PELSART RESOURCES N.L.
(ABN: 72 009 449 101)

CONSOLIDATED FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

PELSART RESOURCES N.L.

CORPORATE INFORMATION

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DIRECTORS' REPORT

The directors present their report on Pelsart Resources N.L. (the "Company") and its controlled entities (the "Group") for the year ended 31 December 2023.

The directors and secretary of the Company in office at the date of this report are:

1. DIRECTORS AND SECRETARY

1.1 The names of the directors of the Company during the financial year and up to the date of this report are:

Dr. E E Tan
Mr. J K C Chan
Mr. S G S Hughes
Mr. M T Kennedy (Deceased on 13 July 2022)
Mr. R T B Tan

1.2 Mr. S. Roberts held the position of company secretary during the financial year and up to the date of this report. He was appointed on 12 October 2018. Mr Roberts is a CPA and member of CPA Australia, a registered tax agent and financial advisor. He has over 25 years' experience as a practising accountant in business, tax and financial advisory in Australia, covering a number of sectors. He currently sits on several private company boards in an advisory capacity.

1.3 Details of directors (as at the date of this report)

Dr. E E Tan graduated as a medical doctor from the University of Sydney and obtained an MBA from Massachusetts Institute of Technology where he was a Sloan Fellow. He is certified by the Medical Board of Australia and the Hong Kong Medical Council. Dr. Tan also sits on the boards of several public listed companies.

Mr. J K C Chan holds a Bachelor of Commerce degree from the University of Western Australia and is an Associate Member of the Institute of Chartered Accountants Australia & New Zealand. He has broad experience in the financial sector in the Asia Pacific region and has previously worked in Singapore, Hong Kong, New York, Sydney and Perth.

Mr. S G S Hughes holds a bachelor's degree in accounting and is a Fellow of Chartered Accountants Australia & New Zealand. He has over 25 years' investment banking and corporate finance in Australia and Asia covering a number of sectors including mining.

Mr. R T B Tan has been in the accountancy practice in Australia for more than 30 years before retiring recently. He was a member of the Association of Chartered Certified Accountants (UK) and that of the Taxation Institute of Australia. He was a board member of several public listed companies in Australia.

1.3 Directors' meetings

The number of directors' meetings and number of meetings attended by each of the directors of the Company during the year were:

	Directors' Meetings	
Director	Attended	Eligible to attend
E E Tan	1	1
J K C Chan	1	1
S G S Hughes	1	1
R T B Tan	1	1

1.4 Directors' remuneration

The remuneration of the directors which is paid or payable by the Company are set out below:

	2023 **$**	**2022** **$**
M T Kennedy	-	17,909
R T B Tan	33,300	33,300

1.5 Indemnification of officers

During the financial year, the Company paid a premium to insure the directors and secretaries of the Group. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

1.6 Proceedings on behalf of the company

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

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

2. PRINCIPAL ACTIVITIES

The principal activities of the Group are mineral exploration and production, and the derivation of petroleum royalties from certain Australian production permits.

3. REVIEW OF OPERATIONS

The net consolidated loss after income tax for the financial year was $57,252,428 (2022 Loss: $28,697,128).

The main focus of the Group is developing and operating gold mines in Kalimantan, Indonesia.

The Indonesian subsidiary, PT Pelsart Tambang Kencana holds mineral assets, mainly the Kusan and Timburu exploration block areas, known as the Contract of Work (CoW). PT Pelsart Tambang Kencana was granted a "Work Area Designation" approval on 20 May 2022. Under this permit, PT Pelsart Tambang Kencana has constructed a 13 Km of road access from Banian to the mine work area and plant site area which were completed in December 2022. Infrastructure such as offices, warehouse, workshop, and camps were also constructed in this area. With additional discovery of resource and reserve being defined in Menteu prospect, PT Pelsart Tambang Kencana has submitted an addendum of Feasibility Study (Tekno Ekonomi Laporan Studi Kelayakan) and received the approval on 14 September 2022 from the Ministry of Energy and Mineral Resources. Further, the addendum of AMDAL (Environmental Impact Analysis) document is in progress of approval by the Ministry of Environment and Forestry.

PT Pelsart Tambang Kencana has completed the front-end engineering design (FEED) for processing plant in June 2022. The detail engineering design (DED) for processing plant has also completed in October 2023. Contract of equipment supply and installation for processing plant with Yantai Jinpeng, China has been signed off in September 2023 at value of US$ 38.7 million. The long lead items; SAG Mill and Ball Mill were purchased new from Metso Outotec, China at a value of US$ 8.2 million. Down payment of 10% and a subsequent instalment of 10% were paid to Metso Outotec following the completion of contract and engineering drawings. The fabrication progress is 17% with target delivery in July 2024. The tank agitators were supplied by Afromix from South Africa and on target to be completed in May 2024. Contract of 24.5MVA electric supply with PLN has completed in January 2024 at value of IDR 21 billion and contract of civil works for processing plant with PT Citec Engineering Indonesia has completed in February 2024 at value of IDR 212 billion.

PT Pelsart Tambang Kencana has been exploring to increase its resource and reserve by conducting exploration activities inclusive of IP-Resistivity, Airborne geomagnetic survey, and drilling. The exploration area covers the area from previous exploration activities by previous operator as well as in the brown field within CoW especially in the Northern Block (Timburu). Based on an Independent report October 2023, the resource at Timburu prospect is 36.1 MT at a mean grade of 1.4 g/t gold and 3 g/t silver (1638 koz gold equivalent), while resource at Kusan prospect is 12 MT at a mean grade of 1.7 g/t gold (600 koz). The optimised pit has yielded PT Pelsart Tambang Kencana probable ore reserve of 11.2 MT at a mean grade of 2.0 g/t gold and 3.5 g/t silver (753 koz gold equivalent).

