



# **TEN SIXTY FOUR LIMITED**

ABN 60 099 377 849

**and Controlled Entities**

## **HALF-YEAR FINANCIAL REPORT**

**31 DECEMBER 2022**

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This report should be read in conjunction with Ten Sixty Four's Annual Report for the year ended 30 June 2022 and any announcements made by the Company during the interim reporting period, as it does not include all the notes of the type normally included in an annual financial report.

# Appendix 4D

## Half Year Report For the 6 months ended 31 December 2022

Name of entity

**TEN SIXTY FOUR LIMITED**

ABN or equivalent company reference

**60 099 377 849**

Half yearly (tick)

√

Preliminary final (tick)

Half year/ financial ended ("current period")

**31 December 2022**

### Results for announcement to the market

<b><u>Revenues and profits:</u></b>				<u>US\$'000</u>
Revenues from ordinary activities	up	17%	to	95,465
Profit from ordinary activities after tax attributable to members	up	82%	to	27,938
Net profit for the period attributable to members	up	82%	to	27,938

### **Dividends:**

<u>Interim dividend</u>	<u>Amount per security</u>	<u>Franked amount per security</u>
- Current period	AUD\$0.05	Nil
- Previous period (half year ended 31 Dec 2021)	AUD\$0.02	Nil

### **Net tangible assets per share:**

The net tangible assets per share as at 31 December 2022 was US\$0.853 (31 December 2021: US\$0.888)

### **Change in control of entities:**

There has been no change in control, either gained or loss during the current period.

### **Associates and Joint Venture entities:**

The Consolidated Entity did not have a holding in any associates or joint venture entities during the period.

# DIRECTORS' REPORT

The Directors present their report together with the consolidated financial report for the half-year ended 31 December 2022 and the review report thereon:

## DIRECTORS

The Directors of the Company at any time during or since the end of the half-year are:

Name	Period of Directorship
<b>Non-Executive Directors:</b>	
Debra Anne Bakker (Chair)	appointed 19 June 2023
Jonathan Shellabear	appointed 19 June 2023
John DeCooman	appointed 19 June 2023
Andrew Brown	appointed 19 June 2023, resigned 10 November 2023
Kate George (Chair)	appointed 25 November 2022, resigned 16 June 2023
Andrew Hunt	appointed 16 March 2022, resigned 19 June 2023
Simon Mottram	appointed 11 June 2020, resigned 19 June 2023
Aaron Treyvaud	appointed 2 May 2022, resigned 28 April 2023
<b>Executive Directors:</b>	
Walter Robert Milbourne (Managing Director)	appointed 19 June 2023, ceased as Managing Director on 16 November 2023, ceased to be a Director on 20 December 2023.
Jeffery McGlinn (Managing Director)	appointed 16 February 2021, subsequently appointed as Executive Chair on 2 May 2022 and then resigned as Executive Chair and appointed as Managing Director on 11 Nov 2022, resigned 19 June 2023.
Paul Ryan Welker (Managing Director)	Appointed non-executive director 3 March 2022, subsequently appointed Managing Director on 8 March 2022, resigned giving notice 28 June 2022.

# DIRECTORS' REPORT

## FINANCIALS

Description	Unit	31 Dec 2022	31 Dec 2021	Variance	%
Revenues	US\$	\$95.5M	\$81.8M	\$13.7M	17%
EBITDA	US\$	\$43.3M	\$35.7M	\$7.6M	21%
NPAT	US\$	\$27.9M	\$15.3M	\$12.6M	82%
EPS (basic)	US\$	\$0.122	\$0.074	\$0.048	66%

Revenues of US\$95.5 million, an increase of 17% from US\$81.8 million in the previous corresponding period ("pcp").

Ten Sixty Four is an un-hedged gold producer and received an average gold price of US\$1,725 per ounce from the sale of 55,152 ounces of gold produced for the half-year to December 2022 (pcp: 41,802 ounces at US\$1,784 per ounce).

Earnings before interest, tax, depreciation and amortisation ("EBITDA") of US\$43.3 million, up 21% from EBITDA of US\$35.7 million in the pcp.

NPAT of US\$27.9 million, up 82% on NPAT of US\$15.3 million from pcp.

Basic earnings per share ("EPS") up 66% to US\$0.122 from pcp EPS of US\$0.074.

The Company had total cash and cash equivalent of US\$65.8 million at 31 December 2022 (pcp: US\$74.0 million).

During the half year:

- Depreciation of fixed assets and amortisation of capitalised mine development and mine exploration was US\$17.4 million (pcp: US\$18.0 million).
- US\$4.2 million was expended on capital works and associated capital at mine and mill for the period (pcp: US\$4.1 million).
- Exploration expenditure, including underground diamond drilling was US\$3.3 million (pcp: US\$2.7 million).
- Capitalised mine development costs totalled US\$15.0 million (pcp: US\$13.7 million).
- Corporate overheads of US\$3.6 million (pcp: US\$3.4 million).
- Dividend payment of US\$7.3 million (pcp: US\$3.1 Million).

## CORPORATE

### Change of Registered Office

On 1 November 2022 the company advised that its registered office and principal place of business changed to level 1, suite 3, 1209 Hay Street, West Perth.

### Dividend Payment

On 5 September 2022 the Company declared an unfranked dividend of A\$0.05 per share. The ex-dividend date and record date was scheduled for 5 October and 6 October 2022 respectively. On 20 October a Dividend payment totaling A\$11.4 million was made to shareholders.

### Resignation of Managing Director

On 28 June 2022 Paul Ryan Welker provided his resignation as Managing Director giving the Company six months notice in accordance with the terms of his executive services agreement. On 5 July 2022, the Company terminated Mr Welker's executive services agreement immediately on the grounds that Mr Welker did not in writing disclose to the Board that he had a direct financial interest in another company that entered into an important commercial contract with an entity within the Ten Sixty Four Group.

## DIRECTORS' REPORT

On 24 January 2024 the Company announced that it had reached a resolution of claims made by Mr Welker alleging that his employment was wrongfully terminated. The Company acknowledged that no grounds existed justifying the termination of his employment on 5 July 2022 as announced to the ASX at that time.

### Appointment of Directors

On 25 November 2022 Ms Kate Lowese George was appointed to the Board of Directors.

### Supreme Court Proceedings

On 8 July 2022 the Board advised that three former directors/executive of the Company, Messers Davis, Powell and Gregory, had commenced proceedings in the Supreme Court against the Company. The proceedings involved claims of aggressive conduct and an alternative claim for alleged duty of care to the plaintiffs. The former Directors/Executive had all left the Company before the end of 2016.

On 15 June 2023 the Company announced that the proceedings were dismissed by consent and that the parties had settled.

### Notice Received under s203D and s249F of the Corporations Act

On 22 July 2022 the Company advised that it had received notice pursuant to sections 203D and 249F of the Corporations Act 2001 (Cth) from Vitrinite Holdings Pty Ltd and Arbiter Partners Capital Management LLC ("the Requisitioners") of their intention to call and arrange a General Meeting seeking changes to the composition of the Board of Directors.

On 9 September 2022 the Notice was withdrawn and replaced with a revised notice which excluded Arbiter as one of the convening shareholders. The revised date of the meeting was Wednesday 26 October 2022. At the General Meeting all resolutions put forward by Vitrinite Holdings Pty Ltd, Vitrinite Pty Ltd and Vitrinite Holdings LLC were not passed on a poll, resulting in no change to the existing Board at that time.

## SUBSEQUENT EVENTS

### Disputed Ownership of PMHI

The Company holds a direct 40% shareholding in Philsaga Management and Holdings Inc ("PMHI").

