



Half Year Financial Report  
Six Months Ended 31 December 2023

# Theta Gold Mines Limited

## Corporate Directory

### DIRECTORS

Bill Guy	Executive Chairman
Richie Yang	Non-Executive Director
Brett Tang	Non-Executive Director
Byron Dumpleton	Non-Executive Director

### COMPANY SECRETARY

Brent Hofman

### REGISTERED OFFICE

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Email: [info@thetagoldmines.com](mailto:info@thetagoldmines.com)

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### SHARE REGISTRY

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Fax: +61 2 9290 9655

### STOCK EXCHANGE LISTINGS

ASX: TGM

### AUSTRALIAN BUSINESS NUMBER

30 131 758 177

### INVESTOR RELATIONS

Australia: Ben Jarvis, Six Degrees Investor Relations:  
+61 (0) 413 150 448

### WEBSITE

[www.thetagoldmines.com](http://www.thetagoldmines.com)

### INTERACTIVE INVESTOR HUB

<http://investors.thetagoldmines.com>



## Theta Gold Mines Limited Directors' Report

Your Directors present their report, together with the financial statements of Theta Gold Mines Limited and its controlled entities ("Consolidated Entity") for the half year ended 31 December 2023.

### DIRECTORS

The names of the Directors of Theta Gold Mines Limited during the half year and up to the date of this report are:

Charles William (Bill) Guy	Executive Chairman
Bill Richie Yang	Non-Executive Director (Audit Committee Chair)
Guyang (Brett) Tang	Non-Executive Director
Yang (Simon) Liu	Non-Executive Director (retired 14 May 2023)
Byron Dumpleton	Non-Executive Director

### *Executive Management Changes*

No changes to the management of Theta Gold Mines Limited occurred during the half year ended 31 December 2023.

### REVIEW OF OPERATIONS

#### *Summary*

During the last 6 months, the company has focused on funding packages, safety, operational readiness, stakeholder engagement, environment, permitting, and identifying Engineering Procurement and Construction ("EPC") Builder.

On the 14 March 2024, the Company announced Mining Right (MR) 83 was now fully permitted for mining. MR 83 includes the Beta Mine, CDM Mine, and Frankfort Mine, three of the four mines included in the mining schedule of the Definitive Feasibility Study (see ASX release 14 March 2024).

Theta now has all the required approvals for MR 83 to start mining, including:

- Atmospheric Emissions Licence (Gold Plant)
- Explosive licence for transport and usage
- Forrest Licence (Frankfort)
- MR 83 Environmental Authorisation (EA)
- Water Use Licence (WUL) (Tailings, Plant, Mining)
- Environmental Rehabilitation guarantee for MR 83
- Updated Social and Labour Plan for MR 83
- Heritage Record of Decision.

A Memorandum of Understanding (MOU) was executed with Yellow River Co., Ltd ("YRC"), a subsidiary of Power Construction Corporation of China ("PowerChina") to build Theta's Stage-one TGME Gold Plant (estimated at 45kt/months RoM capacity) including its tailings storage facility and wastewater dams. The MOU was signed post the half year on 14 February 2024.

## Theta Gold Mines Limited

“PowerChina is an engineering and construction group based out of China, ranked at #1573 in the Fortune Global 500 List in 2023 with over 130,000 employees worldwide. It’s subsidiary YRC is well positioned throughout the African Continent with both power, power storage, civil construction and mining build contracts completed and on-going. YRC recently setup operations in Johannesburg to build a South African base for both power and mining projects.

The EPC Contract size (at cost-basis) is estimated to be US\$30 million, with the majority to be paid via an agreed-upon long-term payment schedule after construction completion and commissioning. The agreement will be subject to the successful completion of Due Diligence and agreement on contract terms.

### Half Year Events

The TGME mine site’s occupational health and safety remain our first priority, and 1160 Safe Return Shifts/ White Flag Days were achieved on 31 December 2023. A wellness program was set up that monitors the general health of employees, with very positive results for staff health. All the required Occupational health and safety policies and procedures have been drafted to comply with South African Mining Regulations.

The Frankfort commercial bulk sampling program was a clear demonstration of operational readiness. The mining was completed safely, the inspector of mines came to site to view operations, the team trained 30 local miners and the Frankfort Mine performed as expected.

Environmental regulatory monitoring and reporting continued during the half year period. Under South African Mine regulations, the TGME Mine site is treated as an operational mine. The environmental staff on site conducted environmental sampling program each month to comply with the Mines Regulations half-year period. Under South African Mine regulations, the TGME Mine site is treated as an operational mine. The site's environmental staff conducted an environmental sampling program each month to comply with the Mine Regulations.



**Figure 1: Biomonitoring sampling**

Our focus remains on working closely with our stakeholders and communities to strengthen existing relationships and establish healthy and sustainable mutually beneficial relationships, sustainable, mutually beneficial ones. The Transvaal Gold Mining Estates (“TGME”) Stakeholder Forum continues to gain momentum with open and honest communications between all parties.

### **Commercial Bulk Sample Project Update**

The Company advises that the mining of the commercial bulk sample (2200 tons) at Frankfort Mine is completed. Mining of the fresh ore was completed successfully with no safety incidents. (Note 2000 tons of sweeps also extracted).

## Theta Gold Mines Limited

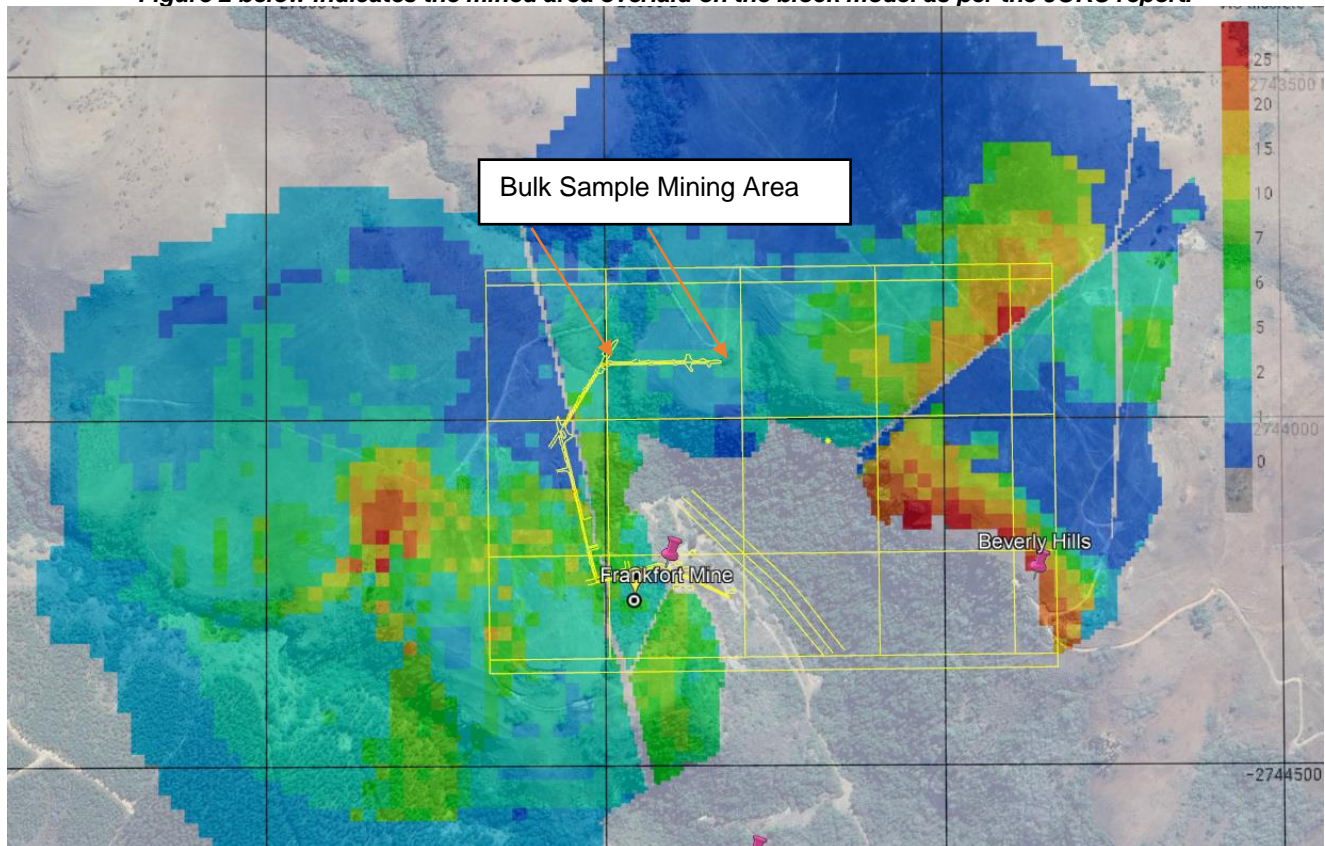
The Bulk Sampling program commenced in May 2023 with labour recruitment and procurement process of all mining and engineering requirements. All engineering labour was recruited by the end of May 2023. Infrastructure was installed at Frankfort mine and mining commenced in July 2023.

