,526	505,790
Loans to related parties		(6,321)	-
Net cash provided by financing activities		1,894,205	505,790
Net increase / (decrease) in cash held		358,859	(104,116)
Cash at the beginning of the year		140,274	244,390
Foreign exchange translation difference		-	-
Cash at the end of the year	8	499,133	140,274

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



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Notes to the Financial Statements

For the year ended 30 June 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements and notes represent those of Summit and Controlled Entities (the "consolidated group" or "Group"). The separate financial statements of the parent entity, Summit, have not been presented within this financial report, as permitted by the *Corporations Act 2001*.

Summit is a company limited by shares incorporated and domiciled in Australia, whose shares are not publicly traded on the Australian Securities Exchange (ASX). The Company was delisted from ASX on 2 May 2018 and is currently an unlisted public company.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar unless otherwise stated.

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Summit at the end of the reporting period and are consistent with AASB 10 Consolidated Financial Statements.

The financial report of Summit for the year ended 30 June 2021 was authorised for issue in accordance with a resolution of the Directors on 9 May 2022.

(a) Going concern basis of preparation

These financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

The consolidated entity incurred an operating cash outflow of \$1,495,346 during the year ended 30 June 2021 (2020: \$609,906). The total comprehensive loss for the year ended 30 June 2021 was \$9,114,609 (2020: \$3,112,548) and the cash on hand at year end was \$499,133.

There is a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern, and therefore whether the Group will realise its assets and settle its liabilities in the ordinary course of business at the amounts recorded in the financial statements.

The financial statements do not include any adjustments relating to the recoverability and classification of assets carrying amounts, or the amount of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

The Directors have prepared forecast cash flow information for the twelve months ended 31 March 2023, taking into account an estimation of the continued costs associated with the application for Exploration Licence EL2447 (Mt Kare).

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Notes to the Financial Statements

For the year ended 30 June 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) Going concern basis of preparation *(continued)*

Key to the forecasts are the following relevant judgements:

- The forecast includes capital raising requirements of \$590k. During the year ended 30 June 2021 the Company has been successful in obtaining \$1.7m financing through equity raises, and since the year end the Company has raised an additional \$401k (refer note 23) and are confident that the forecast funding can be raised through equity, as such, in the Directors' opinion, the inclusion of these capital raisings is based on events that they reasonably expect to take place and actions that they reasonably expect to occur;
- the Company has no liability for the pre DOCA creditors totalling \$3.7m recognised in its subsidiary company Summit Development Limited;
- In accordance with non-legally binding written confirmations dated 5 May 2022 received from the relevant parties, repayable on demand related party loans of \$34.5m (refer Note 12) not being called within a twelve-month period ending 12 months from date of signing these financial statements unless and until the Group is in a position to repay the whole or part of the amounts due and still remain solvent and a going concern; and
- overall expenditure of the Group not significantly exceeding \$520k for the 12-month period ending 31 March 2023.

Should the timing or quantum of operating cash flows be significantly different to those forecasts, the Group may need to seek alternative or additional financing to enable it to settle its liabilities as they fall due.

Based on these forecasts, the directors believe that it is appropriate to prepare the financial statements on a going concern basis.

(b) Accounting Standards not Previously Applied

The Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2020. It has been determined by the Group that, there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and therefore no change is necessary to Group accounting policies.

(c) New and revised Accounting Standards and Interpretations

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.



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Notes to the Financial Statements

For the year ended 30 June 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(d) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Summit and its subsidiaries (“the Group”).

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

(e) Significant Accounting Judgements, Estimates and Assumptions

The preparation of the financial statements for the reporting year requires the directors to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Directors continually evaluate their judgement and estimates in relation to assets, liabilities, contingent liabilities, revenue and expense. The directors base their judgement and estimates on historical experience and on other various factors they believe to be reasonable under the circumstances, the results of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

The directors have identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results of the financial position reported in future periods.

