



2019

Annual Report

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Corporate Directory

DIRECTORS

Charles William Guy	Non-Executive Chairman
Robert Peter Thomson	Managing Director
Bill Richie Yang	Non-Executive Director
Finn Stuart Behnken	Non-Executive Director
Yang (Simon) Liu	Non-Executive Director
Guyang (Brett) Tang	Non-Executive Director

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AUSTRALIAN BUSINESS NUMBER

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Theta Gold Mines Limited

Chairman's Letter

Dear Fellow Shareholders

On behalf of the Board of Directors, I am pleased to present the 2019 Annual Report for Theta Gold Mines Limited (ASX: TGM) (the Company). During the last twelve months, the Company has concluded a large scale drill program resulting in our global resource base increasing to over 6Moz gold. Furthermore, a positive scoping study and Feasibility Study at the Theta Project was delivered in May 2019 and this is a historical achievement for the Company, the feasibility study also resulted in a maiden mining reserve statement being issued.

The market capitalisation of the Company increased to over \$65M during the year, reflecting the strong project economics of the starter Theta Project Feasibility Study. It also reflects a steady re-positioning and transition of the Company from an explorer into a gold producer.

Dedicated, disciplined and systematic approach coupled with modern exploration techniques of this large goldfield (620km²) has resulted in a growing resource base and the potential to establish a profitable gold miner. This approach has furthermore allowed our exploration team to add Indicated gold ounces to our resource statement at a cost of about US\$12 per ounce, and when measured against a global backdrop of ever increasing discovery costs this is a formidable achievement (the world average cost per ounce, based on a 3 year rolling average, of gold found is estimated to be US\$45 in 2017)¹. The growth of the Company's Indicated resource base have predominantly come from the shallow open cut starter Theta Project, where the average depth of the drill holes on all the pits is approximately 46m.

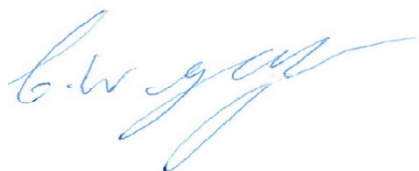
The starter Theta Project Feasibility Study was designed for two reasons : firstly a proof of concept showing that shallow open-cut mining was economically viable in this goldfield and secondly, it showed the market and investors how the Company might quickly develop into a producer by leveraging off existing infrastructure (roads, permitted tailing dams capacity (2.5 Mt), water, electricity, buildings and permitted gold plant area).

More importantly, the starter Theta Project Feasibility Study lays the foundation for further investment and development to grow to scale up operations in order to unlock the value for shareholders of the whole 6 Moz gold resource. A very conservative gold price of US\$1,257/oz was used in the starter feasibility study model compared to the current increasing gold price trend. The starter feasibility demonstrates that the Theta Project should produce gold in the bottom quartile of the South African cost curve (AISC of US\$764/oz), that the Project provides a good profit margin of 39% and that the Project delivers large amounts of free cash flow (EBITDA of US\$100M). The Board now has the confidence to optimise the Theta Project as it moves through the development and permitting stages towards production.

With the Company having delivered on and increased resource base, the Theta Project Feasibility Study and the accompanying market capitalisation increase, the board is now focused on the financing and push towards development of the Theta Project which will include the permitting, financing, further exploration of the Theta Hills south extension and Iota and finally ensuring scalability of the Theta Project towards a production target of 100 Kozpa.

We appreciate the continued support from our shareholders over the last twelve months, and we welcome new shareholders to the share register. The Company looks forward to continuing to deliver good news and positive updates for shareholders in the new year.

Thank you for your continued support.



Charles Guy
Chairman

27 September 2019

¹ Source: MinEx Consulting - Presentation to 11th Fennoscandian Exploration and Mining Conference
31 October 2017, Levi, Finland

Review of Operations

OVERVIEW

Theta Gold Mines Limited ("Company") is an ASX-listed gold exploration and development company, with a vision of being a low-cost South African gold producer in the near term. The Company has a large tenement holding of 62,000 hectares (620km²) in the historic Sabie-Pilgrim's Rest gold mining region in Mpumalanga Province, South Africa.

The Company's core project (the Theta Project) is located next to the historic gold mining town of Pilgrim's Rest, in Mpumalanga Province, some 370 km northeast of Johannesburg or 95km north of Nelspruit (Capital City of Mpumalanga Province).

The Company has completed a detailed feasibility study on the Theta Project and is in the process of amending the approved Environmental Authorisation to include open pit mining on the existing mining licences held. The Company aims to build a solid production platform to over 100Kozpa based primarily around shallow, open-cut or adit-entry hard rock mining sources. Theta Gold Mines has access to over 43 historical mines and prospect areas that can be accessed and explored, with over 6.7Moz of historical production recorded.

The Company conducted extensive drilling during the year and has added to its JORC 2012 mineral resource inventory which now stands at over 6Moz gold.

Project Highlights

- Positive feasibility study for open-cut Theta Project
- JORC Resource of over 6.0Moz Au (44.8Mt @ 4.18g/t Au)
- Open-cut resources of 1.3Moz (13.08Mt @ 3.12g/t Au)
- Maiden ore reserve declared

Corporate Highlights

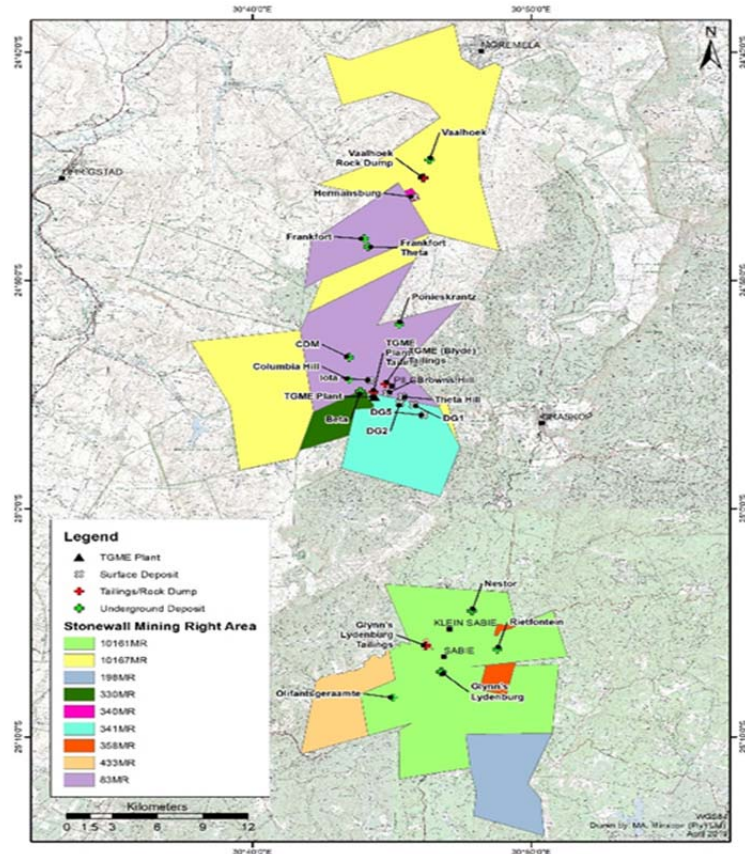
- Change of name to Theta Gold Mines Limited
- Consolidation of share capital (10:1 ratio)
- Appointment of Mr Charles Guy as Company Chairman
- Appointment of South Africa-based director, Mr Finn Behnken

STARTER THETA PROJECT

During the second half of calendar 2018, the Company conducted a scoping study into an open-cut development at the Theta Hill and Columbia Hill mine areas (together the "Theta Project"), targeting a low-capital and low operating cost project. The study results, released in October 2018, confirm the potential for an open-cut operation at the Theta Project.

Theta Gold Mines Limited

Figure 1: Location of Theta Project



Based on the positive findings of the scoping study released on 15 October 2018, the Company proceeded with a feasibility study which was completed and the results released in May 2019. The study confirmed the technical feasibility and economic viability of the Theta Project that will make use of modern bulk open pit gold mining methods which will be deployed for the first time in this historic goldfield. The feasibility study assumed that a new CIL Plant will be constructed that will process approximately 500,000 tonnes of ore per annum (the throughput being restricted by the existing Tailings Storage Facility capacity of 2.5 Mt), the project is estimated to produce 200,905oz of gold (inclusive of 13,109oz from Inferred resources) over a 5 year period at a low All-In-Sustaining-Cost of US\$764/oz. The project is forecast to generate free cashflow of US\$65.7 million after development cost estimated at US\$34.3 million (Peak funding requirement of US\$29.2 million). Furthermore it became evident that the Theta Project is likely to be a smaller starter project for increased mining activities in the area, and management and the directors believe that further extension drilling at Iota and on Theta Hill South will result in significant expansion potential for mining and production activities.

The economics for the starter Theta Project benefits from the open-cut mining potential of the geology, near surface shallow flat laying horizontal reef systems, high grade oxide ore, host rock sediments and close proximity of the operations to the existing approved metallurgical process plant. The reef systems, which consists of up to 4 opencut mineable reefs, are flat dipping between 2-7 degrees horizontal and the high grade gold reefs are oxidised which leads to high recoveries. In addition, the host sediments are generally extremely fractured leading to reduced rock strength and reduced mining costs.

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Figure 2: Theta Project- Oxides drill core extremely fractured

Borehole ID	Sample No.	From (m)	To (m)	Width (m)	Estimated Core Recovery	Au g/t
DDBH21	S0792	33.10	34.04	0.94	37%	134.00
DDBH21	S0795	34.72	35.15	0.43	79%	9.15



Significantly, the feasibility study will act as a proof of concept that modern open cut mining is viable in a region that has historically been operated as an underground goldfield. Success at the Theta Project can potentially be replicated across the entire goldfield.

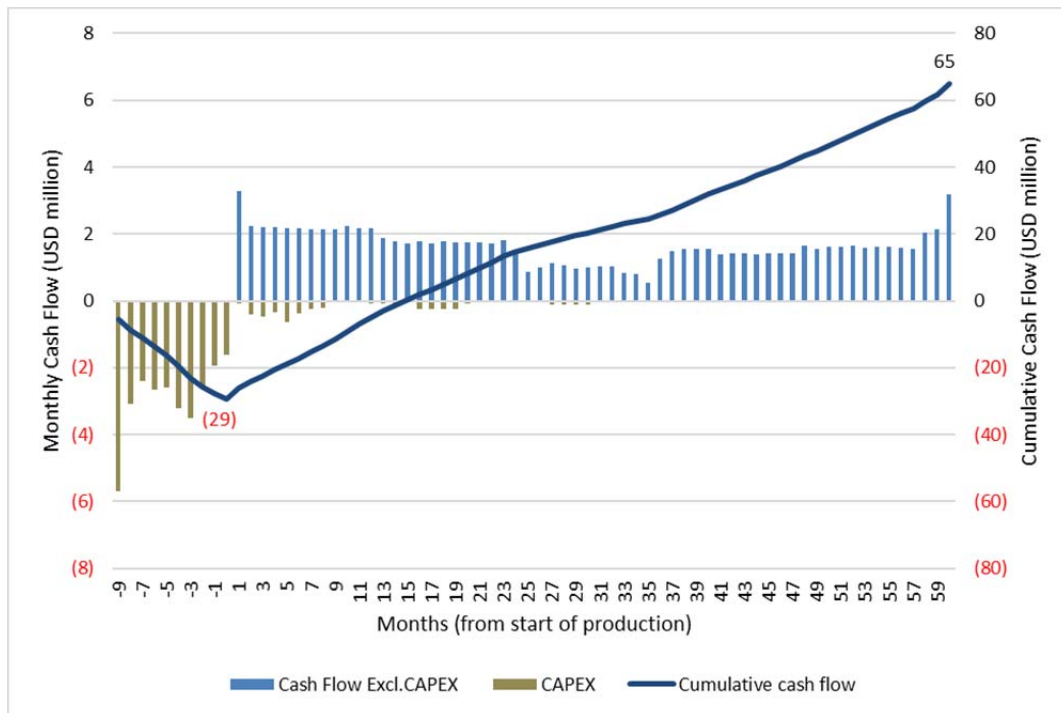
The table below summarises the key findings of the feasibility study.

Table 1 – Starter Theta Project Feasibility Study Results

Key Results	Unit	
Gold recovered (Life of Mine)	oz	200,905
Total Capital	USD Millions	34.3
Peak Funding Requirement	USD Millions	29.2
Payback Period	Years	1.2
Post-Tax NPV _{5%}	USD Millions	49.6
Post Tax IRR	%	65.1
Life of Mine (LoM)	Years	5
Construction Period	Months	9
Processing Rate (design rate)	Tons per year	500,000
Strip ratio	waste (t) : ore (t)	13.4
EBITDA over LoM	USD Millions	99.6
Project Free Cashflow	USD Millions	65.7
All In Sustaining Costs	USD per oz	764

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Figure 3: Theta Project Feasibility Study – Cashflow



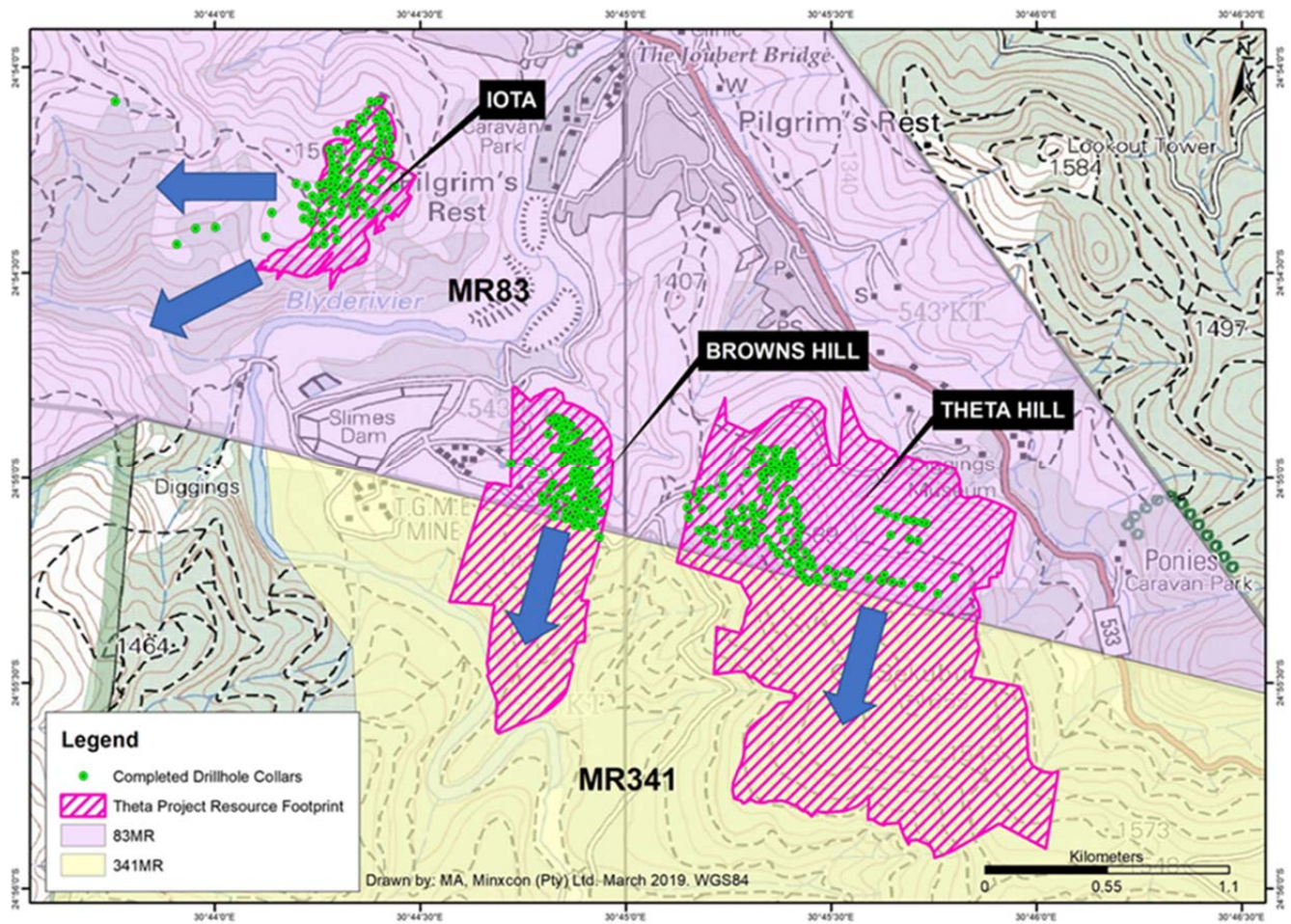
Theta Project open-cut upside

Considerable potential exists to extend the Theta Project mine life.

The Theta Project (open cut) Mineral Resource inventory is 880 Koz (10.1 Mt @ 2.7g/t Au). Theta's open-cut resource included in the feasibility mine plan to date represents only 57% of Theta's current open-cut Indicated Resources

The Ore Reserve estimated for the Theta Project occur in the Iota section of Columbia Hill and an estimated 35% portion of the Theta Hill and Browns Hill deposits within an area bounded by Mining Right 83 ("MR83"). The remainder of the Theta Hill and Browns Hill deposits extend to the south and into Mining Right 341 ("MR341") (Figure 4).