Exploration and development of a potential mine has cost US$ 65.1 million up to 31 December 2023. This has been financed by loans provided by a minority shareholder of PT Pelsart Tambang Kencana. The Directors have been provided with an estimate of an additional US$ 202 million over the next the three years that will be required to get a mine into production and cash flow positive. The Company does not have the resources to meet its share of this commitment and discussions are taking place to determine the best outcome for the Company. The Directors of the Company plan to revert to shareholders shortly with a proposal for shareholders to consider.

4. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the financial year.

5. EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR AND LIKELY DEVELOPMENT

There are no new matters or events which have arisen since the end of financial year that have significantly affected the operations of the Group or the results of those operations or the state of affairs of the Group, nor are there any such matters or circumstances which may significantly affect the future operations or results of those operations or the state of affairs of the Group, in the subsequent financial year.

6. DIVIDENDS

No dividends were declared or paid during the year.

7. ENVIRONMENTAL ISSUES

The Group's operations are subject to significant environmental regulation under the laws of Indonesia. The directors are not aware of any contraventions of these requirements.

8. AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required by S307C of the *Corporations Act 2001* is set out on page 5.

No officer of the Group is or has been a partner/director of any auditor of the Group.

9. OPTIONS

No options over unissued shares or interests in the Company or the controlled entities were granted during or since the end of the financial year, and there were no options outstanding as at the date of this report.

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

Dated this 11 March 2024

E E Tan
Chairman

S G S Hughes
Director

ELDERTON
AUDIT PTY LTD

Auditor's Independence Declaration

To those charged with the governance of Pelsart Resources N.L.

As auditor for the audit of Pelsart Resources N.L for the year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and

ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Elderton Audit Pty Ltd

Elderton Audit Pty Ltd

Rafay Nabeel
Director
11 March 2024
Perth

ELDERTON

AUDIT PTY LTD

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF PELSART RESOURCES N.L.

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Pelsart Resources NL ("the Company") and its subsidiaries (collectively referred as "the Group"), which comprises the consolidated statement of financial position as at 31 December 2023, 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:

(i) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described as in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the 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* (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material uncertainty related to going concern

Without modifying the opinion, we draw attention to Note 1(a) to the financial statements which describes the significant uncertainty dependent upon the continued financial support of the Company's ultimate controlling shareholder, Sanfield Holdings Limited. As a result, there is a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Our opinion is not qualified in respect of this matter.

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Other Information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is included in Directors' Report but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the 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 the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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 the financial report.

As part of an audit in accordance with the 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 or 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. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. 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 report represents the underlying transactions and events in a manner that achieves fair presentation.

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 reasonably be thought to bear on our independence, and where applicable, related safeguards.

Elderton Audit Pty Ltd

Elderton Audit Pty Ltd

Rafay Nabeel
Director
11 March 2024
Perth

PELSART RESOURCES N.L.

DIRECTORS' DECLARATION

In the opinion of the Directors of Pelsart Resources N.L.:

The financial statements and notes as set out on pages 10 to 38 are in accordance with the Corporations Act 2001 and:

(a) comply with Australian Accounting Standards which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with the International Financial Reporting Standards (IFRS); and

(b) give a true and fair view of the financial position of the Consolidated Entity as at 31 December 2023 and of its performance for the year ended on that date.

(c) there are reasonable grounds to believe that 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.

Dated this 11 March 2024

E E Tan
Chairman

S G S Hughes
Director

PELSART RESOURCES N.L.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023	2022
		$	$
Revenue	2	67,297	71,962
Other income	3	109,817	223,219
		177,114	295,181
Exploration expenditure		(52,634,056)	(25,916,470)
Employee benefit expenses		(2,013,271)	(2,356,262)
Other expenses	4	(1,202,164)	(407,423)
Finance cost	5	(1,580,051)	(206,064)
Loss before income tax expense		(57,252,428)	(28,591,038)
Income tax expense	6	-	(106,090)
Loss for the year		(57,252,428)	(28,697,128)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		55,795	498,745
Other comprehensive income for the year		55,795	498,745
Total comprehensive income for the year attributable to members of the parent entity		**(57,196,633)**	**(28,198,383)**
Loss for the year is attributable to:			
Non-controlling interests		(16,779,934)	(9,325,102)
Owners of Pelsart Resources NL		(40,472,494)	(19,372,026)
		(57,252,428)	**(28,697,128)**
Total comprehensive income for the year is attributable to:			
Non-controlling interests		(16,893,754)	(8,250,203)
Owners of Pelsart Resources NL		(40,302,879)	(19,948,180)
		(57,196,633)	**(28,198,383)**

This statement should be read in conjunction with the notes to the financial statements.

PELSART RESOURCES N.L.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Note	31 December 2023 $	31 December 2022 $
CURRENT ASSETS			
Cash and cash equivalents	8	1,629,454	1,156,379
Trade and other receivables	10	42,655	25,932
Inventories	11	942,552	406,815
Other assets	12	4,130,288	2,419,800
TOTAL CURRENT ASSETS		6,744,949	4,008,926
NON-CURRENT ASSETS			
Investment in other financial asset	13	2,390,255	3,067,157
Right-of-use assets	14	988,000	248,349
TOTAL NON-CURRENT ASSETS		3,378,255	3,315,506
TOTAL ASSETS		**10,123,204**	**7,324,432**
CURRENT LIABILITIES			
Trade and other payables	15	6,977,387	2,686,743
Borrowings	17	48,788,504	36,266,821
Lease liabilities		592,991	86,362
Current maturities of long-term bank loan	17	277,656	-
TOTAL CURRENT LIABILITIES		56,636,538	39,039,926
NON-CURRENT LIABILITIES			
Lease liabilities		590,253	131,148
Long-term bank loan	17	446,750	-
Employee benefits obligations	16	2,268,208	2,079,039
Other non-current liabilities	18	41,343,089	39,320
TOTAL NON-CURRENT LIABILITIES		44,648,300	2,249,507
TOTAL LIABILITIES		**101,284,838**	**41,289,433**
NET LIABILITIES		**(91,161,634)**	**(33,965,001)**
EQUITY			
Issued capital	19	87,712,103	87,712,103
Foreign currency reserves	20	(195,639)	(365,254)
Accumulated losses		(152,518,290)	(112,045,796)
Equity attributable to the owners of Pelsart Resources N.L.		(65,001,826)	(24,698,947)
Non-controlling interests	21	(26,159,808)	(9,266,054)
TOTAL DEFICIENCY IN EQUITY		**(91,161,634)**	**(33,965,001)**

This statement should be read in conjunction with the notes to the financial statements.