- **Expiry of Licences**

The licence for the Mt Kare Gold Project (EL 1093) expired on 28 August 2014 and the application for renewal of the licence was lodged with Minerals Resource Authority (MRA) of PNG on 28 July 2014. However, on 18 January 2016, SDL was advised that on 14 December 2015 the Minister for Mining (Minister) had refused SDL’s application to renew EL 1093. As a consequence, SDL filed an application with the PNG National Court seeking a judicial review of the Minister’s decision. The substantive hearing of the judicial review was held on 5 September 2017. The judgement on the matter was delivered by Justice Nablu of the PNG National Court on 27 April 2018 and the PNG National Court upheld the Minister’s decision. On 10 July 2018 an application to appeal the judgement of PNG National Court was lodged with the PNG Supreme Court. The appeal was heard on 26 February 2019 by a three judge bench of the Supreme Court, comprising Justices Batari, Dingake and Mivir, with J.Batari as the Chairman of the bench. The PNG Supreme Court reserved its decision and the date of the decision is yet to be advised. Further, with a view to preserving SDL’s interest, a new application for the grant of an exploration license over Mt Kare has also been filed.

Summit is confident that in due course its application for the new licence will be granted allowing the company to continue to operate as a going concern and pay its creditors in PNG in full.



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NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(f) Income Tax

The income tax expense or revenue for the current and prior periods comprises current income tax expense or income and deferred tax expense or income.

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 substantially enacted, as at reporting date. Current tax liabilities and assets are therefore measured at the amounts expected to be paid to or 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 or 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, 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 end of the reporting period. 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.

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 cannot 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 offset exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, 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.



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NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(h) Foreign Currency Transaction Balances

Functional and Presentation Currency

The functional currency of each group entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

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 statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the statement of 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.
- Retained earnings are translated at the exchange rate prevailing at the date of the transaction.

The translation of foreign operations in the year under review resulted in a gain of \$413,440 mainly due to the strengthening of the Australian Dollar against the PNG Kina.



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NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Foreign Currency Transaction Balances *(continued)*

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of comprehensive income in the period. However, where a subsidiary is deconsolidated, the differences are transferred to the retained earnings.

(i) Fair Value

Fair value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable AASB.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly unforced transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Fair value hierarchy

AASB 13 *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

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NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Fair Value (continued)

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- *Market approach*: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- *Income approach*: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- *Cost approach*: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of

unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.



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NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(j) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Plant and equipment

Plant and equipment is measured on the cost basis less accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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 and loss during the financial year in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated using the method noted below over their useful lives to the economic entity commencing from the time the asset is held ready for use.

The depreciation rates and method used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation Method	Depreciation rate
Plant and Equipment	Straight Line	10%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. 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 or losses are included in profit and loss.

(k) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit. Ordinary issued capital bears no special terms or conditions affecting income or capital entitlements of the shareholders.



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NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(l) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

(m) Share-based Payments

The fair value of options granted is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the grantees become unconditionally entitled to the options. The fair value of the options granted is measured using the Black-Scholes pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised is adjusted to reflect the actual number of share options that vest, except where forfeiture is only due to market conditions not being met.

(n) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(o) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(p) Revenue and Other Income

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

All revenue is stated net of the amount of goods and services tax (GST).



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NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(q) Borrowings

Borrowings consist of loans provided to the Group by the Secured Creditor. All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised.

The accounts have recorded the secured loan, including capitalised interest and service fees, as Borrowings and further information regarding the terms and conditions of the loans can be found at Note 12.

(r) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period, which remain unpaid.

(s) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' results are regularly reviewed by the Group's directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(t) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Management discusses with the Board the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates. There are presently no estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

i. Key judgements and estimates – Share-based payments

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 an internal valuation using a Black-Scholes option-pricing model, using the assumptions detailed in Note 16 Options Reserve.



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Note 2 Revenue and other income

	2021	2020
	\$	\$
Other income		
Other income	741	3,036,815

The effectuation of the DOCA resulted in the Company recognising an amount of \$3,036,815 as debt forgiveness in the year ended 30 June 2020.