Drill and blasting activities also commenced in July 2023 and blast design was done in conjunction with AECL, who are the explosives manufacturers and suppliers. The design considered the density of the rock to be blasted, the desired fragmentation, the planned cleaning method, the planned transport mode, and the cost of the explosives. Emulsion explosives were chosen due to their intrinsic safety properties. The explosives accessories included:

- Shock-tubes
- Reef masters
- Electric detonators and
- Tamping

Blast holes with an effective hole length of 80cm were drilled at an internal burden of 70cm this was necessitated by the low Uniaxial Compressive Strength (UCS) of the reef. The blast holes needed to be drilled at a certain angle to the hanging and footwall. This is required to avoid drilling into the hangingwall to prevent developing poor hangingwall conditions which would pose a safety risk.

**Figure 2 below indicates the mined area overlaid on the block model as per the JORC report.**



Following the completion of the Bulk Sampling program, Theta Gold will explore its options to expedite early cash flow opportunities from the Frankfort Mine. The bulk sample will undergo metallurgical test work as part of the marketing strategy for the ore.



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*Details of mining are attached below in Frankfort Gold Mine Bulk Sampling Safety and Background.*



**Figures 3 to 6: Pictures of Ore loading and transporting.**



## Theta Gold Mines Limited



**Figure 7: Drill and blast activity underway at Frankfort Gold Mine**

### **Frankfort Gold Mine Bulk Sampling Safety and Background**

Before the bulk sampling program could commence at Frankfort Mine in South Africa, it was necessary to obtain permits and comply (See Table 1) with all current mining legislation. Safety measures, such as roof supports, ventilation, and water management systems, were also installed in order to ensure the safety of the mine.

**Table 1: Operation and Tasks completed in support of Frankfort Bulk Sample**

Tasks	Successfully Completed
Mine usage and storage Explosive Licence	✓
Explosive Transport Licence	✓
Mine Induction and Competency training for all new employees	✓
Electrical power and compressed air supply tender and contract award	✓
Installation of surface critical infrastructure to support Mining activities	✓
Safe-making activities and getting the Mine production-worthy	✓
Drill and Blast Design with explosives manufacturer	✓
Survey and Sampling of all intended Mining areas	✓
Mining activities to create the required volumes	✓
Earthmoving equipment tender and contract award	✓
Earthworks and construction of Dense Media Separation and Crushing Plant footprints	✓
Construction of Water Management Systems and Return Water Dams	✓
Rehabilitation and re-construction of 21km of gravel road	✓
Designed, manufactured and commissioned a 25t/hour 2-stage crushing plant	✓
Designed, manufactured and commissioned a 25t/hour Dense Media Separation Plan	✓
Gold-bearing Ore transport tender and contract award	✓

## **Theta Gold Mines Limited**

Additionally, 30 local miners underwent safety training, and all South African mining regulations were implemented. Finally, the mine had to pass a safety inspection from the regional Mines inspector. The Bulk Sampling project commenced in May 2023 with labour recruitment and procurement process of all mining and engineering requirements. All engineering labour was recruited by the end of May 2023. Infrastructure was installed at Frankfort mine and mining commenced in July 2023.

Drill and blasting activities also commenced in July 2023 and blast design was done in conjunction with AECI, who are the explosives manufacturers and suppliers, the design considered the density of the rock to be blasted, the desired fragmentation, the planned cleaning method, the planned transport mode, and the cost of the explosives. Emulsion explosives were chosen due to their intrinsic safety properties. The explosives accessories included, Shock-tubes, Reef masters, Electric detonators and Tamping.

Blast holes with an effective hole length of 80cm were drilled at an internal burden of 70cm this was necessitated by the low UCS of the reef. The blast hole needed to be drilled at a certain angle to the hanging and footwall to avoid drilling into the hangingwall and damaging it as this would have created bad hangingwall conditions which would pose a safety risk. Furthermore, poor fragmentation would be the result if the blast holes are not drilled according to the planned angles and directions.

The mine design was based on ledging both sides of the existing roadway for 4.5 m, the ledges were blasted sequentially in a staggered pattern until they reached their limit to comply with the rock mechanics designs and minimize the possibility of rockfalls or roof breaks. This is especially important in shallow mining areas due to the lack of clamping forces.

The 1st blast was taken in July 2023, the length of the blasted panel was 30m, with a planned stoping width of 09m and a planned advance of 0.8m, this generated about 80 tons. Blasting took place over a period of 9 weeks generating 4320 tons inclusive of old sweeping tons.

Once a panel is blasted, it would then be cleaned by means of the water jet, the water jet would move the blasted rock into the roadway, from which it would then be cleaned by means of an LHD Scoop. The LHD Scoop would transport the ore from the blasting area to a tipping point underground, from where the ore would later be transported to the tipping point on the surface. After a panel has been cleaned, the crew would then come and install temporary and permanent support units to get the panel ready for the next blast.

From the surface tipping point, the blasted ore (run-of-mine) was loaded into a dump truck and transported to the DMS area, where the ore was crushed and screened. The product was then put through the DMS to separate the gold-bearing material from the waste material. This is done based on the difference in the densities of the waste material and the gold-bearing material.



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***Figures 8 and 9 Show Drilling and Blasting Preparation at Frankfort Mine***



***Figure 10: DMS Arriving on-site at Frankfort.***



***Figure 11: DMS being offloaded on site.***

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*Figure 12: Crusher offloaded into position.*



*Figure 13: Construction and commissioning of DMS.*

# Theta Gold Mines Limited

## ***Completion of Definitive Feasibility Study***

### **Definitive Feasibility Study (TGME Underground Gold Mine Project)**

The Company's Feasibility Study (FS)<sup>1</sup> for the TGME Project was delivered on 27 July 2022, confirming Theta Gold's potential to be a significant near-term, high-margin, low-cost gold producer with opportunities for future growth. Based on the FS results, the Project will provide robust financial returns from a long-life large underground mining operation for a modest capital investment given the scale of operations envisaged.

The Project Life of Mine 'LOM' will initially comprise a 12.9-year mining operation starting in Q2, 2023 and delivering LOM production of 1.24 Moz of contained gold. The estimated peak development Capital Expenditure ("Capex") is US\$77 million, (A\$103 million), with the Project forecast to generate a pre-tax NPV10% of US\$324 million, (A\$432 million) and pre-tax internal Rate of Return (IRR) of 65% at a forecast average gold price of US\$1,642, (A\$2,189) per ounce. Based on these metrics, the Project has a projected capital payback period of 31 months.

The FS paves the way for a Final Investment Decision ('FID') by the Theta Gold Board in respect to funding negotiations and on-going discussions with financiers with respect to full/partial debt and equity funding options. Theta Gold has appointed a debt funding advisor to manage this important process and will provide updates in due course.

### ***Feasibility Highlights:***

- TGME Feasibility Study<sup>2</sup> delivers 1.24Moz contained gold production, underpinning an initial 12.9-year mine life.
- Strong financial return based on LOM plan (at average gold price of US\$1,642, (A\$2,189) /oz) with first production targeted for Q2, 2024<sup>3</sup> including:
  - Undiscounted free cash flows of US\$508m, (A\$678m), pre-tax US\$717m, (A\$956m);
  - NPV (at a 10% discount rate) of US\$219m, (A\$292m), pre-tax US\$324m, (A\$432m);
  - Capital payback period of 31 months;
  - Pre-tax IRR of 65%; and
  - Peak production over 100,000 oz Gold.
- All-in-sustaining Cost (AISC) of US\$834/oz (A\$1,112/oz) over LOM sits on the bottom quartile of South Africa and Australian gold producers;
- Peak Capital requirement is US\$77m, (A\$103m), total capital requirements US\$174m, (A\$232m);and

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<sup>1</sup> Refer to ASX Release dated 27 July 2022 titled "Theta's TGME Project Definitive FS Confirms NPV(10%) of A\$432 Million at US\$1,642 / Oz Gold Price"

<sup>2</sup> Ref to ASX release dated 27 July 2022 titled "Theta's TGME Project Definitive FS Confirms NPV10% of A\$432 million at US\$1,642/Oz Gold price"

<sup>3</sup> First gold produced timing will be subject to securing funding and obtaining all necessary regulatory permitting approvals.

## **Half-Year Financial Report - 31 December 2023**



## Theta Gold Mines Limited

- Front-End Engineering Design (FEED) of the TGME gold plant completed, forming an important input towards the finalisation of the FS of the TGME underground project<sup>4</sup>.

**Table 2: Key Project Metrics**

Description	Units	Base Case	Reserve Plan
Project Start Date <sup>5</sup>	Year	2024	2024
Commercial Production Start Date	Year	2025	2025
Production build up period	Months	14	14
Life of mine	years	12.9	7.3
Underground ore mined (LOM)	Mt	6.46	2.85
Mined Grade	g/t	5.95	6.09
Gold Mined (LOM)	Moz	1.24	0.56
Production Rate	Kt/a	540	540
Production Rate	Kt/m	45	45
Grind size	μ	106	106
Gold recovered (average LOM)	%	87	87
Gold recovered (LOM)	Moz	1.08	0.49

Project economics below shows the sensitivities to the various gold price estimates and demonstrates the robust financial returns of the Project. The FS completed in July 2022 used an average gold price of US\$1,642 / Oz as a base case.