In February 2023 a dispute over, amongst other things, the ownership of the 60% of PMHI not held by the Company occurred, and various legal claims were filed in the Filipino Courts ("the Dispute"). The Company is not a party to any of these claims.

The Company awaits the decision of the Filipino Courts to determine who is the legal owner of the 60% shareholding. Until this matter is resolved, it is not possible to ascertain the potential impact.

### Deconsolidation of PMHI

As noted above, the Company holds a 40% shareholding in PMHI, with the subsidiaries thereof being wholly owned by PMHI. The Company had previously claimed to have relevant agreements in place pursuant to local statutory provisions that enabled the Company to have effective sole rights to the economic returns of PMHI and its subsidiary companies, including Philsaga Mining Corporation ("PMC") the holder of the Co-O Mine.

In February 2023 the Dispute resulted in the inability of the Company's personnel to access the physical operations, financial systems or operating bank accounts for PMC. As outlined in PWC's Report to Creditors available via the Company's ASX release of 24 October 2023, on consideration of the relevant facts it is considered that there was insufficient evidence that the Company had the ability to effect control over the operations or finances of entities within the PMHI Group, principally the operator of the Co-O Mine PMC.

After review of the available information the Company has determined that a loss of control of the PMHI Group has occurred on 13 February 2023. The Company is continuing to investigate the circumstances giving rise to the loss of control including information arising from the litigation of the Dispute.

Upon deconsolidation the fair value of the investment in PMHI will be recognised in the financial statements of the Company. The assessment of fair value will take into account cash on hand, the net present value of all future cash flows from operations less the net present value of the intercompany

## DIRECTORS' REPORT

loan agreement between Mindanao Mineral Processing and Refining Corporation ("MMPRC") (a controlled subsidiary of X64) and PMC a wholly owned subsidiary of PMHI.

The Company is in the process of negotiating a restructuring framework agreement with its subsidiaries and associates which is designed to reset commercial arrangements between the parties. However, the Company notes that should ongoing negotiations be unsuccessful, the recoverable value of these assets including the investment may be nil.

The net carrying value of PMHI assets as at 31 December 2022 amounted to \$217.8M.

### Impairment of MMPRC Group Assets

The loss of control of PMHI is considered to be an impairment event. As such the carrying value of all the Company's assets located in the Philippines must be considered.

This includes the assets of MMPRC which holds the mill and related assets near the Co-O Mine. The Co-O Mill is located on land subject to the Mineral Production Sharing Agreement 262-2008-XIII between PMC and the Republic of the Philippines Government and privately held by PMC. The right of access and use is subject to ongoing agreement with PMC.

The carrying value of the mill and associated infrastructure at 31 December 2022 amounted to \$11.6M. However, the Company notes that should ongoing negotiations be unsuccessful, the recoverable value of these assets may be nil.

### Recoverability of Loan between MMPRC and PMC

Pursuant to the terms and conditions of the Loan Agreement by and between MMPRC and PMC dated 19 June 2019 ("Loan Agreement") MMPRC granted PMC a loan in the amount of USD325,430,026 on the condition that PMC will make minimum monthly instalment payments of USD250,000. No repayment has been made against this loan since 23 June 2022.

Further, on 17 February 2023 PMC, wrote a demand letter addressed to the Company and MMPRC ("Demand Letter") outlining several claims seeking to reduce the amount of the outstanding loan and to provide alternative courses of action as to the unpaid balance.

- Incomplete Signatures – PMC advised that:
  - (i) signatures on the Loan Agreement were intentionally 'incomplete' to signify objection to the execution of the Loan Agreement, and
  - (ii) there were inadequate documents to support the amount.
- PMC is demanding MMPRC to:
  - (i) pay PMC the amount of PHP4,270,500,000 (or approximately, USD85,410,000), for land usage on the various dams containing the four (4) million tonnes of tails waste, as of 31 December 2022;
  - (ii) pay PMC the amount of PHP546,000,000 (or approximately, USD10,920,000), as rental fee for the mill plant, as of 31 December 2022;
  - (iii) refund PMC the amount of USD20,000,000, for the tails construction and maintenance costs; and
  - (iv) remove the four (4) million tonnes of waste tails and all mill equipment from PMC's land, not later than 31 March 2023, in order for PMC to acquire and install its own plant.

The Company is in ongoing discussions with PMC to seek to resolve these issues. However, should the negotiations fail, then recovery of the outstanding loan will be subject to legal action in the Philippines, and as such the timing and amount recoverable would be uncertain.

The value of the loan at 31 December 2022 amounted to \$246.8M less an allowance for expected credit losses of \$192.3M, with a carrying value of \$54.5M.

### Voluntary Suspension on the ASX

On 28 February 2023 the Company requested a voluntary suspension of its securities in accordance with ASX Listing Rule 17.2. The suspension remains in place.

### Supreme Court Action

The Western Australia Supreme Court proceedings (COR 120 of 20224) concerning the Company's duty of care to former directors and officeholders were dismissed by consent, and the parties settled.

## DIRECTORS' REPORT

The terms of the settlement were confidential and did not involve any admission of liability or material cost to the Company.

### Appointment and Resignation of Directors

1. On 28 April 2023 Mr Aaron Edmand Treyvaud resigned from the Board of Directors with immediate effect.
2. On 16 June 2023 Ms Kate Lowese George resigned from the Board of Directors with immediate effect.
3. On 19 June 2023 Mr Jeffery William McGlinn, Mr Simon John Mottram and Mr Andrew Charles Hunt resigned from the Board of Directors with effect from 5pm AWST 19 June 2023.
4. On 19 June 2023 Ms Debra Bakker, Mr Walter Robertson Milbourne Jr., Mr Jonathan Nicholas Shellabear, Mr William John DeCooman Jr. and Mr Andrew John Brown, were appointed Directors of the Company with effect from 5pm AWST 19 June 2023.
5. On 10 November 2023 Mr Andrew Brown resigned from the Board of Directors with immediate effect.
6. On 20 December 2023 Mr Robert Milbourne resigned from the Board of Directors with immediate effect.

### Appointment and Ceasing of Chief Executive Officer

1. On 19 June 2023 Jeffery McGlinn resigned from the position of Managing Director. His resignation coincides with his resignation as a Director.
2. On 20 June 2023 the Company advised that Mr Robertson Milbourne had been appointed as the Company's Chief Executive Officer and Managing Director, pursuant to a Consultancy Agreement for Executive Services. The material terms of this agreement were also announced.
3. On 16 November 2023 the Board of Directors accepted that Robertson Milbourne has ended his role as Managing Director of the Company.
4. On 15 January 2024 the Company advised that Mr Simon Theobald had been appointed as the Company's Chief Executive Officer, pursuant to a Consultancy Agreement for Executive Services. The material terms of this agreement were also announced.

### Notice Received under s249D of the Corporations Act

On 24 April 2023 the Company advised that it had received notice pursuant to sections 249D of the Corporations Act 2001 (Cth) from Vitrinite Holdings Pty Ltd, Vitrinite Pty Ltd and Vitrinite Holdings LLC ("Vitrinite Group") requesting that the Company call a general meeting to consider resolutions that would seek to overturn the entire Board of Directors.

The Vitrinite Group proposed the following:

1. The removal of the Board, being Ms Kate Lowese George, Mr Jeffery William McGlinn, Mr Simon John Mottram, Mr Andrew Charles Hunt and Mr Aaron Edmund Treyvaud; and
2. The appointment of Ms Debra Bakker, Mr Walter Robertson Milbourne Jr., Mr Jonathan Nicholas Shellabear, Mr William John DeCooman Jr. and Mr Andrew John Brown, as Directors of the Company.