PELSART RESOURCES N.L.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Issued capital	Foreign currency reserves	Accumulated losses	Non-controlling interests	Deficiency in equity
	$	$	$	$	$
Balance at 1 January 2022	87,712,103	210,900	(92,673,770)	(1,015,851)	(5,766,618)
Loss for the year	-	-	(19,372,026)	(9,325,102)	(28,697,128)
Other comprehensive income for the year	-	(576,154)	-	1,074,899	498,745
Balance at 31 December 2022	87,712,103	(365,254)	(112,045,796)	(9,266,054)	(33,965,001)
Balance at 1 January 2023	87,712,103	(365,254)	(112,045,796)	(9,266,054)	(33,965,001)
Loss for the year	-	-	(40,472,494)	(16,779,934)	(57,252,428)
Other comprehensive income for the year	-	169,615	-	(113,820)	55,795
Balance at 31 December 2023	87,712,103	(195,639)	(152,518,290)	(26,159,808)	(91,161,634)

The statement should be read in conjunction with the notes to the financial statements.

PELSART RESOURCES N.L.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 $	2022 $
Cash Flows Used In Operating Activities:			
Receipts from customers and others		50,574	66,636
Payments to suppliers and employees		(198,942)	(2,009,696)
Repayments		-	6,601,577
Exploration expenditures		(52,634,056)	(25,916,470)
Cash used in operations		(52,782,424)	(21,257,953)
Interest expenses and financial charges paid		(1,556,718)	-
Net cash used in operating activities	24	(54,339,142)	(21,257,953)
Cash Flows Used In Investing Activity:			
Additions of right-of-use assets		(1,434,465)	(295,162)
Net cash used in investing activity		(1,434,465)	(295,162)
Cash Flows From Financing Activities:			
Proceeds from borrowings		57,884,062	20,325,716
Repayments of borrowings		(1,635,519)	(75,729)
Net cash from financing activities		56,248,543	20,249,987
Net increase/(decrease) in cash held		474,936	(1,303,128)
Cash at the beginning of the year		1,156,379	2,308,742
Effects of foreign exchange		(1,861)	150,765
Cash at the end of the year	8	1,629,454	1,156,379

This statement should be read in conjunction with the notes to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements and notes represent those of Pelsart Resources N.L. ("the Company") and its' controlled entities (collectively referred to as "the Group"). Pelsart Resources N.L. is an unlisted public company incorporated and domiciled in Australia.

These financial statements were authorised for issue on 11 March 2024 by the directors of Pelsart Resources N.L.

Note 1: Summary of Significant Accounting Policies

Basis of Preparation

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standard Board has concluded would result in the financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS). Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accrual basis and are based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which fair value basis of accounting has been applied.

Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods in these consolidated financial statements and have been applied consistently by the Group.

(a) Going Concern Basis

The financial report has been prepared on the going concern basis, which contemplates continuity of business activities, albeit at a reduced level, and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Group recorded a net loss of $57,252,428 for the year ended 31 December 2023 (2022: $28,697,128), net cash outflows from operating and investing activities of $55,773,607 (2022: $21,553,115) and had net current liabilities of $49,891,589 as at 31 December 2023 (2022: $35,031,000).

The Group has $1,629,454 (2022: $1,156,379) in cash at bank and the ability of the Company and the Group to pay its debts when they are due and payable is dependent upon the continued financial support of its ultimate controlling shareholder for at least 12 months from the date of these financial statements.

The ultimate parent entity has indicated that until such time as otherwise advised in writing, should the Group have insufficient funds to meet its debts as and when they fall due, provided such debt has been incurred with their direct approval or is within established management authority, they will transfer funds to the Group for the purposes of enabling the debts to be satisfied.

Should this financial support be discontinued, there will be material uncertainty over the ability of the Group and the Company 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 the amounts stated in the financial statements.

Note 1: Summary of Significant Accounting Policies (Continued)

(b) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Pelsart Resources N.L. ("parent entity") as at 31 December 2023 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities (including special purpose entities) over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Where controlled entities have entered or left the Group during the year, their operating results have been included/excluded from the date of control was obtained or until the date control ceased. A list of controlled entities is contained in Note 9 to the financial statements. All controlled entities have a December financial year end.

All inter-company balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

(c) New or Amended Accounting Standards and Interpretations Adopted

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.

(d) Income Tax

Income tax expense or benefit

Income tax expense or benefit for the year is the tax payable/recoverable on the current year's taxable income, based on the national income tax rate for each jurisdiction, adjusted for changes in the deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements, and any unused tax losses. Current and deferred tax expense attributable to amounts recognised in other comprehensive income or directly in equity is also recognised in other comprehensive income or directly in equity, respectively.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the income statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Note 1: Summary of Significant Accounting Policies (Continued)

(d) Income Tax (Continued)

Deferred tax

Deferred tax is provided in full using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax offsets to the extent that it is probable that future taxable amounts will be available to utilise those temporary differences, tax losses and offsets, except when the deferred tax asset arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax liabilities are recognised for all taxable temporary differences except if the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interests in joint arrangements, except where the consolidated entity is able to control the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates expected to apply in the period when the assets are realised or liabilities are settled, based on those tax rates (and laws) that have been enacted or substantively enacted for each jurisdiction at the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset when the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Note 1: Summary of Significant Accounting Policies (Continued)

(e) Plant and Equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to income statement during the financial year in which they are incurred.

