SPARTAN
RESOURCES

Interim financial report

for the half-year ended 31 December 2023

Corporate Directory

Directors

Rowan Johnston	Non-Executive Chair
Simon Lawson	Managing Director and Chief Executive Officer
David Coyne	Non-Executive Director
John Hodder	Non-Executive Director
Hansjoerg Plaggemars	Non-Executive Director

Company Secretary

Russell Hardwick

Australian Business Number

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Stock Exchange Listing

The Company's securities are listed on the Australian Securities Exchange (ASX).
ASX Code: SPR

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Sustainability

Safety

The Total Recordable Injury Frequency Rate ("TRIFR" 12-month rolling) for Dalgaranga at the end of December 2023 was 21.4, an increase from 7.1 at the end of June 2023, primarily due to a reduction in worked hours on site compared to 12 months ago. No lost time injuries occurred during the half-year. The Company continued work on the development of its Mine Safety Management System to support all future activities.

Environmental

The Company continued to maintain its environmental and regulatory compliance requirements. During the half-year, the Company closed out all actions arising from the Department of Energy, Mines, Industry Regulation and Safety (DEMIRS) site inspection conducted in May 2023.

Sustainability

During the half-year, the Company developed an action plan to ensure its sustainability aims are achieved and accurately represented to stakeholders. The plan includes:

- Highlighting the Company's efforts to integrate leading sustainability practices into our business plan and demonstrating the extent of alignment with our chosen sustainability reporting framework.
- Highlighting our sustainability credentials as a company with a large-scale exploration program (putting procedures in place to protect the environment and areas of cultural significance and value from being adversely impacted).
- Highlighting efforts, if attainable, to reduce our carbon footprint through energy efficiency measures already in place and those being assessed and evaluated as part of the Dalgaranga operational restart studies.
- Highlighting efforts to engage with and contribute to regional communities.

Directors' report

The Directors of Spartan Resources Limited (Spartan or the Company) present their report together with the condensed interim financial statements (interim financial statements) of the consolidated entity, being Spartan Resources Limited and its controlled entities (together, the Group), for the half-year ended 31 December 2023.

Directors

The Directors of the Company during the half-year and up to the date of this report were, unless otherwise stated:

Mr Rowan Johnston	Independent Non-Executive Chair
Mr Simon Lawson	Managing Director and Chief Executive Officer
Mr David Coyne	Non-Executive Director
Mr John Hodder	Non-Executive Director
Mr Hansjoerg Plaggemars	Non-Executive Director

Directors' report

Overview

During the half-year, the principal activities of the Group were the exploration and evaluation of gold projects in Western Australia, with primary focus on the Group's Dalgaranga Gold Project (Dalgaranga). In November 2022, gold production was suspended at Dalgaranga and Dalgaranga transitioned to a care and maintenance basis while the Company focuses on exploration and resource growth, refer to 'Suspension of operations' below for more information.

The Group's current projects include:

- gold exploration and evaluation at Dalgaranga including care and maintenance of the +2.5Mtpa processing plant with particular exploration focus on the high-grade Never Never deposit;
- gold exploration and evaluation at the Yalgoo Gold Project (Yalgoo); and
- gold exploration and evaluation at the Glenburgh Gold Project (Glenburgh) and the Mt Egerton Gold Project (Mt Egerton).

Group Financial Review

Financial performance

At 31 December 2023, the Group reported a net consolidated loss after tax of $26.2 million (2022: $36.0 million loss). The change from the prior half-year period is driven by a range of factors including costs incurred as part of the financial restructure of the Company and transition of the Process Plant at Dalgaranga to a care and maintenance state in the prior half-year compared to the cost of only care and maintenance type activities undertaken during the current half-year partly offset by non-cash costs relating primarily to:

- Increased share-based payments expense of approximately $8.0 million driven by the vesting of Class I and J rights during the half-year; and
- Remeasurement of the future royalty obligation of $8.5 million payable to Tembo Capital and Deutsche Balaton Aktiengesellschaft (Deutsche Balaton).

Other expenses inclusive of depreciation and amortisation were $3.0 million (2022: $3.9 million). Other expenses have decreased primarily due to the cessation of mining and processing operations at Dalgaranga towards the end of the prior period.

During the half-year, the Company also incurred $0.3 million (2022: $26.4) of residual costs related to the financial restructure of the Company. The cost is significantly less compared to the prior period as the majority of the care and maintenance transition was completed during the prior period. During the current period only legal and compliance costs related to conversion of the Deutsche Balaton loan to a royalty and securing of mortgages over tenements in favour of Tembo Capital and Deutsche Balaton were incurred.

Corporate expenses for the half-year of $1.1 million (2022: $0.9 million) were marginally higher than the prior period primarily due to additional investment in investor relations activity to support increased investor engagement regarding the Group's outstanding exploration results.

Financial position

As at 31 December 2023, the Group had net assets of $105.2 million (30 June 2023: $94.3 million), including cash and cash equivalents of $20.5 million (30 June 2023: $34.6 million) and current term deposits of $18.8 million (30 June 2023: $nil).