Note 3 DOCA Loss

	2021	2020
	\$	\$
DOCA effectuation payment	408,023	-
DOCA administrator fees	189,006	-
DOCA legal fees	113,908	-
DOCA – Share options to KMP and proponent	398,750	-
	1,109,687	-

All payments and extinguishment of liabilities are in accordance with the Deed of Company Arrangement effectuated on 19 January 2021.

Note 4 Income Tax Benefit

	2021	2020
	\$	\$
(a) Reconciliation of income tax expense applicable to accounting loss at the statutory income tax rate to income tax expense at the company's effective income tax rate:		
Accounting loss before tax from continuing operations	9,528,049	3,029,651
Accounting loss before income tax	9,528,049	3,029,651
At the statutory income tax rate of 30% (2020: 30%)	(2,858,415)	(908,895)
Permanent differences	257,032	96,910
Movement in temporary differences	(19,232)	(7,650)
Tax losses and timing differences not brought to account	2,620,615	819,635
Income tax expense	-	-
Effective income tax rate	0%	0%



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Note 4 Income Tax Benefit (continued)

	2021	2020
	\$	\$
(b) Tax balances not brought to account		
Deferred tax assets (tax losses) comprise of:		
Tax losses not brought to account	42,894,711	34,159,327
Potential deferred tax asset (tax losses) not brought to account	12,868,413	10,247,798

Potential deferred tax assets attributable to tax losses have not been brought to account at 30 June 2021 because the Directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

- i. the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised;
- ii. the Group continues to comply with conditions for deductibility imposed by law; and
- iii. no changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the loss.

Note 5 Key Management Personnel Compensation

Name and position held of key management personnel in office at any time during or since the end of the financial year are:

Directors:

Brian Rodan – Executive Director	(Appointed 19 January 2021)
Jonathon Edwards – Non-Executive Director	(Appointed 19 January 2021)
Johnathon Busing – Non-Executive Director	(Appointed 19 January 2021, Resigned 18 January 2022)
David Nixon – Non-Executive Director	(Appointed 9 February 2022)
Craig Dawson – Non-Executive Director	(Appointed 18 February 2014, Resigned 19 January 2021)
Keith Murray – Non-Executive Director	(Appointed 20 October 2014, Resigned 19 January 2021)
Anthony Gates – Non-Executive Director	(Appointed 30 May 2016, Resigned 19 January 2021)

	2021	2020
	\$	\$
Short-term employee benefits (cash & deferred)	-	-



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Note 5 Key Management Personnel Compensation (continued)

a) Shareholdings

The number of shares in the Company held during the financial year by the key management personnel of Summit Gold Limited, including their related parties is set out below.

	Balance at 1 July 2020	Received as Compensation	Issued under DOCA ¹	Other net change ²	Balance at 30 June 2021
Directors:					
Brian Rodan ³	347,227	-	2,821,167	4,678,840	7,847,234
Jonathon Edwards	10,525	-	2,532,869	3,667,131	6,210,525
Johnathon Busing	-	-	-	500,000	500,000
Craig Dawson	7,546	-	-	-	7,546
Keith Murray	-	-	-	-	-
Anthony Gates	-	-	-	-	-

1. Shares issued on effectuation of the DOCA at an issue price of \$0.05 per share.
2. Shares issued as part of a placement at an issue price of \$0.05 per share.
3. Mr Brian Rodan received 1,678,840 shares as part of a conversion of amounts paid on behalf of the Company during the term of its DOCA at an issue price of \$0.05 per share.

b) Option Holdings

The number of options in the Company held during the financial year by the key management personnel of Summit Gold Limited, including their related parties is set out below.