Figure 4: Current Drill Hole Location Plan

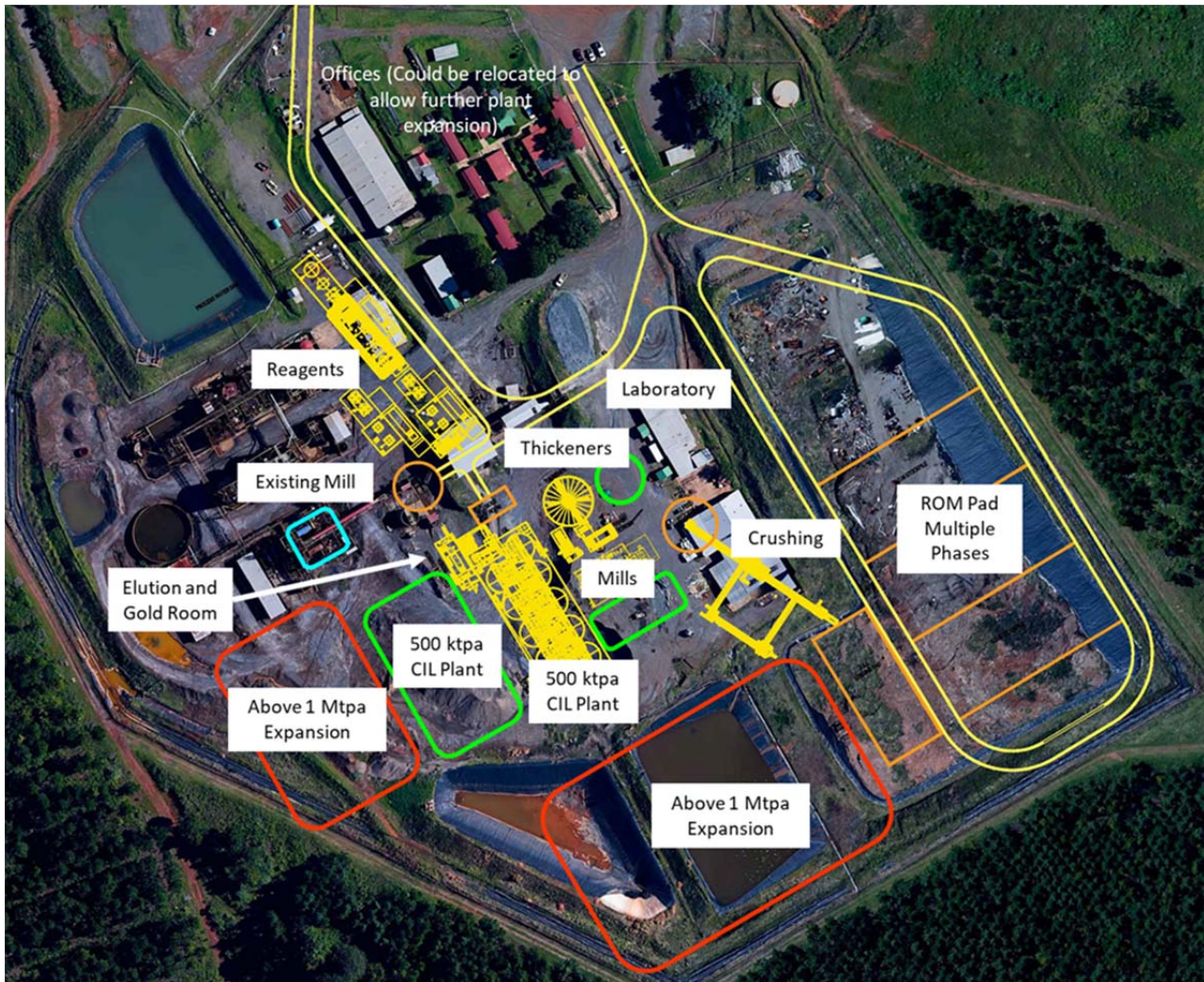


Optimised gold plant layout

The Company has also completed internal engineering studies to maximize use of the existing permitted plant footprint. The new metallurgical plant layout position will create the flexibility to materially increase the Company's gold production profile above that which was defined in the feasibility study. This study was undertaken in terms of the Company's strategy of achieving a production target of 100,000 ounces per annum. The study was based on a three-phase expansion as follows –

- Phase 1: 500,000 tpa Open Cut Oxide CIL Plant (Theta Project Feasibility Study Design May 2019)
- Phase 2: Permitted plant space to expand Open Cut Oxide CIL Plant to 1 Mtpa
- Phase 3: Permitted Plant space available for Underground Ore process circuit

Figure 5: Plant Layout Showing Expansion Opportunities



Yellow/Orange: Phase 1 (Feasibility Study) – 500,000 tpa
 Green: Phase 2 Expansion to 1,000,000 tpa+
 Red: Phase 3 Expansion to ~1,500,000 tpa or more

The study explored potential future plant expansion possibilities that –

- makes use of TGME's large footprint of permitted plant area to include areas not utilised in the Feasibility Study of May 2019;
- the plant's design and spatial layout for Phase 1 is flexible enough to allow for the installation of additional process circuits to expand the plant to Phase 2 and Phase 3.

The proposed new plant will be built with minor design alterations that allow for scaling up to these potential production profiles. This approach will allow the Company to more than double the production profile in future with minimal disturbance to gold production at the Theta Project.

RESOURCES AND RESERVES

An updated mineral resource estimate was released in May 2019. This follows extensive drilling campaigns on the Theta Project area, culminating in the Theta Project open-cut resource of 10.1Mt @ 2.7g/t Au for 880K oz gold. The Company's total mineral resource is now estimated at over 6Moz gold (44.8Mt @ 4.18g/t Au) across several locations and projects.

A maiden ore reserve for the Theta Project, albeit small, was also released for the first time. The ore reserve is

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estimated at 2.31 Mt @ 2.76 g/t Au at a 0.4 g/t Au cut-off for 205,010 oz gold.

An Ore Reserve and Mineral Resource Statement is set out on pages 15 and 16.

RIETFontein AND BETA

Theta Gold Mines has access to over 43 historical mines and prospect areas that can be accessed and explored. These mines have historically been developed as underground operations, producing high-grade ore. The Company has completed a scoping study on two potential underground mines, namely Rietfontein and Beta.

The Rietfontein mine is located in the town of Sabie while the Beta mine is located immediately adjacent to the approved processing plant and next to the town of Pilgrim's Rest. Because of management's focus on the Theta Project, no substantive work was carried out on these two historical mines during the reporting period.

The Company however continues to naturally decant the water from the lower workings of the Rietfontein mine with the intention of opening access on four level of the mine in order to commence with further investigative work on the resource. This work includes sampling of the old faces as well as taking samples for metallurgical test work.

As the Company is able to dewater the mine to a point where it can access the workings above four level, it will investigate the options of completing further exploration activities to test for various extensions, including the possibility of underground resource definition drilling.

Besides the natural decanting of the mine, all other planned works are funding dependant and will be carefully considered by the Board before progressing.

ENVIRONMENTAL AND LICENSING

The Company continues to keep all the Mining Rights in good standing by ensuring that the various licence conditions continue to be met. Regulatory permitting is divided into two main areas of Environmental and Regulatory.

The Company continues to do the various environmental monitoring and reporting required for the rights and receives regular visits from the various government departments to ensure that what is being reported is observed in the field. Over the years the Company has built up a good rapport with the various departments and the relationships remain sound.

From a regulatory perspective the Company's reporting remains up to date.

A consolidation and conversion of the Company's various prospecting rights into two new mining right applications commenced in December 2016. The Company met all of its statutory and other timelines for these applications however, the Mpumalanga branch of the Department of Mineral Resources and Energy was closed for a period of time due to internal administrative issues and the finalisation of several applications have been delayed.

During the closure period the DMRE placed additional resources in the branch to deal with the large backlog of applications and this included the Company's two mining right applications. The Company is working closely with the DMRE to finalise these applications which includes ensuring that all of the farm portions are consistent from application through to final documents for execution. The timing of the finalisation of this review process is unknown however the Company expects to have it resolved by the fourth quarter of 2019.

The two mining right applications include a consolidation and conversion of three prospecting rights in the Pilgrim's Rest and Sabie areas and the applications have been kept separate to provide a geographical separation. Upon finalisation of this process the whole geographical area of the Company's rights will be covered by several mining rights.

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The Company has also commenced with an environmental authorisation amendment process to its executed Mining Right MR83. The purpose of this amendment application is expanding the approved underground mining to now include mining by way of open cut. The Company has completed the first phase of its Public Participation Process, all the required specialist studies, and is currently drafting the Environmental Impact Report for the next phase of public participation in the fourth quarter of 2019.

COMMUNITY RELATIONS

The Company is committed to community upliftment and regional growth through effective partnerships with all local stakeholders in the regions where it has mining operations. With the recent ratification of Mining Charter 2018 into law, the Company has commenced with planning to comply with the various requirements under the charter and to do so ahead of the timelines laid out in the charter.

As part of the Company's commitment to its Corporate Social Responsibility, the Company currently runs the following projects for the benefit of the local community:

1. Employment of teachers at the primary and high schools in Pilgrim's Rest

The Company currently employs three full time teachers and an assistant who have been seconded to the schools and in addition continues to fund printing activities at the two schools. This initiative has been running for several years now.



Figure 6: Local High School Children

2. Provision of water to community

The Company provides water to a local community near the TGME plant and has laid in new infrastructure to ensure a more continuous supply is made available.

3. Heating and Cooking Fuel provision to community

The Company has engaged two local community members to remove invasive alien black wattle trees from the site and cut the timber into appropriate lengths for heating and cooking fuel. The Company provides all the tools and equipment for this project as well as additional staff to help load and transport the wood to the local community.

4. School Feeding Scheme

The Company has taken up financial support for a feeding scheme to young schoolchildren in the Sabie area. A local church initiated the scheme where local junior school children were given sandwiches in the morning before school commences. Given the poverty in the area, it is likely that this may be the only meal or at least one of the two meals that the children will receive for the day. The Company commenced with support for this project when local Sabie businesses were financially unable to continue to support the programme. The programme has been expanded with the inclusion of fruit and dairy in the meal.



Figure 7: Local Primary School Children

5. Small, Medium and Micro-sized Enterprises (SMMEs) Development

The Company has commenced with a pilot programme to develop SMME's in the Pilgrim's Rest area. The Company is currently working with a local building contractor to develop them into an independent SMME. This involves providing practical business development support and advice. In addition the Company is making use of this SMME to complete various minor construction activities at the mine site.

A second SMME that is cutting and selling invasive timber is also under this pilot programme. The Company has provided financial support to this enterprise and continues to monitor progress.

This pilot programme will continue with a view to eventually integrating into the business as part of the Company's overall Corporate Social Responsibility initiatives.

The communities in which the Company operates is supportive of mining in general, and the associated employment and flow-on economic benefits that are likely to flow to local and regional businesses and the general uplifting of the area. It is a priority of the Company to effectively engage with the community and manage expectations and relations with respect to all activities the Company is, or will be, engaged in including construction, development, transport, potential environmental impacts (noise, dust etc) and other factors associated with mining operations.

Pilgrim's Rest is considered to be a living museum and had been owned by the government since the 1970's. As a result, all the properties and buildings are not available for sale and are leased to individuals by the government. The Company has also submitted proposals to lease some of the current infrastructure owned by the government with a view to preserving it and boosting the local tourism industry.

The Company has also used the opportunity presented in the stakeholder engagement process for the Environmental Authorisation Amendment to revive the community networks and strengthen relationships with the various stakeholders in the Pilgrim's Rest and Sabie communities and will continue to build these relationships.

The Company has also strengthened its community engagement by building up its community liaison capacity through redirection of one of its local community bursary beneficiaries into a community liaison role. In addition, the Company has engaged a senior community engagement specialist to strengthen community engagement and to provide support and mentorship to the Company's community liaison officer.

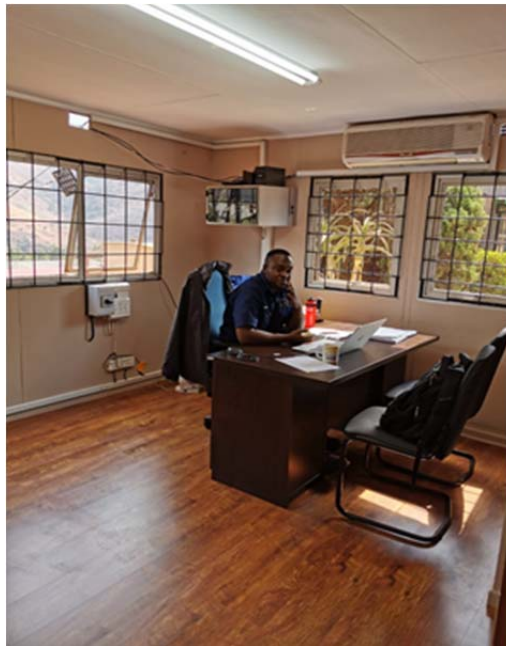


Figure 8: Community Liaison Officer (Tertiary education sponsored by TGME)

FINANCIAL

Results

The Consolidated Entity made a loss after tax of \$5,172,000. Contributing to the loss was indirect exploration costs written-off of \$1,070,000, finance costs of \$646,000 and corporate and administration costs carried by the Consolidated Entity in support of its exploration and pre-development activities. Further exploration expenditure was incurred on drilling and associated activities and on the Theta Project scoping and feasibility studies. This further exploration expenditure, totaling \$2,854,000, has been capitalized and disclosed in the balance sheet.

The Consolidated Entity also recognized an impairment charge of \$995,000 on certain mining assets, being largely the net book value of the existing TGME gold processing plant, following a re-assessment that a new processing plant was likely to be constructed as envisioned in the feasibility study.

Cashflow

The Consolidated Entity relies largely on the equity markets for funding to support its business development activities, debt repayment and working capital.

During the year, the company raised a total of \$6,795,000 from share placements to sophisticated investors. The funds were applied towards completing the Theta Project scoping and feasibility studies, exploration drilling, debt repayment and general administration and corporate costs.

The Consolidated Entity continues to proactively manage its cash flow requirements to ensure that funds are available, including from capital raisings, as and when required to meet its debts and commitments as they fall due.

Subsequent to balance date, the Company entered into subscription agreements with specialist global resource investors for the placement of 53,333,334 shares (voluntarily escrowed until 31 December 2020) at an issue

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price of A\$0.15 per share to raise a total of A\$8,000,000. The shares are to be issued in three tranches, with the first and second tranches issued on 25 July 2019 and 29 August 2019 respectively and the third tranche of A\$4,000,000 due at the end of September 2019.

Debt reduction

Borrowings and trade payables at 30 June 2019 was \$7,130,000, a reduction of \$2,620,000 from the level at the end of the previous financial year.

During the year, the company repaid –

- (a) a convertible note and accrued interest (total \$1,623,000) in shares following the election to convert by the holder, Tasman Funds Management Pty Ltd;
- (b) the balance of a convertible security with The Australian Special Opportunity Fund, LP;
- (c) outstanding director fees and salaries (total \$529,000) in shares.

Of the outstanding borrowings and trade payables at 30 June 2019, \$5,040,000 relates to an unsecured loan controlled by a director of the company. The Company has an unwritten agreement with the controller of the loan that total principal and interest would accrue up to a limit of A\$5,000,000 (USD3,506,000) and repayment would be made within 7 business days of the Company receiving the Arbitral award from Shandong Qixing Iron Tower Co., Ltd (now known as Northcom Group Limited) (refer Note 19(a)) as follows:

- a) A\$3,330,000 in cash; and
- b) A\$1,670,000 in Theta Gold Mines shares issued at a discount of 5 percent to the prevailing market price

Given that the agreement is unwritten, the loan has been classified as a current liability.

CORPORATE

Change of name and new constitution

At the 2018 Annual General Meeting ("AGM") on 30 November 2018, shareholders approved the change of company name from Stonewall Resources Limited to Theta Gold Mines Limited and adopted a new constitution.

Consolidation of share capital

At the 2018 AGM, shareholders also approved a 10:1 consolidation of share capital. This was subsequently completed on 6 December 2018.

OUTLOOK

The Company's priority is to develop the open-cut Theta Project. Subject to the relevant mining permit amendments being granted and funding being secured, it is the Company's intention to develop the Theta Project as the group's starter mining operation.

The Company will also look to build up the mining reserves through optimising the Feasibility Study and further resource development. The current plant engineering design work will ensure the metallurgical gold plant can expand its production profile as the project develops.

Ore Reserve and Mineral Resource Statement

Table 1: Combined Mineral Resources as at 1 May 2019

Mineral Resource Classification	Type of Operation	Tonnage	Gold Grade	Gold Content	
		Mt	g/t	Kg	koz
Measured	Underground	0.091	5.37	489	15.7
Total Measured		0.091	5.37	489	15.7
Indicated	Underground	4.774	6.21	29,661	953.7
	Open Pit	7.161	2.11	15,091	485.2
	Tailings	5.244	0.83	4,373	140.6
Total Indicated		17.179	2.86	49,126	1,579.4
Inferred	Underground	21.452	5.22	111,880	3,597.0
	Open Pit	5.922	4.35	25,730	827.3
	Tailings	0.023	0.57	13	0.40
	Rock Dump	0.121	1.64	199	6.40
Total Inferred		27.518	5.01	137,823	4,431.0
Grand Total		44.788	4.18	187,438	6,026.2

Notes:

1. Columns may not add up due to rounding.
2. Gold price used for the cut-off calculations is USD1,500/oz.
3. UG Mineral Resources are reported at a cut-off of 160 cm.g/t, open pit at 0.5 g/t and 0.35 g/t, tailings and rock dumps at 0.35 g/t.
4. Fault losses of 5% for Measured and Indicated, 10% for Inferred Mineral Resources.
5. Mineral Resources are stated as inclusive of Ore Reserves.
6. Mineral Resources are reported as total Mineral Resources and are not attributed.

Table 2: Theta Project Ore Reserves for MR83 Only, 1 May 2019

Mineral Resource Category in LoM Plan	Pit	Grade	Reef Tonnes	Au Content	
		g/t	kt	kg	oz
Probable	Browns Hill	3.24	564	1,826	58,699
Probable	Iota (Columbia Hill)	2.54	1,253	3,189	102,513
Probable	Theta Hill	2.76	493	1,362	43,798
Total		2.76	2,310	6,377	205,010

Notes:

1. Totals in the Ore Reserve may not add-up due to rounding.
2. Mineral Resources are for MR83 only and excludes MR341.
3. No Inferred Mineral Resources are included in the Ore Reserve.