The meeting was called for 9.30am AWST 20 June 2023. However, as a result of the Director resignations on 19 June 2023 the resolutions to remove Ms Kate Lowese George, Mr Jeffery William McGlinn, Mr Simon John Mottram, Mr Andrew Charles Hunt and Mr Aaron Edmund Treyvaud as Directors of the Company were withdrawn prior to the meeting. All remaining resolutions were passed.

### Voluntary Administration

Upon taking office on 19 June 2023 the Board commenced a detailed financial analysis of the Company's business. This review identified that circumstances arose prior to their appointment on 19 June 2023 that resulted in a significant uncertainty on the ongoing solvency of the Company, and as such the Directors resolved to appoint PwC's Martin Ford and Simon Theobald as Voluntary Administrator effective 2 July 2023.

The Voluntary Administrators' report dated 23 October 2023 concluded that the Company's difficulties appear to be the result of issues arising from the ownership dispute in respect of the shareholding in PMHI. The emergence of the dispute resulted in PMC ceasing to pay tolling fees to MMPRC and ceasing to sell its gold via Komo Diti Traders Ltd ("Komo Diti"), which meant that the Company's source of ongoing income could not be guaranteed.



## DIRECTORS' REPORT

The Administrators view reported is that the Company remained solvent at the date of their appointment. However, the Company was likely to become insolvent in the future if it could not restore access to funding from its subsidiaries.

Additionally, the Administrators preliminary investigations identified that various offences may have been committed by the Company's former directors.

### Directors and Officers Insurance

A directors and officers insurance policy (D&O Policy) offers liability cover for company officers to protect them from claims which may arise from the decisions and actions taken within the scope of their regular duties. Such policies cover the personal liability of company directors and officers.

The Company disclosed in its FY22 Annual Report that "the Company paid an insurance premium for Directors' and Officers' Liability Insurance policy, which covers all Directors, Company Secretaries and other Officers of the Company and its related entities. Details of the nature of the liabilities covered and the amount of premium paid in respect of the Directors' and Officers' Liability Insurance policies is prohibited under the terms of the policy, as such details are not disclosed".

The policy referred to above was placed into run-off by the prior directors on 19 June 2023, which limited the incoming board's ability to obtain a replacement policy and resulted in the Company paying the run-off cover premium. It also meant that the Company did not receive value for the unexpired portion of the existing policy. To avoid prejudicing any potential claims, the terms of the D&O Policy and the premiums paid are not being disclosed.

### Deed of Company Arrangement ("DOCA") Executed

Following a Second Creditors' meeting of X64 held on 31 October 2023, a DOCA was executed by Martin Ford and Simon Theobald (in their capacity as voluntary administrators of X64), Komo Diti, and the Company pursuant to which the Company ended its voluntary administration and was placed into DOCA. Mr Ford and Mr Theobald were appointed Joint Deed Administrators.

On 18 December 2023, Mr. Simon Theobald notified of his intention to resign as a Joint and Several Deed Administrator of the Company, due to ceasing as a permanent employee of PricewaterhouseCoopers (PwC). This resignation took effect on 2 January 2024. Notice of Mr. Theobald's resignation as a Joint and Several Deed Administrator of the Company has been lodged with the Australian Securities and Investments Commission. As a result of Mr. Theobald's resignation, Mr. Martin Ford, will remain as the appointed Deed Administrator of the Company.

Komo Diti, a wholly owned subsidiary of X64 which was not subject to the voluntary administration process, negotiated and executed the DOCA to return the Company to the X64 board and its shareholders. Following execution of the DOCA, the management and Board of X64 will work with the Deed Administrators to complete certain conditions precedent prior to completion of the DOCA administration unless any such conditions precedent are waived in accordance with the terms of the DOCA.

The conditions precedent to the completion of the DOCA include:

- receipt of all necessary consents and approvals; resolution of the ownership disputes involving a disputed 60% ownership of PMHI;
- resolution of the various intercompany claims;
- variation of the Tolling Agreement between MMPRC and PMC;
- execution of a Management Agreement between MMPRC and X64;
- directors and officers liability insurance being placed;
- the conduct of public examinations by the Deed Administrators to investigate any claims which X64 or its members may have against any third parties; and
- the establishment of a deed fund to pay admitted claims of creditors of X64.

## DIRECTORS' REPORT

### Termination of Managing Director's executive services agreement

On 5 July 2022, the Company terminated Mr Welker's executive services agreement immediately on the grounds that Mr Welker did not in writing disclose to the Board that he had a direct financial interest in another company that entered into an important commercial contract with an entity within the Ten Sixty Four Group.

No notice was given to Mr Welker, nor was he given any opportunity to respond to any of the matters raised. Mr Welker asserts that the drilling services contract between Ranger Equipment Pty Ltd (Ranger) and X64 was disclosed as part of the due diligence process in November 2021 for the acquisition by Medusa Mining Limited (now X64) of 100% of the share capital in Ten Sixty Four Limited (renamed CQ22 Pty Ltd and now a subsidiary of X64) as was Mr Welker's interest in Ranger.

As announced on 24 January 2024, the Company reached a resolution of claims made by Mr Welker, a former Managing Director of the Company, alleging that his employment was wrongfully terminated. The Company acknowledged that no grounds existed justifying the termination of his employment on 5 July 2022 as announced to the ASX at that time.

### Performance Guarantee

The Company, on behalf of its subsidiary Komo Diti, had provided a performance guarantee to its customer Heraeus Limited of up to US\$15M for any deficiency in the subsidiary's obligations and liabilities under the Refining & Transportation Agreement with Heraeus Limited. This guarantee expired on 30 April 2023 and is no longer enforceable.

### Drummond Basin Exploration Project

In September 2023 the Administrators determined to place the Drummond Basin Exploration Project (owned by CQ22 Pty Ltd) into care and maintenance. The review of this project is ongoing. All tenements within the project remain in good standing and are not currently affected by the decision to place these in care and maintenance.

### Resolution of Outstanding MPRC Corporate Tax Issue

On 8 April 2022 the Bureau of Internal Revenue Philippines ("BIR") filed a petition for review (appeal) with the Court of Tax Appeals. MPRC has requested that the BIR Commissioner withdraw the petition on the basis of settlement of another tax matter. In January 2024 the BIR withdrew its petition and the matter is now considered closed.

## REVIEW OF OPERATIONS

### Co-O OPERATIONS

Description	Unit	31 Dec 2022	31 Dec 2021	Variance	(%)
Ore mined	WMT	276,007	308,330	(32,323)	(10.5%)
Ore milled	DMT	248,511	261,859	(13,348)	(5.1%)
Head grade	g/t	5.26	5.45	(0.19)	(3.5%)
Recovery	%	94.90	95.12	(0.22)	(0.2%)
Gold produced	ounces	40,012	43,614	(3,602)	(8.3%)
Gold sold	ounces	41,339	41,802	(463)	(1.1%)
All-In-Sustaining-Costs	US\$/oz	1,524	1,312	(212)	(16.2%)
Average gold price received	US\$/oz	1,693	1,784	(91)	(5.1%)

# DIRECTORS' REPORT

## Co-O MINE

Underground mining at Co-O produced 276,007 wet tonnes ("WMT") during the six month period to 31 December 2022, 10.5% below the previous period. The head grade in the half year of 5.26 g/t gold decreased by 3.5% compared to the previous corresponding period and is in line with the Ore Reserve grade.

The Co-O process plant treated 248,511 dry tonnes ("DMT"), 5.1% lower than the previous period. The head grades was 5.26 grams per tonne ("g/t") gold resulting in production of 40,012 ounces, an 8.3% decrease in gold produced compared to the last corresponding period. Mill recovery was lower by 0.2% compared to last period at 94.9%.