The Group recorded cash outflows from operations of $4.7 million and from investing activities of $32.3 million which includes the transfer of $18.8 million to term deposits maturing within six months and $13.2 million invested in exploration and evaluation activities aimed at growing the Resource at the Never Never deposit. This resulted in cash outflow of $37.0 million for the half-year before financing activities (2022: $17.3 million outflow).

Directors' report

Financing activities resulted in an inflow of $23.0 million (2022: $1.6 million outflow) which was primarily driven by the receipt of $25.0 million following an Institutional Placement completed in November 2023. Excluding the transfer of cash to the term deposit, net cash outflow was $18.2 million, with cash placed on term deposits classified as 'investing activities'.

As at 31 December 2023, the Group had a working capital surplus of $41.3 million (30 June 2023: $35.1 million surplus).

Review of operations

Suspension of operations

On 8 November 2022, the Company suspended open pit mining and ore processing operations at the Dalgaranga gold mine and commenced the transition of the Dalgaranga Process Plant to a care and maintenance basis. The decision to suspend operations was made in light of unsustainable increases in the operating cost base and a lower than planned operational performance which was exacerbated by industry-wide pressures including personnel and skills shortages.

As at 31 December 2023, the Company's mining operations remain suspended and the Process Plant has been transitioned to a care and maintenance state under which the plant will be able to recommence operations on relatively short notice.

Exploration activities

During the half-year, $13.2 million was spent on exploration and evaluation activities (2022: $5.8 million). Of the amount spent during the period, $12.3 million was spent on resource definition activity at Dalgaranga predominantly on the high-grade Never Never deposit. The remainder ($0.9 million) was spent on regional exploration and evaluation activity at the Yalgoo, Glenburgh and Mt Egerton Gold Projects and was capitalised in the Exploration and Evaluation asset class.

At Dalgaranga, almost 45,000m of Reverse Circulation (RC), diamond and diamond tail drilling was completed during the half-year. The drilling incorporated a 25,000m multi-rig surface drilling program targeting rapid growth of high-grade gold resources on the granted Mining Lease within 2km of the Dalgaranga Process Plant, and drilling at regional targets based on early interpretation of the Sub-Audio Magnetic geophysical survey completed in the first half of the 2023 calendar year.

Drilling at Dalgaranga focussed on:

- Extensions to the high-grade Never Never deposit at depth;
- Targeting maiden resource potential of the Never Never "look-alikes", being the Four Pillars and West Winds gold prospects, located along strike to the south;
- Regional drilling at the Arc prospect approximately 1.0km north of the Never Never deposit; and
- Regional drilling at the Patient Wolf prospect located 1.6km north of Never Never and 1.9km from the Dalgaranga Process Plant under the site access/haul road.

Results from the drilling program were progressively announced on the ASX platform during the half-year.

During the period, the Company also reported assay results from recent drilling at its 100%-owned Glenburgh Gold Project and Mt Egerton Gold Project, together the "Gascoyne Regional Project" in Western Australia. The Glenburgh Gold Project is located approximately 320km north "as the crow flies", or 450km by established secondary roads, from the Dalgaranga Gold Project. The Mt Egerton Gold Project is approximately 165km east "as the crow flies", or 250km by established secondary roads, from the Glenburgh Gold Project and more than 500km by road from the Dalgaranga Gold Project.

No drilling has been undertaken at Yalgoo since the Company acquired the project in November 2021 as the priority immediately post-acquisition was on progressing studies and activities required to complete the Mining Proposal and Mine Closure Plan for the Melville Gold deposit at Yalgoo. Activity at Yalgoo during the half-year centred on the progression of negotiations with cultural groups in support of permit applications for future development and mining.

Directors' report

During the half-year, the Company reported an updated Mineral Resource Estimate (MRE), of 21.15Mt @ 2.49g/t Au for 1,692,600 ounces of contained gold in accordance with JORC Code 2012 for Dalgaranga, including an update to the Mineral Resource Estimate for the Never Never deposit to 5.16Mt @ 5.74g/t Au for 952,900 ounces of contained gold, with the Group MRE increasing to 44.16Mt @ 1.77g/t Au for 2,512,400 ounces of contained gold.

Technical and feasibility studies

During the half-year, the Company spent $1.8 million on progressing technical and feasibility study activities to support a future decision to recommence operations at Dalgaranga.

Key activities completed during the half-year comprised:

- Mining and geotechnical studies, including continued work on open pit and underground mine designs and schedules, underground fill options, geotechnical reporting on the Never Never portal and initial decline location;
- Process plant design encompassing comminution modelling, process equipment sizing, existing process plant layout optimisation and power modelling, restart CAPEX refinement and potential restart schedules;
- Metallurgical testwork including continued data collection and analysis at the Never Never and Gilbey's Complex deposits;
- Hydrogeological, geochemical and surface water studies to support water planning for an operational restart; and
- Statutory approvals continued as well as work to enable the grant of tenure at the Melville deposit.

Significant changes in the state of affairs

On 24 July 2023, the Company released an updated MRE of 3.83Mt @ 5.85g/t Au for 721,200 ounces of contained gold for the Never Never deposit, with the Group MRE increasing to 38.51Mt @ 1.6g/t Au for 1,964,000 ounces of contained gold.