**Table 3: Project Economics at Various Gold Prices – Base Case (USD)**

Project Economics at gold price	Unit	Forecast (USD1,642/ oz Avg)	USD1,500/oz	USD1,600/ oz	USD1,800/ oz	USD2,000/ oz	USD2,200/ oz
NPV @ 10% (real) Pre-tax	USDm	324	255	304	402	501	601
NPV @ 10% (real) Post-tax	USDm	219	174	206	269	335	400
IRR (%) Pre-tax	%	65%	57%	64%	77%	90%	102%
IRR (%) Post-tax	%	57%	50%	56%	67%	78%	87%
AISC	USD/oz	834	822	831	847	862	876
EBITDA annual average	USDm	69	58	66	81	96	111
EBIT annual average	USDm	60	49	57	72	87	102
Free Cash Flow (Pre-tax)	USDm	717	576	673	869	1066	1264
Free Cash Flow (Post-tax)	USDm	508	412	478	611	747	881
Development Capital – Peak Funding	USDm	77	77	77	77	77	77
Capital Sustaining	USDm	37	37	37	37	37	37
Payback post-tax	Months	31	33	31	28	25	24
Capital Efficiency (Pre-Tax NPV/Dev Capital)	%	422%	332%	395%	524%	653%	783%
Capital Efficiency (Post-Tax NPV/Dev Capital)	%	285%	226%	268%	351%	437%	521%

<sup>4</sup> Refer to ASX release dated 20 June 2022 titled “TGME Gold Project Update”

<sup>5</sup> Project start date will be dependent on the Company securing the necessary funding and permitting approvals.

## Half-Year Financial Report - 31 December 2023

## Theta Gold Mines Limited

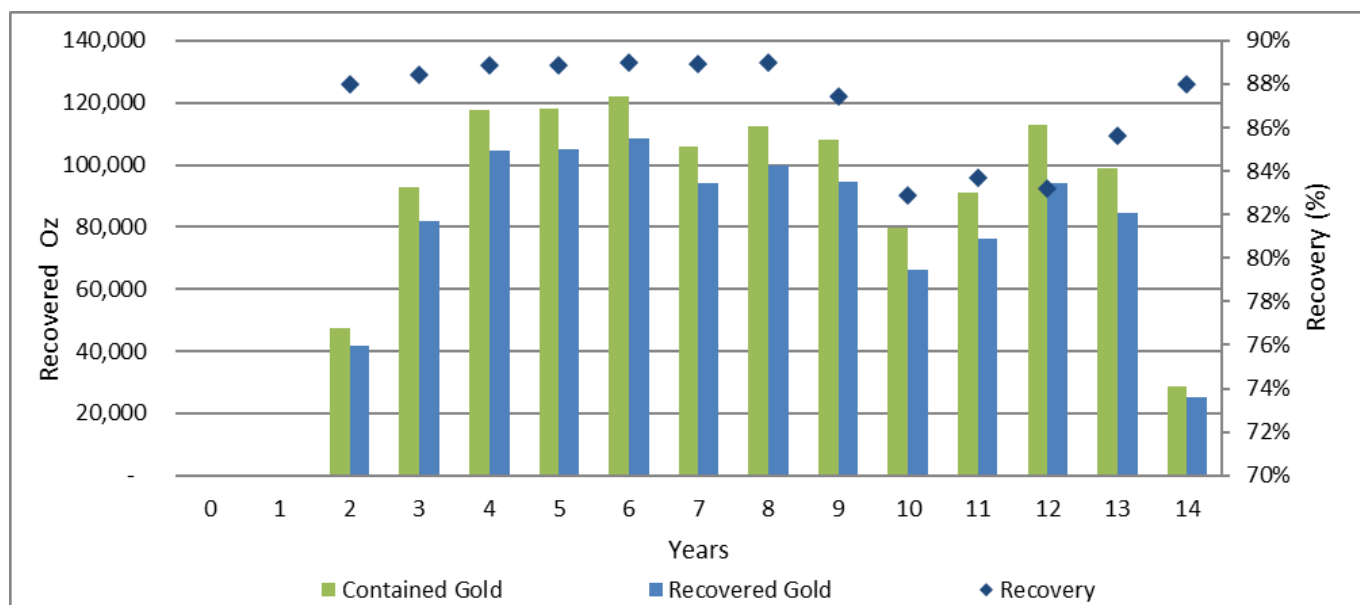
**Table 4: Project Economics at Various Gold Prices – Base Case (AUD)**

Project Economics at gold price	Unit	Forecast (USD1,642/ oz Avg)	USD1,500/oz	USD1,600/ oz	USD1,800/ oz	USD2,000/ oz	USD2,200/ oz
NPV @ 10% (real) Pre-tax	AUDm	432	339	405	536	669	802
NPV @ 10% (real) Post-tax	AUDm	292	232	274	359	447	533
IRR (%) Pre-tax	%	65%	57%	64%	77%	90%	102%
IRR (%) Post-tax	%	57%	50%	56%	67%	78%	87%
AISC	AUD/oz	1,112	1,096	1,107	1,129	1,149	1,167
EBITDA annual average	AUDm	92	77	87	107	128	148
EBIT annual average	AUDm	80	66	76	96	116	136
Free Cash Flow (Pre-tax)	AUDm	956	768	897	1,158	1,421	1,686
Free Cash Flow (Post-tax)	AUDm	678	550	638	814	996	1,175
Development Capital – Peak Funding	AUDm	102	102	102	102	102	102
Capital Sustaining	AUDm	49	49	49	49	49	49
Payback post-tax	Months	31	33	31	28	25	24
Capital Efficiency (Pre-Tax NPV/Dev Capital)	%	422%	332%	395%	524%	653%	783%
Capital Efficiency (Post-Tax NPV/Dev Capital)	%	285%	226%	268%	351%	437%	521%

**NOTES:**

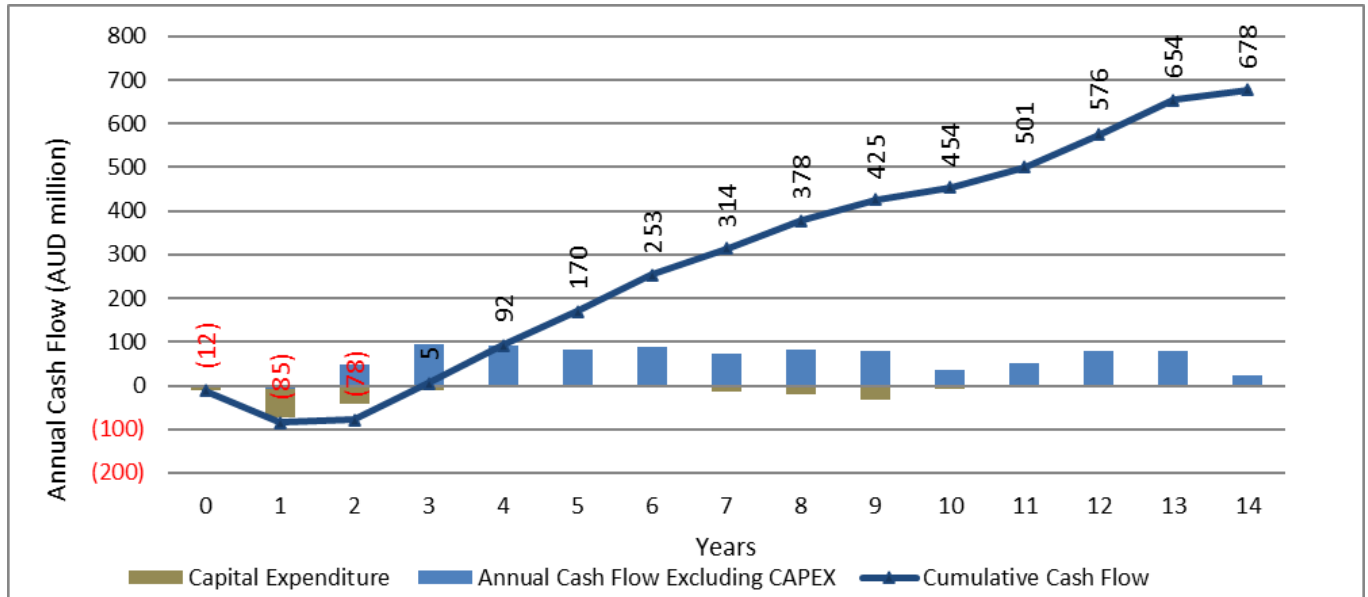
1. Converted to AUD from USD using AUD:USD exchange rate of 1.333 used in the FS.
2. Due to rounding, numbers presented throughout this document may not add up precisely to the totals, provided and percentages may not precisely reflect the absolute figures.

**Figure 14: Annual Gold Production – Base Case**



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**Figure 15: Annual and Cumulative Cash Flow (Post-Tax) – Base Case (AUD)**



**NOTES:-**

1. Forecast Prices averaging USD1,642/oz over LOM.
2. Converted to AUD from USD at exchange rate of 1.333 AUD:USD.

### Historical Project Summary

The TGME Project targets to restart historical underground gold mines located in a historically prolific gold mining region in the Mpumalanga Province of South Africa. The Project Areas are centred in the town of Pilgrims Rest, some 370 km due northeast of Johannesburg, and vast majority of the tenements were under TGME's ownership since the late 1800s.

The Project targets the Beta (including the Beta North, Beta Central and Beta South sections), Rietfontein, Frankfort and Clewer-Dukes Hill-Morgenzon ("CDM") mines. A significant amount of gold resources remain underground which were not mined historically due to technological limitations or limiting ore characteristics.