	Balance at 1 July 2020	Received as Compensation	Issued under DOCA ¹	Other net change	Balance at 30 June 2021
Directors:					
Brian Rodan	-	-	10,000,000	-	10,000,000

1. Options issued on effectuation of the DOCA.



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Note 6 Auditor's Remuneration

	2021	2020
	\$	\$
Remuneration of the auditor of the parent entity for:		
- auditing or reviewing the financial statements	13,850	27,900
- other services	-	-
	13,850	27,900
	13,850	27,900

Note 7 Cash and Cash Equivalents

	2021	2020
	\$	\$
Current		
Cash at bank and on hand	499,133	140,274
	499,133	140,274
	499,133	140,274

Note 8 Trade and Other Receivables

Current		
<i>Unsecured</i>		
GST receivable	40,261	-
Loan to Related Parties	6,321	-
	46,582	-
	46,582	-

Note 9 Property, Plant and Equipment

Current		
Plant & equipment – cost	40,000	-
Less: Accumulated depreciation	(1,852)	-
Total	38,148	-
	38,148	-

Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Plant and equipment	Total
Balance at the beginning of year	-	-
Additions	40,000	40,000
Depreciation expense	(1,852)	(1,852)
Closing Balance 30 June	38,148	38,148
	38,148	38,148



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Note 10 Other Assets

	2021	2020
Current	\$	\$
Prepayments	36,377	-

Note 11 Trade and Other Payables

Current		
Trade Payables	3,753,451	4,250,773
Total Trade and Other Payables	3,753,451	4,250,773

Note 12 Borrowings

Current		
Secured loan - Aude Holdings Pty Ltd	34,123,052	26,364,906
Total Borrowings	34,123,052	26,364,906

The carrying amounts of assets pledged as security	620,240	140,274
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The above loans have been reclassified from Trade and Other Payables to Borrowings in these accounts, including the comparative figures for the year ended 30 June 2020, to better reflect the nature of the agreement in place. There are no other material effects of this change on the financial statements.

Under the terms of the loan agreement the loan is secured over all of the assets of the Borrower in a form that is satisfactory to the Financier in its sole discretion.

Further, the following should be noted in relation to the secured loan:

On 6 February 2014, the Company entered into a secured loan agreement with Aude Holdings Pty Ltd (the Secured Creditor) as trustee for Lastours Investment Trust (**Lastours**) to borrow \$1,500,000 secured against a fixed and floating charge over the assets of the Company and at an interest rate of 60% calculated daily. In the event of default, the interest would increase to 80% per annum calculated daily. The loan was repayable in full by 31 May 2014. The Company was unable to repay the loan by 31 May 2014 and as at the due date it was in default and being charged interest at the rate of 80% from the date of default. On 14 May and 3 June 2014, the Company was served default notices.

On 1 August 2014, the Company entered into a Deed of Acknowledgement and Variation with the Secured Creditor as trustee for Lastours under which the Secured Creditor waived the breaches that gave rise to default notices on 14 May and 3 June 2014, reset the interest rate to 25% per annum, extended the expiry date to 31 December 2014 and provided an additional facility of \$1.15 million. On 26 November 2014, the Company extended the term of the facility to 28 February 2015.



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Note 12 Borrowings (continued)

On 30 January 2015, a secured loan conversion agreement was signed between the Company and the Secured Creditor as trustees for Lastours. Under the terms of the agreement, the aggregate limit of the loan was increased from \$3.25 million to \$3.75 million and the term of the loan extended to 30 April 2015.

Subsequent to the Company being placed into VA, the loan facility of \$3.75 million extended until 30 April 2015 was frozen and the Secured Creditor's rights preserved under the DOCA. A new facility of \$1.25 million has been extended by the Secured Creditor to the Voluntary Administrator to fund the costs associated with maintaining the Mt Kare Gold Project in good standing, including the funding of the Warden's Hearing completed on 6 May 2015 and mediation which was conducted on site from 18 July to 20 July 2015 and then re-convened on 17 August 2015. On 22 October 2015, the new facility of \$1.25 million extended by the Secured Creditor was varied through Deed of Variation to the original loan Agreement to a total of \$2.0 million to provide funding to maintain the infrastructure at Mt Kare in good standing.