On 18 August 2023, following shareholder approval for a replacement equity incentive plan, unvested Classes D, E, F, and G Performance Rights (rights) were cancelled and replaced with new rights, as a result of the need to implement more appropriate vesting hurdles following the suspension of mining and processing operations at Dalgaranga in November 2022.

On 24 August 2023, the Deutsche Balaton unsecured loan facility was converted to a future gold royalty following shareholder approval on 18 August 2023, with the unsecured loan considered fully repaid under the terms of the Deutsche Balaton loan and royalty deed.

On 29 August 2023, following shareholder approval on 18 August 2023, the Company changed its name to Spartan Resources Limited. The change of name marks the culmination of what has been a transformational period for the Company and signified the start of a new era of growth and success.

On 29 August 2023, as part of the Australian Gold Conference Corporate Presentation, the Company noted the decision to defer development of the planned underground exploration drill drive due to cost escalation in the Western Australian mining sector and better than anticipated surface drilling campaign performance to date in 2023 which resulted in an MRE with a classification of 76% Indicated material at the Never Never deposit.

On 8 September 2023, following shareholder approval on 18 August 2023 for a replacement equity incentive plan, the Company issued five new classes of rights to both employees and directors of the Company's Board. A total of 74.6 million rights were issued.

On 24 November 2023, the Company raised $25.0 million (before costs) via a placement of 62.5 million new shares at an issue price of $0.40 per share to institutional investors only.

On 14 December 2023, the Company released an updated MRE of 21.15Mt @ 2.49g/t Au for 1,692,600 ounces of contained gold in accordance with JORC Code 2012 for Dalgaranga, including an update to the MRE for the Never Never deposit to 5.16Mt @ 5.74g/t Au for 952,900 ounces of contained gold, with the Group MRE increasing to 44.16Mt @ 1.77g/t Au for 2,512,400 ounces of contained gold.

Directors' report

Events occurring after the reporting date

The Directors are not aware of any matter or circumstance that has arisen since the end of the half-year which has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group, in future years.

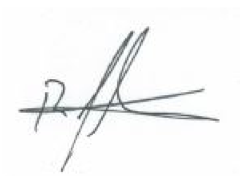
Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is attached to and forms part of this Directors' report.

Rounding of amounts

The Company has relied on the relief provided by the *ASIC Instrument (Rounding in Financial/Directors' Report) 2016/191*, and therefore the amounts contained in the Directors' report and the financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

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



Rowan Johnston
Non-Executive Chair
Perth
14 March 2024

Grant Thornton

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Auditor's Independence Declaration

To the Directors of Spartan Resources Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Spartan Resources Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

a No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b No contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B P Steedman
Partner – Audit & Assurance

Perth, 14 March 2024

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Independent Auditor's Review Report

To the Members of Spartan Resources Limited

Report on the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Spartan Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

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

a giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half year ended on that date; and

b complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for Conclusion

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

Material uncertainty related to going concern

We draw attention to Note 2 in the financial report, which indicates that the Group recorded a net loss after tax of $26.2 million, an operating cash outflow of $4.7 million and net cash outflow (before financing activities) of $37.0 million, which includes the transfer of $18.8 million to cash on deposit maturing within six months, excluding the effect of the transfer of cash to cash placed on term deposit, net cash outflow for the period was $18.2 million. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

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

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B P Steedman
Partner – Audit & Assurance

Perth, 14 March 2024

Directors' declaration

1 In the Directors' opinion:

(a) the consolidated interim financial statements and notes of Spartan Resources Limited and its controlled entities are in accordance with the *Corporations Act 2001*, including:

(i) complying with Australian Accounting Standards, including AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

(ii) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date, and

(b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Rowan Johnston
Non-Executive Chair
Perth
14 March 2024

Consolidated statement of comprehensive income

For the half-year ended 31 December 2023

	Note	31 December 2023 $'000	31 December 2022 $'000
Revenue	4	-	57,142
Cost of sales	4	-	(61,265)
Gross loss		-	**(4,123)**
Other income	4	38	387
Restructure and transition to care and maintenance	4	(338)	(26,435)
Care and maintenance	4	(2,840)	-
Share-based payments	4	(10,667)	(796)
Remeasurement of future royalty obligation	4	(8,484)	-
Other expenses	4	(3,007)	(3,905)
Operating loss		**(25,298)**	**(34,872)**
Finance income	4	610	66
Finance costs	4	(1,479)	(1,234)
Loss before income tax		**(26,167)**	**(36,040)**
Income tax expense	5	-	-
Loss for the half-year after income tax		**(26,167)**	**(36,040)**
Other comprehensive loss			
Items that will not be reclassified to profit or loss:			
Changes in fair value of equity investments		(299)	(429)
Total other comprehensive loss		(299)	(429)
Total comprehensive loss for the half-year		**(26,466)**	**(36,469)**
Loss for the half-year after income tax attributable to:			
Owners of the Company		(26,167)	(36,040)
Non-controlling interests		-	-
		(26,167)	**(36,040)**
Total comprehensive loss for the half-year attributable to:			
Owners of the Company		(26,466)	(36,469)
Non-controlling interests		-	-
		(26,466)	**(36,469)**
Loss per share			
Basic (cents per share)		(2.9)	(8.5)
Diluted (cents per share)		(2.9)	(8.5)