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Table 3: Total Theta Project - Mineral Resources, 1 May 2019

Mineral Resource Classification	Open Pit Mine	Reef	Reef Grade	Reef Width	Content	Reef Tonnes	Au Content	
			g/t	cm	cm.g/t	Mt	Kg	koz
Indicated	Theta Hill & Browns Hill	Shale	1.02	200	204	0.439	402	12.9
	Theta Hill & Browns Hill	Bevetts	1.10	221	244	0.891	886	28.5
	Theta Hill & Browns Hill	Upper Theta	2.41	100	241	0.724	1,568	50.4
	Theta Hill & Browns Hill	Lower Theta	3.70	100	370	0.888	2,956	95.0
	Theta Hill & Browns Hill	Beta	2.49	100	249	0.383	859	27.6
	Columbia Hill	Bevetts	2.89	114	330	0.105	303	9.7
	Columbia Hill	Upper Rho	2.43	393	956	0.808	1,965	63.2
	Columbia Hill	Lower Rho	2.51	550	1381	0.815	2,047	65.8
	Columbia Hill	Upper Theta	1.08	114	123	0.158	171	5.5
Total Indicated			2.14	246	526	5.211	11,157	358.7

Mineral Resource Classification	Open Pit Mine	Reef	Reef Grade	Reef Width	Content	Reef Tonnes	Au Content	
			g/t	cm	cm.g/t	Mt	Kg	koz
Inferred	Theta Hill & Browns Hill	Shale	1.11	216	240	0.703	666	21.4
	Theta Hill & Browns Hill	Bevetts	1.07	213	227	0.648	589	19.0
	Theta Hill & Browns Hill	Upper Theta	1.86	100	186	1.071	1,692	54.4
	Theta Hill & Browns Hill	Lower Theta	8.11	100	811	1.643	11,329	364.3
	Theta Hill & Browns Hill	Beta	2.23	100	223	0.748	1,417	45.6
	Columbia Hill	Upper Rho	5.13	106	544	0.099	507	16.3
Total Inferred			3.30	132	434	4.912	16,202	520.9

Mineral Resource Classification	Open Pit Mine	Reef	Reef Grade	Reef Width	Content	Reef Tonnes	Au Content	
			g/t	cm	cm.g/t	Mt	Kg	koz
Indicated	Total Theta Project	All	2.14	246	526	5.2	11,157	358.7
Inferred	Total Theta Project	All	3.30	132	435	4.9	16,202	520.9
Total Indicated and Inferred			2.70	190	514	10.1	27,359	879.6

Notes:

1. Theta Project (Theta Hill, Browns Hill and Iota) cut-off is 0.35 g/t;
2. The gold price used for the cut-off calculations is USD 1,500 / oz;
3. Geological losses applied are 10% for inferred and 5% for Indicated and Measured;
4. Theta Hill and Browns Hill - Upper Theta Reef, Lower Theta Reef and Beta Reef are diluted grades over 100cm;
5. Historical mine voids have been depleted from the Mineral Resource;
6. The inferred Mineral Resources have a high degree of uncertainty and it should not be assumed that all or a portion thereof will be converted to Ore Reserves;
7. Mineral Resources fall within the mining rights MR83 and MR341.
8. Totals may not add-up due to rounding.

Competent Persons Statement

Mineral Resources

The information in this report relating to Mineral Resources is based on, and fairly reflects, the information and supporting documentation compiled by Mr Uwe Engelmann (BSc (Zoo. & Bot.), BSc Hons (Geol.), Pr.Sci.Nat. No. 400058/08, MGSSA), a director of Minxcon (Pty) Ltd and a member of the South African Council for Natural Scientific Professions.

Mr Engelmann has sufficient experience that is relevant to the style of mineralisation under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Engelmann consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Ore Reserves

The information in this report relating to Ore Reserves is based on, and fairly reflects, the information and supporting documentation compiled by Mr Daniel van Heerden (B Eng (Min.), MCom (Bus. Admin.), MMC, Pr.Eng. No. 20050318, FSAIMM, AMMSA), a director of Minxcon (Pty) Ltd and a member of the Engineering Council of South Africa.

Mr Van Heerden has sufficient experience that is relevant to the style of mineralisation under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Van Heerden consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Theta Gold Mines Limited

Mining Rights and Applications for Mining Rights

MR No	Description	Farms	Commencement Date	Expiry Date	Remarks
MR 358	Rietfontein	Spitskop 195 JT, Waterval 168 JT and Maliveld Vallei 192 JT.	05-Jun-13	04-Jun-28	S102 application pending on Farm Rietfontein 193 JT
MR 340	Hermansburg	Hermansburg 495 KT	10-Jul-13	09-Jun-23	Granted
MR 83	Greater TGME	Frankfort 509KT, Krugershoop 527 KT, Morgenzon 525 KT, Peach Tree 544 KT, Ponieskrans 543 KT and Van der Merwes Reef 526 KT	16-Oct-13	15-Oct-23	Amendment application to include open cut mining in process
MR198	Elandsdrift Heap Leach	Elandsdrift 220 JT	18-Mar-08	17-Mar-09	Renewal submitted
MR 330	Beta Re-Development & Grootfontein Cluster	Peach Tree 544 KT, Ponieskrans 543 KT, Grootfonteinberg 561 KT and Grootfontein 562 KT	Refer Note 1	Refer Note 1	Granted
MR 433	Glynn's Lydenburg	Grootfontein 196 JT and Olifantsgeraamte 198 JT	12-Nov-13	11-Nov-23	Granted
MR 341	PTD's	Grootfontein 562KT	Refer Note 1	Refer Note 1	Granted
MR 10161	Sabie	Spitzkop 195JT, Ptns of the RE and Ptn 1 of Hendriksdal 216JT, Grootfontein 196JT, Waterval 168JT, Sheba 219JT, Vertrouwing 218JT, Olifants Geraamte 198JT, Rietfontein 193JT	Refer Note 1	Refer Note 1	Consolidation of Prospecting Rights 10005PR, 660PR, 10252PR Approval Pending
MR 10167	TGME	Desire 563KT, RE and Ptn 1, 2, 3, 12, 14, 15, 17, 18, 19, 20, 22 and 23 of Doornhoek 545KT, RE and Ptn 1, 2 and 3 Rotunda Greek 510KT, Vaalhoek 474KT, Buffelsfontein 452KT, RE and Ptn 1 of Willemsoord 476KT, Sacramento 492KT, Granite Hill 477KT, Blackhill 528KT, Manx 475KT, Klondyke 493KT, Hermansburg 495KT	Refer Note 1	Refer Note 1	Consolidation of Prospecting Rights 10255PR, 10404PR, 10254PR Approval Pending

Note:

- The period of grant of the mining right will be determined upon execution thereof. In the South African context, mining rights may be granted for up to 30 years and are renewable thereafter.

Corporate Governance Statement

The Board of Directors support good corporate governance practices. Unless disclosed otherwise, the best practice recommendations of the ASX Corporate Governance Council have been applied for the financial year ended 30 June 2019.

This Corporate Governance Statement was approved by the Board on 25 September 2019.

The Board has adopted a Corporate Governance Charter which encompasses a Board Charter, Code of Conduct, Continuous Disclosure Policy and Diversity Policy. Separately, the Board has also adopted a Securities Trading Policy, Audit and Risk Management Committee Charter and a Nomination and Remuneration Committee Charter. The Company's constitution, the Charters and the Securities Trading Policy are available on the Company's website (www.thetagoldmines.com).

References to Company in this statement shall, where applicable, include the Consolidated Entity.

Principle 1: Lay solid foundations for management and oversight

The roles of the Board and the Managing Director are separate.

The Board is responsible for the following:

- (i) ensuring compliance with the *Corporations Act*, ASX Listing Rules and all other relevant laws;
- (ii) appointment of appropriate staff, consultants and experts to assist in the Company's operations, including the selection and monitoring of a chief executive officer;
- (iii) approving annual budgets and monitoring financial and other reporting;
- (iv) monitoring and ensuring appropriate accountability for directors' and senior managers' remuneration;
- (v) oversight of the Company including its framework of control and accountability systems to enable risk to be assessed and managed;
- (vi) input into and final approval of management's development of corporate strategy and performance objectives;
- (vii) monitoring management's performance and implementation of strategy and ensuring appropriate resources are available;
- (viii) approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures.

The Managing Director is responsible for conducting the affairs of the Company under delegated authority from the Board and implementing the policies and strategies set by the Board. In carrying out his responsibilities, the Managing Director must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Company's financial position and operating results.

There was Board renewal since the end of the last financial year, with one director retiring and two new directors appointed to the Board. Whilst no formal performance review was undertaken on the Managing Director and the Chief Financial Officer, the executives receive informal feedbacks on their performance from time to time. No performance evaluations have been conducted on, or by, the directors during the reporting period.

The Company Secretary is directly accountable to the Board on all Board matters. He also acts as secretary of all Board committees.

All directors and senior executive appointments are made in writing.

Theta Gold Mines Limited

Diversity policy

Diversity is about the commitment to equality and treating all individuals with respect irrespective of religion, race, ethnicity, language, gender, sexual orientation, disability, age or any other area of potential difference.

The Board recognizes that a diverse and inclusive workforce is not only good for our employees but also good for our business. It helps the Company attract and retain talented people, create more innovative solutions, and be more flexible and responsive. Across the Company, there is increasing momentum on diversity with a particular focus on gender and age, as well as greater work and career flexibility.

As the Company grows, the Directors are also committed to increasing the representation of females at all levels of the organisation including senior management and at Board level. However, measurable objectives for achieving gender diversity have not been set given the stage of the Company's development.

Principle 2: Structure the board to add value

The Board is comprised of the following directors, all of whom are Non-Executive Directors, save for the Managing Director. The skills, experience and expertise of each director in office at the date of this report, their attendances at meetings and their term of office are detailed in the Directors' Report.

Charles William Guy	Non Executive Chairman	Independent
Bill Richie Yang	Non Executive Director	Independent
Yang (Simon) Liu	Non Executive Director	Independent
Finn Stuart Behnken	Non Executive Director	Independent
Robert Peter Thomson	Managing Director	Not independent
Guyang (Brett) Tang	Non Executive Director	Not Independent

The Chairman of the Board is an independent director and the majority of the Board is made up of independent directors. Mr Thomson is the Managing Director and is not considered independent while Mr Tang is associated with a substantial shareholder of the Company.

In assessing the independence of directors, the Company will generally regard an Independent Director as a non-executive director (that is, not a member of management) who:

- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- within the last three years has not been employed in an executive capacity by the Company or another group member, or been a director after ceasing to hold any such employment;
- within the last three years has not been a principal of a material professional advisor or a material consultant to the Company or another group member, or an employee materially associated with the service provider;
- is not a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; and
- has no material contractual relationship with the Company or another group member other than as a director of the Company.

Independent directors have the right to seek independent professional advice in the furtherance of their duties as directors at the Company's expense. Written approval must be obtained from the chair prior to incurring any expense on behalf of the Company.

The Company does not conduct induction or professional development programs, however directors are encouraged to attend external programs and courses.

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Nomination and Remuneration Committee

The members of the committee are –

- Charles William Guy (Chairman) (appointed 4 September 2018)
- Bill Richie Yang
- Simon Liu
- Brett Tang (appointed 4 September 2018)

The Nomination and Remuneration Committee Charter sets out the process for nomination and election of directors.

The attendance of each committee member at committee meetings is set out in the Directors' Report.

Principle 3: Act ethically and responsibly

The Board acknowledges and emphasises the importance of all directors and employees maintaining the highest standards of corporate governance practice and ethical conduct.

A code of conduct has been established requiring directors and employees to:

- Act honestly and in good faith;
- Exercise due care and diligence in fulfilling the functions of office;
- Avoid conflicts and make full disclosure of any possible conflict of interest;
- Comply with the law;
- Encourage the reporting and investigation of unlawful and unethical behaviour; and
- Comply with the share trading policy outlined in the Code of Conduct.

Directors are obliged to be independent in judgement and ensure all reasonable steps are taken to ensure due care is taken by the Board in making sound decisions.

Principle 4: Safeguard integrity in corporate reporting

Audit Committee

The Company has an Audit and Risk Management Committee which operates under a charter that sets out its role. The Committee's primary function is to assist the Board in discharging its responsibility to exercise due care, diligence and skill in relation to the Company, including appointment of external auditors, business risk management, internal control systems, business policies and practices and monitoring corporate conduct and business ethics.

Members of the Audit and Risk Management Committee, all independent directors, are –

Finn Stuart Behnken (Chairman) (appointed 29 January 2019)

Bill Richie Yang

Charles William Guy (appointed 4 September 2018)

The skills, experience and expertise of each committee member and their attendances at committee meetings are set out in the Directors' Report.

Financial reporting

The Managing Director, together with the Chief Financial Officer, are required to declare in writing to the Board each financial period that the financial records have been properly maintained and that the financial statements and notes for the financial period give a true and fair view of the financial position and performance of the Consolidated Entity and comply with relevant accounting standards and that the declaration, provided in accordance with section 295A of the *Corporations Act*, is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

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The Company's external auditor attends each annual general meeting and is available to answer questions pertaining to the audit of the Company's financial statements.

Principle 5: Make timely and balanced disclosures

The Company's Corporate Governance Charter incorporates the Company's continuous disclosure policy which sets out the Company's processes in dealing with price-sensitive information to ensure that it complies with its continuous disclosure obligations, the market is kept fully informed and no director, employee or third party deals in the Company's securities while in possession of inside information.

The system for releasing information to the ASX is as follows:

- (a) When any member of the Reporting Group (being the Chairman, Managing Director or Company Secretary) becomes aware of information which he or she believes may need to be disclosed, he or she immediately contacts and gives full details to each of the other members of the Reporting Group.
- (b) The Reporting Group will take the following steps in relation to information received by them:
 - assess whether disclosure is required;
 - consult legal and other advisers (including the ASX) as necessary;
 - prepare an announcement for release to the ASX; and
 - forward the release to the ASX.

In order to maintain control over disclosures, the following persons only will be authorised to speak on the Company's behalf to analysts, brokers and institutional investors, and to respond generally to shareholder queries:

- (a) the Chairperson;
- (b) the Managing Director;
- (c) the Company Secretary; and
- (d) any other person who has been given express prior authority by the Chairperson.

All announcements lodged with ASX are posted on the Company's website after they have been released by ASX.

Principle 6: Respect the rights of security holders

The Company has a facility on its website for shareholders and interested parties to register for email alerts of announcements posted on the website. Shareholders may also elect to receive notices of meetings by email.

Shareholders are entitled to vote on significant matters impacting on the business, which include the election and remuneration of directors, changes to the constitution and receipt of annual financial statements. Shareholders are strongly encouraged to attend and participate in the Annual General Meetings of the Company and other shareholder meetings, to lodge questions to be responded by the Board, and if not able to attend the meetings, are encouraged to appoint proxies.

Principle 7: Recognise and manage risks

The Board considers identification and management of key risks associated with the business as vital to maximising shareholder wealth. As a gold exploration/development company operating in South Africa, the Company faces material business risks (operational, financial, environmental and social sustainability), as well as regulatory, political and reputational risks.

The Audit and Risk Management Committee reviews and oversees the management of the risks. Details of the Audit and Risk Committee are set out above.

The Company does not have an internal audit function.

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Risk review is an ongoing function. Risks are generally managed by strategies adopted such as –

- i) annual budgets
- ii) monthly reports against budgets
- iii) financial authority limits
- iv) insurance programme
- v) regular monitoring.

The Board monitors risks through –

- a) monthly operations reports
- b) monthly financial reports against budgets
- c) briefings by senior executives
- d) tour of operations.

Principle 8: Remunerate fairly and responsibly

The Board has a Nomination and Remuneration Committee. Details of the Nomination and Remuneration Committee are set out above.

The Company's remuneration policy is set out in the Remuneration Report. The remuneration policy is designed to ensure that it is appropriate and effective in attracting and retaining the best key management personnel ("KMP"), as well as create goal congruence between KMPs and shareholders. To that end, remuneration is structured to comprise a fixed cash salary component and superannuation, supplemented by incentive securities (performance rights and/or options) linked to share price performance or operational performance hurdles.

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Board determines payments to the non-executive directors, currently A\$75,000 per annum for the Chairman and A\$50,000 per annum for each non-executive director. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders in general meeting. Fees for non-executive directors are not linked to the performance of the Consolidated Entity. However, to align directors' interests with those of shareholders, all directors are encouraged to hold shares in the Company.

The Company has adopted an Employee Performance Rights and Option Plan ("Plan"). Grant of performance rights and options under the Plan is at the discretion of the Board and is available to directors and employees of the Company as well as those of its subsidiaries in South Africa.

The Company does not permit the hedging of incentive options and performance rights by directors and employees.

Theta Gold Mines Limited

Directors' Report

Your Directors present their report, together with the financial statements of Theta Gold Mines Limited (formerly Stonewall Resources Limited) ("Company") and its controlled entities ("Consolidated Entity" or "Group") for the financial year ended 30 June 2019.