On 24 July 2017 a new facility of \$4.5 million extended by the Secured Creditor was further varied through Deed of Variation to the original loan Agreement to a total of \$6.5 million to provide further funding for continuation of SDL and legal costs incurred in the course of the administration of Summit. The facility was further extended on 15 October 2018 by \$3.5 million, bringing the total to \$10 million. This was further varied on 26 June 2019 by \$3 million, bringing the total to \$13 million.

Note 13 Provisions

	2021	2020
Current	\$	\$
Other provisions	120,000	120,000
	120,000	120,000
	120,000	120,000

Note 14 Issued Capital

a. Ordinary Shares

	2021	2020	2021	2020
	No.	No.	\$	\$
Fully paid ordinary shares	42,109,021	3,409,014	134,966,923	133,031,922
			134,966,923	133,031,922
			134,966,923	133,031,922

Movements in ordinary shares on issue:

Balance at beginning of year	3,409,014	3,409,014	133,031,922	133,031,922
19.01.2021 - DOCA Proponent Shares ⁱ	10,000,000	-	500,000	-
10.03.2021 - Share Placement ⁱⁱ	28,700,007	-	1,435,001	-
	42,109,021	3,409,014	134,966,923	133,031,922
	42,109,021	3,409,014	134,966,923	133,031,922



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Note 14 Issued Capital (continued)

Shares of the company were issued during the period on the following basis:

- i. 10,000,000 issued on effectuation of the DOCA at an issue price of \$0.05 per share to the Proponent’s nominees.
- ii. 28,700,007 issued as part of a placement at an issue price of \$0.05 per share to sophisticated and professional investors.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders’ meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

b. Options

	2021	2020
	No.	No.
Balance at beginning of year	-	-
19.01.2021 – DOCA Proponent Options ⁱ	10,000,000	-
	10,000,000	-

Options of the company were issued during the period on the following basis:

- i. 10,000,000 issued on effectuation of the DOCA to the Proponent’s nominees. The options have an exercise price of 5 cents and expire on 31 December 2025. The option value was calculated using the Black-Scholes Model. The value of the options has been determined using the Black-Scholes Model as they were issued in accordance with an agreement rather than on receipt of a vendor invoice. The option reserve records items recognised on valuation of director, employee and contractor share options.

There are no other options on issue at 30 June 2021.



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Note 14 Issued Capital (continued)

Fair value of options grants during the period

The weighted average fair value of options granted during the year was \$0.05 (30 June 2020 year: Nil). The values of the options were calculated using the Black-Scholes Model, applying the following inputs:

Grant date	19 January 2021
Share Price at grant date	5 cents
Option exercise price	5 cents
Expiry date (length of time from issue)	4.5 years
Risk free interest rate	0.13 %
Volatility (discount)	120%
Dividend yield	Nil
Indicative value per Option	39 cents
Total Value of Options	\$398,750

The valuation noted above is not necessarily the market price that the Related Party Options could be traded at and is not automatically the market price for taxation purposes.

Capital Management

Management manage the Group's capital by assessing the Group's cash flow and capital requirements and responding to those needs. These responses include management of capital projects, acquisition of mineral licences and reduction of expenditure.



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Note 15 Reserves and Accumulated Losses

	2021	2020
a) Reserves	\$	\$
Foreign currency translation reserve	5,840,695	5,427,255
Options reserve	398,750	-
Total Reserves	6,239,445	5,427,255
Foreign currency translation reserve		
Movements		
At the beginning of the year	5,427,255	5,510,152
Currency translation differences arising during the year	413,440	(82,897)
Balance at the end of the financial year	5,840,695	5,427,255
Options reserve		
Movements		
At the beginning of the year	-	-
DOCA – Share options to KMP and proponent	398,750	-
Balance at the end of the financial year	398,750	-

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

The options reserve records the value of options issued by the Company.

b) Accumulated Losses

Movements in accumulated losses were as follows:

Accumulated losses at the beginning of the year	(169,054,582)	(166,024,931)
Net loss attributable to members of Summit Gold Limited	(9,528,049)	(3,029,651)
Accumulated losses at the end of the financial year	(178,582,631)	(169,054,582)

Note 16 Options Reserve

Movements in the options reserve are set out in the statement of changes in equity on page 13. This reserve represents the fair value at grant of share options issued. The fair value is recognised as an expense over the vesting period. The reserve is reversed to contribute equity when shares are issued on exercise of the options or when the options are cancelled or expire.