This statement should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

As at 31 December 2023

	Note	31 December 2023 $'000	30 June 2023 $'000
Current assets			
Cash and cash equivalents		20,467	34,553
Trade and other receivables		346	753
Inventories		4,498	4,701
Other financial assets	6	18,750	-
Prepayments		1,306	1,519
		45,367	**41,526**
Non-current assets			
Mine properties, property, plant and equipment		32,667	32,723
Exploration and evaluation	8	110,828	95,341
Other financial assets	6	1,327	1,191
		144,822	**129,255**
Total assets		**190,189**	**170,781**
Current liabilities			
Trade and other payables		1,944	2,760
Borrowings and lease liabilities	9	1,350	2,998
Provisions		775	717
		4,069	**6,475**
Non-current liabilities			
Borrowings and lease liabilities	9	10,430	11,472
Provisions		53,250	52,198
Other financial liabilities	6	17,234	6,300
		80,914	**69,970**
Total liabilities		**84,983**	**76,445**
Net assets		**105,206**	**94,336**
Equity			
Share capital	10	397,411	367,188
Non-controlling interests		1,548	1,520
Reserves		7,447	1,455
Accumulated losses		(301,200)	(275,827)
Total equity		**105,206**	**94,336**

This statement should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the half-year ended 31 December 2023

	Share capital $'000	Other reserves $'000	Accumulated losses $'000	Attributable to owners of the parent $'000	Non-controlling interests $'000	Total $'000
At 1 July 2022	324,496	2,076	(242,595)	83,977	1,479	85,456
Loss for the half-year	-	-	(36,040)	(36,040)	-	(36,040)
Other comprehensive loss	-	(429)	-	(429)	-	(429)
Total comprehensive loss for the half-year	-	(429)	(36,040)	(36,469)	-	(36,469)
Movement in non-controlling interests' share of net assets	-	(14)	-	(14)	14	-
Share issue costs (net of tax)	(2)	-	-	(2)	-	(2)
Performance rights exercised	33	(39)	6	-	-	-
Share-based payments	-	2,306	-	2,306	-	2,306
At 31 December 2022	**324,527**	**3,900**	**(278,629)**	**49,798**	**1,493**	**51,291**
At 1 July 2023	367,188	1,455	(275,827)	92,816	1,520	94,336
Loss for the half-year	-	-	(26,167)	(26,167)	-	(26,167)
Other comprehensive loss	-	(299)	-	(299)	-	(299)
Total comprehensive loss for the half-year	-	(299)	(26,167)	(26,466)	-	(26,466)
Transfer to accumulated losses	-	(3,224)	3,224	-	-	-
Movement in non-controlling interests' share of net assets	-	(28)	-	(28)	28	-
Shares issued during the half-year	25,000	-	-	25,000	-	25,000
Share issue costs (net of tax)	(1,278)	-	-	(1,278)	-	(1,278)
Performance rights exercised	6,501	(4,071)	(2,430)	-	-	-
Share-based payments	-	13,614	-	13,614	-	13,614
At 31 December 2023	**397,411**	**7,447**	**(301,200)**	**103,658**	**1,548**	**105,206**

This statement should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the half-year ended 31 December 2023

	31 December 2023 $'000	31 December 2022 $'000
Cash flows from operating activities		
Receipts from customers	-	57,142
Payments to suppliers and employees	(5,219)	(67,214)
Other revenue received	10	40
Interest received	610	66
Interest paid	(147)	(456)
Net cash flows used in operating activities	**(4,746)**	**(10,422)**
Cash flows from investing activities		
Payments for exploration and evaluation	(13,165)	(5,861)
Payments for mine properties, property, plant and equipment	-	(1,842)
Payments for equity investments	(435)	-
Payments for acquisition of assets, net of cash acquired	-	(716)
Proceeds from sale of mine properties, property, plant and equipment	46	25
Proceeds from sale of mineral rights	-	50
Proceeds from sale of equity investments	-	1,420
Transfer to term deposits	(18,750)	-
Net cash flows used in investing activities	**(32,304)**	**(6,924)**
Cash flows from financing activities		
Proceeds from issue of shares	25,000	-
Share issue costs	(1,301)	-
Repayment of lease liabilities	(308)	(1,388)
Payments for borrowing transaction costs	(427)	(193)
Net cash flows from/(used in) financing activities	**22,964**	**(1,581)**
Net change in cash and cash equivalents	(14,086)	(18,927)
Cash and cash equivalents at 1 July	34,553	30,862
Cash and cash equivalents at 31 December	**20,467**	**11,935**

This statement should be read in conjunction with the accompanying notes.

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Notes to the financial statements

The interim financial report for Spartan Resources Limited (Spartan or the Company) and its controlled entities (together, the Group) for the half-year ended 31 December 2023 was approved and authorised for issue in accordance with a resolution of the Directors on 14 March 2024.

Basis of preparation

1 Reporting entity

Spartan Resources Limited is a listed public company, incorporated and operating in Australia. The address of its registered office and its principal place of business is Level 1, 41-47 Colin Street, West Perth, Australia.