Depreciation

The depreciable amount of plant and equipment is depreciated on a straight-line basis over their estimated useful lives to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of fixed assets	Depreciation Rate
Plant and equipment	10-25%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

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 which 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.

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 income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to accumulated losses.

(f) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 1: Summary of Significant Accounting Policies (Continued)

(g) Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income. This policy has no application where paragraph (h) (Exploration and Evaluation Expenditure) applies.

(h) Exploration and Evaluation Expenditure

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation activity includes:

i. researching and analysing historical exploration data;

ii. gathering exploration data through topographical, geochemical and geophysical studies;

iii. exploratory drilling, trenching and sampling;

iv. determining and examining the volume and grade of the resource;

v. surveying transportation and infrastructure requirements;

vi. conducting market and finance studies.

Administration costs that are not directly attributable to a specific exploration area are charged to the income statement. Initial payments for the acquisition of intangible lease assets are capitalised and amortised over the term of the permit.

Note 1: Summary of Significant Accounting Policies (Continued)

(i) Financial Instruments

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Group determines the classification of its financial instruments at initial recognition.

Financial assets

Financial assets are classified at initial recognition a (i) subsequently measured at amortised cost, (ii) fair value through other comprehensive income or (iii) fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designed upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the Income Statement within finance costs. Transaction costs arising on initial recognition are expensed in the income statement.

Financial assets at fair value through other comprehensive income
The financial asset is held for both collecting contractual cash flows and selling the financial asset. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

The Group's financial assets at fair value through other comprehensive income include its investment in listed equities.

Financial assets at amortised cost
Financial asset at amortised costs are non-derivative financial assets with fixed or determinable payments that re not quoted in an active market.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gain and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include trade and other receivables and cash and equivalents in the balance sheet.

Note 1: Summary of Significant Accounting Policies (Continued)

(i) Financial Instruments (Continued)

Financial liabilities

Financial liabilities are classified at initial recognition as (i) financial liabilities at fair value through profit or, (ii) loans and borrowings, (iii) payables or (iv) derivatives designated as hedging instruments, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdraft. These are subsequently measured at amortised cost using the effective interest method. Gain and losses are recognised in the Income Statement when the liabilities are derecognised. Amortisation is included as finance costs in the income statement.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models. The expression fair value – and derivatives thereof – wherever used in this report bears the meaning ascribed to that expression by the Australian Accounting Standards Board.

(j) Impairment of Financial Assets

A financial asset measured at amortised cost is assessed at each reporting date as to whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

An impairment loss in respect of financial assets measured at amortised cost is recognised in the income statement and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

In the event that an impairment loss is reversed, it will be to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the income statement.

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of financial assets through other comprehensive income (FVOCI), a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the profit or loss.

Note 1: Summary of Significant Accounting Policies (Continued)

(k) Foreign Currency Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date the fair value was determined.

(l) Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents comprise short-term and highly liquid cash deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. For the purposes of the statement of cash flows, cash includes cash on hand, demand deposits and cash equivalents.

(m) Revenue

The Group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the expected value or most likely amount method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), unless the GST incurred is not recoverable from taxation authorities. In this case, it is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Note 1: Summary of Significant Accounting Policies (Continued)

(n) Goods and Services Tax (GST) (Continued)

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, taxation authorities is included with other receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows inclusive of GST. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, taxation authorities are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to taxation authorities. The net of GST payable and receivable is remitted to the appropriate tax body in accordance with legislative requirements.

(o) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(p) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operation segments, has been identified as the Board of directors.

(q) Change in Accounting Policies and Standards

There have been no changes in accounting policies adopted for the year ended 31 December 2023. No new accounting standards are materially applicable to the Group for the first time this year. No new or changes to accounting standards have been adopted early. If they have had of been adopted early, they would not have materially impacted on these financial statements.

(r) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(s) Significant Estimates, Judgements and Errors

Impairment – general

The Group assesses impairment at the end of each reporting period by evaluating conditions and events that may be indicative of impairment triggers. Recoverable amounts of relevant assets are assessed as the higher of fair value less cost to sell and value in use. The calculation of fair value less cost to sell and value in use is an estimation which incorporates various assumptions.

Note 1: Summary of Significant Accounting Policies (Continued)

(s) Significant Estimates, Judgements and Errors (Continued)

Taxation

Balances disclosed in the financial statements and the notes related to taxation, are based on the best estimates of directors and take into account the financial performance and position of the Group as they pertain to current income tax legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current tax position represents the best estimate, pending assessment by the relevant taxation authorities.

Note 2: Revenue

	2023 $	2022 $
Other revenue		
Royalty	67,297	71,962
Timing of revenue recognition		
At a point in time	67,297	71,962

Note 3: Other Income

	2023 $	2022 $
Unrealised foreign currency exchange gain, net	28,910	93,506
Realised foreign currency exchange gain, net	80,446	129,713
Others	461	-
Total	109,817	223,219

Note 4: Other Expenses

	2023 $	2022 $
Impairment loss on investment	676,902	152,879
Others	525,262	254,544
Total	1,202,164	407,423

Note 5: Finance Cost

	2023 $	2022 $
Amortisation of discounted fair value loans payable to associate	-	206,064
Interest expense	1,580,051	-
	1,580,051	206,064

Note 6: Income Tax Expense

		2023 $	2022 $
(a)	Income tax expense:		
	Current provision	-	-
	Under provision in respect of prior years	-	106,090
	Total	-	106,090
(b)	The prima facie tax benefit on the operating loss is reconciled to the income tax provided for in the accounts as follows:		
	Prima facie tax benefit on operating loss before income tax calculated at 30.0% (2022: 30.0%)	(17,175,728)	(8,577,311)
	Tax effect of permanent differences:		
	Add/(Less):		
	- Non-deductible exploration expenditure	15,790,217	7,774,941
	- Non-deductibles/assessable income	1,349,170	833,755
	- Deductibles/non-assessable income	(13,124)	(71,236)
	Total	(49,465)	(39,851)
	Tax effect of current year tax losses for which no deferred tax asset has been recognised	49,465	39,851
	Under provision in respect of prior years	-	106,090
	Income tax benefit attributable to operating loss before income tax	-	106,090

The Company has available tax losses of approximately $1,397,540 (2022: $718,373).