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Note 17 Parent Entity Disclosures

The following information has been extracted from the books and records of the parent and has been prepared in accordance with the accounting standards.

PARENT ENTITY	2021	2020
	\$	\$
a) Financial information		
Loss for the year	9,127,410	2,706,617
Total comprehensive loss	9,127,410	2,706,617
Current Assets		
Cash and cash equivalents	499,133	140,274
Trade and other receivables	46,581	-
Other Assets	25,961	-
Total Current Assets	571,675	140,274
Non-current Assets		
Plant and Equipment	38,148	-
Total Assets	609,823	140,274
Liabilities		
Trade and other payables	63,230	107,113
Provisions	120,000	120,000
Borrowings	34,123,052	26,364,906
Total Liabilities	34,306,282	26,592,019
Net liabilities	33,696,459	26,451,745
Equity		
Issued capital	134,966,923	133,031,922
Reserves	398,750	-
Accumulated losses	(169,062,132)	(159,483,667)
Total Equity	(33,696,459)	(26,451,745)



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Note 18 Cash Flow Information

Reconciliation of cash flow from operations with loss after income tax	2021	2020
	\$	\$
Loss after income tax	(9,528,049)	(3,029,651)
Non-cash flows in profit		
Depreciation	1,852	-
Foreign exchange	413,440	(82,897)
Share-based payments	398,750	-
Accrued interest	7,742,621	5,557,322
Changes in assets and liabilities		
Increase in trade and other receivables	(76,637)	-
Decrease in trade and other creditors	(447,323)	(3,054,680)
Net cash flow used in operating activities	(1,495,346)	(609,906)

Note 19 Related Party Transactions

a) The Group's main related parties are as follows:

i. Entities exercising control over the Group:

The ultimate parent entity, which exercises control over the Group, is Summit Gold Limited, which is incorporated in Australia.

ii. Key management personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 5: Key Management Personnel Compensation.

iii. Entities subject to significant influence by the Group:

An entity which has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

For details of interests held in associated companies, refer to Note 21.

iv. Other related parties:

Other related parties include entities controlled by the ultimate parent entity and entities over which key management personnel exercise significant influence.



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Note 19 Related Party Transactions (continued)

b) Transactions with related parties:	2021	2020
	\$	\$

Aude Holdings Pty Ltd:

Aude Holdings Pty Ltd, a business controlled by Mr Brian Rodan, is a secured creditor that has continued to fund the costs associated with continuing operations of the Group.

Additional funding provided during the year:	165,525	505,790
Interest accrued during the year:	7,742,621	5,557,322
Amount outstanding at year end:	34,123,052	26,364,906

MCA Nominees Pty Ltd:

MCA Nominees Pty Ltd, a business controlled by Mr Brian Rodan, provides mining administration and consulting services as well as provide commercial premises via monthly lease arrangement.

Administrative services provided during the year:	31,200	-
Rent incurred during the year:	30,000	-
Provision outstanding at year end:	120,000	120,000
Amounts outstanding at year end:	11,220	-

101 Consulting Pty Ltd:

101 Consulting Pty Ltd, a business controlled by Bronwyn Bergin, spouse of Mr Brian Rodan, provides administration support services.

Fee for services provided during the year:	2,500	-
Amount outstanding at year end:	2,750	-

Mine Maintenance Management Pty Ltd:

Mine Maintenance Management Pty Ltd, a business controlled by Mr Jonathon Edwards, provides mining services.