Directors

The Directors of the Company during or since the end of the financial year are:

Present Directors

Charles William Guy	Non-Executive Chairman
Robert Peter Thomson	Managing Director
Bill Richie Yang	Non-Executive Director
Yang (Simon) Liu	Non-Executive Director
Guyang (Brett) Tang	Non-Executive Director (appointed 3 July 2018)
Finn Stuart Behnken	Non-Executive Director (appointed 19 December 2018)

Former Director

Trevor Alan Fourie	Non-Executive Chairman (resigned 30 August 2018)
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Information on Directors

Charles William Guy	Non-Executive Chairman
Period of Directorship:	Since 7 March 2018, Appointed as Chairman on 4 September 2018
Qualifications:	B. App. Sc. Member, Australian Institute of Geoscientists
Experience:	Mr Guy is a professional geologist with over 25 years' experience in exploration and resource development in Asia, Australia and Europe, most recently as the Managing Director of Longford Resources Limited (ASX: LFR). As MD of Longford Resources, he progressed the Keel zinc project in Ireland to its first JORC Resource within just a few months of securing an option over the project. He previously served as Exploration Manager of Jupiter Mines Limited (ASX: JMS). At Jupiter Mines, he developed exploration protocols that enabled the projects to progress from grass roots to a viable resource.
Interest in Shares and Options:	Held directly 4,000,000 performance rights expiring 27 June 2024 Held by Mineral Rock Pty Ltd <SEBC Family A/C> - 795,590 Fully paid ordinary shares - 418,232 Listed options exercisable at \$0.30 per share on or before 31 October 2020
Special Responsibilities:	Chairman of Nomination and Remuneration Committee Member of Audit and Risk Management Committee
Other Listed Company Directorships in Last 3 Years:	Longford Resources Limited (resigned 8 December 2017)

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Robert Peter Thomson	Managing Director
Period of Directorship:	Since 25 November 2016
Qualifications:	BE (Mining) (University of Queensland) MBA (University of Wollongong, NSW) Fellow, Australasian Institute of Mining and Metallurgy
Experience:	Mr. Thomson commenced his career in underground gold operations in southern Africa and has since been involved in numerous successful gold (as well as base metal) ventures which included transitioning companies from exploration to production and the establishment of sustainable operations. He was directly involved as GM/Project Director in delivering and leading in-country the large and successful 100,000+ ozpa Chatree (Thailand) and Sepon Stage 1 (Laos) gold mines and as the CEO of Climax Mining, he was instrumental in the development of the Didipio gold/copper mining operation in the Philippines, which merged into and cornerstoned Oceana Gold Corporation.
Interest in Shares and Options:	Held directly - 5,500,000 performance rights expiring 27 June 2024 Held by Monterey Consolidated Services Pty Limited <Lorodaca Super Fund A/C> - 1,267,875 fully paid ordinary shares - 263,159 listed options exercisable at \$0.30 each, on or before 31 October 2020
Special Responsibilities:	Nil
Other Listed Company Directorships in Last 3 Years:	Golden Cross Resources Limited (resigned 28 November 2017)

Bill Richie Yang	Non-Executive Director
Period of Directorship:	Since 16 June 2015
Qualifications:	BCom (Business Economics and Finance), University of New South Wales
Experience:	Mr Yang is an experienced corporate financier, with more than 15 years in the junior resources sector focused on business development, corporate structure, M&A and capital raisings. Mr Yang has held numerous executive directorships and management roles in junior mining development companies, including Executive Director of ASX-listed Bligh Resources Limited between 2015 and 2017. He is also Managing Director of Sydney/Hong Kong based Vs Capital Group, a corporate finance advisory firm and Family Office investor.
Interest in Shares and Options:	Held directly - 5,000,000 performance rights expiring 27 June 2024 Held by Bill Richie Yang <Yana Family Super Fund A/C> - 472,692 fully paid ordinary shares - 1,000,000 unlisted options exercisable at \$0.20 expiring 12 October 2019 - 500,000 unlisted options exercisable at \$0.40 expiring 12 October 2019 - 1,000,000 unlisted performance options exercisable at \$0.20 expiring 12 October 2019

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	<p>Held by Vs Capital Investments Pty Ltd <The Exponential Family A/C></p> <ul style="list-style-type: none"> - 1,043,476 fully paid ordinary shares - 528,948 listed options exercisable at \$0.30 per share on or before 31 October 2020
Special Responsibilities:	<p>Member of Audit and Risk Management Committee</p> <p>Member of Nomination and Remuneration Committee</p>
Other Listed Company Directorships in Last 3 Years:	Bligh Resources Limited (resigned 13 July 2017)

Yang (Simon) Liu	Non-Executive Director
Period of Directorship:	Since 29 January 2013
Qualifications:	Graduate, School of Journalism and Communication, Renmin University, China
Experience:	Mr Liu has over 20 years' experience in the marketing and consulting industry. In 2010 he co-founded Beijing-based Hanhong Private Equity Fund which managed over USD1.5 billion. The fund's investments covered entertainment, property development, oil/gas and gold mining projects.
Interest in Shares and Options:	<p>Held directly</p> <ul style="list-style-type: none"> - 1,323,813 fully paid ordinary shares - 979,474 listed options exercisable at \$0.30 per share on or before 31 October 2020 - 500,000 unlisted options exercisable at \$0.40 each expiring 12 October 2019 - 200,000 unlisted options exercisable at \$0.35 each expiring 19 July 2022, vesting upon the 20 day VWAP exceeding \$0.30 - 200,000 unlisted options exercisable at \$0.40 each expiring 19 July 2022, vesting upon the 20 day VWAP exceeding \$0.35 <p>Held by Hanhong New Energy Holdings Ltd</p> <ul style="list-style-type: none"> - 4,527,105 fully paid ordinary shares - 500,000 unlisted options exercisable at \$0.30 each expiring 22 August 2019 <p>Held by Smart Vision Investment Group Ltd</p> <ul style="list-style-type: none"> - 4,242,369 fully paid ordinary shares - 500,000 unlisted options exercisable at \$0.15 each expiring 12 October 2019
Special Responsibilities:	Member of Nomination and Remuneration Committee
Other Listed Company Directorships in Last 3 Years:	Nil

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Guyang (Brett) Tang	Non-Executive Director
Period of Directorship:	Since 3 July 2018
Qualifications:	Bachelor of Law (University of Soochow) MBA (University of Nanjing)
Experience:	<p>Mr Tang is a qualified lawyer in China and is also registered as a Fund Manager with the Asset Management Association of China (AMAC).</p> <p>He is a professional investor and fund manager, experienced in and been successful in mining and mining investments. From 2007-2013, he was Executive Director at Yunnan Gold Mountain Ltd, a joint venture gold/copper mining company with a Chinese state-owned mining enterprise. The company grew to a 20,000oz per annum gold producer from horizontal adit-entry type mines. Between 2013 and 2015 he was a Director of Ao-zhong Mining Pty Ltd, a Chinese specialised mining and exploration corporation with a history of mining investments in Australian listed resource companies. Mr Tang is a director at Tasman Funds Management Ltd and a director and founding partner of China Nanjing Venture Capital Ltd, a China-based VC Fund.</p>
Interest in Shares and Options:	<p>Held directly</p> <ul style="list-style-type: none"> - 94,339 fully paid ordinary shares - 2,500,000 performance rights expiring 27 June 2024 <p>Held by Tasman Funds Management Ltd</p> <ul style="list-style-type: none"> - 32,730,995 fully paid ordinary shares - 500,000 unlisted options exercisable at \$0.15 each expiring 12 October 2019
Special Responsibilities:	Member of Nomination and Remuneration Committee
Other Listed Company Directorships in Last 3 Years:	Nil

Finn Stuart Behnken	Non-Executive Director
Period of Directorship:	Appointed 19 December 2018
Qualifications:	B.Sc Eng (Mining)
Experience:	<p>Mr Behnken is a mining engineer and has South African mining operational experience as the CEO of Tshipi é Ntle Manganese Mining (Pty) Limited (during the construction and initial production phase of the major Tshipi Borwa Manganese Mine). Prior to this, he was an investment banker with South African based Nedbank and has served as non-executive director of various mining companies including, most recently, as a director of the then AIM listed Gemfields plc. Mr Behnken is currently the South African representative of Auramet International, a United States based precious metals merchant and mine financier.</p>
Interest in Shares and Options:	<p>Held directly</p> <ul style="list-style-type: none"> - 1,200,000 performance rights expiring 27 June 2024
Special Responsibilities:	Chairman of Audit and Risk Management Committee
Other Listed Company Directorships in Last 3 Years:	Gemfields Plc

Former Director

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Trevor Alan Fourie	Non-Executive Chairman
Period of Directorship:	27 January 2012 - 30 August 2018
Qualifications:	Advanced Executive Program, School of Business Leadership, University of South Africa Diploma in Management, Henley Business School Advanced Management Program, Harvard
Experience:	Mr Fourie has had 24 years' experience in corporate and retail banking with Barclays Bank and First National Bank. Mr Fourie has served as Executive Directors of FBC Future Bank Corporation Limited and Marketing Director for WesBank. After his relocation to Australia he was appointed as Chief Executive Officer of RMB Australia's leasing division and Executive Director of RMB Australia Limited (Rand Merchant Bank Australia). As of 2008, he has pursued his own ventures in the financial services and resources sectors, and is formerly a non-executive director of Galaxy Gold.
Interest in Shares and Options at 30 August 2018 (resignation date):	<p>Held by Trevor Fourie <Quatreforte Investment A/C></p> <ul style="list-style-type: none"> - 2,925,127 fully paid ordinary shares - 1,574,211 listed options exercisable at \$0.30 each, on or before 31 October 2020 - 200,000 unlisted options exercisable at \$0.35 each expiring 19 July 2022, vesting upon the 20 day VWAP exceeding \$0.30 - 200,000 unlisted options exercisable at \$0.40 each expiring 19 July 2022, vesting upon the 20 day VWAP exceeding \$0.35 - 500,000 unlisted options exercisable at \$0.25 each expiring 19 July 2022, vesting upon obtaining sufficient capital expenditure financing (debt and/or equity) to enable the group's mines and facilities to be upgraded to the point where they can profitably produce no less than 55,000 ounces of gold or gold equivalent on an annualised basis <p>Held by Jenala Investments Pty Ltd ATF TAF Superannuation Fund</p> <ul style="list-style-type: none"> - 1,150,000 fully paid ordinary shares - 1,000,000 unlisted options exercisable at \$0.20 expiring 12 October 2019 - 500,000 unlisted options exercisable at \$0.40 expiring 12 October 2019
Special Responsibilities:	Chairman of Nomination and Remuneration Committee (ceased 30 August 2018) Member of Audit and Risk Management Committee (ceased 30 August 2018)
Other Listed Company Directorships in Last 3 Years:	Nil

Company Secretary

Chin Haw Lim B.Com, CA	Mr Lim is a Chartered Accountant, having worked with various ASX-listed companies as CFO/Financial Controller and Company Secretary. He has been involved in the resources industry for many years, including Finders Resources Limited (Wetar Copper Project, Indonesia), Straits Resources Limited (Girilambone Copper Mine, NSW, Nifty Copper Mine, WA and Sebuk Coal Mine, Indonesia) and Triako Resources Limited (Mineral Hill gold/copper mining operation, NSW).
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Principal Activities

Theta Gold Mines Limited

The Consolidated Entity holds prospective gold assets in the Pilgrim's Rest – Sabie goldfield, a historic South African gold mining region. These assets include several surface and near-surface high-grade gold projects. The principal activities during the year were exploration related activities, as follows –

- (a) Completion of a feasibility study on the Theta Project open cut mining operation, following a scoping study;
- (b) Resource drilling and mine planning work on the Theta Project, leading to declaration of a maiden ore reserve estimate;
- (c) Continuing review of historical data from previous exploration and mining activities contained in paper records to identify potential areas of high grade mineralisation with a view to bringing these areas back into production in the future; and
- (d) Data compilation work aimed at integrating the multitude of separate old mines, prospects and exploration information into a combined computer geological database and 3D model.

Operating and Financial Review

The review of operations during the year is set out on pages 4 to 18.

Significant Changes in State of Affairs

The following significant changes in the state of affairs of the Consolidated Entity occurred during the financial year:

- (a) Issued capital increased by US\$8,313,000, arising from the issue of shares to raise funds for the group's activities;
- (b) Total liabilities reduced by US\$2,227,000 largely from reduction in borrowings following scheduled loan repayments and the conversion of the convertible note by Tasman (below);
- (c) Election by Tasman Funds Management Pty Limited to convert a A\$1,650,000 convertible note ("Note") into shares in the Company, and issue of 25,143,471 fully paid ordinary shares to Tasman at a price of \$0.09 per share in full settlement of the Note and accrued interest, totaling A\$2,263,000.

Dividends

No dividend was paid, recommended or declared but not paid since the start of the financial year.

Likely Developments and Expected Results

Following completion of the positive feasibility study on the Theta Project open cut operation, subject to being able to secure project finance, it is the Company's intention to develop the Theta Project as the group's starter mining project. The group will also be aiming to re-commence drilling activities in and around the Theta Project area with a view to adding more reserves to extend the project mine life. The group has vast tenement holding, currently with a 6Moz resource, which is prospective for high grade mineralization. Subject to funding, it would be the group's plan to convert the large mineral resource into ore reserves through further drilling and other exploration activities.

Environmental Regulations

The Consolidated Entity's operations are subject to environmental regulation under both South African and Australian legislation. There have been no known breaches of these regulations by the Consolidated Entity.

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Significant Events after Balance Date

Share Placement

Subsequent to balance date, as announced on 23 July 2019, the Company entered into subscription agreements with specialist global resource investors for the placement of 53,333,334 shares (voluntarily escrowed until 31 December 2020) at an issue price of A\$0.15 per share to raise a total of A\$8,000,000. The shares are to be issued in three tranches, with the first and second tranches issued on 25 July 2019 (A\$2,620,000) and 4 September 2019 (A\$1,380,000) respectively and the third tranche of A\$4,000,000 due at the end of September 2019.

Meetings of Directors

Attendances at Board and Committee meetings by directors during the year were as follows:

Board meetings

	Eligible to attend	Attended
Charles William Guy	12	12
Robert Peter Thomson	12	12
Bill Richie Yang	12	12
Simon Liu	12	4
Brett Tang	12	7
Finn Stuart Behnken	6	6
Trevor Alan Fourie (resigned 30 Aug 2018)	3	3

Audit and Risk Committee meetings

	Eligible to attend	Attended
Finn Stuart Behnken	1	1
Charles William Guy	2	2
Bill Richie Yang	2	2

Nomination and Remuneration Committee meeting

The Nomination and Remuneration Committee did not meet during the year. All nomination and remuneration matters were dealt with at Board meetings.

Options

Issued during the year

The following options over unissued shares were issued during the year –

Name	Listed Options ¹ (ASX: TGMO)	Unlisted Options ¹	Performance Rights ²
Freedom Trader Pty Ltd	-	258,948	-
Cheng Peng	-	100,000	-
AET CT Pty Limited	-	158,948	-
SJ Capital Pty Ltd	-	45,920	-
Chad Fletcher Investments Pty Ltd	-	8,632	-

Theta Gold Mines Limited

Name	Listed Options ¹ (ASX: TGMO)	Unlisted Options ¹	Performance Rights ²
Philip John Cawood	-	8,425	-
Valas Investments Pty Ltd	-	23,340	-
Mineral Rock Pty Ltd <SEBC Family A/C> ³	355,074	-	-
Vs Capital Investments Pty Ltd <The Exponential Family A/C> ³	528,948	-	-
Charles William Guy ³	-	-	4,000,000
Robert Peter Thomson ³	184,211	-	5,500,000
Bill Richie Yang ³	-	-	5,000,000
Simon Liu ³	979,474	-	-
Brett Tang ³	-	-	2,500,000
Finn Stuart Behnken ³	-	-	1,200,000
Trevor Fourie <Quatreforte Investment A/C> ³	1,495,263	-	-
Eric Zhang ³	289,122	-	-
Chin Haw Lim	-	-	1,200,000
George Tiernan Jenkins	-	-	3,000,000
Henning Johannes Fourie	-	-	1,800,000
Hanlie Grobler	-	-	500,000
Total	3,832,092	604,213	24,700,000

¹Share consolidation

On 30 November 2018, shareholders in general meeting approved a 10:1 consolidation of shares and options on issue at that date. The options above were issued prior to the share consolidation but are reported on a post 10:1 consolidation basis.

²Performance Rights

The performance rights were issued on 28 June 2019. Each performance right entitles the holder to a fully paid ordinary share in the Company subject to meeting the performance hurdles and other terms and conditions as set out below. The performance rights expire on 27 June 2024.

³Directors

Messrs Guy, Thomson, Yang, Liu, Tang and Behnken are directors of the Company. Messrs Fourie and Zhang are former directors of the Company. The listed options were issued to the directors and their related entities following approval of shareholders at a general meeting on 10 August 2018. The performance rights were issued to the directors following approval of shareholders at a general meeting on 28 June 2019.

Issued since the end of the financial year

Since the end of the financial year, 500,000 performance rights expiring on 27 June 2024 were issued to Natasha Thomas-Kasangana, an employee of the group. The performance rights are subject to the performance hurdles described below.

Theta Gold Mines Limited

Total unissued shares under option

The unissued ordinary shares under options and performance rights at the date of this report are –

		Number	
Listed options exercisable at \$0.30 each on or before 31 October 2020 (ASX: TGMO)		31,429,663	
Unlisted options and performance rights (details below)		36,482,183	

Number	Performance Hurdle/Vesting Date (if applicable)	Exercise Price	Expiry Date
Unlisted Options			
1,050,000		\$0.15	12 Oct 2019
2,000,000		\$0.20	12 Oct 2019
1,000,000	Company achieving a market capitalisation of greater than \$25,000,000 for a period of 10 consecutive trading days	\$0.20	12 Oct 2019
3,500,000		\$0.40	12 Oct 2019
727,970		\$0.19	15 Jan 2020
1,000,000		\$0.25	18 Jan 2020
1,000,000		\$0.30	18 Jan 2020
604,213		\$0.19	13 Aug 2020
200,000	20 day VWAP above \$0.030. This performance hurdle must be achieved on or before the date that is three years from the date of issue of the Options.	\$0.35	19 July 2022
200,000	20 day VWAP above \$0.035. This performance hurdle must be achieved on or before the date that is three years from the date of issue of the Options.	\$0.40	19 July 2022
11,282,183	Total Options		
Unlisted Performance Rights			
50,000	All systems, licences, insurances, regulatory and statutory compliance in place to meet South Africa Mining regulations, laws, Mining Charter 111, commercial contracts.	Nil	27 June 2024
4,670,000	Delineating a total of 300,000 ounces of gold ore reserves (in accordance with the JORC Code 2012 ¹) at grade of at least 2.5g/t Au, amenable to open-cut mining on Mining Right 83, Mining Right 341 and Mining Right 10167 (under application).	Nil	27 June 2024
5,370,000	Decision to Mine (Board approval to commence development of a gold mining operation) with all regulatory approvals secured. This performance hurdle must be achieved on or before the date that is 18 months from the date of issue of the performance right.	Nil	27 June 2024
7,630,000	Achieving annualised production of 50,000 ounces of gold per annum over a consecutive period of 3 months. This performance hurdle must be achieved on or before the date that is 30 months from the date of issue of the performance right.	Nil	27 June 2024
7,480,000	Achieving annualised production of 100,000 ounces of gold per annum over a consecutive period of 3 months. This performance hurdle must be achieved on or before the date that is 48 months from the date of issue of the performance right.	Nil	27 June 2024
25,200,000	Total Performance Rights		
36,482,183	Total Options And Performance Rights		

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The performance rights and option holders do not have any right to participate in any share issue of the Company or any other body corporate.

Shares issued as a result of exercise of options

Since the end of the previous financial year, no shares were issued as a result of the exercise of options.

Indemnity and Insurance of Officers

The Company's constitution states that "to the extent permitted by law, the Company may –

- a) indemnify each relevant officer against a liability of that person and the legal costs of that person;
- b) make a payment (whether by way of advance, loan or otherwise) to a relevant officer in respect of legal costs of that person;
- c) enter into, or agree to enter into, or pay, or agree to pay a premium for a contract insuring a relevant officer against a liability of that person and the legal costs of that person."

During the financial year, the Consolidated Entity paid a premium for a Directors and Officers Liability Insurance Policy for the benefit of the directors, secretaries, other officers and employees of the Company. The contract of insurance prohibits disclosure of the terms of the policy and the amount of premium paid.

Indemnity and Insurance of Auditors

To the extent permitted by law, the Company has agreed to indemnify its auditor, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the end of the financial year.

Non-Audit Services

During the financial year, the auditor, Ernst & Young, did not provide any non-audit services.

Full details of the auditor's remuneration are set out in Note 5 to the financial statements.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2019 is set out on page 41.

Rounding of Amounts to Nearest Thousand Dollars

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that Instrument, amounts in the Directors' Report and the Financial Report have been rounded to the nearest thousand dollars, unless otherwise stated.

Remuneration Report (Audited)

This report details the nature and amount of remuneration paid/payable to key management personnel of the Consolidated Entity.