2 Basis of preparation

These interim condensed consolidated financial statements (interim financial statements) for the half-year ended 31 December 2023 have been prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. They do not include all the notes required in annual financial statements and should be read in conjunction with the Group's Annual Report for the year ended 30 June 2023 and any public announcements made by Spartan Resources Limited during the half-year.

The interim financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities which are measured at fair value. All amounts are presented in Australian dollars which is the Group's functional and presentation currency.

Spartan Resources Limited is a for-profit entity for the purpose of preparing financial statements.

Accounting policies

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's latest annual financial statements for the year ended 30 June 2023.

These policies have been applied consistently to all financial periods presented, unless otherwise stated.

Accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates, judgements and assumptions that affect the application of accounting policies and the reported net assets and financial results. Actual results may differ from these estimates. Estimates, judgements and underlying assumptions are continually reviewed based on historical experience and reasonable expectations of future events.

The accounting estimates, judgements and assumptions applied in these interim financial statements are in accordance with those that were applied and disclosed in the annual financial statements for the year ended 30 June 2023, unless otherwise stated.

New standards not yet adopted by the Group

The Group has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period.

There are no new standards and interpretations in issue which are mandatory for 31 December 2023 reporting periods that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2 Basis of preparation (continued)

Going concern

The interim financial statements have been prepared on a going concern basis, which assumes the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

For the half-year ended 31 December 2023 the Group recorded a net loss after tax of $26.2 million (2022: $36.0 million loss), an operating cash outflow of $4.7 million (2022: $10.4 million outflow) and net cash outflow (before financing activities) of $37.0 million (2022: $17.3 million outflow), which includes the transfer of $18.8 million to cash on deposit maturing within six months. Excluding the effect of the transfer of cash to cash placed on term deposit, net cash outflow for the period was $18.2 million.

The Group has a working capital surplus of $41.3 million as at 31 December 2023 (30 June 2023: $35.1 million surplus) which includes a cash balance of $20.5 million plus cash on deposit maturing within six months of $18.8 million. The increase in working capital from 30 June 2023 to 31 December 2023 is driven by the receipt of $25.0 million following an Institutional Placement completed in November 2023, offset by expenditure on exploration and evaluation activities and ongoing care and maintenance expenditure at Dalgaranga.

The Group had investments in listed companies with a market value of approximately $0.9 million at 31 December 2023.

Following the receipt of gross funds of $25.0 million by 24 November 2023 from completion of the Institutional Placement, the Directors believe that the Company will have sufficient funds to satisfy short and medium term working capital requirements. The objective of the Institutional Placement completed in November 2023 is to provide sufficient funds for the Company through to the end of calendar year 2024 to undertake an expanded surface drilling program and technical / financial study efforts to support a future decision to recommence mining at Dalgaranga. The Company has the ability to change or cancel its exploration and study activities at relatively short notice. Should exploration results not be achieved as envisaged, costs increase or approvals be delayed, the Company may need additional funds to achieve this objective.

At the end of the 12 month period, the Company is likely to require further financing to continue exploration and evaluation activities and/or to recommence operations at Dalgaranga.

The Directors believe the Company will be able to attract additional financing, due to the following key factors:

- As the Company has no corporate debt, the ability to secure debt financing is enhanced.
- New high-grade Never Never deposit with a significant MRE of 5.16Mt at 5.74g/t Au for 952,900 ounces of contained gold, open at depth and located within 1km of established infrastructure.
- Fully functional 2.5Mtpa processing plant and associated infrastructure currently maintained in a state for a rapid restart.
- The Company has a track record of raising additional funds as and when required.
- Debt and equity investors have shown an appetite in the current economic environment to fund exploration on high-grade gold deposits and subsequent development of such deposits into operating mines.
- Recent track record of share price appreciation making the Company a more attractive investment proposition to a broad range of investors.

Based on the factors discussed above, the Directors are satisfied that the going concern basis of preparation for the interim financial statements is appropriate.

If the Group is unable to continue as a going concern, it may be required to realise its assets and/or settle its liabilities other than in the ordinary course of business and at amounts different from those stated in the interim financial report.

The interim financial report does not include adjustments to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that may be necessary should the Group not continue as a going concern.

Notes to the financial statements

Financial performance

3 Operating segments

The Group's operating segments are based on the internal management reports that are reviewed and used by the Managing Director and Chief Executive Officer and the Executive team, identified together as the chief operating decision makers, in assessing performance. The Group's business is organised into two operating segments, being gold operations and the exploration, evaluation and development of gold projects, all conducted within Western Australia. Dalgaranga operations which is recognised under the gold operations segment continued on a care and maintenance basis during the half-year.

The chief operating decision makers monitor the operating results of the Group's segments separately for the purpose of making decisions about resource allocation and performance assessment. Corporate expenditures supporting the business during the period, adjustments and eliminations processed on consolidation and other items that cannot be directly attributed to the reportable operating segments are identified as 'Other' balances. The Group has formed a tax consolidation group and therefore tax balances have been included in the 'Other' grouping.