Fee for assets purchased during the year:	40,000	-
Amount outstanding at year end:	-	-



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Note 20 Operating Segments

a) Identification of reportable segments

During the year the Group operated predominantly in one business segment, being gold and silver mining exploration. Geographically the Group operates exclusively in one geographical segment, being Asia Pacific, with an office maintained in Australia. Segment results are classified in accordance with their use within geographic segments.

b) Basis of accounting for purposes of reporting by operating segments

i. Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

ii. Inter-segment transactions

Inter-segment loans payable and receivable are initially recognised at the consideration received/to be received, net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

iii. Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

iv. Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

v. Unallocated items

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:

- Impairment of assets and other non-recurring items of revenue or expense
- Income tax expense
- Current and deferred tax assets and liabilities



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Note 20 Operating Segments (continued)

	Australia	Papua New Guinea	Total
	\$	\$	\$
2021			
Revenue			
Revenue	-	-	-
Total segment revenue	-	-	-
Results			
Operating loss before income tax	9,127,410	400,639	9,528,049
Income tax expense	-	-	-
Net loss	9,127,410	400,639	9,528,049
Included within segment results	9,127,410	400,639	9,528,049
Segment assets	609,823	10,417	620,240
Segment liabilities	34,306,282	3,690,221	37,996,503
2020			
Revenue			
Revenue	-	-	-
Total segment revenue	-	-	-
Results			
Operating loss before income tax	2,706,617	323,034	3,029,651
Income tax expense	-	-	-
Net loss	2,706,617	323,034	3,029,651
Included within segment results	2,706,617	323,034	3,029,651
Segment assets	140,274	-	140,274
Segment liabilities	26,592,019	4,143,660	30,735,679



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Note 21 Interest in Subsidiaries

Investments in subsidiaries are accounted for at cost. The subsidiary's country of incorporation is also its principal place of business:

	Country of Incorporation	Percentage Owned	
Subsidiaries of Summit Gold Limited:		2021	2020
Summit Development Limited	Papua New Guinea	100%	100%
Positive Developments Limited	Papua New Guinea	100%	100%

Note 22 Commitments and Contingencies

Legal Proceedings

On 27 April 2018, the PNG National Court, presided by Justice Nablu, delivered the judgement on the Judicial Review and upheld the Minister for Mining's decision. An application to appeal this decision was lodged with PNG Supreme Court on 10 July 2018. The appeal was heard on 26 February 2019 by a three judge bench of the PNG Supreme Court, comprising Justices Batari, Dingake and Mivir, with J.Batari as the Chairman of the bench. The PNG Supreme Court reserved its decision and the date of the decision is yet to be advised. Further, Summit Development Limited also lodged an application for a stay order over the PNG National Court's decision. The matter was heard by Justice Hartshorn on 16 July 2018 and the stay order was granted until the decision on the appeal is made by the PNG Supreme Court.

Summit is confident that in due course its application for the new licence will be granted allowing the company to continue to operate as a going concern and pay its creditors in PNG in full

Note 23 Events subsequent to reporting date

The Company changed the name from Indochine Mining Limited to Summit Gold Limited on 22 July 2021.

On 17 December 2021, the judgement in the Appeal was handed down in PNG's Supreme Court. The Appeal was commenced by Summit following the PNG Government's refusal to extend the term of its exploration licence EL 1093 in 2015. The Appeal was dismissed. The orders restraining any dealings with the Mt Kare tenements were dissolved and Summit was ordered to pay the taxed costs of the other parties incidental to the Appeal. The Appeal judgement acknowledges that the primary judge made a number of errors; however, the Appeal Court found those errors were not of sufficient magnitude to warrant the Supreme Court overturning the primary judge's decision

As the applications are processed, Summit (the 4th in-time applicant) will, in accordance with the Mining Act 1992 (Mining Act), have the opportunity to object to each of the prior in-time applications. Summit will object to the 1st in-time application submitted by Global Mining Group Limited (GMG). MRA accepted GMG's application in breach of Section 30 of the Mining Act, which Section specifically prohibits an application for a new licence being made or accepted within the period of 30 days immediately following the expiry of the old EL 1093. Summit may also object to the 2nd in-time application submitted by New Britain Lime & Cement Limited (now called Tribune Mt. Kare Gold Limited) (Tribune). Notwithstanding this, Summit is open to the possibility of developing this asset in conjunction with Tribune on agreed terms. Discussions between Summit and Tribune have been constructive