Note 7: Auditors' Remuneration

	2023 $	2022 $
Auditors' remuneration	34,916	27,253

Note 8: Cash and Cash Equivalents

	2023 $	2022 $
Cash on hand	37,877	53,881
Cash deposits with banks	1,591,577	1,102,498
Total	1,629,454	1,156,379

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 9: Controlled Entities

The details of the subsidiaries held directly by the Group were as follows:

Name of Subsidiary	Country of Incorporation	Effective Equity Interest and Voting Power Held by the Group	
		2023	2022
Pelsart International N.L.	Australia	100%	100%
Corsair Petroleum N.L.	Australia	100%	100%
Pelsart Kasongan Pty Ltd	Australia	100%	100%
PT Pelsart Tambang Kencana	Indonesia	70%	70%
Tambang Kencana Singapore Pte Ltd	Singapore	100%	100%

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

There are no significant restrictions over the Group's ability to access or use assets, and settle liabilities, of the Group.

Note 10: Trade and Other Receivables

	2023 $	2022 $
Trade receivables	18,449	20,683
Other receivables	24,206	5,249
Total	42,655	25,932

Note 11: Inventories

	2023 $	2022 $
Spare parts, fuel and lubricants	694,732	406,815
Goods in transit	247,820	-
Total	942,552	406,815

Note 12: Other assets

	2023 $	2022 $
Prepaid tax	2,956,364	1,308,461
Advances	1,052,724	1,049,888
Prepayments	121,200	61,451
Total	4,130,288	2,419,800

Note 13: Investment in Other Financial Asset

	2023 $	2022 $
At cost	4,953,244	4,953,244
Allowance for impairment	(2,562,989)	(1,886,087)
	2,390,255	3,067,157

Details of the Group's investment in other financial asset at 31 December are as follows:

Name	Principal Activity	Country of Incorporation	Effective Equity Interest and Voting Power Held by the Group	
			2023 %	2022 %
PT Kasongan Bumi Kencana	Gold and silver production	Indonesia	9	9

During the year, the Group carried out a review of the recoverable amount of its investment in other financial asset. The recoverable amount of the investment was determined based on the fair value less cost to sell of the underlying net assets of the investment as at the end of the reporting period.

As a result, the Group recognised an impairment loss on the investment in other financial asset of $676,902 (2022: $152,879), reducing the fair value of investment in PT Kasongan Bumi Kencana to $2,390,255 as at 31 December 2023 (2022: $$3,067,157).

Note 14: Right-of-use Assets

	2023 $	2022 $
Heavy equipment and vehicles	1,726,822	295,162
Less: Accumulated depreciation	(738,822)	(46,813)
	988,000	248,349

As at 31 December 2023, the Group leases assets on heavy equipment and vehicles and the lease term is 3 years.

Note 15: Trade and Other Payables

	2023 $	2022 $
Other tax liabilities	356,229	635,059
Other creditors and accruals	6,621,158	2,051,684
Total	6,977,387	2,686,743

Note 16: Employee Benefits Obligations

The Group provides defined post-employment benefits to the employees of its subsidiary in accordance with the applicable Labor Law in the Republic of Indonesia. The number of employees entitled to the benefits was 160 in 31 December 2023 (2022: 139 employees).

Amounts recognised in the statements of profit or loss and other comprehensive income in respect of these employee benefits are as follows:

	2023	2022
	$	$
Current service cost	321,281	1,270,331
Past service cost - gain on settlement	-	(102,260)
Interest expense	145,855	66,096
	467,136	1,234,167

The charge for the year is included in profit or loss as part of 'employee benefit expenses'.

Movements in the present values of defined benefit obligation were as follows:

	2023	2022
	$	$
Beginning balance of defined benefits obligations	2,079,039	1,115,735
Current service cost	321,281	1,270,331
Past service cost - gain on settlement	-	(102,260)
Interest expense	145,855	66,096
Benefits paid	(360,976)	(228,174)
Others	67,906	20,636
Translation adjustment	15,103	(63,325)
Closing defined benefits obligations	2,268,208	2,079,039

The cost of providing employee benefits was calculated by an independent actuary, KKA Rinaldi & Zulhamdi (2022: PT RAS Actuarial Consulting). The actuarial valuation was carried out using the following key assumptions:

	2023	2022
Discount rate per annum	6.75%	7.25%
Salary increment rate per annum	7.00%	7.00%
Normal retirement age	56 years	56 years
Mortality rate	100% TMI IV[1]	100% TMI IV
Disability rate	10% TMI IV	10% TMI IV

1 Indonesian Mortality table 2019 ("TMI IV")

Note 16: Employee Benefits Obligations (Continued)

Significant actuarial assumptions in the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate is 1% basis point lower, the defined benefit obligation would decrease by $2,105,330 (increase by $2,451,118) in 2023 (2022: decrease $1,938,450 (increase by $2,236,221)).

- If the expected salary growth increases (decreases) by 1%, the defined benefit obligation would increase by $2,442,735 (decrease by $2,109,648) in 2023 (2022: increase by $2,234,066 (decrease by $1,937,785).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Note 17: Borrowings

	2023 $	2022 $
Unsecured liabilities:		
Loans payable to other entities (i)	958,911	2,220,721
Shareholder loan (ii)	986,928	536,651
	1,945,839	2,757,372
Secured liabilities:		
Short-term bank loans (iii)	46,842,665	33,509,449
Total	**48,788,504**	**36,266,821**
Long-term bank loan current maturities – secured (iv)	277,656	-
Non-current maturities – secured (iv)	446,750	-
Total	**724,406**	-

(i) In 2022, included in loans payable to other entities was an amount owing to PT. Indo Muro Kencana.