Beta is scheduled as the first operation to commence production, followed by Rietfontein, and finally CDM and Frankfort simultaneously. In comparison to CDM and Frankfort, Beta and Rietfontein are higher-grade mines.

A gold plant, which acts as the central processing plant for all the historical operations, is situated in close proximity with a maximum distance to operations of approximately 40km. A new facility will be established on this footprint to treat all the ore from the surrounding operations.

Two scheduling strategies have been investigated in the FS. The Base Case considers a LOM plan targeting the total Mineral Resources (Measured, Indicated and Inferred). The Ore Reserve Case considers a LOM plan targeting only Measured and Indicated Mineral Resources.

This FS demonstrates the ability to achieve optimised cash flows by scheduling production from the operations. The mine designs and associated costs per operational element feed into a combined operations financial model. The Ore Reserve Case supports the declaration of compliant JORC Code 2012 Ore Reserves.



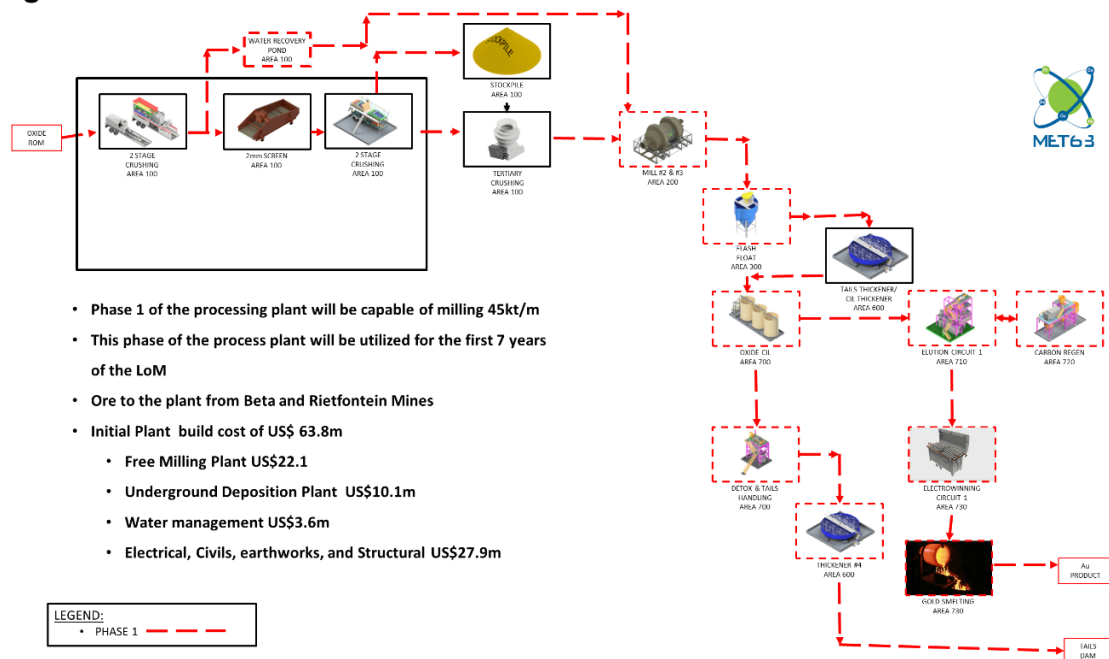
## TGME Underground Gold Mine Development

As part of the preparation for the installation of the first phase new gold plant, TGME had appointed the services of Jet Demolition to remove the redundant plant equipment. The process started in the second week of January 2022. Specialised equipment was utilised for demolition, after which it was reduced in size and made ready for transport to scrap merchants. The project to remove the old plant is now complete<sup>6</sup>.

Processing consultants Met63 was contracted to do a detailed design and costing of a processing plant designed for a feed capacity of 45,000 tons per month which is equivalent to 67 tons per hour at 92% availability. A flow schematic is shown in Figure 16.

**Figure 16: Process Flow Schematic Phase 1**

### Free Milling Ore Process Plant



The FS has been split into three phases, allowing for various processing scenarios aligned with the mining development program. The design of each phase is based on a stand-alone processing facility aligned with the mining plan of the ore body.

- Phase 1 – Carbon-in-Leach (CIL) Plant (Free-milling ore is process for the first 7 Years, see figure 16).

The design and costing of a 45,000 tons per month oxide ore processing plant including crushing, milling, CIL and elution with gold Doré produced on site. Testwork undertaken on various “free-milling” ores has indicated high undissolved gold losses, indicating the presence of small amounts of sulphidic constituents. This was particularly evident when completing standard cyanidation bottle roll trials on the CDM mine samples. Subsequent additional testwork supports this. As a result, the Phase 1 circuit will include a flash flotation stage post-milling to remove sulphide associated materials before conventional cyanidation. This flotation mass pull will join the concentrator (production scheduled in Phase 2).

<sup>6</sup> Ref to ASX release dated 4 March 2022 titled “DFS Update and High-Grade Ore Swept from New Historical Mines”.

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- *Phase 2 – Gold Concentrator Plant*

The design and cost of a 20,000 tons per month concentrating plant including crushing, milling, Density Media separation (DMS) and flotation. The final products consist of a combined carbon and sulphide flotation concentrate. The carbon flotation concentrate being processed through the CIL plant #3 and the sulphide flotation concentrate is processed through the CIL plant #1.

- *Phase 3 – Oxidative Leaching of Sulphide Concentrate*

The Phase 3 plant includes a 45,000 tons per month Leach-ox processing plant that was designed and costed, including crushing, milling and carbon/sulphide flotation. The phase 3 plant consists of both the gold concentrator plant as well as the CIL plant as described in Phase 1 and Phase 2. The carbon flotation concentrate processed in a dedicated CIL circuit (CIL plant #3), sulphide flotation concentrate oxidized under atmospheric conditions with liquid oxygen injection and high shear reactors. Oxidised product to be treated in a separate batch CIL process (CIL #1) with the tails treated in a larger CIL (CIL plant #2), that also processes the flotation tails as well as “free-milling” ore feed. This option allows for all recovered gold to be produced as Doré on-site with no concentrate produced.

Although there are some shared infrastructure and processing equipment between the phases, for the purposes of this FS the phase-one plant will be constructed first to treat Beta, Rietfontein and CDM ore with phase-three being constructed at a later stage before mining of Frankfort ore commences.

The plant will be developed by an Engineering, Procurement and Construction (EPC) contractor. The Company will run a tender process to evaluate contracts for the construction and upgrade of existing infrastructure including detailed engineering for the plant, procurement, fabrication and delivery to site of plant, equipment and materials and construction of the process plant facilities.

### ***Project Finance***

Theta Gold signed a non-binding Term Sheet with Sprott Resource Streaming and Royalty Corporation (“Sprott Streaming”) under which Sprott Streaming is to advance US\$70 million (~A\$110 million) cash in return for a gold stream on Theta’s TGME Gold Project (the “Project”). A debt funding advisor was engaged to assist in negotiations for the required Capex requirements of the A\$103 million peak capital. The Company is expected to complete negotiations with debt financing within 2024 calendar year.

The Company is also in negotiation with other investment parties with respect to the equity portion of the funding requirements and is expected to complete those discussions and secure terms in 2024.

### ***Project Permits and Approvals***

Mining Right (MR) 83 is now fully permitted for mining. MR 83 includes the Beta Mine, CDM Mine, and Frankfort Mine, three of the four mines included in the mining schedule of the Definitive Feasibility Study<sup>7</sup>.

**Theta now has all the required approvals for MR 83 to start mining:**

- Atmospheric Emissions Licence (Gold Plant)
- Explosive licence for transport and usage

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<sup>7</sup> ASX release 27 July 2022 “Theta Gold’s TGME Project DFS confirms NPV of AUD432 million”.

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- Forrest Licence (Frankfort)
- MR 83 Environmental Authorisation (EA)
- Water Use Licence (WUL) (Tailings, Plant, Mining)
- Environmental Rehabilitation guarantee for MR 83
- Updated Social and Labour Plan for MR 83
- Heritage Record of Decision.

MR 83 had an objection lodged against its environmental approvals as part of a 90-day public review period<sup>8</sup> by one individual back in September 2023. That objection was rejected by the Department of Forest Fishery and Environment (DFFE) and all other related departments. The main condition imposed in lifting the objection was quarterly borehole and downstream water testing (A summary of the DFFE decision is in Appendix A)

Over 20 studies have been completed as part of the EIA process. The findings from the EIA/EMPr and specialist studies have not identified any fatal flaw, unaddressed objection, or significantly high impact ratings. The requisite mitigation measures are all imminently feasible and this should give all interested and affected parties the confidence that the impacts of our proposed activities will not threaten the environment.

A comprehensive stakeholder engagement process was undertaken before the submission of the applications. A very successful open day was held in Pilgrims Rest.. Feedbacks from the open day was very positive and the community is very excited about the job opportunities and economic upliftment that will be created by the project. With the good turnout at the open day and various other stakeholder meetings it can be concluded that the procedural requirement to consult during the EIA phase is satisfied.

The Company is confident that it can successfully implement its mining operations to better protect the strategic water source and biodiversity area. It is of great concern to the local community and downstream farmers that environmental degradation is accelerating in this catchment area. A positive response on the request to the Minister will therefore be welcomed by stakeholders in the light of current challenges in the catchment, the manageable environmental impacts from the proposed MR83 underground project, and the significant value offering of the proposed Ecological Compensation Programme to support DFFE's wider Environmental, Social and Governance ("ESG") objectives in the region.