The key management personnel during the year were -

Directors

Non-Executive Chairman

- Charles William Guy

Managing Director

- Robert Peter Thomson

Non-Executive Directors

- Bill Richie Yang
- Yang (Simon) Liu
- Guyang (Brett) Tang (appointed 3 July 2018)
- Finn Stuart Behnken (appointed 19 December 2018)

Former Director

- Trevor Alan Fourie (resigned 30 August 2018)

Other Key Management Personnel

- Chin Haw Lim, Chief Financial Officer / Company Secretary
- George Tiernan Jenkins, Chief Executive Officer (South Africa)

Remuneration policy

The Board of Directors sets the remuneration policy to ensure that it is appropriate and effective in attracting and retaining the best key management personnel ("KMP") to manage the Consolidated Entity, as well as create goal congruence between KMPs and shareholders. To that end, remuneration is structured to comprise a fixed cash salary component and superannuation, supplemented by incentive securities (performance rights and/or options) linked to share price performance or operational performance hurdles.

The Company has adopted an Employee Performance Rights and Option Plan ("Plan"). Grant of performance rights and options under the Plan is at the discretion of the Board and is available to employees of the Company as well as those of its subsidiaries in South Africa.

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Board sets the director fees payable to non-executive directors, currently A\$75,000 per annum for the Chairman and A\$50,000 per annum for each non-executive director. The maximum aggregate amount of fees that can be paid to non-executive directors shall be an amount not exceeding in aggregate a maximum sum that is from time to time approved by shareholders in general meeting. The current amount is A\$600,000 per annum. In addition, non-executive directors receive extra remuneration as determined by the Board where they perform services at the request of the Board which, in the opinion of the Board are outside the scope of the ordinary duties of a Director.

Fees for non-executive directors are not linked to the performance of the Consolidated Entity. However, to align directors' interests with those of shareholders, all directors are encouraged to hold shares in the Company.

Theta Gold Mines Limited

Relationship between Remuneration Policy and Consolidated Entity Performance

Long-term incentives

The Consolidated Entity's remuneration policy in granting incentive securities to KMPs is targeted at transforming the entity from a gold explorer to a gold producer.

During the year, the Board determined that the options and performance rights previously issued to Directors and employees on 19 October 2016 and 20 July 2017 were no longer appropriate incentives given the new Company strategy, focussing on the Theta Hill open-cut gold project. The Options and Performance Rights previously issued primarily contained share price hurdles and performance hurdles based on the Company's previous underground mine development strategy.

To ensure that the whole team is focussed on the same objective of delivering the Theta Hill open-cut gold project into production, the Board has determined that incentive securities issued to Directors and employees should have the same operational performance hurdles instead of the varied performance hurdles in the previous Options and Performance Rights. The Board believes that operational performance hurdles are more appropriate incentives and align the interests of the Directors and employees with those of shareholders. To that end, certain options and performance rights previously issued were cancelled and new performance rights were issued in June 2019. A total of 24,700,000 new performance rights were issued in June 2019 with the following operational performance hurdles –

	Performance Hurdles	No.
1	Delineating a total of 300,000 ounces of gold ore reserves (in accordance with the JORC Code 2012 ¹) at grade of at least 2.5g/t Au, amenable to open-cut mining on Mining Right 83, Mining Right 341 and Mining Right 10167 (under application, converting from existing Prospecting Rights).	4,670,000
2	Decision to Mine (Board approval to commence development of a gold mining operation) with all regulatory approvals secured. This performance hurdle must be achieved on or before the date that is 18 months from the date of issue of the performance right.	5,070,000
3	Achieving annualised production of 50,000 ounces of gold per annum over a consecutive period of 3 months. This performance hurdle must be achieved on or before the date that is 30 months from the date of issue of the performance right.	7,530,000
4	Achieving annualised production of 100,000 ounces of gold per annum over a consecutive period of 3 months. This performance hurdle must be achieved on or before the date that is 48 months from the date of issue of the performance right.	7,430,000
		24,700,000

At 30 June 2019, there were also 2,750,000 unlisted incentive options held by KMPs. The options expire on 12 October 2019 and are exercisable at prices between \$0.15 and \$0.40 per share.

Theta Gold Mines Limited

Short term incentives

No key management personnel received performance-based bonuses during the financial year.

The table below sets out summary information about the Consolidated Entity's performance for the last five financial years.

		2019	2018	2017	2016	2015
Revenue	USD'000	-	-	-	-	-
Net Loss Before Tax	USD'000	5,172	4,129	7,346	4,991	10,154
Net Loss After Tax	USD'000	5,172	4,129	7,346	5,250	10,154
Basic earnings per share	US cents	(1.6)	(1.8)	(3.9)	(4.0)	(18.0)
Diluted earnings per share	US cents	(1.6)	(1.8)	(3.9)	(4.0)	(18.0)
Share price at start of year ¹	AU cents	11	26	10	10	200
Share price at end of year ¹	AU cents	16	11	26	10	10
Market capitalisation	AUD'000	61,325	28,177	54,515	17,366	6,400

¹ On 30 November 2018, shareholders in general meeting approved a 10:1 consolidation of shares and options on issue at that date. For comparative purposes, the basic and diluted earnings per share for the financial years ended 30 June 2015 - 2018 have been presented on a post consolidation basis as if the share consolidation had occurred in the prior financial years.

Details of Remuneration

The following tables detail the components of remuneration for each key management personnel of the Consolidated Entity.

Table of Benefits and Payments

2019	SHORT-TERM BENEFITS	POST-EMPLOYMENT	SHARE-BASED	TOTAL
	Salary and Fees	Superannuation	Options / Rights	
	USD	USD	USD	USD
Directors				
Charles William Guy	128,807	-	-	128,807
Robert Peter Thomson	178,867	14,690	298,713	492,270
Bill Richie Yang	126,696	-	184,115	310,811
Simon Liu	35,776	-	21,857	57,633
Brett Tang (appointed 3 Jul 2018)	32,497	3,087	-	35,584
Finn Stuart Behnken (appointed 19 Dec 2019)	19,137	-	-	19,137
Trevor Alan Fourie (resigned 30 Aug 2018)	8,943	-	(20,070)	(11,127)
Other Key Management Personnel				
Chin Haw Lim	91,222	8,666	29,718	129,606
George Tiernan Jenkins	143,094	-	66,242	209,336
Total Key Management Personnel	765,039	26,443	580,575	1,372,057

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2018	SHORT-TERM BENEFITS	POST-EMPLOYMENT	SHARE-BASED	TOTAL
	Salary and Fees	Superannuation	Options / Rights	
	USD	USD	USD	USD
Directors				
Charles William Guy (appointed 7 March 2018)	52,294	-	-	52,294
Trevor Alan Fourie	58,136	-	21,278	79,414
Robert Peter Thomson	193,786	15,541	299,034	508,361
Bill Richie Yang	131,775	-	202,651	334,426
Simon Liu	38,757	-	21,278	60,035
Eric Zhang (resigned 13 Jun 2018)	36,927	-	-	36,927
Other Key Management Personnel				
Chin Haw Lim	93,017	8,837	24,890	126,744
George Tiernan Jenkins	155,029	-	75,121	230,150
Henning Johannes Fourie	112,584	-	-	112,584
Total Key Management Personnel	872,305	24,378	644,252	1,540,935

Key management personnel equity holdings

The following tables set out the equity holdings in the Company of key management personnel of the Consolidated Entity. On 30 November 2018, shareholders in general meeting approved a 10:1 consolidation of shares and options on issue at that date. The figures below have been presented on a post consolidation basis.

Fully Paid Ordinary Shares

2019	Balance 1 July 2018	Acquisitions	Disposals	Net other change	Balance 30 June 2019	Balance nominally held
	No.	No.	No.	No.	No.	No.
Directors						
Charles William Guy	63,158	732,432	-	-	795,590	795,590
Robert Peter Thomson	328,947	938,928	-	-	1,267,875	1,267,875
Bill Richie Yang	326,842	1,189,326	-	-	1,516,168	1,516,168
Simon Liu	13,019,472	979,476	-	(4,000,000)	9,998,948	9,998,948
Brett Tang (appointed 3 Jul 2018)	-	94,339	-	32,730,995	32,825,334	32,825,334
Other Key Management Personnel						
Chin Haw Lim	100,000	202,075	-	-	302,075	302,075
George Tiernan Jenkins	100,000	-	-	-	100,000	100,000
Total Key Management Personnel	13,938,419	4,136,576	-	28,730,995	46,805,990	46,805,990

*Mr T Fourie ceased to be a director on 30 August 2018. Mr Fourie held 2,579,864 shares at 1 July 2018 and acquired 1,495,263 shares during the period to 30 August 2018, thereby holding 4,075,127 shares at the date of his resignation.

Theta Gold Mines Limited

Options and Performance Rights

2019	Balance 1 July 2018	Acquisitions	Granted	Cancelled	Net other change	Balance 30 June 2019	Vested and exercisable
	No.		No.	No.	No.	No.	
Directors							
Charles William Guy	63,158	355,074	4,000,000	-	-	4,418,232	418,232
Robert Peter Thomson	10,578,947	184,212	5,500,000	(10,500,000)	-	5,763,159	263,159
Bill Richie Yang	8,700,000	528,947	5,000,000	(6,200,000)	-	8,028,947	3,028,948
Simon Liu	1,900,000	979,474	-	-	-	2,879,474	2,479,474
Brett Tang (appointed 3 Jul 2018)	-	-	2,500,000	-	800,000	3,300,000	-
Finn Stuart Behnken (appointed 19 Dec 2018)	-	-	1,200,000	-	-	1,200,000	-
Other Key Management Personnel							
Chin Haw Lim	1,000,000	-	1,200,000	(1,000,000)	-	1,200,000	-
George Tiernan Jenkins	2,400,000	-	3,000,000	(2,150,000)	-	3,250,000	250,000
Total Key Management Personnel	24,642,105	2,047,707	22,400,000	(19,850,000)	800,000	30,039,812	6,439,813

*Mr T Fourie ceased to be a director on 30 August 2018. Mr Fourie held 2,478,948 options at 1 July 2018 and acquired 1,495,263 options during the period to 30 August 2018, thereby holding 3,974,211 shares at the date of his resignation.

Service contracts

Name	Term	Base salary	Termination payment
Robert Peter Thomson, Managing Director	From 24 Nov 2016 until terminated	A\$250,000 per annum, plus statutory superannuation	3 months' notice of termination or pay in lieu plus 12 months' salary in the event of a termination on the grounds of redundancy
Chin Haw Lim, Chief Financial Officer and Company Secretary	From 1 Mar 2017 until terminated	A\$120,000 per annum to 31 March 2019, increased to A\$150,000 per annum from 1 April 2019, plus statutory superannuation	1 month notice of termination or pay in lieu
George Tiernan Jenkins, Chief Executive Officer (South Africa)	From 1 Mar 2017 until terminated	A\$200,000 per annum plus housing and motor vehicle benefits	3 months' notice of termination or pay in lieu plus 3 months' salary in the event of a termination on the grounds of redundancy

Theta Gold Mines Limited

Consulting contracts

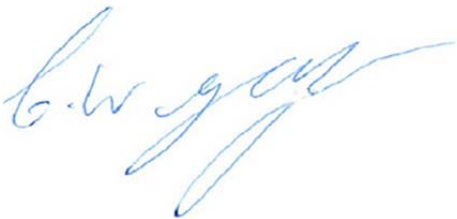
Name	Term	Base fee	Fees paid for the year ended 30 June 2019
Charles William Guy, Chairman	Month to month	A\$1,200 per hour	USD 75,150
Bill Richie Yang, Non-Executive Director	Month to month	A\$10,000 per month	USD 85,860

Other transactions with KMPs

The Company rented office space from an entity associated with Mr Richie Yang, for which the Company paid USD12,978 (2018: USD23,254) during the year

This directors' report, incorporating the remuneration report, has been signed in accordance with a resolution of the directors made pursuant to s298 (2) of the Corporations Act 2001.

For and on behalf of the Board



Charles William Guy
Chairman

Sydney
27 September 2019

Directors' Declaration

The directors of Theta Gold Mines Limited declare that:

1. The financial statements and notes, as set out on pages 42 to 82, 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 International Financial Reporting Standards (IFRS); and
 - (b) give a true and fair view of the Consolidated Entity's financial position as at 30 June 2019 and of its performance for the year ended on that date;
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
3. The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the Board



Charles William Guy
Chairman

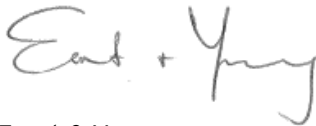
Sydney
27 September 2019

Auditor's Independence Declaration to the Directors of Theta Gold Mines Limited

As lead auditor for the audit of Theta Gold Mines Limited for the financial year ended 30 June 2019, I declare 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 Theta Gold Mines Limited and the entities it controlled during the financial year.



Ernst & Young



Scott Jarrett
Partner
Sydney
27 September 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 30 June 2019

	Notes	2019 USD'000	2018 USD'000
Continuing Operations			
Revenue		-	-
Cost of sales		-	-
Gross loss		-	-
Other income	3a	314	772
Finance costs	3b	(646)	(769)
Exploration expenses	3c	(1,070)	(1,147)
Operating expenses	3c	(2,793)	(2,830)
Other expenses	3d	(977)	(155)
Loss before tax		(5,172)	(4,129)
Income tax expense	25	-	-
Loss for the year		(5,172)	(4,129)
Other comprehensive income, net of tax			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference on translating foreign operations		7	(358)
Other comprehensive (loss) / income for the year, net of income tax		7	(358)
Total comprehensive loss for the year		(5,165)	(4,487)
Loss attributable to:			
Equity holders of the parent		(5,172)	(4,129)
Non-controlling interest		-	-
		(5,172)	(4,129)
Total comprehensive income attributable to:			
Equity holders of the parent		(5,165)	(4,487)
Non-controlling interest		-	-
		(5,165)	(4,487)
Loss per share			
Basic (cents per share)	6	(1.6)	(1.8)
Diluted (cents per share)	6	(1.6)	(1.8)

The accompanying notes form part of these financial statements

Consolidated Statement of Financial Position as at 30 June 2019

	Notes	2019 USD'000	2018 USD'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		489	196
Receivables	7	111	154
		<u>600</u>	<u>350</u>
Non-current assets held for sale	8	64	507
TOTAL CURRENT ASSETS		<u>664</u>	<u>857</u>
NON-CURRENT ASSETS			
Receivables	7	44	43
Other receivable	9	1,408	-
Property, plant and equipment	10	534	418
Exploration expenditure	11	12,375	10,771
Rehabilitation investment fund	9	-	1,378
TOTAL NON-CURRENT ASSETS		<u>14,361</u>	<u>12,610</u>
TOTAL ASSETS		<u>15,025</u>	<u>13,467</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	1,757	2,537
Provisions	13	411	344
Borrowings	14	5,195	7,003
TOTAL CURRENT LIABILITIES		<u>7,363</u>	<u>9,884</u>
NON-CURRENT LIABILITIES			
Provisions	13	1,688	1,362
Borrowings	14	178	211
TOTAL NON-CURRENT LIABILITIES		<u>1,866</u>	<u>1,573</u>
TOTAL LIABILITIES		<u>9,229</u>	<u>11,457</u>
NET ASSETS		<u>5,796</u>	<u>2,010</u>
EQUITY			
Issued capital	15	75,629	67,316
Reserves	17	7,301	6,656
Accumulated losses		(77,134)	(71,962)
Non-controlling interest		-	-
TOTAL EQUITY		<u>5,796</u>	<u>2,010</u>

The accompanying notes form part of these financial statements

Theta Gold Mines Limited

**Consolidated Statement of Changes in Equity
for the Year Ended 30 June 2019**

2019	Issued Capital	Equity Reserve	Asset Revaluation Reserve	Option Premium on Convertible Notes	Share based payment reserve	Foreign Exchange Reserve	Accumulated Losses	Attributable to Owners of the Parent	Non- controlling Interest	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Balance 1 July 2018	67,316	7,552	30	198	2,576	(3,700)	(71,962)	2,010	-	2,010
Loss for the period	-	-	-	-	-	-	(5,172)	(5,172)	-	(5,172)
Other comprehensive income net of income tax	-	-	-	-	-	7	-	7	-	7
Total comprehensive income	-	-	-	-	-	7	(5,172)	(5,165)	-	(5,165)
Recognition of share based payments	-	-	-	-	584	-	-	584	-	584
Issue of options	-	-	-	-	54	-	-	54	-	54
Issue of shares	8,714	-	-	-	-	-	-	8,714	-	8,714
Cost of shares issued	(401)	-	-	-	-	-	-	(401)	-	(401)
Balance 30 June 2019	75,629	7,552	30	198	3,214	(3,693)	(77,134)	5,796	-	5,796

The accompanying notes form part of these financial statements

Theta Gold Mines Limited

2018	Issued Capital	Equity Reserve	Asset Revaluation Reserve	Option Premium on Convertible Notes	Share based payment reserve	Foreign Exchange Reserve	Accumulated Losses	Attributable to Owners of the Parent	Non- controlling Interest	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Balance 1 July 2017 (restated)	61,997	7,552	30	198	1,878	(3,342)	(67,833)	480	-	480
Loss for the period	-	-	-	-	-	-	(4,129)	(4,129)	-	(4,129)
Other comprehensive income net of income tax	-	-	-	-	-	(358)	-	(358)	-	(358)
Total comprehensive income	-	-	-	-	-	(358)	(4,129)	(4,487)	-	(4,487)
Recognition of share based payments	-	-	-	-	698	-	-	697	-	697
Issue of options	-	-	-	-	-	-	-	-	-	-
Issue of shares	5,715	-	-	-	-	-	-	5,715	-	5,715
Cost of shares issued	(396)	-	-	-	-	-	-	(396)	-	(396)
Balance 30 June 2018	67,316	7,552	30	198	2,576	(3,700)	(71,962)	2,010	-	2,010

Consolidated Statement of Cash Flows for the Year Ended 30 June 2019

	Notes	2019 USD'000	2018 USD'000
Cash flows from operating activities			
Payments to suppliers and employees		(2,896)	(2,393)
Interest received		44	5
Interest paid		(68)	(122)
Net cash flow used in operating activities	21	<u>(2,920)</u>	<u>(2,510)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(4)	(50)
Payments for exploration expenditure		(3,354)	(2,217)
Proceeds from disposal of equity instruments		-	190
Proceeds from disposal of property, plant and equipment		208	76
Net cash flow used in investing activities		<u>(3,150)</u>	<u>(2,001)</u>
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		6,795	5,235
Payments for share issue costs		(194)	(470)
Proceeds from borrowings		324	279
Repayment of borrowings		(562)	(1,391)
Net cash flow from financing activities		<u>6,363</u>	<u>3,653</u>
Net increase / (decrease) in cash and cash equivalents		293	(858)
Cash and cash equivalents at beginning of the year		196	1,055
Exchange rate adjustments		-	(1)
Cash and cash equivalents at end of the year		<u>489</u>	<u>196</u>

The accompanying notes form part of these financial statements

Notes to the Financial Statements for the Year Ended 30 June 2019

Note 1: Basis of Preparation of Financial Report

i. Compliance Statement

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations, and comply with other requirements of the law. The financial statements comprise the consolidated financial statements of Theta Gold Mines Limited and its controlled entities ("Consolidated Entity"). Compliance with Australian Accounting Standards ensures that the financial statements and notes comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorized for issue in accordance with a resolution of the directors on 25 September 2019.

ii. Basis of Preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in thousands of USD, unless otherwise noted.

iii. Going Concern

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

The Consolidated Entity made a loss of \$5,172,000 for the year (2018: \$4,129,000), with net cash outflows from operating activities of \$2,920,000 (2018: \$2,510,000). At 30 June 2019, the Consolidated Entity had net current liabilities of \$6,699,000 (2018: \$9,026,000).