From 31 December 2022 to the date of signing this report the Co-O Mine has continued to operate under local management in the Philippines. Production physicals by quarter to 31 December 2023 are detailed below.

Description	Unit	3 Months Ended			
		March 2023	June 2023	September 2023	December 2023
Ore mined	<i>WMT</i>	131,918	127,217	115,015	92,293
Ore milled	<i>DMT</i>	117,033	114,266	103,462	83,203
Head grade	<i>g/t</i>	5.33	5.44	5.46	5.97
Recovery	<i>%</i>	94.96%	95.24%	95.47%	95.90%
Gold produced	<i>ounces</i>	19,124	18,926	17,749	15,357

## Tigerway (Decline) Project

The Tigerway Decline Project is making progress with a total advance of 1,941 metres and no adverse health and safety incidents to 31 December 2022. The Decline construction will provide the best option to access ore below Level 12 to underpin the longevity and enhance operational flexibility at Co-O.

The total expenditure to 31 December 2022 for the Tigerway Decline Project ("Tigerway") amounted to US\$24.4 million, which was funded by PMC

From 31 December 2022 to the date of signing this report Tigerway continued under the direction of local management in the Philippines expenditure of approximately US\$38.6 million has been incurred with the decline now advanced to 3,208 metres. The completion timing and total cost is under review.

## EXPLORATION

### The Royal Crowne Vein Project (Philippines)

The Royal Crowne Vein Project is undergoing surface development to erect a vertical surface shaft to provide access for underground resource drilling. This project is under review by the Co-O Mine Operations to assess feasibility operations.

### The Drummond Basin Projects (CQ22, Queensland, Australia)

Significant exploration field work and drilling campaigns in the region have been hampered by accessibility issues.

Detailed surface geologic mapping and soil sampling was undertaken during the period to identify potential drill targets. The initial drill campaign over promising geological features returned limited success, follow up drilling is required to assess nearby areas.

In September 2023 the Administrators determined to place the Drummond Basin Exploration Project into care and maintenance. All tenements within the project remain in good standing and are not currently affected by the decision to place these in care and maintenance. The recommencement of activities on this project will be assessed upon completion of the DOCA.

## **DIRECTORS' REPORT**

### **REGIONAL EXPLORATION (NEW PROJECT GENERATION)**

During the six months ended 31 December 2022 the Company was active in assessing prospective gold areas in the Philippines, the wider Asia Pacific region and other jurisdictions (e.g. Africa). The compilation, screening and selection of potential projects halted in June 2023 with the new Board focussing attention on the Company's existing projects and financial situation.

The recommencement of project generation activity will be assessed upon completion of the DOCA.

### **TENEMENT OVERVIEW**

The Company has reviewed the compliance of its tenure in the Drummond Basin, Queensland, Australia the tenure is considered to be materially compliant and in good standing. Where non-compliance with any obligation or condition has been identified the Company has moved to rectify these as a matter of urgency.

Our associated entities in the Philippines has confirmed that their tenement holdings are compliant.

### **COVID-19 RESPONSE**

The Company continues to proactively monitor the potential impacts of the COVID-19 pandemic on its operations. Management's Anti-COVID-19 Response Plan implemented in February 2020 focuses on ensuring the health and safety of personnel and limiting the disruption risks to mining and processing operations. These protocols are expected to remain in place and will continue to be modified when required for the foreseeable future.

During the half-year, the Company did not experience any significant disruptions due to COVID-19 related precautions. As such, the Company has had some minor interruptions to the supply of goods and services; however, this has had no material impact on gold production.

### **AUDITOR'S INDEPENDENT DECLARATION**

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 30 for the half-year ended 31 December 2022.

### **ROUNDING OF AMOUNTS**

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

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



**Debra Bakker**

Chairperson

Dated this 28<sup>th</sup> day of February 2024

## DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF TEN SIXTY FOUR LIMITED

As lead auditor for the review of Ten Sixty Four Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

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

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



**Jarrad Prue**

**Director**

**BDO Audit (WA) Pty Ltd**

Perth

28 February 2024

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# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half year ended 31 December 2022

	Note	31 Dec 2022 US\$ 000	31 Dec 2021 US\$ 000
Revenue	2	95,465	81,819
Cost of sales		(63,436)	(54,863)
Gross Profit		32,029	26,956
Other income		164	16
Exploration & Evaluation expenses		(915)	(625)
Administration expenses		(5,837)	(3,816)
Other expenses		(39)	(4,979)
<b>Profit before income tax expense</b>		25,402	17,552
Income tax (expense)/benefit		2,537	(2,231)
<b>Profit for the period after income tax expense</b>		27,939	15,321
Other comprehensive profit/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations (net of tax)		(201)	(199)
Total comprehensive income		27,738	15,122
<u>Overall operations:</u>			
<b>Basic profit per share</b>		0.122	0.074
<b>Diluted profit per share</b>		0.119	0.070

The accompanying notes form part of these financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	31 Dec 2022 US\$ 000	30 Jun 2022 US\$ 000
<b>CURRENT ASSETS</b>			
Cash & cash equivalents		60,663	50,658
Trade & other receivables		13,077	14,103
Inventories		21,932	30,659
Other current assets		148	694
<b>Total Current Assets</b>		<b>95,820</b>	<b>96,114</b>
<b>NON-CURRENT ASSETS</b>			
Trade & other receivables		13,222	10,871
Property, plant & equipment	4	37,078	29,612
Intangible assets		508	563
Mine Rehabilitation		881	638
Development expenditure	5	68,984	65,129
Deferred tax assets		28,771	23,818
Right-of-use assets		1,529	1,374
<b>Total Non-Current Assets</b>		<b>150,973</b>	<b>132,005</b>
<b>TOTAL ASSETS</b>		<b>246,793</b>	<b>228,119</b>
<b>CURRENT LIABILITIES</b>			
Trade & other payables		12,290	16,240
Borrowings		916	839
Provisions		350	360
Lease Liabilities		627	535
<b>Total Current Liabilities</b>		<b>14,183</b>	<b>17,974</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings		800	213
Deferred tax liability		1,543	469
Provisions		3,646	3,709
Lease liabilities		1,013	917
<b>Total Non-Current Liabilities</b>		<b>7,002</b>	<b>5,308</b>
<b>TOTAL LIABILITIES</b>		<b>21,185</b>	<b>23,282</b>
<b>NET ASSETS</b>		<b>225,608</b>	<b>204,837</b>
<b>EQUITY</b>			
Issued capital	7	114,489	114,348
Reserves		7,654	7,670
Retained profits		103,465	82,819
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>225,608</b>	<b>204,837</b>

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



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half-year ended 31 December 2022

	Share Capital Ordinary	Retained Profits/ Accumulated Losses	Share Option Reserves	Other Reserves	Foreign Currency Translation Reserve	Total
	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000
<b>Balance at 1 Jul 2021</b>	102,902	82,731	1,155	(1,042)	7,325	193,071
Net profit after tax	-	15,321	-	-	-	15,321
Other comprehensive income / (loss)	-	-	-	-	(199)	(199)
Total comprehensive profit for the period	-	15,321	-	-	(199)	15,122
Share options expensed	-	-	563	-	-	563
Transfer from share option reserve	93	-	(93)	-	-	-
Dividend Paid	-	(3,132)	-	-	-	(3,132)
<b>Balance at 31 Dec 2021</b>	<b>102,995</b>	<b>94,920</b>	<b>1,625</b>	<b>(1,042)</b>	<b>7,126</b>	<b>205,624</b>
<b>Balance at 1 Jul 2022</b>	114,348	82,819	1,346	(558)	6,882	204,837
Net profit after tax	-	27,939	-	-	-	27,939
Other comprehensive income / (loss)	-	-	-	-	(201)	(201)
Total comprehensive profit for the period	-	27,939	-	-	(201)	27,738
Share Buy Back	(74)	-	-	-	-	(74)
Share options expensed	-	-	400	-	-	400
Transfer from share option reserve	215	-	(215)	-	-	-
Dividend Paid	-	(7,293)	-	-	-	(7,293)
<b>Balance at 31 Dec 2022</b>	<b>114,489</b>	<b>103,465</b>	<b>1,531</b>	<b>(558)</b>	<b>6,681</b>	<b>225,608</b>