### ***Gold Plant Front-End Engineering Design (Feed) Complete***

Front-End Engineering Design (FEED) of the TGME gold plant has been completed, forming an important input towards the finalisation of the TGME Project.

Theta Gold provides an update on the MR83 gold processing plant advising that it had appointed MET63, which specialises in the design and construction of advanced modular processing plants, to undertake and complete the plant design, based on a thorough metallurgical testwork program, and with multi-tier internal and independent oversight.

### ***Key Features of the Gold Process Plant:***

- The new gold processing plant is designed to have a milling capacity of 540,000 tons per annum. The plant design consists of two individual processing streams, capable of processing free-milling and sulphide ore separately.

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<sup>8</sup> ASX release 11 September 2023 "ENVIRONMENTAL AUTHORISATION UPDATE FOR MR83".

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## Theta Gold Mines Limited

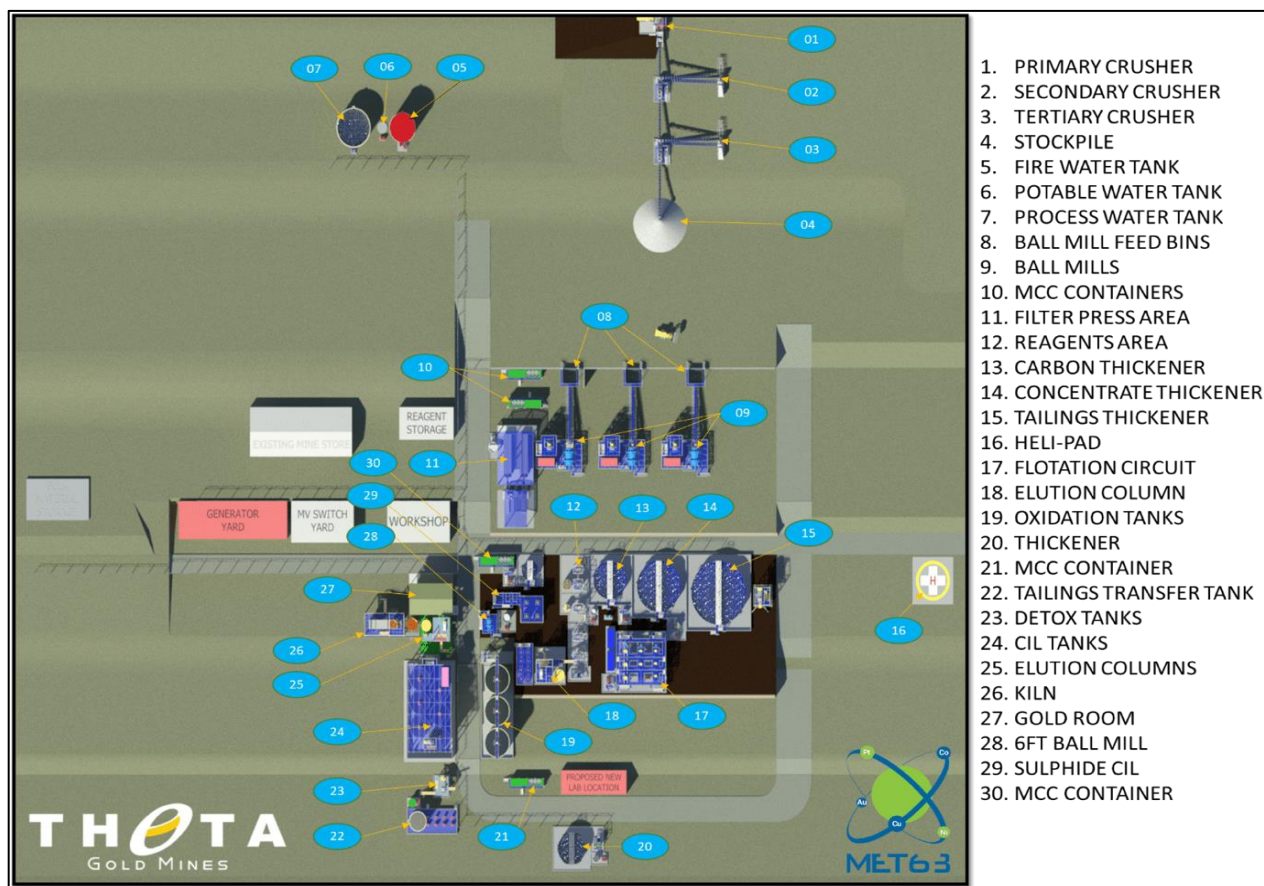
- The new gold processing plant is designed to fit into the current plant footprint which forms part of MR83, therefore no additional environmental permitting will be required.
- The new processing plant components include three-stage crushing, milling, reagent, flotation, CIL, elution, and gold room sections as indicated in Figure 2 & 3.
- The gold plant will produce dore gold bars.
- Engineering and costing have been completed to the required level of accuracy for the FS.
- The completed design includes water and power reticulation with the scope to increase the capacity with modular units for future plant expansions, consistent with the Company's strategy to reach its gold production target of 160,000 ounces per annum within five years.
- The latest proven available automation technologies were incorporated into the gold processing plant design which will reduce labour requirements and enhance productivity levels.
- The tailings disposal will be moved onto the existing tailings storage facility located some 150 metres from the plant.
- Some existing plant infrastructures were incorporated into the new gold processing plant.
- A 3D rendering of the processing plant is illustrated in Figure 17.

**Figure 17: 3D Plant Rendering Final design Phase 1-3.**



# Theta Gold Mines Limited

**Figure 18: New TGME Plant Layout**





## Theta Gold Mines Limited

**Figure 19: Existing Plant Drone View (post demolition of old sections)**



### FINANCIAL RESULTS

The consolidated loss after income tax for the six months ended 31 December 2023 was US\$3,201,000 (31 December 2022: US\$3,035,000). The loss largely represents the consolidated entity's operating costs for the half year, including exploration expenditure, trial mining operations, finance costs, fair value adjustment to its investments, general administration and corporate costs as well as non-cash share-based payment expense.

### FINANCIAL POSITION, FUNDING AND CASH BALANCE

#### ***Sprott Royalty and Streaming Funding Term Sheet***

Theta Gold Mines announced on 19 October 2022 it has entered into a non-binding Streaming Term Sheet ("Term Sheet") with Sprott Resource Streaming and Royalty Corporation ("Sprott Streaming") under which Sprott Streaming is to advance US\$70 million (~A\$110 million) cash in return for a gold stream on Theta's TGME Gold Project (the "Project").

The Project is expected to deliver to Sprott Streaming up to 100,000 ounces of gold over its Life-of-Mine ("LOM"), for which Sprott Streaming will pay 10% of the gold price per ounce delivered under the stream. Theta has the option to buy-back 50% of the stream based on a pre-agreed price, following which Theta will deliver 2% of the ongoing gold production.

### Half-Year Financial Report - 31 December 2023



## Theta Gold Mines Limited

Prior to initial gold delivery, Theta will pay in cash or scrip (at 10% discount to 5 days volume-weighted-average-price ("VWAP")) on a semi-annual basis, 9.5% per annum interest to Sprott Streaming for the funds advanced.

Under the Term Sheet, conditions precedent to closing include the completion of technical, legal, and environmental and social due diligence, the receipt and review of the project's final development budget and schedule, the completion of definitive documentation, and the receipt of applicable environmental permits, operating licenses and regulatory approvals.

Closing is scheduled by the second quarter of 2024 and the funds will be applied towards the construction of the TGME Gold Project, located in the Eastern Transvaal Goldfields in the Mpumalanga Province, South Africa.

A due diligence team appointed by Sprott Streaming already began working since November 2022, upon a satisfactory conclusion, a Binding Gold Stream Agreement between Sprott Streaming and Theta Gold shall be finalised, executed and announced to the market in detail.

### ***Placements and Conversion of Options to Shares***

During the half-year ended 31 December 2023, the Company completed a Private Placement (Placement) and received instructions to convert options to shares raising a total of US\$3.6 million (A\$5.4 million) before costs as follows:

On 3 July 2023, the Company announced it had raised A\$5.0 million (before fees) through a placement to strategic professional and sophisticated investors, Hong Kong Ruihua Investment Management Limited ("Ruihua") cornerstoned A\$3.0 million of the placement. Ruihua is a wholly-owned subsidiary to its Nanjing based parent company Jiangsu Ruihua Investment Holding Group Co., Ltd (since 2003), a fund manager with over US\$3 billion AUM who specialises in equity markets including secondary market trading, private placements, venture capital and private equity activities.

The Company issued 76,923,077 new fully paid TGM Ordinary Shares at the issue price of A\$0.069 cents per share, using the Company's existing placement capacity pursuant to Listing Rule 7.1.

The Company also received in instructions from 2Invest AG to exercise options to ordinary shares in the Company. A total of A\$0.424 million, (US\$0.275 million) was raised through the exercise of 7 million options. As a result the Company issued 7 million ordinary shares to 2Invest AG upon the conversion of unlisted options to shares.

### **Cash Balance**

As at 31 December 2023, the Consolidated Group held US\$728,000 in cash or cash equivalents.

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<sup>9</sup> Shares issue price of \$0.065 cents is 4% discount to the 14 day VWAP just prior to completion of the capital raising.