During the half-year to 31 December 2023, there have been no changes from prior periods in the measurement methods used to determine operating segments and reported segment profit or loss.

The revenues and results generated by each of the Group's operating segments are summarised as follows:

Half-year ended 31 December 2023	**Gold operations $'000**	**Exploration, evaluation and development $'000**	**Total operations $'000**	**Other $'000**	**Total $'000**
External revenue	-	-	-	-	**-**
Segment loss before income tax	(5,427)	(213)	(5,640)	(20,527)	**(26,167)**
Segment loss includes the following adjustments:					
Depreciation and amortisation	-	(15)	(15)	(60)	**(75)**
Exploration and evaluation expenditure write-off	-	(198)	(198)	-	**(198)**
	-	(213)	(213)	(60)	**(273)**
At 31 December 2023					
Segment assets	64,154	46,520	110,674	79,515	**190,189**
Segment liabilities	264,257	34,761	299,018	(214,035)	**84,983**

3 Operating segments (continued)

Half-year ended 31 December 2022	Gold operations $'000	Exploration, evaluation and development $'000	Total operations $'000	Other $'000	Total $'000
External revenue	57,142	-	57,142	-	**57,142**
Segment loss before income tax	(30,256)	(58)	(30,314)	(5,726)	**(36,040)**
Segment loss includes the following adjustments:					
Depreciation and amortisation	(2,902)	(20)	(2,922)	(69)	**(2,991)**
Impairment expense[1]	(1,750)	-	(1,750)	-	**(1,750)**
Exploration and evaluation expenditure write-off	(495)	(38)	(533)	-	**(533)**
Inventory movement and provision	(3,700)	-	(3,700)	-	**(3,700)**
Inventory write-off[1]	(8,142)	-	(8,142)	-	**(8,142)**
Creditor settlement provision[1]	(16,142)	-	(16,142)	-	**(16,142)**
Net gain on settlement of NRW LPA[2]	7,070	-	7,070	-	**7,070**
Employee redundancy payments[1]	(3,521)	-	(3,521)	(1,420)	**(4,941)**
Settlement of key creditors and other transition costs[1]	(1,728)	-	(1,728)	-	**(1,728)**
Legal and consultancy fees[1]	(374)	-	(374)	(308)	**(682)**
	(31,684)	(58)	(31,742)	(1,797)	**(33,539)**
At 31 December 2022					
Segment assets	44,521	81,322	125,843	12,904	**138,747**
Segment liabilities	246,863	19,913	266,776	(179,320)	**87,456**

1 Costs related to the financial restructure and the transition of the Dalgaranga operations to a care and maintenance basis during November 2022 in the prior half-year.

2 Related to the full and final settlement in the prior half-year of all amounts owing between Spartan and NRW Holdings Limited (and their respective group members) in respect of arrangements comprising the liability payment arrangement (LPA) to settle pre-Administration debt.

Notes to the financial statements

4 Revenue and expenses

	31 December 2023 $'000	31 December 2022 $'000
Revenue[1]	**-**	**57,142**
Cost of sales	**-**	**(61,265)**
Gain on disposal of exploration interests	28	-
Gain on sale of equity investments	-	170
Gain on termination of lease	-	208
Other income	10	9
Other income	**38**	**387**
Restructure and transition to care and maintenance[2]	**(338)**	**(26,435)**
Care and maintenance[3]	**(2,840)**	**-**
Share-based payments[4]	**(10,667)**	**(796)**
Remeasurement of future royalty obligation[5]	**(8,484)**	**-**
Corporate expenses	(1,132)	(856)
Employee benefits expense	(1,583)	(1,971)
Loss on sale of mineral rights	-	(456)
Exploration and evaluation expenditure write-off	(198)	(533)
Loss on extinguishment of convertible debt[6]	(19)	-
Depreciation and amortisation	(75)	(89)
Other expenses	**(3,007)**	**(3,905)**
Interest income	610	66
Finance income	**610**	**66**
Interest expense on borrowings	(93)	(24)
Interest expense on lease liabilities	(352)	(321)
Borrowing costs	(13)	-
Unwinding of discount on rehabilitation provision	(1,021)	(889)
Finance costs	**(1,479)**	**(1,234)**
Loss before tax	**(26,167)**	**(36,040)**

1 There was no revenue during the half-year following the transition of the Dalgaranga operations to a care and maintenance basis during November 2022.

2 Relates to the net financial impact of the gains and costs incurred in relation to the financial restructure and the transition of the Dalgaranga operations to a care and maintenance basis.

3 In the prior half-year Dalgaranga operations costs were disclosed as cost of sales during the transition of the Dalgaranga operations to a care and maintenance basis.

4 Increase in share-based payments expense is primarily due to the vesting of Class I and J rights and the accelerated vesting of cancelled rights during the half-year, refer to note 13.

5 Refer to note 6 for information on the future royalty obligation.

6 Recognised on extinguishment of the Deutsche Balaton unsecured loan, refer note 9.

Notes to the financial statements

5 Income tax

Income tax expense

The current income tax expense recorded for the half-year is $nil (2022: $nil). The Group remains in a cumulative tax loss position for income tax purposes.