On 31 January 2022, PT Pelsart Tambang Kencana, PT Aurora Kirana and PT Indo Muro Kencana has entered into a payable transfer agreement and based on the agreement, the outstanding payable balance that PT Pelsart Tambang Kencana owing to PT Aurora Kirana has been transferred to PT Indo Muro Kencana and PT Pelsart Tambang Kencana is no longer obliged to pay its payable to PT Aurora Kirana. The outstanding balance of this loan to PT Indo Muro Kencana as at 31 December 2022 is Rp 13,350,000,000 [equivalent to US$848,643 or $1,252,610]. The balance has been fully paid in 2023.

Note 17: Borrowings (Continued)

(ii) Loan provided by the ultimate controlling shareholder, Sanfield Holdings Limited, comprising of $900,000, US$20,000 and S$52,000 (2022: $450,000, US$20,000 and S$52,000), is interest free. As required by Australian Accounting Standards, the loan has been classified as "current" because the Parent Entity does not have the unconditional right to defer repayment. Sanfield Holdings Limited has indicated that it will reserve its right to call for repayment of the loan as and when required, by giving advance notice to the Company. The ultimate controlling shareholder has also indicated that until such time as otherwise advised in writing, should the Group have insufficient funds to meet its debts as and when they fall due, provided such debt has been incurred with their direct approval or is within established management authority, they will transfer funds to the Group for the purposes of enabling the debts to be satisfied.

(iii) Short-term bank loans

a. On 2 December 2021, PT Pelsart Tambang Kencana obtained a short-term loan facility from Bank Ganesha Tbk to finance its working capital requirements amounting to a maximum of US$7,000,000. The loan bears an interest of 5.10% per annum with a due date of 27 December 2024. This loan was fully guaranteed with restricted time deposits from PT Kasongan Bumi Kencana. As at 31 December 2023, the amount outstanding is US$7,000,000 [equivalent to $10,233,918] (2022: US$7,000,000 [equivalent to $10,332,103]).

b. On 8 December 2023, PT Pelsart Tambang Kencana obtained a short-term loan facility from Bank Ganesha to finance its working capital needs amounting to a maximum of Rp 250,000,000,000. The loan bears an interest of 7.35% per annum with a due date of 27 December 2024. As of 31 December 2023, the outstanding loan amounted Rp 100,000,000,000 [equivalent to US$ 6,486,767 or $9,483,577] (2022: Rp Nil). This loan was guaranteed with restricted time deposits from PT Indexim Coalindo.

c. On 27 June 2022, PT Pelsart Tambang Kencana obtained a new working capital loan facility in Indonesian Rupiah ("IDR") from Bank Ganesha Tbk with maximum amount of Rp 50,000,000,000. The loan bears interest per annum at 0.75% of cost of fund with due date on 27 June 2023.

On 26 August 2022, the 1st amendment to the IDR short-term loan had revised the maximum facility to Rp 125,000,000,000. The 2nd amendment of the IDR short-term loan dated 14 November 2022 had revised the maximum facility to Rp 200,000,000,000. On 26 December 2022, the 3rd amendment to the IDR short-term loan had revised the maximum facility to Rp 250,000,000,000 and the loan was amended to be repayable on demand but no later than 27 December 2024.

On 8 December 2023, this loan facility has been amended regarding changes in maximum facility to Rp 300,000,000,000 with interest per annum at 0.85% of cost of fund.

As at 31 December 2023, the outstanding loan under this facility owing to Bank Ganesha Tbk amounted to Rp 286,022,544,256 [equivalent to US$ 18,553,616 or $27,125,170] (2022: Rp 247,018,418,612 [equivalent to US$ 15,702,652 or $23,177,346]).

This loan was guaranteed with restricted time deposits from PT Indexim Coalindo.

(iv) On 13 March 2023, PT Pelsart Tambang Kencana obtained an investment credit facility from Bank Ganesha Tbk with maximum amount of Rp 29,830,800,000. The loan bears an interest of 10% per annum with a due date of 13 March 2026. Based on the agreement, there is no financial covenants that must be fulfilled by PT Pelsart Tambang Kencana. The collateral for the credit facility is the fixed assets of PT Pelsart Tambang Kencana. The outstanding loan of investment credit facility amounted to Rp 7,638,535,504 [equivalent to US$ 495,494 or $724,406] (2022: Rp Nil).

Note 18: Other non-current liabilities

Included in other non-current liabilities is a loan received from PT Indo Muro Kencana in PT Pelsart Tambang Kencana. On 24 July 2023, both parties entered into a loan facility with maximum amount of Rp 480,000,000,000. The loan bears interest at 7.5% per annum and will be due within 20 months since the agreement date. The outstanding balance of this loan as of 31 December 2023 amounted to Rp 435,000,000,000 [equivalent to US$ 28,217,436 or $41,253,561] (2022: Rp Nil).

Note 19: Issued Capital

(a) Share capital

	2023 No. of Shares	2022 No. of Shares	2023 $	2022 $
Ordinary shares:				
Fully paid	1,833,552,401	1,833,552,401	87,712,103	87,712,103

(b) Movement in ordinary share capital

Balance at the beginning and end of the year	1,833,552,401	1,833,552,401	87,712,103	87,712,103

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.

On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote and upon a poll, each share is entitled to one vote.