The above matters indicate material uncertainty that may cast doubt on the Company's and the Consolidated Entity's ability to continue as a going concern and whether the entity will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The company has significantly reduced its net current liabilities during the year. Net current liabilities include an unsecured loan from Australian Private Capital Investment Group (International) Ltd ("APCIG"), a company associated with Mr Simon Liu, a director of the Company. At 30 June 2019, the loan and accrued interest amounted to \$5,040,000 (2018: \$4,794,000).

Whilst the loan has been classified as a current liability, as explained in Note 14(e), the Company has an arrangement (not formalised in writing (hence not reflected in the accounts)) with the controller of the loan, Hanhong New Energy Holdings Ltd (a company associated with Mr Simon Liu), as follows:

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- (a) Interest would accrue at the funding rate (10% per annum) but payment of interest would be suspended and total principal and interest would accrue up to a limit of A\$5,000,000 (compared to the book liability of US\$5,040,000);
- (b) repayment would be made within 7 business days of the Company receiving the Arbitral award from Shandong Qixing Iron Tower Co., Ltd (now known as Northcom Group Limited) (refer Note 19(a)) as follows:
 - (i) A\$3,330,000 in cash; and
 - (ii) A\$1,670,000 in Theta Gold Mines shares issued at a discount of 5 percent to the prevailing market price.

The Company raised \$6,795,000 excluding issue expenses during the year from share placements to sophisticated investors and continues to be able to raise new funds to support its activities. As disclosed in Note 26, subsequent to year end, the Company entered into Share Subscription Agreements for the issue of 53,333,334 fully paid ordinary shares at A\$0.15 per share to raise a further A\$8,000,000.

The Company continues to proactively manage its cash flow requirements to ensure that funds are available, including from capital raisings, as and when required.

The ability of the Consolidated Entity to continue as a going concern and meet its debts and commitments as they fall due is dependent upon the Company being successful in raising additional funds and receiving the ongoing financial support of the related party lender. In the event the Consolidated Entity is unsuccessful in achieving the above, there is material uncertainty that may cast significant doubt as to whether the Consolidated Entity will continue as a going concern and, therefore, whether it will realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report.

The Directors believe that the Company will be successful in the above matters and, accordingly, have prepared the financial report on a going concern basis. At this time, the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report at 30 June 2019. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

iv. Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgments incorporated into the financial report 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 Consolidated Entity.

Key Judgments and Estimates

Impairment

The carrying amounts of the Consolidated Entity's assets, including capitalized exploration costs (refer Note 10) are reviewed at each reporting date to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated.

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Fair value of derivatives and other financial instruments

As described in Note 2(h) and 23, management uses its judgment in selecting an appropriate valuation technique for financial instruments that are not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates.

The accounting for and the valuation of the convertible securities is complex due to significant judgement involved in:

- a) Determining the appropriate accounting treatment including assessment of debt versus equity and whether embedded derivatives exist; and
- b) Inputs into the fair value calculations of the embedded derivatives, including the volatility of the underlying share price.

Refer to Notes 2(h) and 23 for further details.

Share based payment

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date").

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Company, will ultimately vest.

This opinion is formed based on the best available information at balance date.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award that, in the opinion of the Directors of the Company will ultimately vest, is recognised immediately.

Refer to Note 16 for further details.

Note 2: Summary of Significant Accounting Policies

a. Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Theta Gold Mines Limited as at 30 June 2019 and the results of all subsidiaries for the year then ended. Theta Gold Mines Limited and its subsidiaries together are referred to in these financial statements as the 'Consolidated Entity'.

Control is achieved when the Consolidated Entity:

- c) has power over the investee;
- d) is exposed, or has rights, to variable returns from its involvement with the investee; and
- e) has the ability to use its power to affect its returns.

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The Consolidated Entity reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated Entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Consolidated Entity. Losses incurred by the Consolidated Entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Consolidated Entity loses control over a subsidiary, it de-recognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Consolidated Entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

b. Black Economic Empowerment (BEE) Transactions

Where equity instruments are issued to a BEE partner at less than fair value, these are accounted for as share-based payments. The difference between the fair value of the equity instruments issued and the consideration received is accounted for as an expense in profit or loss on the transaction date, with a corresponding increase in equity. No service or other conditions exist for BEE partners. A restriction on the BEE partner to transfer the equity instrument subsequent to its vesting is not treated as a vesting condition, but is factored into the fair value determination of the instrument.

c. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit and loss in the period in which they are incurred.

d. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

e. Earnings Per Share

Basic Earnings Per Share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Consolidated Entity, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

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Diluted Earnings Per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

f. Employee Benefit Liabilities

Provision is made for the Consolidated Entity'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. Those cash flows are discounted using market yields on corporate bonds with terms to maturity that match the expected timing of cash flows.

g. Exploration and evaluation expenditure

Exploration and evaluation expenditure is carried forward in the accounts in respect to areas of interest for which the rights of tenure are current and where –

- (i) such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
- (ii) exploration and/or evaluation activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area are continuing.

Where the expenditure is expected to be recouped through development and economic exploitation of the area of interest, the accumulated costs are transferred to mine properties and amortised over the life of the mine in proportion to the depletion of the economically recoverable mineral reserves.

Costs carried forward in respect of an area of interest which no longer satisfy the above policy are written off in the period in which that decision is made.

Indirect exploration expenditure is expensed in the period it is incurred.

h. Financial Instruments

Classification and measurement

i. Financial Assets

Except for certain trade receivables, under AASB 9, the Consolidated Entity initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under AASB 9, debt financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Consolidated Entity's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

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The new classification and measurement of the Consolidated Entity's financial assets are, as follows:

- Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Consolidated Entity's Trade and other receivables,

Other financial assets are classified and subsequently measured, as follows:

- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition. This category only includes equity instruments, which the Consolidated Entity intends to hold for the foreseeable future and which the Consolidated Entity has irrevocably elected to so classify upon initial recognition or transition.
- Financial assets at FVPL comprise derivative instruments, environmental investment fund and quoted equity instruments which the Consolidated Entity had not irrevocably elected, at initial recognition or transition, to classify at FVOCI. This category would also include debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

Impairment

The adoption of AASB 9 has fundamentally changed the Consolidated Entity's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

AASB 9 requires the Consolidated Entity to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Consolidated Entity expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For Contract assets and Trade and other receivables, the Consolidated Entity applies the standard's simplified approach and calculates ECLs based on lifetime expected credit losses.

For other debt financial assets (i.e., loans and debt securities at FVOCI), the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Consolidated Entity considers a financial asset in default when contractual payment are 90 days past due. However, in certain cases, the Consolidated Entity may also consider a financial asset to be in default when internal or external information indicates that the Consolidated Entity is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Consolidated Entity.

ii. Financial Liabilities

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in note 23.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

iii. Compound instruments

The component parts of compound instruments (convertible bonds) issued by the Consolidated Entity are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion options that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Consolidated Entity's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to issued capital. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained profits/ accumulated losses. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

Under AASB 9, embedded derivatives are no longer separated from a host financial asset. Instead, financial assets are classified based on their contractual terms and the Consolidated Entity's business model.

iv. De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of

the hedge relationship.

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the contracts are not measured at fair value through profit or loss.

j. Foreign Currency Translation

i. Functional and presentation currency

Items included in the financial statements of each of the Consolidated Entity's subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates. The consolidated financial statements are presented in United States Dollars (USD); on the basis that the US dollar is the most appropriate base given the Consolidated Entity operates in more than one currency and has a large investor base which operates in a different functional currency to all companies in the Consolidated Entity.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of 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 profit or loss, except when they are attributable to part of the net investment in a foreign operation.

ii. Net investments in foreign operations

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- a) Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- b) Income and expenses are translated at average exchange rates for the period, and
- c) All resulting exchange differences are recognised in other comprehensive income.

k. Goods and Services Tax (GST) and Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of GST and VAT, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO) and South African Revenue Service (SARS).

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

Cash flows are presented on a gross basis. The GST and VAT components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO and SARS are presented as operating cash flows and included in receipts from customers or payments to suppliers.

I. Income Tax

The income tax expense (benefit) for the year comprises current income tax expense (benefit) and deferred tax expense (benefit).

Current income tax expense charged to the profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (benefit) 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 calculated at the tax rate that are expected to apply to the period when the assets is realised or the liability is settled and 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.

Deferred tax assets and liabilities are offset where (a) a legally enforceable right of set off exists, (b) 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.

m. Impairment of Assets

At the end of each reporting period, the Consolidated Entity assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Entity estimates the recoverable amount of the cash generating unit to which the asset belongs.

n. Inventories

Inventories are valued at the lower of cost or estimated net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. Obsolete and slow moving consumable stock is identified and suitable write-downs in value are made when necessary.

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o. Leases

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability is established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Consolidated Entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

p. Non-current assets held for sale

Non-currents assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

They are measured at the lower of their carrying value amount and fair value less costs to sell. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognized for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs to sell. A gain is recognized for any subsequent increases in fair value less costs to sell of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

q. Property, Plant and Equipment

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

Depreciation

The depreciable amount of all fixed assets including capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

<u>Class of Fixed Asset</u>	<u>Depreciation Rate</u>
Furniture and fittings	16.66%
Plant and machinery	20%
Computer equipment	33.33%
Motor vehicles	20%
Buildings	5%

The assets' carrying amounts and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying value is greater than its estimated recoverable amount.

r. Provisions

Provisions are recognised when the Consolidated Entity has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

s. Rehabilitation Provision

Estimated long-term environmental provisions, comprising pollution control, rehabilitation, decommissioning and mine closure, are independently calculated by third parties based on current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises.

The provision is based on the estimated cost before salvages, for the Consolidated Entity to rehabilitate the mine sites. The present value of the provision for rehabilitation costs is updated using an average inflation rate during periods when limited environment disturbance is caused.

t. Rounding of Amounts to Nearest Thousand Dollars

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that Instrument, amounts in the Directors' Report and the Financial Report have been rounded to the nearest thousand dollars, unless otherwise stated.

u. New or Amended Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Consolidated Entity, the most relevant being AASB 9 as explained below.

As the Consolidated Entity does not have any income that meets the definition of "Revenue from contracts with customers", the adoption of AASB 15 has resulted in no impact to the financial report.

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AASB 9 Financial Instruments

The standard replaces all previous versions of AASB 9 and IAS 39 (Financial Instruments: Recognition and Measurement). AASB 9 introduces new classification and measurement models for financial assets. New hedge accounting requirements are intended to more closely align the accounting treatment with an entity's risk management activities, although hedge accounting is not applicable to the Consolidated Entity.

AASB 9 has changed the assumptions for the Consolidated Entity's accounting for impairment of financial assets by replacing the incurred approach with a forward-looking expected credit loss ("ECL") approach.

The Consolidated Entity initially recognizes a financial asset, including trade receivables, at fair value and subsequently measures these at amortised costs, with the exception of derivative financial instruments and the rehabilitation investment fund which are measured at fair value through profit or loss (FVPL). The trade receivables are held to collect contractual cash flows and the cash flows represent solely payments of principal and interest.

The Consolidated Entity assesses ECL for each category of receivables. The adoption of AASB 9 has no material impact and no adjustments were required.

The accounting for the Consolidated Entity's financial liabilities remains largely unchanged under AASB 9.

v. Accounting Standards and Interpretations issued but not yet effective

The table below sets out new Australian Accounting Standards and Interpretations that have been issued (and considered applicable to the Company) but are not yet mandatory and which have not been early adopted by the Company for the reporting period ended 30 June 2019.

Standard	Title	Application date of standard	Application date for Group
AASB 16	Leases	1 January 2019	1 July 2019
AASB Interpretation 23	Uncertainty over Income Tax Treatment	1 January 2019	1 July 2019

The application of AASB 16 and AASB Interpretation 23 are not expected to have any material impact on the Company.

w. Comparative figures

On 30 November 2018, shareholders in general meeting approved a 10:1 consolidation of shares and options on issue at that date. Comparative figures for the previous financial year, where applicable, have been presented on a post consolidation basis as if the share and option consolidations had occurred in that period.

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Note 3: Profit /Loss from Operations

	2019 USD'000	2018 USD'000
(a) Other income		
Interest income	94	106
Fair value adjustment on convertible note	174	562
Other income	46	104
	<u>314</u>	<u>772</u>
(b) Finance Costs		
Loans and bank overdraft	625	670
Finance leases	-	1
Convertible notes	21	98
	<u>646</u>	<u>769</u>
(c) Operating expenses		
Administration expenses	462	467
Consultants expenses and professional costs	310	351
Employee and contractor expenses	2,036	2,032
Depreciation	54	183
Other operating expenses	1,001	944
	<u>3,863</u>	<u>3,977</u>
Reclassified as Exploration expenses	<u>(1,070)</u>	<u>(1,147)</u>
	<u>2,793</u>	<u>2,830</u>
(d) Other expenses		
Impairment of assets ⁽¹⁾	996	108
Other expenses	(19)	47
	<u>977</u>	<u>155</u>

⁽¹⁾ During the year, the Company recognized an impairment charge of \$946,000 on certain exploration assets, being largely the net book value of the existing TGME gold processing plant, following a re-assessment of its future use. The Company completed a feasibility study on the Theta Project during the year which concluded that new plant and equipment will be used in the proposed development of the Theta Project instead of refurbishing the existing TGME gold processing plant.

Note 4: Key Management Personnel Compensation

Details of the remuneration paid or payable to each member of the Consolidated Entity's key management personnel (KMP) are set out in the Remuneration Report contained in the Directors' Report on pages 34 to 39.

	2019 USD	2018 USD
Total remuneration paid or payable to KMPs is as follows:		
Short-term employee benefits	765,039	872,305
Post-employment benefits	26,443	24,378
Share-based payments	580,575	644,252
	<u>1,372,057</u>	<u>1,540,935</u>

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Note 5: Auditor's Remuneration

	2019 USD	2018 USD
Audit and review of financial report		
- Ernst & Young, Australia	68,456	69,897
- Ernst & Young, South Africa	41,497	42,413
	<u>109,953</u>	<u>112,310</u>

Note 6: Loss per Share

	cent	cent
Basic loss per share	(1.6)	(1.8)
Diluted loss per share	<u>(1.6)</u>	<u>(1.8)</u>
	 USD'000	 USD'000
Loss used to calculate basic and diluted loss per share	<u>5,172</u>	<u>4,129</u>
	 Number of shares	 Number of shares
Weighted average number of ordinary shares used in calculating basic and diluted loss per share	<u>328,262,806</u>	<u>226,478,953</u>

The Consolidated Entity has a number of options and performance rights on issue. These options and performance rights could potentially dilute basic earnings per share in the future but have not been included in the earnings per share calculation due to being non-dilutive for the year.

Note 7: Receivables

	2019 USD'000	2018 USD'000
Current		
Tax receivable	64	102
Other receivables	47	52
	<u>111</u>	<u>154</u>
Non-current		
Security deposits	<u>44</u>	<u>43</u>

The value of receivables considered by the directors to be past due or impaired is nil (2018: nil).

Note 8: Non-Current Assets Held for Sale

	2019 USD'000	2018 USD'000
Land and buildings for sale	<u>64</u>	<u>507</u>

The Consolidated Entity owns residential properties in South Africa which are non-core assets and are being held for sale. At 30 June 2019, the 2 remaining properties for sale have been sold under conditional contracts and control of the properties is not deemed to have transferred by year end.

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Note 9: Other Receivable / Rehabilitation Investment Fund

	2019 USD'000	2018 USD'000
Rehabilitation investment fund	-	1,378
Other receivable	<u>1,408</u>	<u>-</u>
Movements - Rehabilitation investment fund:		
Balance at beginning of year	1,378	1,356
Interest received	36	55
Fair value adjustment	8	(15)
Additions / (Withdrawals)	26	57
Transfer to Other Receivable	(1,408)	-
Exchange rate effect	(40)	(75)
Balance at end of year	<u>-</u>	<u>1,378</u>

The rehabilitation funds are pledged to a third party as security for the issue of rehabilitation guarantees to the Department of Mineral Resources (South Africa) in support of the various mining licenses.

Management investments held by the Rehabilitation Investment Fund was measured at fair value in the previous year. During the year, the managed investments were liquidated and the proceeds invested in a term deposit account and are held at amortised cost.