## Theta Gold Mines Limited

### OUTLOOK

The Company remains focused on pursuing the development and commencement of mining operations in the Eastern Transvaal Goldfields, (TGME Gold Project). The Company has considerable optionality across its vast asset base. It will continue to assess the potential underground development of its TGME Gold Mine Project which it plans to bring into production in 2024.

### AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under s 307C of the Corporations Act 2001 is set out on page 23.

### ROUNDING OF AMOUNTS TO NEAREST THOUSAND DOLLARS

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

Signed in accordance with a resolution of the directors.

On behalf of the Board



Charles William Guy

Chairman

Sydney, 15 March 2024

**THETA GOLD MINES LIMITED  
ABN 30 131 758 177  
AND ITS CONTROLLED ENTITIES**

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF THETA GOLD MINES LIMITED**

In accordance with Section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Theta Gold Mines Limited. As the lead audit partner for the review of the financial report of Theta Gold Mines Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. any applicable code of professional conduct in relation to the review.



HALL CHADWICK (NSW)  
Level 40, 2 Park Street  
Sydney NSW 2000



**DREW TOWNSEND**

Partner

Dated: 15 March 2024

ADELAIDE	BRISBANE	DARWIN	MELBOURNE	PERTH	SYDNEY
Level 9	Level 4	Level 1	Level 14	Level 11	Level 40
50 Pirie Street	240 Queen Street	48-50 Smith Street	440 Collins Street	77 St Georges Tce	2 Park Street
Adelaide SA 5000	Brisbane QLD 4000	Darwin NT 0800	Melbourne VIC 3000	Perth WA 6000	Sydney NSW 2000
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## Theta Gold Mines Limited

### Directors' Declaration

The directors declare that:

1. the financial statements and notes, as set out on pages 25 to 40, are in accordance with the Corporations Act 2001 and:
  - a. comply with Accounting Standard AASB 134: Interim Financial Reporting; and
  - b. give a true and fair view of the financial position of the Consolidated Entity as at 31 December 2023 and of its performance for the half year ended on that date;
2. in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.

On behalf of the Board

A handwritten signature in black ink that reads "Bill Guy". The signature is written in a cursive, flowing style.

Charles William Guy  
Chairman

Sydney, 15 March 2024



# Theta Gold Mines Limited

## Condensed Consolidated Statement of Financial Performance and Other Comprehensive Income for the Half Year ended 31 December 2023

		Six months ended 31 December 2023	Six months ended 31 December 2022
	Notes	US\$'000	US\$'000
Interest income		84	44
Other income		76	11
Finance costs		(1,346)	(1,050)
Salary expense		(318)	(283)
Share-based payments		(133)	(38)
Exploration expenses		(502)	(402)
Operating expenses		(973)	(888)
Fair value gain / (loss) on investment	7	(89)	(429)
<b>Loss before income tax expense</b>		<b>(3,201)</b>	<b>(3,035)</b>
Income tax expense		-	-
<b>Loss for the period</b>		<b>(3,201)</b>	<b>(3,035)</b>
<b>Other comprehensive income, net of tax</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference on translating foreign controlled entities		(5)	(589)
Unrealised gain / (loss) on financial assets		-	608
<b>Total comprehensive loss for the period, net of income tax</b>		<b>(3,206)</b>	<b>(3,016)</b>
Loss attributable to:			
Equity holders of the parent		(3,201)	(3,035)
		(3,201)	(3,035)
Total comprehensive loss attributable to:			
Equity holders of the parent		(3,206)	(3,016)
		(3,206)	(3,016)
<b>Loss per share</b>			
Basic (cents per share)		(0.5)	(0.6)
Diluted (cents per share)		(0.5)	(0.6)

The accompanying notes form part of these financial statements.

# Theta Gold Mines Limited

## Condensed Consolidated Statement of Financial Position as at 31 December 2023

	Notes	31 December 2023 US\$'000	30 June 2023 US\$'000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		728	1,919
Trade and other receivables		152	515
<b>TOTAL CURRENT ASSETS</b>		<b>880</b>	<b>2,434</b>
<b>NON-CURRENT ASSETS</b>			
Receivables		36	36
Other receivable		2,635	1,317
Property, plant and equipment		1,161	570
Exploration expenditure	3	15,953	14,886
Other financial assets	7	-	360
<b>TOTAL NON-CURRENT ASSETS</b>		<b>19,785</b>	<b>17,169</b>
<b>TOTAL ASSETS</b>		<b>20,665</b>	<b>19,603</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		945	2,005
Provisions		129	188
Borrowings	4	13,884	11,234
<b>TOTAL CURRENT LIABILITIES</b>		<b>14,958</b>	<b>13,427</b>
<b>NON- CURRENT LIABILITIES</b>			
Provisions		2,250	2,128
Borrowings	4	3,618	4,736
<b>TOTAL NON- CURRENT LIABILITIES</b>		<b>5,868</b>	<b>6,864</b>
<b>TOTAL LIABILITIES</b>		<b>20,826</b>	<b>20,291</b>
<b>NET ASSETS</b>		<b>(161)</b>	<b>(688)</b>
<b>EQUITY</b>			
Issued capital	5	99,552	95,952
Reserves		5,135	5,007
Accumulated losses		(104,848)	(101,647)
<b>TOTAL EQUITY</b>		<b>(161)</b>	<b>(688)</b>

The accompanying notes form part of these financial statements

# Theta Gold Mines Limited

## Condensed Consolidated Statement of Changes in Equity for the Half Year ended 31 December 2023

	Issued Capital US\$'000	Equity Reserve US\$'000	Asset Revaluation reserve US\$'000	Option Premium reserve US\$'000	Share- based Payment Reserve US\$'000	Foreign Currency Translation Reserve US\$'000	Accumulated Losses US\$'000	Total US\$'000
<b>Balance 1 July 2023</b>	<b>95,952</b>	<b>7,552</b>	<b>(879)</b>	<b>1,471</b>	<b>4,158</b>	<b>(7,295)</b>	<b>(101,647)</b>	<b>(688)</b>
Loss for the period	-	-	-	-	-	-	(3,201)	(3,201)
Other comprehensive income for the period, Net of income tax	-	-	-	-	-	(5)	-	(5)
Total comprehensive income for the period	-	-	-	-	-	(5)	(3,201)	(3,206)
Issue of shares	<b>3,607</b>	-	-	-	-	-	-	<b>3,607</b>
Share issue expenses	<b>(7)</b>	-	-	-	-	-	-	<b>(7)</b>
Recognition of share-based payments	-	-	-	-	<b>133</b>	-	-	<b>133</b>
<b>Balance 31 December 2023</b>	<b>99,552</b>	<b>7,552</b>	<b>(879)</b>	<b>1,471</b>	<b>4,291</b>	<b>(7,300)</b>	<b>(104,848)</b>	<b>(161)</b>
<b>Balance 1 July 2022</b>	<b>92,891</b>	<b>7,552</b>	<b>(956)</b>	<b>1,471</b>	<b>3,933</b>	<b>(5,453)</b>	<b>(94,621)</b>	<b>4,817</b>
Loss for the period	-	-	-	-	-	-	(3,035)	(3,035)
Other comprehensive income for the period, net of income tax	-	-	608	-	-	(589)	-	19
Total comprehensive income for the period	-	-	608	-	-	(589)	(3,035)	(3,016)
Issue of shares	3,152	-	-	-	-	-	-	3,152
Issue of options	-	-	-	-	-	-	-	-
Share issue expenses	(198)	-	-	-	-	-	-	(198)
Recognition of share-based payments	-	-	-	-	38	-	-	38
Reversal of asset revaluation reserve	-	-	-	-	-	-	-	-
<b>Balance 31 December 2022</b>	<b>95,845</b>	<b>7,552</b>	<b>(348)</b>	<b>1,471</b>	<b>3,971</b>	<b>(6,042)</b>	<b>(97,656)</b>	<b>4,793</b>

The accompanying notes form part of these financial statements.

# Theta Gold Mines Limited

## Condensed Consolidated Statement of Cash Flows for the Half Year ended 31 December 2023

	Six months ended 31 December 2023 US\$'000	Six months ended 31 December 2022 US\$'000
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(2,620)	(1,509)
Payments for exploration expenditure	(502)	(402)
Interest received	29	4
Interest and other cost of finance received / (paid)	(391)	(409)
<b>Net operating cash flows</b>	<b>(3,484)</b>	<b>(2,316)</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(5)	(7)
Payments for exploration expenditure	(608)	(372)
Proceeds from sale / (purchase) of investments	271	180
Interest on investment	(1,160)	(1)
<b>Net investing cash flows</b>	<b>(1,502)</b>	<b>(200)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issues of shares	3,600	3,016
Payment adjustment for share issue expenses	-	(118)
Proceeds from borrowings	195	175
Repayment of borrowings	-	(6)
<b>Net financing cash flows</b>	<b>3,795</b>	<b>3,067</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,191)</b>	<b>551</b>
Cash and cash equivalents at beginning of the period	1,919	22
<b>Cash and cash equivalents at end of the period</b>	<b>728</b>	<b>573</b>

The accompanying notes form part of these financial statements.