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

for the half-year ended 31 December 2022

	31 Dec 2022 US\$ 000	31 Dec 2021 US\$ 000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	95,465	96,196
Payments to suppliers and employees	(45,334)	(42,814)
Payments for exploration expenditure and tenements	(915)	(625)
Interest received	88	16
Other income	47	-
Income tax paid	(3,937)	(2,418)
<b>Net cash provided by operating activities</b>	<b>45,414</b>	<b>50,355</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for Property, Plant and Equipment	(10,195)	(7,860)
Payments for development activities	(17,371)	(15,724)
<b>Net cash used in investing activities</b>	<b>(27,566)</b>	<b>(23,584)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment for lease liabilities	(313)	(579)
Payment for Dividends	(7,292)	(3,132)
(Payment of) / Receipt from bank loan	665	91
<b>Net cash / (used in) provided by financing activities</b>	<b>(6,940)</b>	<b>(3,620)</b>
<b>Net increase / (decrease) in cash held</b>	<b>10,908</b>	<b>23,150</b>
Cash at beginning of period	50,658	51,074
Exchange rate adjustments	(903)	(269)
<b>Cash at end of period</b>	<b>60,663</b>	<b>73,955</b>

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

# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2022

## Note 1: Basis of preparation

The consolidated interim financial report of the Company for the six months ended 31 December 2022 comprises the Company and its subsidiaries (together referred to as the "Group").

The functional currency of each of the Group's entities is the currency of the primary economic environment in which that entity operates. The Group's functional currencies are Australian dollars, US Dollars & Philippine Pesos. The presentation currency for the Group is US dollars.

Ten Sixty Four Limited is the Group's ultimate parent company. It is a limited liability company incorporated and domiciled in Australia. The address of its registered office is Level 1, Suite 3, 1209 Hay Street, West Perth 6005, Western Australia.

The consolidated annual financial report of the consolidated group for the year ended 30 June 2022 is available on the Company's website.

### (a) Going Concern

The interim financial statements have been prepared on a going concern basis, which assumes the continuity of normal business activities, the realisation of assets and the settlement of liabilities in the ordinary course of business. The directors note that there is uncertainty regarding the assumptions on which this is based.

Upon taking office on 19 June 2023 the Board commenced a detailed financial analysis of the Company's business. This review identified that circumstances arose prior to their appointment on 19 June 2023 that resulted in a dispute concerning the alleged transfer of ownership of a 60% interest in the Company's subsidiary Philsaga Management and Holdings Inc who holds a 100% interest in PMC.

While this dispute continued the Company had no guarantee of continued income from PMC to support its operations. In these circumstances having regard to the interests of the Company's stakeholders and the future prospects of the business that Administration was necessary.

As such the Board of Directors appointed PwC's Marin Ford and Simon Theobald as Voluntary Administrators effective 2 July 2023.

Following a Second Creditors' meeting of X64 held on 31 October 2023, a DOCA was executed by Martin Ford and Simon Theobald (in their capacity as voluntary administrators of X64), Komo Diti, and the Company.

Komo Diti, a wholly owned subsidiary of X64 which was not subject to the voluntary administration process, negotiated and executed the DOCA to return the Company to the X64 board and its shareholders. Following execution of the DOCA, the management and Board of X64 will work with the Deed Administrators, to complete certain conditions precedent prior to completion of the DOCA administration.

The conditions precedent to the completion of the DOCA include:

- resolution of the various disputes involving intra-group entities to ensure continuing income from PMC to support the Company;
- resolution of the ownership disputes involving a disputed 60% ownership PMHI;
- resolution of the various intercompany claims;
- variation of the Tolling Agreement between MMPRC and PMC;
- execution of a Management Agreement between MMPRC and X64; and
- directors and officers liability insurance being placed.

The directors and Deed Administrators consider there are reasonable grounds to consider that the conditions precedent will be fulfilled or waived and the DOCA will complete. The directors and Deed Administrators are of the opinion that, once the DOCA is effectuated, the Company will be solvent, as creditors' claims (excluding related parties and excluded creditors) will have been paid in full and the Company will have an ongoing source of income with which to meet its future trading expenses. As such the Directors consider there are reasonable grounds to consider the Company will have, or have access to, sufficient funding to pay its debts as and when they become due and payable for the foreseeable future, and at least the next 12 months, as such the financial statements have been prepared on a going concern basis.

### (b) Statement of compliance

The Directors at the time of signing this interim financial report were not in office during the period presented. Every reasonable effort has been made by the Directors to ascertain the true position of the Company as at 31 December 2022; however the Directors are of the opinion that it is not possible to state that the audited consolidated interim financial report has been prepared in accordance with requirements of the Corporations Act 2001 and Accounting Standard AASB 134 Interim Financial Reporting.

The interim report does not include all of the information required in annual financial statements in accordance with Australian Accounting Standards. This report is to be read in conjunction with the consolidated annual financial report of the Group for the year ended 30 June 2022 and any public announcements made by the

# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2022

Group during the interim reporting period in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001

The consolidated interim financial report was approved by the Board of Directors on 28<sup>th</sup> February 2024.

## (c) Significant accounting policies

The Directors reasonably consider that the consolidated interim financial report has been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2022; and that the accounting policies have otherwise been applied consistently throughout the Group for the purposes of preparation of this interim financial report.

### **Adoption of new and amended accounting standards**

A number of new and amended accounting standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of the application of these standards.

### **Impact of standards issued but not yet applied to the Group**

There are no standards that are effective for the periods beginning on or after 01 July 2022 that are expected to have a material impact on the Group in the current or future reporting periods.

Any new or amended Accounting Standards or interpretations that are not yet mandatory have not been early adopted.

# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2022

	31 Dec 2022	31 Dec 2021
	US\$ 000	US\$ 000
<b>Note 2: Profit/Loss for the period</b>		
The following revenue and expense items are relevant in explaining the financial performance for the interim period:		
<u>Revenue items:</u>		
<i>Operating Activities</i>		
Gold and Silver Sales	95,465	81,819
<i>Non-Operating Activities</i>		
Interest Income	117	16
Other Income	47	-
<u>Expense items:</u>		
Depreciation	3,241	4,095
Development and intangibles amortisation	13,646	13,458
Other Amortisation	470	412
Employee benefits expenses	9,012	9,501
Recognition of share-based payments	400	563
<u>Other Expenses:</u>		
Provision for VAT impairment	393	2,593
Foreign exchange expense realised	(233)	1,265
<b>Note 3: Dividends</b>		
Dividend of 5 cents per fully paid share paid on 14 October 2022. (2 cents per fully paid share paid on 19 November 2021).	7,293	3,132

# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2022

	31 Dec 2022 US\$ 000	30 Jun 2022 US\$ 000
<b>Note 4: Property, Plant &amp; Equipment</b>		
<b>Plant &amp; equipment:</b>		
At cost	212,848	210,142
<i>less</i> - provision for impairment	(132,064)	(132,064)
<i>less</i> - accumulated depreciation	(77,552)	(74,340)
Total plant & equipment at net book value	3,232	3,738
<b>Capital works in progress:</b>		
At cost	33,658	25,704
Total capital works in progress at net book value	33,658	25,704
<b>Furniture &amp; fittings:</b>		
At cost	1,467	1,420
<i>less</i> - provision for impairment	(254)	(254)
<i>less</i> - accumulated depreciation	(1,025)	(996)
Total furniture & fittings at net book value	188	170
Total carrying amount at end of period	37,078	29,612
<b>Reconciliations:</b>		
<b>Plant &amp; equipment:</b>		
Carrying amount at beginning of period	3,738	5,946
<i>plus</i> - additions	1,476	5,652
<i>plus</i> - transfer from capital works in progress	1,205	226
<i>plus/less</i> - forex differences on translation	25	(69)
<i>less</i> - disposal	-	(9)
<i>less</i> - depreciation	(3,212)	(8,008)
Carrying amount at end of period	3,232	3,738
<b>Capital works in progress:</b>		
Carrying amount at beginning of period	25,704	11,570
<i>plus</i> - additions	9,159	14,363
<i>less</i> - transfer to plant and equipment	(1,205)	(229)
Carrying amount at end of period	33,658	25,704
<b>Furniture &amp; fittings:</b>		
Carrying amount at beginning of period	170	158
<i>plus</i> - additions	47	66
<i>plus</i> - transfer from capital works in progress	-	4
<i>less</i> - disposal of assets	-	-
<i>less</i> - depreciation	(29)	(58)
Carrying amount at end of period	188	170
Total carrying amount at end of period	37,078	29,612

# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2022

	31 Dec 2022	30 Jun 2022
	US\$ 000	US\$ 000
<b>Note: 5 Development expenditure:</b>		
<b>Co-O Development expenditure:</b>		
At cost	519,435	501,934
<i>less</i> - provisions for impairment	(246,260)	(246,260)
<i>less</i> - accumulated amortisation	(204,191)	(190,545)
Total carrying amount at end of period	68,984	65,129
<b><u>Reconciliations:</u></b>		
<b>Co-O Development expenditure:</b>		
Carrying amount at beginning of period	65,129	62,248
<i>plus</i> - costs incurred	17,501	32,663
<i>less</i> - amortisation expense	(13,646)	(29,782)
Total carrying amount at end of period	68,984	65,129

# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2022

## Note 6: Segment Information

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

The Group segments are structured as Mining, Exploration and Other (parent entity activities). Currently the only operational mine is the Co-O mine.

	Mining US\$ 000	Exploration US\$ 000	Other US\$ 000	Total US\$ 000
<b>Segment Revenue and Result</b>				
<u>6 months to December 2022:</u>				
Segment revenue	95,465	-	164	95,629
Segment result	14,833	(1,831)	(954)	12,048
<u>6 months to December 2021:</u>				
Segment revenue	81,819	-	16	81,835
Segment result	19,929	(625)	(3,983)	15,321
<b>Segment Assets and Liabilities</b>				
<u>31 December 2022:</u>				
Segment assets				
Reconciliation of segment assets to group assets	211,910	3,470	2,643	218,023
add -				
Deferred tax assets	28,771	-	-	28,771
Total group assets				246,794
Segment liabilities				
Reconciliation of segment liabilities to group liabilities				
add -	17,838	305	1,500	19,643
Deferred tax liabilities	1,543	-	-	1,543
Total group liabilities				21,186
<u>30 June 2022:</u>				
Segment assets				
Reconciliation of segment assets to group assets	194,478	72	3,058	197,608
add -				
Deferred tax assets	18,921	-	-	18,921
Total group assets				216,529
Segment liabilities				
Reconciliation of segment liabilities to group liabilities	22,014	17	621	22,652
add -				
Deferred tax liabilities	806	-	-	806
Total group liabilities				23,458



# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2022

## Note 7: Issued Capital

	31 Dec 2022 (shares)	30 Jun 2022 (shares)	31 Dec 2022 US\$ 000	30 Jun 2022 US\$ 000
Ordinary shares on issue	228,074,045	227,956,301	114,274	114,348
Movement in ordinary shares during the half-year:				
- Balance at beginning of the period	227,820,301	207,873,301	114,348	102,902
- Vendor shares to acquire company	-	20,000,000	-	11,424
- Share Buy Back	(183,256)	(136,000)	(74)	(71)
- Issue of Shares to Key Management Personnel	437,000	83,000	-	93
	228,074,045	227,820,301	114,274	114,348

The A\$ issue price per share has been converted using the exchange rate applicable on the date the funds were received.

## Note 8: Share Based Payments

During the period, 437,000 Performance Rights vested (31 December 2021: 83,000).

In this period, 80,000 performance rights were cancelled (31 December 2021: 310,000 performance rights were cancelled).

Included under administration expense in the Statement of Profit or Loss and other Comprehensive Income is US\$400,449 (31 December 2021: US\$562,719) relating to equity-settled share-based payment transactions with employees.

## Note 9: Contingent Liabilities

There have been no material changes in contingent liabilities in the period since the 30 June 2022 Annual Report. Material changes subsequent to 31 December 2022 have been detailed in Note 12 below.

## Note 10: Commitments

There have been no material changes in commitments in the period since the 30 June 2022 Annual Report.

## Note 11: Related Parties

Arrangements with related parties continue to be in place.

For details on these arrangements, refer to the Company's Annual Report for the year ended 30 June 2022.

## Note 12: Events Subsequent to Reporting Date

### Disputed Ownership of PMHI

The Company holds a direct 40% shareholding in Philsaga Management and Holdings Inc ("PMHI").

In February 2023 a dispute over, amongst other things, the ownership of the 60% of PMHI not held by the Company occurred, and various legal claims were filed in the Filipino Courts ("the Dispute"). The Company is not a party to any of these claims.

The Company awaits the decision of the Filipino Courts to determine who is the legal owner of the 60% shareholding. Until this matter is resolved, it is not possible to ascertain the potential impact.

### Deconsolidation of PMHI

As noted above, the Company holds a 40% shareholding in PMHI, with the subsidiaries thereof being wholly owned by PMHI. The Company had previously claimed to have relevant agreements in place pursuant to local statutory provisions that enabled the Company to have effective sole rights to the economic returns of PMHI and its subsidiary companies, including Philsaga Mining Corporation ("PMC") the holder of the Co-O Mine.

# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2022

In February 2023 the Dispute resulted in the inability of the Company's personnel to access the physical operations, financial systems or operating bank accounts for PMC. As outlined in PWC's Report to Creditors available via the Company's ASX release of 24 October 2023, on consideration of the relevant facts it is considered that there was insufficient evidence that the Company had the ability to effect control over the operations or finances of entities within the PMHI Group, principally the operator of the Co-O Mine PMC.

After review of the available information the Company has determined that a loss of control of the PMHI Group has occurred on 13 February 2023. The Company is continuing to investigate the circumstances giving rise to the loss of control including information arising from the litigation of the Dispute.

Upon deconsolidation the fair value of the investment in PMHI will be recognised in the financial statements of the Company. The assessment of fair value will take into account cash on hand, the net present value of all future cash flows from operations less the net present value of the intercompany loan agreement between Mindanao Mineral Processing and Refining Corporation ("MMPRC") (a controlled subsidiary of X64) and PMC a wholly owned subsidiary of PMHI.

The Company is in the process of negotiating a restructuring framework agreement with its subsidiaries and associates which is designed to reset commercial arrangements between the parties. However, the Company notes that should ongoing negotiations be unsuccessful, the recoverable value of these assets including the investment may be nil.

The net carrying value of PMHI assets as at 31 December 2022 amounted to \$217.8M.