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Note 23 Events subsequent to reporting date (continued)

and are on-going. In the meantime, Summit has entered into an agreement with the 3rd in-time applicant, ACM Contract Mining (PNG) Limited (ACM PNG). Pursuant to this agreement, Summit and ACM PNG will, in the event that either of them is granted the new licence, co-operate to complete the exploration of and to develop a world class gold mine at Mt Kare in the interests of all stakeholders in particular the Mt Kare landowners and the Enga Provincial Government. Again, Summit and ACM PNG are open to the possibility of Tribune becoming part of this JV. Summit has successfully hosted warden's hearings at Mt Kare in the past and looks forward to the new warden's hearing in relation to its own application for EL 2429. Summit is in regular contact with the Mt Kare landowners, the Enga Provincial Government and the National Government concerning Summit's plans for Mt Kare and has received strong support for those plans. As the only applicant with the knowledge and geological understanding of the Mt Kare project and with its long history of working closely with the Mt Kare landowners and the Enga Provincial Government, Summit is confident that in due course its application for the new licence will be granted.

The Company issued 3,137,500 ordinary shares raising \$251,000 in October 2021 and a further 1,875,000 ordinary shares in March/April 2022 raising \$150,000. The Company has received applications for an additional 937,500 ordinary shares at \$0.08 which are to be allotted once the \$75,000 funds have been received.

Other than above, there are no significant events that have arisen since the date of this report which have significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Note 24 Company Details

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

Summit Gold Limited
Level 2
41 – 43 Ord Street
West Perth, WA 6005



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Directors' Declaration

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 12 to 41, are in accordance with the *Corporations Act 2001*(Cth) and:
 - (a) comply with Accounting Standards;
 - (b) are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in Note 1 to the financial statements;
 - (c) give a true and fair view of the financial position as at 30 June 2021 and of the performance for the year ended on that date of the Group; and
2. In the Director's opinion, for the reasons provided in Note 1(a) to these financial statements, and in particular the continued financial support from a related party, there are reasonable grounds to believe the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

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

Brian Rodan
Executive Director
Date: 9 May 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUMMIT GOLD LIMITED

Report on the financial report

Opinion

We have audited the financial report of Summit Gold Limited (the Company) and its subsidiaries (together referred to as the Group), which comprises the consolidated statement of financial position as at 30 June 2021, 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 statements, 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:

- (a) Giving a true and fair view of the Group's financial position at 30 June 2021 and of its financial performance for the year then ended; and
- (b) 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 this report. We are independent of the Group in accordance with the 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 (a) in the financial report which indicates that Group incurred a net loss of \$9,114,609 and had net operating cash outflows of \$1,495,346 for the year ended 30 June 2021. These conditions, along with other matters set forth in Note 1 (a), indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern, and whether it will realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report. Our opinion is not modified in respect of this matter.

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 Director's 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, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the financial reporting process of the Group.

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 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 these financial statements.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained whether a material uncertainty exists related to events and conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the group financial report. The auditor is responsible for the direction, supervision and performance of the group audit. The auditor remains solely responsible for the audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may be reasonably thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication



Crowe Perth



Sean McGurk
Partner

Dated this 11 May 2022



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Corporate Directory

Directors	Brian Rodan Jonathon Edwards David Nixon Michael Sullivan (Summit Development Limited)
Company Secretary:	Sebastian Andre
Registered Office:	Level 2 41 – 43 Ord Street West Perth, WA 6005 Tel +61 8 6458 4200
Auditors:	Crowe Perth Level 5, 45 St Georges Terrace Perth WA 6000 Tel +61 8 9481 1448 Fax +61 8 9481 0152
Internet:	www.summitgold.com.au

Companies in the Economic Entity

Summit Gold Limited	ACN 141 677 385
Summit Development Limited	PNG company number 1-73895
Positive Development Limited	PNG company number 1-74916