Note 20: Foreign currency reserves

Foreign currency reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Note 21: Non-controlling interests

	2023 $	2022 $
Issued capital	175,438	177,122
Foreign currency reserves	(264,858)	(151,038)
Advances on capital stock subscription	19,592,458	19,780,430
Accumulated losses	(45,662,846)	(29,072,568)
Total	(26,159,808)	(9,266,054)

The non-controlling interests has a 30% (2022: 30%) equity holding in PT Pelsart Tambang Kencana.

Advances on capital stock subscription are funds received in advance from PT Aurora Kirana of US$13,401,241 [equivalent to $19,592,458] (2022: US$13,401,241 [equivalent to $19,780,430]) for shares in PT Pelsart Tambang Kencana that had yet to be notarised and issued. When issued, PT Aurora Kirana's holding interest in PT Pelsart Tambang Kencana will increase to 36.14% and the company dilute to 63.7%.

Note 22: Contingent Liabilities and Contingent Assets

Based on Decision Letter No. T-673/MB.04/DJB.M/2023 dated 2 March 2023, the Ministry of Energy and Mineral Resources of The Republic Indonesia has approved the work plan and budget cost for contract related to the construction facility stage in 2023 for the Indonesian subsidiary, PT Pelsart Tambang Kencana.

The directors are not aware of any circumstances or information which leads them to believe there are any material contingent liabilities or contingent assets outstanding as at 31 December 2023.

Note 23: Statement of Operations by Segments

(a) The Group reports one segment, oil and gas exploration, to the chief operating decision maker, being the Board of Pelsart Resources N.L., in assessing performance and determining the allocation of resources. The financial information presented in the statement of cash flows is the same basis as that presented to the chief operating decision maker.

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

Revenue by geographical region
Revenue, including interest income, is disclosed below based on the location of the external customer:

	Total Revenue	
	2023	**2022**
	$	**$**
Australia	67,297	71,962

Assets by geographical region
The location of segment assets is disclosed below by geographical location on the assets:

	Total Assets	
	2023	**2022**
	$	**$**
Australia	414,745	201,767
Singapore	78,785	82,495
Indonesia	9,629,674	7,040,170
Total	10,123,204	7,324,432

(b) The Group derived income from non-contributing oil royalty interests in Australian permit areas.

Note 24: Reconciliation of Cash Flows Used in Operations

	2023 $	2022 $
Operating loss for the year	(57,252,428)	(28,697,128)
Adjustments for:		
Income tax expense	-	106,090
Impairment loss on investment	676,902	152,879
Amortisation of discounted of fair value loans payable to associate	-	206,064
Unrealised foreign currency exchange loss/(gain)	49,757	(906,005)
Realised foreign currency exchange gain	(80,446)	(129,713)
Change in operating assets and liabilities:		
(Increase)/Decrease in trade and other receivables	(16,723)	6,596,251
Increase in other assets	(1,710,488)	(1,792,124)
(Increase)/Decrease in inventories	(535,737)	176,310
Increase in trade and other payables	4,479,813	2,990,103
Increase in other non-current liabilities	50,208	39,320
Net cash used in operating activities	(54,339,142)	(21,257,953)

Note 25: Related Party Transactions

(a) Entities that exercise control over the Group

The ultimate parent entity of Pelsart Resources N.L. is Sanfield Holdings Limited, incorporated in Hong Kong.

(b) Entities that are subject to common control outside the Group

Entities that are subject to common control outside the Group are those entities over which the Group's immediate parent or the ultimate parent entity exercises control. These entities are deemed "sister" entities (fellow subsidiaries) of the reporting entity.

(c) Controlled entities

Controlled entities are entities over which Pelsart Resources N.L. has the power to govern the financial and operating policies so as to obtain benefits from their activities. Because intercompany transactions and balances involving controlled entities are eliminated on consolidation, controlled entities are considered as related parties only in the case of the parent entity's information. A list of controlled entities is provided in Note 9.

The parent entity has provided funds to its controlled entities by way of non-current loans for exploration expenditure, and investments in and loans to Indonesian companies, which total $72,702,191 (2022: $73,398,146) as at 31 December 2023. Allowance for impairment of $72,702,191 (2022: $73,398,146) on these loans has been made.

As a result, the net carrying value of these loans from the parent entity has been reduced to $Nil (2022: $Nil).

The recovery by the parent entity of loans to its controlled entities is ultimately dependent upon the successful development and commercial exploitation of the relevant areas, alternatively, the sale of the areas for the book value of the related investments and loans.

Note 25: Related Party Transactions (Continued)

(d) Key management personnel of the Group

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Group or any of the Group's parent entities (as described in (a) above), directly or indirectly, including any directors (whether executive or otherwise) of the entity, is considered key management personnel.

Consultancy fees billed by one of the directors of the Company amounted to $48,000 (2022: $48,000).

(e) Key management personnel compensation

	2023 $	2022 $
Short-term employee benefits	30,000	46,072
Post-employment benefits	3,300	5,137
Total	33,300	51,209

(f) Other related parties of the Group

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

Pelsart Kasongan Pty Ltd holds a 9% interest (2022: 9%) in PT Kasongan Bumi Kencana.

(g) Transactions with related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2023 $	2022 $
Shareholder loan payable to Sanfield Holdings Limited	986,928	536,651
Loan payable to PT. Indo Muro Kencana	-	1,252,610
Long-term loan payable to PT. Indo Muro Kencana	41,253,561	-
Loan payable to PT. Aurora Kirana	19,592,458	19,780,430

Note 26: Parent Entity Information

	2023	2022
	$	$
Statement of Financial Position		
Assets		
Total current assets	414,737	201,759
Total assets	414,737	201,759
Liabilities		
Total current liabilities	1,023,256	563,945
Total liabilities	1,023,256	563,945
Equity		
Issued capital	87,712,103	87,712,103
Accumulated losses	(88,320,622)	(88,074,289)
Total deficiency	(608,519)	(362,186)
Income Statement and Other Comprehensive Income		
Loss and other comprehensive income for the year	(246,333)	(326,080)
Total loss and other comprehensive income	(246,333)	(326,080)

Note 27: Financial Risks

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable and loans made to related parties.