## Impairment of MMPRC Group Assets

The loss of control of PMHI is considered to be an impairment event. As such the carrying value of all the Company's assets located in the Philippines must be considered.

This includes the assets of MMPRC which holds the mill and related assets near the Co-O Mine. The Co-O Mill is located on land subject to the Mineral Production Sharing Agreement 262-2008-XIII between PMC and the Republic of the Philippines Government and privately held by PMC. The right of access and use is subject to ongoing agreement with PMC.

The carrying value of the mill and associated infrastructure at 31 December 2022 amounted to \$11.6M. However, the Company notes that should ongoing negotiations be unsuccessful, the recoverable value of these assets may be nil.

## Recoverability of Loan between MMPRC and PMC

Pursuant to the terms and conditions of the Loan Agreement by and between MMPRC and PMC dated 19 June 2019 ("Loan Agreement") MMPRC granted PMC a loan in the amount of USD325,430,026 on the condition that PMC will make minimum monthly instalment payments of USD250,000. No repayment has been made against this loan since 23 June 2022.

Further, on 17 February 2023 PMC, wrote a demand letter addressed to the Company and MMPRC ("Demand Letter") outlining several claims seeking to reduce the amount of the outstanding loan and to provide alternative courses of action as to the unpaid balance.

- Incomplete Signatures – PMC advised that:
  - (i) signatures on the Loan Agreement were intentionally 'incomplete' to signify objection to the execution of the Loan Agreement, and
  - (ii) there were inadequate documents to support the amount.
- PMC is demanding MMPRC to:
  - (i) pay PMC the amount of PHP4,270,500,000 (or approximately, USD85,410,000), for land usage on the various dams containing the four (4) million tonnes of tails waste, as of 31 December 2022;
  - (ii) pay PMC the amount of PHP546,000,000 (or approximately, USD10,920,000), as rental fee for the mill plant, as of 31 December 2022;
  - (iii) refund PMC the amount of USD20,000,000, for the tails construction and maintenance costs; and

# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2022

(iv) remove the four (4) million tonnes of waste tails and all mill equipment from PMC's land, not later than 31 March 2023, in order for PMC to acquire and install its own plant.

The Company is in ongoing discussions with PMC to seek to resolve these issues. However, should the negotiations fail, then recovery of the outstanding loan will be subject to legal action in the Philippines, and as such the timing and amount recoverable would be uncertain.

The value of the loan at 31 December 2022 amounted to \$246.8M less an allowance for expected credit losses of \$192.3M, with a carrying value of \$54.5M.

## Voluntary Suspension on the ASX

On 28 February 2023 the Company requested a voluntary suspension of its securities in accordance with ASX Listing Rule 17.2. The suspension remains in place.

## Supreme Court Action

The Western Australia Supreme Court proceedings (COR 120 of 20224) concerning the Company's duty of care to former directors and officeholders were dismissed by consent, and the parties settled. The terms of the settlement were confidential and did not involve any admission of liability or material cost to the Company.

## Appointment and Resignation of Directors

1. On 28 April 2023 Mr Aaron Edmand Treyvaud resigned from the Board of Directors with immediate effect.
2. On 16 June 2023 Ms Kate Lowese George resigned from the Board of Directors with immediate effect.
3. On 19 June 2023 Mr Jeffery William McGlinn, Mr Simon John Mottram and Mr Andrew Charles Hunt resigned from the Board of Directors with effect from 5pm AWST 19 June 2023.
4. On 19 June 2023 Ms Debra Bakker, Mr Walter Robertson Milbourne Jr., Mr Jonathan Nicholas Shellabear, Mr William John DeCooman Jr. and Mr Andrew John Brown, were appointed Directors of the Company with effect from 5pm AWST 19 June 2023.
5. On 10 November 2023 Mr Andrew Brown resigned from the Board of Directors with immediate effect.
6. On 20 December 2023 Mr Robert Milbourne resigned from the Board of Directors with immediate effect.

## Appointment and Ceasing of Chief Executive Officer

1. On 19 June 2023 Jeffery McGlinn resigned from the position of Managing Director. His resignation coincides with his resignation as a Director.
2. On 20 June 2023 the Company advised that Mr Robertson Milbourne had been appointed as the Company's Chief Executive Officer and Managing Director, pursuant to a Consultancy Agreement for Executive Services. The material terms of this agreement were also announced.
3. On 16 November 2023 the Board of Directors accepted that Robertson Milbourne has ended his role as Managing Director of the Company.
4. On 15 January 2024 the Company advised that Mr Simon Theobald had been appointed as the Company's Chief Executive Officer, pursuant to a Consultancy Agreement for Executive Services. The material terms of this agreement were also announced.

## Notice Received under s249D of the Corporations Act

On 24 April 2023 the Company advised that it had received notice pursuant to sections 249D of the Corporations Act 2001 (Cth) from Vitrinite Holdings Pty Ltd, Vitrinite Pty Ltd and Vitrinite Holdings LLC ("Vitrinite Group") requesting that the Company call a general meeting to consider resolutions that would seek to overturn the entire Board of Directors.

The Vitrinite Group proposed the following:

1. The removal of the Board, being Ms Kate Lowese George, Mr Jeffery William McGlinn, Mr Simon John Mottram, Mr Andrew Charles Hunt and Mr Aaron Edmund Treyvaud; and
2. The appointment of Ms Debra Bakker, Mr Walter Robertson Milbourne Jr., Mr Jonathan Nicholas Shellabear, Mr William John DeCooman Jr. and Mr Andrew John Brown, as Directors of the Company.

# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2022

The meeting was called for 9.30am AWST 20 June 2023. However, as a result of the Director resignations on 19 June 2023 the resolutions to remove Ms Kate Lowese George, Mr Jeffery William McGlenn, Mr Simon John Mottram, Mr Andrew Charles Hunt and Mr Aaron Edmund Treyvaud as Directors of the Company were withdrawn prior to the meeting. All remaining resolutions were passed.

## Voluntary Administration

Upon taking office on 19 June 2023 the Board commenced a detailed financial analysis of the Company's business. This review identified that circumstances arose prior to their appointment on 19 June 2023 that resulted in a significant uncertainty on the ongoing solvency of the Company, and as such the Directors resolved to appoint PwC's Martin Ford and Simon Theobald as Voluntary Administrator effective 2 July 2023.

The Voluntary Administrators' report dated 23 October 2023 concluded that the Company's difficulties appear to be the result of issues arising from the ownership dispute in respect of the shareholding in PMHI. The emergence of the dispute resulted in PMC ceasing to pay tolling fees to MMPRC and ceasing to sell its gold via Komo Diti Traders Ltd ("Komo Diti"), which meant that the Company's source of ongoing income could not be guaranteed.

The Administrators view reported is that the Company remained solvent at the date of their appointment. However, the Company was likely to become insolvent in the future if it could not restore access to funding from its subsidiaries.

Additionally, the Administrators preliminary investigations identified that various offences may have been committed by the Company's former directors.

## Directors and Officers Insurance

A directors and officers insurance policy (D&O Policy) offers liability cover for company officers to protect them from claims which may arise from the decisions and actions taken within the scope of their regular duties. Such policies cover the personal liability of company directors and officers.

The Company disclosed in its FY22 Annual Report that "the Company paid an insurance premium for Directors' and Officers' Liability Insurance policy, which covers all Directors, Company Secretaries and other Officers of the Company and its related entities. Details of the nature of the liabilities covered and the amount of premium paid in respect of the Directors' and Officers' Liability Insurance policies is prohibited under the terms of the policy, as such details are not disclosed".