**Theta Gold Mines Limited**  
**Notes to and forming part of the Financial Statements**  
**for the Half Year ended 31 December 2023**

**Note 1: Basis of Preparation**

These general-purpose financial statements for the half year reporting period ended 31 December 2023 have been prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures that the financial statements and notes also comply with International Financial Reporting Standard IAS 34: Interim Financial Reporting.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the financial report for the year ended 30 June 2023 and any public announcements made by Theta Gold Mines Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except for new standards that became effective during the period and were adopted by the Consolidated Entity. These are discussed in more detail below.

This interim financial report presents reclassified comparative information where required for consistency with the current period's presentation.

**Going Concern**

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

The Consolidated Entity made a loss of US\$3,201,000 for the half year, with net cash outflows from operating activities of US\$3,484,000. At 31 December 2023, the Consolidated Entity had net current liabilities of US\$14,078,000.

The Directors in the consideration of the appropriateness of the going concern basis for the preparation of the financial statements have prepared a cash flow through to April 2025 which indicates that in addition to the below matters the Consolidated Entity will have sufficient cash to continue as a going concern.

**Loans**

*Secured Bond:*

Net liabilities of the company included a loan from 2Invest AG for \$4,083,000 (A\$6,000,000) provided by way of a Secured Bond facility to assist in development funding for the TGME Underground Gold Mine Project as announced in July 2021.

## Theta Gold Mines Limited

The Secured Bond comprises of fifteen (15) 'bearer partial bonds', each with a face value A\$400,000 with the full principal repayment due on 23 January 2024. In May 2022, the Company further announced that it had the option to extend the repayment date by 12 months from 23 January 2023 to 23 January 2024. As compensation for the delayed payment, the Company entered into an agreement to issued 1 million options at market, each and every month the interest remains unpaid.

The Secured Bond requires an annualized cash coupon rate of 20% payable half yearly in arrears. The Company has met all its interest payment obligations to date under the Bond agreement.

2 Invest AG is also a significant shareholder in the Company currently holding 5.403% of the shares in TGM.

### *Unsecured Loan:*

In addition, the Consolidated Entity has included as a current liability, a loan from Australian Private Capital Investment Group (International) Ltd ("APCIG"), a company associated with Mr Simon Liu, a previous Director and current shareholder of the Company. At 31 December 2023, the loan and accrued interest amounted to \$8,889,000. As explained in Note 4(a), the Company has formalised an agreement with Hanhong Private Equity Management Company Ltd ("Hanhong") and its subsidiary, Asia Field Enterprises Limited ("AFE") (companies associated with Mr Simon Liu), under which the parties agreed:

- (i) That Hanhong and AFE agree to continue to procure the novation of the APCIG loan, replacing APCIG with AFE or Hanhong's nominee as lender;
- (ii) That the amount owing under the APCIG loan is A\$4,920,000 and upon novation of the APCIG loan;
- (iii) The amount of A\$4,920,000 is to be paid in the following manner following the novation of the APCIG loan:
  - a. The sum of A\$3,280,000 by cash payments ("Cash Payments") to AFE, Hanhong or Hanhong's nominee; and
  - b. The sum of A\$1,640,000 by the issue of shares based on the share value in the capital of the Company to AFE, Hanhong or Hanhong's nominee ("Share Payment").
- (iv) If the Company repays or is ordered to repay APCIG, AFE and Hanhong shall indemnify the Company for any amount it pays to or is ordered to pay to APCIG in excess of A\$4,920,000.

At the date of the financial statements, the loan is yet to be novated to AFE or Hanhong's nominee as lender and the loan continues to be recorded at its full value and classified as a current liability.

### *Unsecured Convertible Loans:*

At the date of this report, the Company secured \$3,323,000 (A\$4,750,000) in funding via three separate unsecured Convertible Loan Agreements ('Agreements') to fund the bulk trial sampling program at the Frankfort Mine along with working capital for the Company. The Agreements are with Deutsche Balaton AG for \$2,382,000 (A\$3,500,000), Golden Asia Investment Group Ltd ("GAIG") for \$306,000 (A\$450,000) and Aus Agriculture Pty Ltd ("AAPL") for \$544,000 (A\$800,000) respectively.

The terms for each Agreement are identical except for their respective share in aggregate of a 10%

## Theta Gold Mines Limited

royalty, calculated as (7%, 2% and 1% respectively based on each Lenders loaned principal amount) of Gross Revenues received from the bulk sample programme. Each Lender named above will also be entitled to receive a 20% minimum annual interest rate on loaned amounts outstanding and may at their discretion be paid cash or convert the interest payable into ordinary shares in TGM. Each Lender may at any time convert all or part of any outstanding amount into new TGM Shares using a conversion price calculated as the weighted average price of trading in TGM Shares on ASX during a 10-day period immediately before the Lender provides a conversion notice.

### Funding

The Company has historically demonstrated an ability to secure funding as and when required to meet its ongoing financial obligations. The Company has raised a further A\$5,425,000 (US\$3,606,000) before issue expenses during the year from share placements and conversion of unlisted options to shares to institutions and sophisticated investors and continues to be able to raise new funds to support its activities.

In addition, following the successful release of its DFS in July 2022 the Company announced on 19 October 2022 that it had entered into a non-binding Streaming Term Sheet ("Term Sheet") with Sprott Resource Streaming and Royalty Corporation ("Sprott Streaming") under which Sprott Streaming is to advance US\$70 million (~A\$110 million) cash in return for a gold stream on Theta's TGME Gold Project (the "Project"). The Project is expected to deliver to Sprott Streaming up to 100,000 ounces of gold over its Life-of-Mine ("LOM"), for which Sprott Streaming will pay 10% of the gold price per ounce delivered under the stream. Theta has the option to buy-back 50% of the stream based on a pre-agreed price, following which Theta will deliver 2% of the ongoing gold production. Prior to initial gold delivery, Theta will pay in cash or scrip (at 10% discount to 5 days volume-weighted-average-price ("VWAP")) on a semi-annual basis, 9.5% per annum interest to Sprott Streaming for the funds advanced.

Under the Term Sheet, conditions precedent to closing include the completion of technical, legal, and environmental and social due diligence, the receipt and review of the project's final development budget and schedule, the completion of definitive documentation, and the receipt of applicable environmental permits, operating licences and regulatory approvals. Closing is scheduled by the last quarter of 2023 calendar year and the funds will be applied towards the construction of the TGME Gold Project, located in the Eastern Transvaal Goldfields in the Mpumalanga Province, South Africa.

The due diligence process remains on-going and has advanced during the course of the year. Upon a satisfactory conclusion and obtaining the required approvals, a Binding Gold Stream Agreement between Sprott Streaming and Theta Gold shall be finalised, executed and announced to the market in detail.

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

## **Theta Gold Mines Limited**

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

The Directors at the date of signing this report believe that the Consolidated Entity will be successful in the above matters and, accordingly, have prepared the financial report on a going concern basis. At this time, the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report at 31 December 2023. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Consolidated Entity not continue as a going concern.

The Consolidated Entity continues to proactively manage its cash flow requirements to ensure that funds are available, including from capital raisings, as and when required to meeting its working capital requirements, and to continue receiving the ongoing financial support of both the related party and non-related party lender.

The Directors believe that the Consolidated Entity will be successful in the above matters and, accordingly, have prepared the financial report on a going concern basis. At this time, the Directors are of the opinion that no asset is likely to be realized for an amount less than the amount at which it is recorded in the financial report at 31 December 2023. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Consolidated Entity not continue as a going concern.

In the event the Consolidated Entity is unsuccessful in achieving the above matters, there is material uncertainty that may cast significant doubt as to whether the Consolidated Entity will continue as a going concern and, therefore, whether it will realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report.



## Theta Gold Mines Limited

### Note 2: Operating Segments

The Consolidated Entity's operations are located in Australia where it has its corporate office, the focus of this entity is gold exploration in South Africa. The Executive Management within the Consolidated Entity is the Chief Operating Decision Maker (CODM) which monitors the operating results of its group for the purpose of making decisions and performance assessment.

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

### Note 3: Capitalised Exploration Expenditure

	31 December 2023 US\$'000	30 June 2023 US\$'000
Exploration expenditure	<u>15,953</u>	14,886
Movements:		
Opening net book value	14,886	16,193
Additions	608	937
Exchange rate effect	459	(2,244)
Closing net book value	<u>15,953</u>	14,886

### Note 4: Borrowings

	Note	31 December 2023 US\$'000	30 June 2023 US\$'000
<b>Current</b>			
<u>Secured</u>			
Vendor finance		10	51
Premium funding		12	-
Loan – unrelated party	(b)	<u>5,007</u>	-
		<u>5,029</u>	51
<u>Unsecured</u>			
Loan – related party	(a)	8,889	8,171
Loan – unrelated party		<u>(34)</u>	3,012
		<u>8,855</u>	11,183
		<u>13,884</u>	11,234

## Theta Gold Mines Limited

	Note	31 December 2023 US\$'000	30 June 2023 US\$'000
<b>Non-Current</b>			
<u>Secured</u>			
Loan – unrelated party	(c)	3,618	4,736
Total non-current borrowings		<b>3,618</b>	4,736
 <b>Total</b>		 <b>17,502</b>	 15,970

- (a) Loan from related party - US\$8,889,000 (30 June 2023: US\$8,171,000)

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

- (i) Interest accrues at the rate of 10% per annum and 15% per annum on overdue principal and interest;
- (ii) The loan is unsecured;