Note 10: Property, Plant and Equipment

	2019 USD'000	2018 USD'000
Land and buildings		
Land and buildings - at cost	559	261
Less accumulated depreciation	<u>(127)</u>	<u>(25)</u>
	<u>432</u>	<u>236</u>
Plant and machinery		
Plant and machinery - at cost	1,014	1,338
Less accumulated depreciation	<u>(940)</u>	<u>(1,177)</u>
	<u>74</u>	<u>161</u>
Other plant and equipment		
Other plant and equipment - at cost	170	190
Less accumulated depreciation	<u>(142)</u>	<u>(169)</u>
	<u>28</u>	<u>21</u>
Total Property, Plant and Equipment	<u>534</u>	<u>418</u>

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	2019	2018
	USD'000	USD'000
Movements:		
<u>Land and buildings</u>		
Opening net book value	236	1,010
Disposals	(60)	(87)
Depreciation and impairment	(13)	(145)
Reclassified from/(to) assets held for sale	278	(507)
Exchange rate effect	(9)	(35)
Closing net book value	432	236
<u>Plant and machinery</u>		
Opening net book value	161	289
Additions	-	1
Depreciation and impairment	(82)	(122)
Exchange rate effect	(5)	(7)
Closing net book value	74	161
<u>Motor vehicles</u>		
Opening net book value	21	37
Additions	13	12
Disposals	(1)	(2)
Depreciation	(4)	(25)
Exchange rate effect	(1)	(1)
Closing net book value	28	21

Note 11: Exploration Expenditure

	2019	2018
	USD'000	USD'000
Exploration expenditure	12,375	10,771
Movements:		
Opening net book value	10,771	9,604
Additions	2,854	1,655
Impairment (refer Note 3)	(946)	-
Exchange rate effect	(304)	(488)
Closing net book value	12,375	10,771

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Note 12: Trade and Other Payables

	2019 USD'000	2018 USD'000
Trade payables	1,168	1,301
Employee benefits	3	2
Accrued expenses	586	1,234
	<u>1,757</u>	<u>2,537</u>

The average credit period on purchases of certain goods is 30 days. No interest is charged on the trade payables for the first 30 days from the date of the invoice. Thereafter, interest is charged at variable rates per annum on the outstanding balances from certain suppliers.

Note 13: Provisions

	2019 USD'000	2018 USD'000
Current		
Provision for employee benefits	117	80
Provision for audit fees	90	70
Provision for tax (refer Note 19(b)(ii))	204	194
	<u>411</u>	<u>344</u>

Non-Current

Provision for rehabilitation	<u>1,688</u>	<u>1,362</u>
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Movements:

Balance at beginning of year	1,362	1,194
Changes in estimate during year	365	244
Exchange rate effect	(39)	(76)
Balance at end of year	<u>1,688</u>	<u>1,362</u>

The rehabilitation provision relates to the Consolidated Entity's obligation to restore and rehabilitate areas within its mining tenements where there have been exploration and mining activities in the past. The provision includes costs relating to the decommissioning of the gold processing plant.

The provision is supported by cash held in a Rehabilitation Investment Fund (Note 9).

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Note 14: Borrowings

		2019 USD'000	2018 USD'000
Current			
<u>Secured</u>			
Convertible security	(a), (b)	-	348
Bank overdraft	(a), (c)	-	67
Vendor finance	(a), (d)	32	30
		32	445
<u>Unsecured</u>			
Loan – related party	(a), (e)	5,057	4,886
Loan – unrelated party	(a)	106	22
Convertible note	(a), (f)	-	1,650
		5,163	6,558
Total		5,195	7,003
Non-Current			
<u>Secured</u>			
Vendor finance	(a), (d)	178	211
		178	211

(a) Details of loans

	Note	2019 USD'000	2018 USD'000	Repayment terms	Interest rate pa
Convertible security	14(b)	-	348	Refer Note 14(b)	
Bank overdraft	14(c)	-	67	On demand	South African prime rate +1%
Vendor finance	14(d)	210	241	Repayable over 10 years from August 2014	South African prime rate +2%
Loan – related party	14(e)	5,040	4,794	Refer Note 14(e)	10.0%
Loan – related party		17	92	On demand	12.0%
Loans – unrelated parties		106	-	On demand	-
Loans – unrelated party		-	22	On demand	24%
Convertible note	14(f)	-	1,650	Converted into shares	12.0%
Total		5,373	7,214		

(b) Convertible security

The convertible security was repaid during the year.

In January 2017, the Company entered into a Convertible Security Funding Agreement with The Australian Special Opportunity Fund, LP ("ASOF"), an entity managed by Lind Partners, LLC. In

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consideration for loans from ASOF, the Company issued to ASOF a convertible security with a face value of A\$2,520,000 ("Convertible Security").

In accordance with Australian Accounting Standards, the Company had recognised a financial liability for the debt instrument and 3 separate instruments in respect of the various conversion options included in the agreement. The financial liability had been designated as fair value through profit and loss. At 30 June 2018, the Company had recognised a liability of USD 348,000 representing the fair value of the convertible security financial liability, and an equity instrument of USD 165,000 recognised in equity.

Refer to Note 23 for further information regarding fair value measurements.

(c) Bank overdraft

The bank overdraft was repaid during the year. The overdraft facility was secured by a bond over residential properties owned by a controlled entity.

(d) Vendor finance

The loan is secured by registration of a first covering private bond in favour of the lender, over the property purchased by a controlled entity from the lender in 2014.

(e) Loan – related party

In 2013, the Company entered into a loan agreement with Australian Private Capital Investment Group (International) Ltd ("APCIG"), a company associated with Mr Simon Liu, a director of the Company, whereby APCIG lent the Company A\$4,000,000 (USD 2,805,200). The key terms of the loan are –

- (i) Interest accrues at the rate of 10% per annum;
- (ii) The loan is unsecured;
- (iii) The loan matured on 31 January 2017, however APCIG was party to a standstill agreement with ASOF pursuant to which it agreed not to demand repayment of the note during the term of the Convertible Security Funding Agreement (refer Note 14(b)) which terminated on 15 April 2019.

As previously disclosed, certain individuals purporting to represent the loan provider, APCIG, have threatened the Company with various claims, including issuing statutory demands on the Company on two occasions, the most recent in May 2017. On both occasions, the courts have issued orders that the statutory demands be set aside.

The Company's view was, and remains, that the claims were without foundation and were otherwise considered frivolous and vexatious. The Company's position was that the parties purporting to represent APCIG establish their entitlement by commencing legal proceedings to establish the same. Failing that, if the confusion continues, the Company will seek direction from a court of competent jurisdiction to reach a determination as to who the Company should in fact repay and so direct the Company to do so.

The Company has agreed to an arrangement with the controller of the loan as follows:

- (i) Under the loan agreement with APCIG, it undertook to provide a loan of A\$5 million, however APCIG failed to honour its undertaking and only advanced A\$4 million. Consequently, the Company and APCIG agreed that interest would accrue at the funding rate (10% per annum) but payment of interest would be suspended and total principal and interest would accrue up to a limit of A\$5 million.

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- (ii) That repayment would be made within 7 business days of the Company receiving the Arbitral award from Shandong Qixing Iron Tower Co., Ltd (now known as Northcom Group Limited) (refer Note 19(a)) as follows:

- f) A\$3,330,000 in cash; and
g) A\$1,670,000 in Theta Gold Mines shares issued at a discount of 5 percent to the prevailing market price.

The above arrangement is not formalised in writing. Pending its formalisation, the Company has not reflected the agreement in the accounts and therefore interest continues to accrue and the full amount is classified as a current liability.

(f) Convertible note

The convertible note and accrued interest was converted into shares in the Company during the year.

In 2015, the Company entered into a Convertible Note (as varied) ("Note") for the amount of A\$1.65 million with Tasman Funds Management Pty Ltd, a company associated with directors of the Company, Mr Brett Tang (appointed 3 July 2018) and Mr Eric Zhang (resigned 13 June 2018). The key terms of the convertible note were –

- (i) Interest accrues at the rate of 12% per annum (varied to 10% per annum from 1 January 2018);
(ii) The Note is unsecured;
(iii) The Note may be converted into shares in the Company at Tasman's election, at a conversion price of A\$0.09 per share;

Note 15: Issued Capital

	2019 USD'000	2018 USD'000
Issued and paid up shares	<u>75,629</u>	<u>67,316</u>

(a) Consolidation of share capital

On 30 November 2018, shareholders in general meeting approved a 10:1 consolidation of shares and options on issue at that date. Comparative figures for the previous financial year have been presented on a post consolidation basis as if the share and option consolidations had occurred in the previous financial year.

(b) Movements

2019		Number of Shares '000	USD'000
01 Jul 2018	Balance at beginning of year	256,155	67,316
14 Aug 2018	Share placement	454	36
14 Aug 2018	Shares in settlement of director fees	3,543	236
23 Aug 2018	Share placement	10,000	734
23 Aug 2018	Shares in settlement of director fees	289	40
05 Sep 2018	Conversion of convertible note	25,143	1,623
19 Sep 2018	Share placement	5,556	363
03 Oct 2018	Share placement	15,556	1,003
23 Nov 2018	Share placement	17,222	1,123
31 Jan 2019	Share placement	22,778	1,492

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24 Apr 2019	Share placement	5,556	352
09 May 2019	Shares placement	18,868	1,395
09 May 2019	Share in settlement of debt	272	20
11 Jun 2019	Collateral shares sold	-	158
28 Jun 2019	Share placement	1,887	140
	Less: Share issue expenses		(402)
30 Jun 2019	Balance at end of year	383,279	75,629

		Number of Shares '000	USD'000
2018			
01 Jul 2017	Balance at beginning of year	209,632	61,997
21 Jul 2017	Shares in settlement of director fees	744	117
06 Nov 2017	Share placement	13,337	1,939
14 Nov 2017	Share placement	503	72
13 Dec 2017	Issue under Share Purchase Plan	855	123
01 Feb 2018	Share placement	11,159	1,701
20 Apr 2018	Shares in settlement of debt	1,743	250
10 May 2018	Share placement	9,091	748
05 Jun 2018	Share placement	9,091	764
	Less: Share issue expenses		(396)
30 Jun 2018	Balance at end of year	256,155	67,316

Ordinary Shares

At a general meeting, on a show of hands, each shareholder present and each other person present as a proxy, attorney or corporate representative of a shareholder and entitled to vote has one vote. On a poll, each shareholder present and each other person present as a proxy, attorney or corporate representative of a shareholder and entitled to vote:

- (i) has one vote for each fully paid share held; and
- (ii) has for each share which is not fully paid a fraction of a vote equivalent to the proportion which the amount paid up, but not credited as paid up, on that share bears to the total of the amounts paid and payable (excluding amounts credited) on that share.

Fully paid ordinary shares carry a right to dividends and upon the winding up of the Company.

Capital management

The Consolidated Entity's funding requirements are largely sourced from equity raisings. Its objectives in capital management are to ensure that it can meet its debts and commitments as and when they fall due and to maintain an optimal capital structure to reduce the cost of capital.

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Note 16: Options and Performance Rights

		2019 Number '000	2018 Number '000
Listed options (ASX: TGMO)	Note 16(b)	31,430	27,598
Unlisted options	Note 16(c)	13,893	37,666
Unlisted performance rights	Note 16(d)	24,700	2,100
		70,023	67,364

During the year, the Board determined that the options and performance rights previously issued to Directors and employees on 19 October 2016 and 20 July 2017 were no longer appropriate incentives given the new Company strategy, focussing on the Theta Hill open-cut gold project. The options and performance rights previously issued primarily contained share price hurdles and performance hurdles based on the Company's previous underground mine development strategy. The Board believes that operational performance hurdles are more appropriate incentives and all incentive securities issued to Directors and employees should have the same operational performance hurdles. To that end, 17,750,000 options and 2,100,000 performance rights previously issued were cancelled and 24,700,000 new performance rights were issued in June 2019.

	2019 Number '000	2018 Number '000
a) Movements		
Balance at beginning of year	67,364	17,588
Listed options issued	3,832	27,598
Unlisted options issued	604	20,678
Unlisted options cancelled	(17,750)	-
Unlisted options lapsed	(6,627)	(600)
Performance rights issued	24,700	2,100
Performance rights cancelled	(2,100)	-
Balance at end of year	70,023	67,364

b) Listed Options

	2019 Number '000	2018 Number '000	Expiry date	Exercise price
Listed Options	31,430	27,598	31 Oct 2020	A\$0.30

c) Unlisted Options

Grant date	2019 Number '000	2018 Number '000	Expiry date	Exercise price
04 Jan 2016	-	1,000	03 Jan 2019	A\$0.15
22 Mar 2016	-	2,000	22 Mar 2019	A\$0.15
02 Nov 2015	-	2,327	21 Oct 2018	A\$0.11
19 Oct 2016	1,050	1,050	12 Oct 2019	A\$0.15
19 Oct 2016	3,000	3,000	12 Oct 2019	A\$0.20

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19 Oct 2016	3,500	4,000	12 Oct 2019	A\$0.40
18 Jan 2017	1,000	1,000	18 Jan 2020	A\$0.25
18 Jan 2017	1,000	1,000	18 Jan 2020	A\$0.30
22 Feb 2017	222	222	15 Aug 2019	A\$0.30
22 Feb 2017	615	615	21 Aug 2019	A\$0.30
22 Feb 2017	274	274	01 Sep 2019	A\$0.30
20 Jul 2017	500	500	19 Jul 2019	A\$0.25
20 Jul 2017	1,000	1,000	22 Aug 2019	A\$0.30
20 Jul 2017	-	3,500	30 Apr 2020	A\$0.20
20 Jul 2017	-	5,500	19 Jul 2022	A\$0.25
20 Jul 2017	-	4,450	19 Jul 2022	A\$0.30
20 Jul 2017	200	2,750	19 Jul 2022	A\$0.35
20 Jul 2017	200	2,750	19 Jul 2022	A\$0.40
16 Jan 2018	728	728	15 Jan 2020	A\$0.19
14 Aug 2018	604	-	13 Aug 2020	A\$0.19
	13,893	37,666		
Weighted average exercise price	A\$0.28	A\$0.26		

During the year, the Company issued 604,211 unlisted options, each exercisable at A\$0.19 on or before 13 August 2020, as part consideration for the fee payable in connection with a share placement.

d) Unlisted performance rights

Grant date	2019 Number '000	2018 Number '000	Expiry date	Exercise price
20 Jul 2017	-	2,100	19 Jul 2022	na
28 Jun 2019	24,700	-	27 Jun 2024	na
	24,700	2,100		

Fair value of performance rights granted

The fair value of performance rights granted during the year were estimated based on the following assumptions –

Assumptions:	
Valuation date	28 June 2019
Market price of shares	\$0.16
Exercise price	Nil
Expiry date (5 years from time from issue)	27 June 2024
Indicative value per performance right	\$0.16

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Note 17: Reserves

	2019 '000	2018 '000
Equity reserve	7,552	7,552
Asset revaluation reserve	30	30
Option premium reserve	198	198
Share-based payment reserve	3,214	2,576
Foreign currency translation reserve	(3,693)	(3,700)
	7,301	6,656

- (a) The equity reserve recognises the value of share based payments made on the transfer of shares to BEE entities and includes the equity portion of related party loan not extended on market related terms.
- (b) The asset revaluation reserve is used to recognise the fair value of the entity's residential property.
- (c) The option premium on convertible notes represents the equity component (conversion rights) of the convertible notes issued.
- (d) The share-based payment reserve is used to recognise the value of options and performance rights granted.
- (e) The foreign currency translation reserve records exchange differences arising on translation of financial statements of foreign controlled entities.

Note 18: Capital Commitments

Exploration

The Consolidated Entity has certain obligations to perform work in accordance with work programmes, as approved by the relevant statutory body, when the permits are granted. These work programmes may be varied or renegotiated or reduced by farm-out, sale, reduction of tenement area and/or relinquishment.

Note 19: Contingent Asset and Liability

(a) Contingent Asset

As previously reported, on 1 September 2016, the Tribunal of the Hong Kong International Arbitration Centre (HKIAC) delivered the Arbitral Award in favour of the Company in its damages claim against Shandong Qixing Iron Tower Co. Ltd (now known as Northcom Group Limited) ("Northcom"), arising from the non-completion by Northcom of an agreement to acquire the South African subsidiary of the Company.

The current value of the award, costs plus interest is US\$ 19.6 million (2018: US\$18.2 million). The Company had entered into a funding agreement with a consortium which is entitled to 45% of the award plus reimbursement of the costs they have funded.

The Company continues to work with its legal advisers on enforcing the award.

(b) Contingent Liability

- (i) Dispute with the Association of Mineworkers and Construction Union

As reported in previous years, a subsidiary of the Company is in dispute with the Association of Mineworkers and Construction Union (AMCU) in South Africa relating to an allegation of unfair dismissal. The employees were claiming re-instatement with back pay to their date of dismissal or 12 months' salary as compensation for their alleged unfair dismissal. The matter was heard in the Labour Court of South Africa in March 2018 and the Court ruled in the Company's favour. AMCU has been granted leave to appeal the decision.

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Under the South African Labour Relations Act, the Consolidated Entity's maximum potential liability is estimated at \$645,000 (2018: \$599,000). The Directors believe the Consolidated Entity has a strong case and have not provided for any potential liability.

(ii) Environmental Trust Fund

The Consolidated Entity had a potential liability resulting from an Environmental Trust having applied some of its cash for a purpose other than rehabilitation, which constitutes a contravention of the income tax law in the jurisdiction in which it operates. A provision for tax of US\$204,000 (2018: US\$194,000) had been made in the accounts and the Trust had also submitted an application for voluntary disclosure relief under a voluntary disclosure program pursuant to which, if successful, would relieve the Trust of all penalty tax and interest arising from the breach.

Subsequent to balance date, the application under the voluntary disclosure program was assessed in the Trust's favour and all penalty tax and interest waived (2018: potential liability US\$349,000).

Note 20: Operating Segments

Segment Information

The Consolidated Entity's operations are located in Australia where it has its corporate office and in South Africa where it is involved in gold exploration.

The gold exploration activity is conducted through a subsidiary, Transvaal Gold Mining Estates Limited (TGME). The entire gold project is centred around the TGME processing plant and accordingly it has only one operating segment.