Unrecognised tax losses

	31 December 2023 $'000	31 December 2022 $'000
Unrecognised tax losses	**277,162**	**193,784**
Potential tax benefit at 30% (2022: 30%)	**83,149**	**58,135**

In accordance with the Group's policies for deferred taxes, a deferred tax asset is recognised only if it is probable that sufficient future taxable income will be generated to offset against the asset.

Determination of future taxable profits requires estimates and assumptions as to future events and circumstances including commodity prices, ore reserves, exchange rates, future capital requirements, future operational performance, the timing of estimated cash flows and the ability to successfully develop and commercially exploit resources.

At 31 December 2023 the Group has $277.2 million of tax losses available to be offset against future taxable income. A deferred tax asset has not been recognised for these tax losses at the reporting date as the Group considers it prudent to allow a further period of trading improvement prior to assessing the recoverability of previously derecognised and unrecognised tax losses. These tax losses do not expire and can be used to reduce future tax profits subject to relevant tax legislation associated with recoupment including the same business test and continuity of ownership test.

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Notes to the financial statements

Capital management

6 Other financial assets and liabilities

	31 December 2023 $'000	30 June 2023 $'000
Current assets		
Term deposits[1]	**18,750**	-
Non-current assets		
Term deposits[2]	407	407
Equity investments[3]	920	784
	1,327	**1,191**
Non-current liabilities		
Future royalty obligation[4]	**17,234**	**6,300**

1 Cash held on deposit maturing within six months.
2 Bank guarantees held in favour of service providers.
3 ASX-listed investments measured at fair value through other comprehensive income.
4 Future royalty obligation represents the amortised cost of future gold royalties payable to Tembo Capital following conversion of the Tembo Capital debt to a royalty on 18 April 2023, and Deutsche Balaton following conversion of the Deutsche Balaton debt to a royalty on 24 August 2023.

Future royalty obligation

Deutsche Balaton future royalty obligation

Following shareholder approval of the conversion of the Deutsche Balaton loan facility on 18 August 2023, the loan of $2.45 million was converted to a 0.7% gross royalty on gold produced and sold from wholly-owned tenements at Dalgaranga and a 0.525% gross royalty on gold produced and sold from the remaining wholly-owned tenements for which Spartan retains the gold rights to.

The royalty is payable to Deutsche Balaton upon the receipt of revenue from the sale of gold produced when production at Dalgaranga and the Company's other projects commences.

The royalty is secured by mining mortgages in favour of Deutsche Balaton over all the wholly-owned tenements for which Spartan retains the gold rights to.

Until a decision is made to recommence operations at Dalgaranga, the obligations to Tembo Capital and Deutsche Balaton shall be classed as non-current liabilities.

Recognition and measurement

Future royalty obligation

After initial recognition at fair value less directly attributable transaction costs, the future royalty obligation is subsequently measured at amortised cost. The carrying amount is remeasured at each reporting date by including the Group's most recent Mineral Resource Estimates in the determination of estimated future royalty payments.

6 Other financial assets and liabilities (continued)

In determining the estimated future royalty payments, estimates and judgements are required to be made by the Company including such matters as the extent to which Mineral Resource Estimates will ultimately be mined and the quantity of gold that will be produced.

Fair value measurement

Other than the equity investments referred to in this note, there were no financial assets and financial liabilities measured and recognised at fair value on a recurring basis as at 31 December 2023 or 30 June 2023. The carrying amounts of financial assets and liabilities recognised in the interim financial statements approximate their fair values.

7 Impairment of non-current assets

At each reporting date, the Group assesses whether there is an 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 cash-generating unit 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.

The Group completed its assessment of external and internal sources of information at 31 December 2023. The review did not identify the existence of any indicators of impairment at this date.

8 Exploration and evaluation

	31 December 2023 $'000	30 June 2023 $'000
At 1 July	95,341	84,782
Expenditure incurred during the period	15,685	13,185
Sale of mineral rights	-	(631)
Expenditure reclassified to mine properties	-	(1,462)
Exploration and evaluation expenditure write-off	(198)	(533)
At 31 December / 30 June	**110,828**	**95,341**

During the half-year, the Group assessed the carrying amount of the capitalised exploration and evaluation expenditure. Following the assessment, it was determined that certain tenements were to be relinquished which were written down to $nil carrying amount.

Notes to the financial statements

9 Borrowings and lease liabilities

	31 December 2023 $'000	30 June 2023 $'000
Current		
Deutsche Balaton loan facility	-	2,420
Lease liabilities	1,350	578
	1,350	**2,998**
Non-current		
Lease liabilities	**10,430**	**11,472**

Deutsche Balaton loan facility

On 25 February 2023, the Company and Deutsche Balaton entered into a loan and royalty deed, pursuant to which Deutsche Balaton agreed to provide a $2.45 million unsecured loan to the Company which was mandatorily convertible upon shareholder approval to a future gold royalty over all 100% owned tenements. Interest was payable in arrears at a fixed rate of 15% over the one-year term.

On 24 August 2023, the loan was converted to a future gold royalty, refer note 6, following shareholder approval on 18 August 2023, with the unsecured loan considered fully repaid under the terms of the Deutsche Balaton loan and royalty deed. The loss on extinguishment and conversion of the Deutsche Balaton loan was recognised in profit or loss.