The total for each category of financial instruments, measured in accordance with AASB 139: *Financial Instruments: Recognition and Measurement* as detailed in the accounting policies, are as follows:

	2023	2022
	$	$
Financial Assets		
Cash and cash equivalents	1,629,454	1,156,379
Trade and other receivables	42,655	25,932
Total financial assets	1,672,109	1,182,311
Financial Liabilities		
Trade and other payables	6,977,387	2,686,743
Borrowings	90,766,471	36,266,821
Total financial liabilities	97,743,858	38,953,564

Note 27: Financial Risks (Continued)

Financial Risk Management Policies

The Board's overall risk management strategy seeks to assist the Company in meeting its financial targets, while minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board on a regular basis. These include the credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk. There have been no substantive changes in the types of risks the Group is expose to, how these arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

(a) Foreign Currency Risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations, primary with respect to the United States Dollar, Singapore Dollar and Indonesia Rupiah. Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the Group's functional currency. The risk is measured using sensitivity analysis.

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
	2023	**2022**	**2023**	**2022**
	$	$	$	$
United States Dollar	276,402	556,546	11,400,791	12,582,378
Indonesian Rupiah	917,200	371,020	85,347,275	25,835,332
Singapore Dollar	34,543	37,965	59,463	58,558
	1,228,145	965,531	96,807,529	38,476,268

The following table demonstrated the sensitivity of the Group's loss before taxation had the Australian dollar strengthened or weakened against these foreign currencies with all other variables held constant.

		2023	2022
		$	$
USD/AUD	- strengthened 5%	556,219	601,292
	- weakened 5%	(556,219)	(601,292)
IDR/AUD	- strengthened 5%	4,221,504	1,273,216
	- weakened 5%	(4,221,504)	(1,273,216)
SGD/AUD	- strengthened 5%	1,246	1,030
	- weakened 5%	(1,246)	(1,030)

Note 27: Financial Risks (Continued)

(b) Credit Risk

Credit risk represents the loss that would be recognised if counter parties failed to perform as contracted.

The maximum exposure to credit risk, excluding the value of any collateral or other security at balance date to recognise financial assets is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The consolidated entity has minimal credit risk relating to trade debtors and term debtors due to the nature of its business.

(c) Liquidity Risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

The ability of the Company to pay its debts when they are due and payable is dependent upon the continued financial support of its ultimate controlling shareholder, Sanfield Holdings Limited.

The table below summarises the maturity profile of the Group's financial liabilities at the reporting date based on the contractual undiscounted repayment obligations.

31 December 2023	1 year or less $	Between 1 and 5 years $	Over 5 years $	Total $
Trade and other payables	6,977,387	-	-	6,977,387
Borrowings	49,066,160	41,700,311	-	90,766,471
	56,043,547	41,700,311	-	97,743,858

31 December 2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Total $
Trade and other payables	2,686,743	-	-	2,686,743
Borrowings	36,266,821	-	-	36,266,821
	38,953,564	-	-	38,953,564

Note 27: Financial Risks (Continued)

(d) Market Risk

Interest Rate Risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate		Floating Interest rate		Non-Interest Bearing		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	%	%	$	$	$	$	$	$
Financial Assets								
Cash and cash equivalents	2.51	3.78	1,591,577	1,102,498	37,877	53,881	1,629,454	1,156,379
Trade and other receivables	-	-	-	-	42,655	25,932	42,655	25,932
Total financial assets			1,591,577	1,102,498	80,532	79,813	1,672,109	1,182,311
Financial Liabilities								
Trade and other payables	-	-	-	-	6,977,387	2,686,743	6,977,387	2,686,743
Borrowings	1.73	0.63	88,820,632	33,509,449	1,945,839	2,757,372	90,766,471	36,266,821
Total financial liabilities			88,820,632	33,509,449	8,923,226	5,444,115	97,743,858	38,953,564

The Group is exposed to interest rate risk on its cash balances and term deposits held with financial institutions in Australia, Singapore and Indonesia, as well as loans from banks and a related party. There are no significant amounts of deposit held in Indonesia. Loans from the major shareholder and other entities are interest free.

(e) Net Fair Values

Fair value hierarchy

The Group categorises fair value measurements using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: Unobservable inputs for the asset or liability

Note 27: Financial Risks (Continued)

(e) Net Fair Values (Continued)

Fair value hierarchy (Continued)

2023	Level 1 $	Level 2 $	Level 3 $	Total $
Investment in other financial asset	-	-	2,390,255	2,390,255

2022	Level 1 $	Level 2 $	Level 3 $	Total $
Investment in other financial asset	-	-	3,067,157	3,067,157

The net fair value of monetary financial assets and financial liabilities not readily traded in an organised financial market are determined by valuing them at the value of contractual or expected future cash flows on amounts due from customers or associated entities (reduced for expected credit losses) or due to suppliers. The carrying amounts of the bank term deposits, accounts receivable and accounts payable approximate net fair value.

Investments in shares of companies are reflected at valuation which approximates net fair value. Directors' appraisals are undertaken as necessary to reflect substantial changes affecting the net fair value of the investments.

For other assets and other liabilities, the net fair value approximates their carrying value.

Financial assets where the carrying amount exceeds net fair values have not been written down as the Group intends to hold these assets to maturity.

Note 28: Subsequent Events

There are no matters or circumstances which have arisen since the end of financial year that have significantly affected the operations of the Group or the results of those operations or the state of affairs of the Group, nor are there any such matters or circumstances which may significantly affect the future operations or results of those operations or the state of affairs of the Group, in the subsequent financial year.

Note 29: Company Details

The current registered office of the Company is:

Ground Floor, 849 Wellington Street
West Perth WA 6005

Country of Incorporation: Australia
Domicile: Western Australia