Segment performance

	2019 TGME USD'000	2019 Total USD'000	2018 TGME USD'000	2018 Total USD'000
Continuing operations	-	-	-	-
Gold and mining revenue	-	-	-	-
Less: Cost of sales	-	-	-	-
Segment gross loss	-	-	-	-
Unallocated items:				
Interest income		94		106
Fair value adjustment on convertible note		174		562
Other income		46		104
		314		772
<i>Reconciliation of segment result to group net loss before tax</i>				
Unallocated items:				
Operating expenses		(2,793)		(2,830)
Exploration expenses		(1,070)		(1,147)
Finance costs		(646)		(769)
Other expenses		(977)		(155)
		(5,486)		(4,901)
Net loss before tax		(5,172)		(4,129)

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Segment assets

2019	TGME USD'000	Total USD'000
Segment assets	14,519	14,519
Unallocated assets		506
Total assets		15,025

2018	TGME USD'000	Total USD'000
Segment assets	13,190	13,190
Unallocated assets		277
Total assets		13,467

Segment liabilities

2019	TGME USD'000	Total USD'000
Segment liabilities	3,151	3,151
Unallocated liabilities		6,078
Total liabilities		9,229

2018	TGME USD'000	Total USD'000
Segment liabilities	3,302	3,302
Unallocated liabilities		8,155
Total liabilities		11,457

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Note 21: Cash Flow Information

	2019 USD'000	2018 USD'000
a. Reconciliation of Cash Flow used in Operating Activities with Loss for the Year		
Loss from ordinary activities after income tax	(5,172)	(4,129)
Non-cash items in loss from ordinary activities		
Impairment and depreciation	1,050	291
Exploration expenditure	699	1,147
Finance costs	532	612
Interest income	(94)	(106)
Share-based payment	584	576
Loss on sale of assets	-	32
(Gain)/ Loss on financial instrument	(174)	(562)
Unrealised exchange (gain)/loss	-	(94)
	(2,575)	(2,233)
Changes in assets and liabilities		
(Increase) / Decrease in accounts receivable	42	198
(Decrease) / Increase in provisions	393	22
Decrease in trade creditors and accruals	(780)	(497)
	(345)	(277)
Net cash flow used in operating activities	(2,920)	(2,510)
b. Non-Cash Financing Activities		
Conversion of convertible note	1,623	-
Issue of shares in satisfaction of director fees/salaries	276	118
Issue of shares in satisfaction of outstanding debt	20	250
	1,919	368

Note 22: Related Party Transactions

Parent entity

Theta Gold Mines Limited is the parent entity of the group.

Subsidiaries

Interests in subsidiaries are set out in Note 24.

Transactions with related parties

Transactions with related parties are on normal commercial terms and conditions, except for the loan from Australian Private Capital Investment Group (International) Ltd (refer Note 14(e)).

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Director and director-related entities

(a) Fully paid ordinary shares

Following shareholders' approval at a general meeting on 10 August 2018 and 28 June 2019, the following shares were issued to directors –

Shares issued at \$0.19 per share in settlement of outstanding director fees and salary:

Name	A\$	Shares	Free attaching listed options (ASX: TGMO)
Charles William Guy	67,464	355,074	355,074
Robert Peter Thomson	35,000	184,211	184,211
Bill Richie Yang	100,500	528,948	528,948
Simon Liu	186,100	979,474	979,474
Trevor Alan Fourie	284,100	1,495,264	1,495,264
Total	673,164	3,542,971	3,542,971

Subscription of shares at A\$0.106 per share:

Name	A\$	Shares
Charles William Guy	40,000	377,358
Robert Peter Thomson	80,000	754,716
Bill Richie Yang	70,000	660,377
Brett Tang	10,000	94,339
Total	200,000	1,886,790

(b) Grant of performance rights

Following shareholders' approval at a general meeting on 28 June 2019, the following performance rights were issued to directors –

Name	Performance Rights
Charles William Guy	4,000,000
Robert Peter Thomson	5,500,000
Bill Richie Yang	5,000,000
Brett Tang	2,500,000
Finn Stuart Behnken	1,200,000
Total	18,200,000

Full details of the performance rights are set out in the Remuneration Report on pages 34 to 39.

(c) Cancellation of performance rights

The following options and performance rights held by directors were cancelled during the year -

Name	Options	Performance Rights	Total
Robert Peter Thomson	9,500,000	1,000,000	10,500,000
Bill Richie Yang	5,250,000	950,000	6,200,000
Total	14,750,000	1,950,000	16,700,000

(d) The Company rented office space from an entity associated with Mr Richie Yang, for which the Company paid USD12,978 (2018: USD23,254) during the year.

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Key management personnel

Remuneration of key management personnel are disclosed in Note 4 and the Remuneration Report.

Note 23: Financial Instruments

a. Financial Risk Management Policies

The Consolidated Entity's financial instruments consist mainly of deposits with banks, bank overdrafts, short-term investments, accounts receivable and payable, loans to and from related parties and leases.

Certain derivatives were used by the Consolidated Entity during the financial year to raise funds for Company operations.

(i) Treasury Risk Management

The Consolidated Entity's overall risk management strategy seeks to assist the Consolidated Entity in meeting its financial targets, whilst minimizing potential adverse effects on financial performance.

(ii) Financial Risk Exposures and Management

The entity does not have material exposures to credit risk, liquidity risk and market risk.

(iii) Capital management

The primary objective of the Consolidated Entity's capital management is to ensure that it is able to continue as a going concern and able to meet its debts as and when they become due and payable. It aims to maintain an optimal capital structure to reduce the cost of capital.

(iv) Sensitivity Analysis

Interest Rate Risk and Foreign Currency Risk

The Consolidated Entity has performed sensitivity analysis relating to its exposure to interest rate risk and foreign currency risk at the reporting date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis

The Consolidated Entity's exposure to change in interest rates relates primarily to interest bearing borrowings. Borrowings issued at a variable rate expose the Consolidated Entity to interest rate risk.

The Consolidated Entity's variable interest bearing financial liabilities outstanding at year-end totalled USD 210,000 (2018: USD 308,000). An increase/decrease in interest rates of 2% would have an adverse/favourable effect on loss before tax of USD 5,000 (2018: USD 10,000) per annum. The percentage change is based on the potential volatility of interest rates.

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Foreign Currency Risk Sensitivity Analysis

The Consolidated Entity undertakes transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise.

At year end the Consolidated Entity was exposed to currency fluctuations between the presentation currency, being US Dollars (USD) and Australian Dollars (AUD) and South African Rand (ZAR). Exchange rate exposures are managed within approved internal policy parameters.

The carrying amounts of the Consolidated Entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows –

	Assets		Liabilities	
	2019	2018	2019	2018
	USD'000	USD'000	USD'000	USD'000
South African Rand (US dollar equivalent)	1,638	1,547	1,462	1,658
Australian dollars (US dollar equivalent)	414	180	6,077	7,963

Based on the financial instruments held, the Consolidated Entity's total equity would have been USD 367,000 higher / lower (2018: USD 523,000 higher / lower) with a 10% increase / decrease in the US Dollar against the South African Rand or Australian Dollar .

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b. Financial Instruments

(i) Financial instrument composition and maturity analysis

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as the settlement period for all other financial instruments.

	Weighted average effective interest rate	Variable interest rate	Less than 1 year	1-5 years	Longer than 5 years	Non-interest bearing	Total
2019	%	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Financial assets							
Cash and cash equivalents	-	-	-	-	-	489	489
Trade and other receivables	-	-	-	-	-	155	155
Other financial assets	-	-	-	-	-	-	-
Other receivable	7.55%	-	1,408	-	-	-	1,408
Total		-	1,408	-	-	644	2,052
Financial liabilities							
Trade and other payables	13.00%	453	-	-	-	1,304	1,757
Bank overdraft		-	-	-	-	-	-
Borrowings	12.13%	-	32	178	-	106	316
Other financial liabilities		-	-	-	-	-	-
Finance leases		-	-		-	-	-
Loans from related parties	10.00%	-	5,057	-	-	-	5,057
Total		453	5,089	178	-	1,410	7,130

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	Weighted average effective interest rate	Variable interest rate	Less than 1 year	1-5 years	Longer than 5 years	Non-interest bearing	Total
2018	%	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Financial assets							
Cash and cash equivalents	-	-	-	-	-	196	196
Trade and other receivables	-	-	-	-	-	197	197
Other financial assets	-	-	-	-	-	-	-
Rehabilitation fund	-	1,378	-	-	-	-	1,378
Total		1,378	-	-	-	393	1,771
Financial liabilities							
Trade and other payables	12.23%	772	-	-	-	1,766	2,538
Bank overdraft	10.50%	67	-	-	-	-	67
Borrowings	11.61%	50	1,813	49	-	384	2,296
Other financial liabilities		-	-	-	-	-	-
Finance leases		-	-		-	-	-
Loans from related parties	10.04%	-	4,885	-	-	-	4,885
Total		889	6,698	49	-	2,150	9,786

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(ii) Fair value measurements

This note provides information about how the Consolidated Entity determines fair values of various financial assets and financial liabilities.

Fair value of the Consolidated Entity's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Consolidated Entity's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial Liabilities	Fair value at (USD'000)		Fair value hierarchy	Valuation technique(s) and key input(s)
	2019	2018		
Convertible security financial liability	-	348	Level 2	Discounted cash flow, at a rate that reflects the credit risk of various counterparties.

Financial Asset	Fair value at (USD'000)		Fair value hierarchy	Valuation technique(s) and key input(s)
	2019	2018		
Rehabilitation investment fund*	-	1,378	Level 2	Market price of securities and cash value

* During the current year, the investments held by the fund were liquidated and the proceeds invested in a term deposit account, held at amortised cost.

Fair value of financial assets and financial liabilities that are not measured at fair value

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

Note 24: Parent Entity Information

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements except as set out below. Refer to Note 2 for a summary of the significant accounting policies relating to the Consolidated Entity.

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Set out below is the supplementary information about the parent entity, Theta Gold Mines Limited.

Statement of profit or loss and other comprehensive income

	Parent	
	2019	2018
	USD'000	USD'000
Loss after income tax	(6,987)	(5,631)

Statement of financial position

	Parent	
	2019	2018
	USD'000	USD'000
Assets		
Total current assets	414	180
Total non-current assets	92	97
Total assets	506	277
Liabilities		
Total current liabilities	6,078	8,155
Total non-current liabilities	-	-
Total liabilities	6,078	8,155
Equity		
Issued capital	92,905	89,349
Reserves	3,265	2,780
Accumulated losses	(101,741)	(100,007)
Total equity	(5,571)	(7,878)

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2019 (2018: Nil).

Capital commitments

The parent entity had no capital commitments as at 30 June 2019 (2018: Nil).

Significant accounting policies

Investments in subsidiaries are recorded at cost, less any impairment adjustments. Except for the foregoing, the accounting policies of the parent entity are consistent with those of the Consolidated Entity, as disclosed in Note 2.

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The consolidated financial statements incorporate the assets, liabilities and results of Theta Gold Mines Limited and the following subsidiaries in accordance with the accounting policy described in Note 2:

Equity holding

Name of entity	Country of incorporation	2019 %	2018 %
Stonewall Mining (Proprietary) Limited and its subsidiaries -	South Africa	100	100
- Transvaal Gold Mines Estates Limited*	South Africa	74	74
- Sabie Mines (Proprietary) Limited*	South Africa	74	74
- Vanaxe Share Block Pty Ltd	South Africa	74	74
Warrinen Pty Ltd	Australia	100	100

* Stonewall Mining Pty Ltd entered into a share sale agreement with TGME Empowerment Company Proprietary Limited (TGME SPV) dated 11 June 2012 in terms of which it sold 330,234 shares in TGME (26% of the shares) to the TGME SPV for a nominal amount. Thus one share was issued by TGME to the TGME SPV on 30 October 2012. This is consolidated into TGME as TGME controls the SPV.

Stonewall Mining Pty Ltd entered into a share sale agreement with African Sun Empowerment Company Proprietary Limited (Sabie SPV) dated 11 June 2012 in terms of which it sold 40,299 shares in Sabie (26% of the shares) to the Sabie SPV for a nominal amount. Thus one share was issued by Sabie to the Sabie SPV on 30 October 2012. This is consolidated into Sabie as Sabie controls the SPV.

The TGME SPV and Sabie SPV are not consolidated as the substance of the relationships between the Consolidated Entity and the SPVs are such that the SPVs should not be consolidated by the Consolidated Entity.

Warrinen Pty Ltd is a dormant entity with no operations, assets or liabilities.

Note 25: Income tax expense

	2019 USD'000	2018 USD'000
Loss before income tax expense	(5,172)	(4,129)
Prima facie (tax benefit) / expense on loss from ordinary activities before income tax at 27.5% (2018: 27.5%)	(1,422)	(1,135)
Effect of expenses that are not deductible in determining taxable income	384	371
Effect of different tax rates of group entities operating in different jurisdictions	(33)	(29)
Effect of temporary differences and / or tax losses not recognised	1,071	793
Income tax expense recognised in profit or loss	-	-
Unrecognised deferred tax balances		
Unused tax losses for which no deferred tax asset has been recognised	26,448	24,953

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No deferred tax asset has been recognised as it is currently not probable that future taxable profits will be available to realize the asset in the foreseeable future. Potential deferred tax assets on carry forward losses are shown above.

Note 26: Events after Balance Date

Share Placement

Subsequent to balance date, as announced on 23 July 2019, the Company entered into subscription agreements with specialist global resource investors for the placement of 53,333,334 shares (voluntarily escrowed until 31 December 2020) at an issue price of A\$0.15 per share to raise a total of A\$8,000,000. The shares are to be issued in three tranches, with the first and second tranches issued on 25 July 2019 and 29 August 2019 respectively and the third tranche of A\$4,000,000 due at the end of September 2019.

Environmental Trust Fund

As referred to in Note 19(b)(ii), the Consolidated Entity had a potential liability resulting from an Environmental Trust having applied some of its cash for a purpose other than rehabilitation, which constitutes a contravention of the income tax law in the jurisdiction in which it operates. The Trust had submitted an application for voluntary disclosure relief under a voluntary disclosure program pursuant to which, if successful, would relief the Trust of all penalty tax and interest arising from the breach.

Subsequent to balance date, the application under the voluntary disclosure program was assessed in the Trust's favour and all penalty tax and interest waived (2018: potential liability US\$349,000).

Independent Auditor's Report to the Members of Theta Gold Mines Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Theta Gold Mines Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, 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 consolidated financial position of the Group as at 30 June 2019 and of its consolidated financial performance for the year ended on that date; 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 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 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 in the financial report, which describes the principal conditions that raise doubts about the entity's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matter to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Carrying value of capitalised exploration and evaluation expenditure

Why significant

Capitalised exploration and evaluation assets are the Group's most significant asset. The carrying value of exploration and evaluation assets are assessed for impairment by the Group when facts and circumstances indicate that the capitalised exploration and evaluation expenditure may exceed its recoverable amount.

The determination as to whether there are indicators of impairment involves judgment, including the assessment of exploration and evaluation results and whether there is sufficient information for a decision to be made that the area of interest is not commercially viable. During the year, the Group determined that there had been no indicators of impairment, with the exception of the \$0.9m write off of the existing plant which is no longer considered likely to be used in any development.

Due to the value of the exploration and evaluation asset and the subjectivity involved in assessing indicators of impairment, this was a key audit matter.

How our audit addressed the key audit matter

Our procedures to address the Group's assessment of the carrying value of exploration and evaluation assets included:

- ▶ consideration of the Company's right to explore in the relevant exploration area which included obtaining and assessing relevant documentation such as license agreements;
- ▶ consideration of the Group's intention to carry out significant exploration and evaluation activity in the relevant exploration area;
- ▶ assessment of recent exploration and evaluation activity in the relevant license area and whether there is sufficient information for a decision to be made that an area of interest is not commercially viable; and
- ▶ considered the adequacy of disclosures included within Note 1 (iv), Note 2 (g) and Note 10 of the financial report.

Refer to Note 1 (iv), *Critical Accounting Estimates and Judgements*, Note 2 (g) *Exploration and evaluation expenditure* and Note 10 *Exploration expenditure* to the financial statements for the amounts held on the balance sheet by the Group as at 30 June 2019 and related disclosure.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2019 Annual 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, with the exception of the Remuneration Report and our related assurance opinion.

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

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

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our 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 reasonably be 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 year 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 not 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.

Report on the Audit of the Remuneration Report

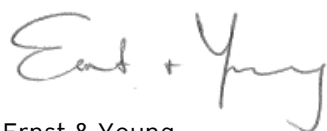
Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 41 to 47 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Theta Gold Mines Limited for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Ernst & Young



Scott Jarrett
Partner
Sydney
27 September 2019

Shareholders Information as at 20 September 2019

1. Issued securities

	Ordinary shares (ASX: TGM)	Listed Options (ASX: TGMO)	Unlisted Options	Performance rights
Number on issue	410,039,918	31,429,663	11,282,183	24,700,000

2. Distribution of Shareholders

Holdings Ranges	Holders	Total Units	%
1 - 1,000	115	74,922	0.018
1,001 - 5,000	126	435,703	0.106
5,001 - 10,000	95	766,761	0.187
10,001 - 100,000	239	9,463,362	2.308
100,001 +	101	399,299,170	97.381
Totals	676	410,039,918	100.00

3. Substantial Shareholders

The substantial shareholders in the Company based on substantial holding notices received by the Company are -

Name	Date of notice	Number of shares	%
Fineway Creation Limited	04 Jun 2018	67,070,707	17.59
Zenith (HK) Holding Limited	31 May 2019	46,645,701	12.23
Tasman Funds Management Pty Ltd	21 Jun 2018	32,730,995	10.87

4. Non-Marketable Parcels

A non-marketable parcel is a shareholding with a market value of less than \$500. There were 167 shareholders with non-marketable parcels.

5. On-Market Buy-back

There is no current on-market buy-back.

6. Voluntary Escrow

Class	Number of shares	Expiry date
Ordinary shares	67,070,707	23 Nov 2019
Ordinary shares	46,645,701	31 Dec 2019
Ordinary shares	26,666,667	31 Dec 2020
Total	140,383,075	

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Top 20 shareholders

Holder Name	Number of Ordinary Shares Held	Percentage of Total Issued Shares
Fineway Creation Limited	67,070,707	16.36%
Zenith (HK) Holding Limited	46,645,701	11.38%
Tasman Funds Management Pty Ltd	32,730,995	7.98%
Golden Asia Investment Group Ltd	31,127,805	7.59%
Qinglong Fan	26,666,667	6.50%
Citicorp Nominees Pty Limited	24,308,071	5.93%
High Gift Investments Ltd	23,015,179	5.61%
JP Morgan Nominees Australia Limited	19,630,116	4.79%
Best Wealth Winner Limited	19,555,556	4.77%
BNP Paribas Nominees Pty Ltd <UOB KH P/L AC UOB KH Drp>	15,220,000	3.71%
Monex Boom Securities (HK) Ltd <Clients Account>	11,760,601	2.87%
Blonde Mile International Limited	10,263,158	2.50%
Goldenrock International (Hong Kong) Limited	8,092,368	1.97%
Khan International Limited	5,569,339	1.36%
Murray SA Investment Pty Ltd <Murray SA Investment A/C>	5,296,373	1.29%
China Tonghai Securities Ltd	5,215,000	1.27%
Hanhong New Energy Holdings Ltd	4,527,105	1.10%
Smart Vision Investment Group Ltd	4,242,369	1.03%
BNP Paribas Nominees Pty Ltd <IB AU Noms Retail Client DRP>	3,745,375	0.91%
HSBC Custody Nominees (Australia) Limited	2,721,175	0.66%
	367,403,660	89.58%