Lease liabilities

The Group leases power generating and storage facilities, plant and equipment, and property, for which contracts are typically entered into for fixed periods and may include extension options.

Principal repayments of $0.3 million (2022: $1.4 million) for equipment and infrastructure held under lease arrangements were made in accordance with agreed repayment terms during the half-year in addition to scheduled interest payments.

10 Equity

Share capital

	2023 No. of shares	2023 $'000	2022 No. of shares	2022 $'000
Fully paid ordinary shares				
At 1 July	877,013,106	367,188	425,924,050	324,496
Performance rights exercised[1]	14,550,040	6,501	141,999	33
Institutional placement[2]	62,500,000	25,000	-	-
Share issue costs	-	(1,278)	-	(2)
At 31 December	**954,063,146**	**397,411**	**426,066,049**	**324,527**

1 Shares issued on exercise of vested employee performance rights, under the Company's SPR Equity Incentive Plan Rules.
2 Shares issued on completion of the Institutional Placement at $0.40 per share, on 24 November 2023.

Notes to the financial statements

10 Equity (continued)

Fully paid ordinary shares have no par value and entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

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

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Notes to the financial statements

Unrecognised items

11 Commitments

Exploration expenditure

	31 December 2023 $'000	30 June 2023 $'000
Minimum exploration expenditure commitments due:		
Within one year	2,213	1,909
Between one year and five years	4,797	4,188
Later than five years	3,218	3,233
	10,228	**9,330**

In order to maintain current rights of tenure to exploration tenements, the Group is required to meet minimum expenditure commitments required under the lease conditions. These expenditure obligations can be reduced by selective relinquishment of exploration tenure, transfer or sale of a portion of mineral rights, or application for expenditure exemptions.

12 Events occurring after the reporting date

The Directors are not aware of any matter or circumstance that has arisen since the end of the half-year which has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group, in future years.

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Notes to the financial statements

Other information

13 Share-based payments

Employee performance rights

	2023 No. of rights	2022 No. of rights
Employee performance rights		
Outstanding at 1 July	19,668,796	22,811,340
Granted during the half-year[1]	80,219,987	3,100,000
Exercised during the half-year	(14,550,040)	(141,999)
Cancelled during the half-year[1]	(12,850,000)	-
Forfeited during the half-year	-	(475,663)
Outstanding at 31 December	**72,488,743**	**25,293,678**
Exercisable at 31 December[2]	**30,258,751**	**8,023,144**

1 Class D, E, F and G performance rights (rights) expiring on 30 June 2033 were cancelled and replaced with new Class H, I, J, K and L rights, following shareholder approval on 18 August 2023 for a replacement equity incentive plan.

2 Cancelled rights, and rights held by employees made redundant following the Company's decision to place the Dalgaranga operations on care and maintenance in November 2022, automatically vested as per the terms and conditions of the Company's SPR Equity Incentive Plan Rules (Incentive plan). Class I and J rights also vested during the half-year.

Details of rights granted during the half-year, under the Company's Incentive plan are as follows:

	18 Aug 2023	25 Aug 2023	13 Sep 2023	14 Dec 2023
Number granted	30,500,000	44,066,655	4,320,000	1,333,332
Vesting conditions[1]	Performance	Performance	Performance	Performance
Vesting period end date[2]	30 June 2026	30 June 2026	30 June 2026	30 June 2026
Grant date	18 August 2023	25 August 2023	13 September 2023	14 December 2023
Expiry date	30 June 2036	30 June 2036	30 June 2036	30 June 2036
Weighted average remaining contractual life	12.5 years	12.5 years	12.5 years	12.5 years
Weighted average fair value at grant date[3]	$0.228	$0.228	$0.232	$0.475

1 Class H, I, K and L rights contain non-market performance conditions, based on the delivery of a minimum ore grade, a minimum Mineral Resource Estimate, a final investment decision to restart gold production at Dalgaranga and a gold ounce production target averaging over a 45-day period at Dalgaranga, respectively. Class J contains a market condition based on a 60-day VWAP share price target of $0.30.

2 Class I rights, based on delivery of a minimum Mineral Resource Estimate, and Class J rights, based on a 60-day VWAP share price target of $0.30, vested during the half-year.

3 Refer to the 'Fair value of rights granted' section in this note.

Fair value of rights granted

The fair value of rights at grant date during the half-year was independently determined using a combination of the Black Scholes (Class, H, I, K and L non-market vesting conditions) and Trinomial lattice (Class J market based vesting condition) pricing models.

Notes to the financial statements

13 Share-based payments (continued)

The following model inputs were used in the measurement of the fair values at grant date:

	18 Aug 2023	25 Aug 2023	13 Sep 2023	14 Dec 2023
Share price at grant date	$0.295	$0.295	$0.355	$0.475
Exercise price	nil	nil	nil	nil
Expected volatility	75%	75%	75%	75%
Risk-free interest rate	3.89%	3.85%	3.86%	3.86%
Expected life	2.87 years	2.85 years	2.80 years	2.55 years
VWAP hurdle	$0.30	$0.30	$0.30	$0.30