The policy referred to above was placed into run-off by the prior directors on 19 June 2023, which limited the incoming board's ability to obtain a replacement policy and resulted in the Company paying the run-off cover premium. It also meant that the Company did not receive value for the unexpired portion of the existing policy. To avoid prejudicing any potential claims, the terms of the D&O Policy and the premiums paid are not being disclosed.

## Deed of Company Arrangement ("DOCA") Executed

Following a Second Creditors' meeting of X64 held on 31 October 2023, a DOCA was executed by Martin Ford and Simon Theobald (in their capacity as voluntary administrators of X64), Komo Diti, and the Company pursuant to which the Company ended its voluntary administration and was placed into DOCA. Mr Ford and Mr Theobald were appointed Joint Deed Administrators.

On 18 December 2023, Mr. Simon Theobald notified of his intention to resign as a Joint and Several Deed Administrator of the Company, due to ceasing as a permanent employee of PricewaterhouseCoopers (PwC). This resignation took effect on 2 January 2024. Notice of Mr. Theobald's resignation as a Joint and Several Deed Administrator of the Company has been lodged with the Australian Securities and Investments Commission. As a result of Mr. Theobald's resignation, Mr. Martin Ford, will remain as the appointed Deed Administrator of the Company.

Komo Diti, a wholly owned subsidiary of X64 which was not subject to the voluntary administration process, negotiated and executed the DOCA to return the Company to the X64 board and its shareholders. Following execution of the DOCA, the management and Board of X64 will work with the Deed Administrators to complete certain conditions precedent prior to completion of the DOCA administration unless any such conditions precedent are waived in accordance with the terms of the DOCA.

# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2022

The conditions precedent to the completion of the DOCA include:

- receipt of all necessary consents and approvals; resolution of the ownership disputes involving a disputed 60% ownership of PMHI;
- resolution of the various intercompany claims;
- variation of the Tolling Agreement between MMPRC and PMC;
- execution of a Management Agreement between MMPRC and X64;
- directors and officers liability insurance being placed;
- the conduct of public examinations by the Deed Administrators to investigate any claims which X64 or its members may have against any third parties; and
- the establishment of a deed fund to pay admitted claims of creditors of X64.

## Termination of Managing Director's executive services agreement

On 5 July 2022, the Company terminated Mr Welker's executive services agreement immediately on the grounds that Mr Welker did not in writing disclose to the Board that he had a direct financial interest in another company that entered into an important commercial contract with an entity within the Ten Sixty Four Group.

No notice was given to Mr Welker, nor was he given any opportunity to respond to any of the matters raised. Mr Welker asserts that the drilling services contract between Ranger Equipment Pty Ltd (Ranger) and X64 was disclosed as part of the due diligence process in November 2021 for the acquisition by Medusa Mining Limited (now X64) of 100% of the share capital in Ten Sixty Four Limited (renamed CQ22 Pty Ltd and now a subsidiary of X64) as was Mr Welker's interest in Ranger.

As announced on 24 January 2024, the Company reached a resolution of claims made by Mr Welker, a former Managing Director of the Company, alleging that his employment was wrongfully terminated. The Company acknowledged that no grounds existed justifying the termination of his employment on 5 July 2022 as announced to the ASX at that time.

## Performance Guarantee

The Company, on behalf of its subsidiary Komo Diti, had provided a performance guarantee to its customer Heraeus Limited of up to US\$15M for any deficiency in the subsidiary's obligations and liabilities under the Refining & Transportation Agreement with Heraeus Limited. This guarantee expired on 30 April 2023 and is no longer enforceable.

## Drummond Basin Exploration Project

In September 2023 the Administrators determined to place the Drummond Basin Exploration Project (owned by CQ22 Pty Ltd) into care and maintenance. The review of this project is ongoing. All tenements within the project remain in good standing and are not currently affected by the decision to place these in care and maintenance.

## Resolution of Outstanding MMPRC Corporate Tax Issue

On 8 April 2022 the Bureau of Internal Revenue Philippines ("BIR") filed a petition for review (appeal) with the Court of Tax Appeals. MMPRC has requested that the BIR Commissioner withdraw the petition on the basis of settlement of another tax matter. In January 2024 the BIR withdrew its petition and the matter is now considered closed.

# DIRECTORS' DECLARATION

for the half-year ended 31 December 2022

In the opinion of the Directors of Ten Sixty Four Limited:

- (a) As set out in Note 1 of the consolidated interim financial statements and notes of Ten Sixty Four Limited the Directors have made reasonable effort to ascertain the true position of the Group as at 31 December 2022. The Directors are of the opinion that it is not possible to state that the audited consolidated interim financial statements and notes of Ten Sixty Four Limited are in accordance with the Corporations Act 2001, including:
  - (i) Giving a true and fair view of its financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
  - (ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting; and
- (b) The ongoing solvency of Ten Sixty Four Limited is dependant on the proposed Deed of Company Arrangement as detailed in Note 12 of the interim financial statements being successfully completed; and there are reasonable grounds to believe that Komo Diti Limited will be able to successfully complete the Deed of Company Arrangement with creditors, and therefore will be able to pay its debt:
  - (i) In accordance with the Deed of Company Arrangement as detailed in Note 12; and
  - (ii) As and when they become payable.

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



**Debra Bakker**

Chairperson

Dated this 28<sup>th</sup> day of February 2024

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Ten Sixty Four Limited

### Report on the Half-Year Financial Report

#### Disclaimer of conclusion

We were engaged to review the half-year financial report of Ten Sixty Four Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

We do not express a conclusion on the accompanying financial report of the Company. Because of the significance of the matters described in the *Basis for disclaimer of conclusion* section of our report, we have not been able to obtain sufficient appropriate evidence to provide a basis for a review conclusion on this financial report.

#### Basis for disclaimer of conclusion

As disclosed in Note 12 to the financial statements, on 19 June 2023 the predecessor board resigned from the Company and on 2 July 2023, Ten Sixty Four Limited was placed into voluntary administration. Following the appointment of the administrators, the powers of the directors and officers of Ten Sixty Four Limited were suspended and the administrators assumed control of the Company's business, property and affairs.

Due to the circumstances, the directors signing this financial report were not in office during the half-year ended 31 December 2022 as disclosed in Note (1b). Whilst every reasonable effort was made, they were unable to obtain all the necessary books and records pertaining to the Group and the preparation of the half-year financial report. Consequently, the directors have not been able to provide written representations that the consolidated half-year financial report is prepared in accordance with the Corporations Act 2001..

Further, as disclosed in Note 12 to the financial statements, there is currently ongoing legal disputes and matters regarding the control of *Philsaga Management and Holding, Inc*, which contributed to the Company entering into voluntary administration. The Company has stated that until such time as the disputes and matters are resolved, it is not possible to ascertain the impacts of these matters. As such management were unable to provide support as to its control and jurisdictional legal compliance regarding *Philsaga Management and Holding, Inc* and we were unable to obtain sufficient appropriate evidence to determine whether any adjustments to the consolidation of *Philsaga Management and Holding, Inc* as a subsidiary was necessary.



Consequently, we were unable to determine whether any adjustments might have been necessary in respect of the consolidation of *Philsaga Management and Holding, Inc* as at 31 December 2022, and the resultant impacts this would have on the Group's financial statements.

**Responsibility of the directors for the financial report**

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

**Auditor's responsibility for the review of the financial report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. However, because of the matter described in the *Basis for disclaimer of conclusion* section of our report, we were not able to obtain sufficient appropriate evidence to provide a basis for a review conclusion on the financial report. As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

**BDO Audit (WA) Pty Ltd**

BDO  
A handwritten signature in black ink, appearing to read 'J Prue', written over the printed name.

**Jarrad Prue**  
**Director**

Perth, 28 February 2024