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

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

The Company previously formalised an agreement with the controller of the APCIG Loan, Hanhong Private Equity Management Company Ltd (“Hanhong”) and its subsidiary, Asia Field Enterprises Limited (“AFE”) (companies associated with Mr Simon Liu), under which the parties agreed:

- (i) That Hanhong and AFE agree to continue to procure the novation of the APCIG Loan, replacing APCIG with AFE or Hanhong’s nominee as lender;
- (ii) That the amount owing under the APCIG Loan is A\$4,920,000 and upon novation of the APCIG Loan;
- (iii) The amount of A\$4,920,000 is to be repaid in the following manner:
  - a. The sum of A\$3,280,000 by cash payments (Cash Payments) to AFE, Hanhong or Hanhong’s nominee; and

## Theta Gold Mines Limited

- b. The sum of A\$1,640,000 by the issue of shares in the capital of the Company to AFE, Hanhong or Hanhong's nominee (Share Payment).
- (iv) The Cash Payments will comprise four (4) equal instalments paid every six calendar months, commencing on the last day of the sixth month following confirmation that Transvaal Gold Mining Estates Limited, a subsidiary of the Company, has achieved gold production at an annualised rate of 40,000 ounces of gold over a consecutive period of three (3) months;
- (v) The Share Payment will be made one month after novation of the APCIG Loan to AFE or Hanhong's nominee;
- (vi) If the Company repays or is ordered to repay APCIG, AFE and Hanhong shall indemnify the Company for any amount it pays to or is ordered to pay to APCIG in excess of A\$4,920,000.

Until the loan is novated to AFE or Hanhong's nominee as lender, interest will continue to accrue in accordance with the loan agreement and the full amount will continue to be classified as a current liability.

### (b) Loans from unrelated party

#### Secured Bond:

The Company entered into a secured Bond with Delphi AG and Deutsche Balaton backed investment company 2Invest AG in July 2021 to provide a secured bond for A\$6 million (US\$5.0 million). The secured Bond comprises of fifteen (15) 'bearer partial bonds', each of a face value of A\$400,000 with the full principal repayment due by 31 January 2023. The Secured Bond requires an annualized cash coupon rate of 20% payable half yearly in arrears.

Following a fair value assessment which includes free attaching options that were issued to 2Invest AG at the time the secured bond was issued, along with additional options issued on the 16 May 2022 to extend the repayment date of the bond for a further 12 months to 31 January 2024, the fair value of the secured bond was adjusted to US\$5m (A\$7.4m) to reflect the cost of those options issued.

### (c) Unsecured Convertible Loans:

On 3 April 2023 the Company announced that it has secured US\$3.0m (A\$4.5m) in funding via three separate unsecured Convertible Loan Agreements ('Agreements') to fund the bulk trial sampling program at the Frankfort Mine along with working capital for the Company. The Agreements are with Deutsche Balaton AG for US\$2.4m (A\$3.5m), Golden Asia Investment Group Ltd ("GAIG") for \$306,000 (A\$450,000) and Aus Agriculture Pty Ltd ("AAPL") for \$340,000 (A\$500,000) respectively.

In December 2023, the Company secured an additional \$204,000 (A\$300,000) funding from AAPL.

At 31 December 2023 the Company had accrued US\$473,000 (A\$695,000) in interest payable on the Convertible Loans. The total Convertible Loans outstanding along with interest accrued at 31 December 2023 total US\$8.6m (A\$12.7m).

## Theta Gold Mines Limited

### Note 5: Issued Capital

	31 December 2023 US\$'000	30 June 2023 US\$'000
Issued and paid-up shares	99,552	95,952

	31 December 2023 No.'000	US\$'000	30 June 2023 No.'000	US\$'000
Movement:				
<b>Balance at beginning of period</b>	<b>623,152</b>	<b>95,952</b>	550,227	92,891
Add: Shares issued during the period				
- Share placements	76,923	3,332	60,611	2,767
- Shares issued on exercise of Options	7,000	275	-	-
- Shares issued under Purchase Plan	-	-	8,171	384
- Shares issued to 2Invest AG	-	-	1,000	37
- Shares issued to Convertible Loan holders	-	-	3,143	117
Less: Share issue expenses	-	(7)	-	(244)
<b>Balance at end of period</b>	<b>707,075</b>	<b>99,552</b>	623,152	95,952

### Note 6: Options and Performance Rights

	31 December 2023 No.'000	30 June 2023 No.'000
Unlisted options	66,840	82,511
Unlisted performance rights	25,170	25,170
	<b>92,010</b>	107,681

Movement:

<b>Balance at beginning of period</b>	<b>107,681</b>	60,431
Add: Options and performance rights issued during the period	-	-
Less: Listed options exercised	-	-
Unlisted options issued	38,300	38,100
Unlisted options exercised	(7,000)	-
Unlisted options lapsed	(46,971)	(3,600)
Performance rights issued	-	17,550
Performance rights lapsed	-	(4,800)
<b>Balance at end of period</b>	<b>92,010</b>	107,681

## Theta Gold Mines Limited

The exercise prices and expiry dates of unlisted options and performance rights are set out in the table below.

Issue date	31 December 2023 No.'000	30 June 2023 No.'000	Expiry date	Exercise price
<b><u>Unlisted Options</u></b>				
01 Oct 2020	1,200	1,200	30 Sep 2025	A\$0.40
01 Oct 2020	240	240	30 Sep 2025	A\$0.50
01 Jan 2021	-	1,900	31 Dec 2025	A\$0.50
11 Aug 2021	-	7,500	31 Jul 2023	A\$0.27.5
11 Aug 2021	-	8,200	30 Sep 2023	A\$0.40
01 Oct 2021	-	2,929	30 Sep 2023	A\$0.40
04 Oct 2021	-	1,190	30 Sep 2023	A\$0.40
06 Oct 2021	-	6,252	30 Sep 2023	A\$0.40
16 May 2022	15,000	15,000	16 Jan 2024	A\$0.17
08 Sept 2022	-	20,000	31 Dec 2023	A\$0.12
29 Dec 2022	9,150	9,150	30 Sep 2025	A\$0.12
29 Dec 2022	2,650	2,650	30 Sep 2027	A\$0.17
29 Dec 2022	300	300	30 Sep 2027	A\$0.25
04 Apr 2023	-	4,000	02 Oct 2023	A\$0.055
03 May 2023	-	1,000	30 Oct 2023	A\$0.07
02 Jun 2023	-	1,000	29 Nov 2023	A\$0.068
03 Jul 2023	1,000	-	30 Dec 2023	A\$0.066
02 Aug 2023	1,000	-	28 Jan 2024	A\$0.10
08 Sep 2023	1,000	-	6 Mar 2024	A\$0.14
03 Oct 2023	1,000	-	31 Mar 2024	A\$0.125
16 Oct 2023	30,000	-	31 Mar 2024	A\$0.12
09 Nov 2023	1,000	-	7 May 2024	A\$13.5
4 Dec 2023	1,000	-	1 Jun 2024	A\$13.0
18 Dec 2023	800	-	30 Sep 2025	A\$0.12
18 Dec 2023	1,500	-	30 Sep 2025	A\$0.17
	<b>66,840</b>	<b>82,511</b>		
<b><u>Performance Rights</u></b>				
28 Jun 2019	6,900	6,900	27 Jun 2024	-
01 Oct 2020	720	720	30 Sep 2025	-
30 Nov 2022	10,400	10,400	30 Sep 2025	-
30 Nov 2022	7,150	3,350	30 Sep 2027	-
30 Nov 2022	3,800	3,800	30 Sep 2027	-
	<b>25,170</b>	<b>25,170</b>		



## Theta Gold Mines Limited

### Fair value

The fair value of options and performance rights granted during the half year were estimated based on the following assumptions:

Grant date	Option/ Rights	Number '000	Expiry date	Exercis e price	Share price at grant date	Risk free rate	Volatility
3 July 2023	Options	1,000	30 Dec 2023	A\$0.06 6	A\$0.065	0.04%	127%
2 Aug 2023	Options	1,000	28 Jan 24	A\$0.10	A\$0.11	0.04%	127%
8 Sep 2023	Options	1,000	6 Mar 24	A\$0.14	A\$0.135	0.04%	127%
3 Oct 2023	Options	1,000	31 Mar 24	A\$0.12 5	A\$0.125	0.04%	127%
16 Oct 2023	Options	30,000	31 Mar 24	A\$0.12	A\$0.14	0.04%	127%
9 Nov 2023	Options	1,000	7 May 24	A\$0.13 5	A\$0.125	0.04%	127%
4 Dec 2023	Options	1,000	1 Jun 24	A\$0.13	A\$0.13	0.04%	127%
18 Dec 2023	Options	1,500	30 Sep 27	A\$0.17	A\$0.115	0.04%	127%
18 Dec 2023	Options	800	30 Sep 25	A\$0.12	A0.115	0.04%	127%

# Theta Gold Mines Limited

## Note 7: Fair Value of Financial Instruments

This note provides information about how the Company determines the fair value of financial assets and liabilities.

### 7.1 Fair value of financial assets that are measured at fair value on a recurring basis

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

The following table provides the fair value measurement hierarchy of the Company financial assets:

Fair Value Hierarchy			Fair value measurement using	31 Dec 23 US\$'000	30 Jun 23 US\$'000
<b>Financial assets at fair value</b>					
<b>Non-current</b>					
Investment in Focus Minerals Limited	Level 1		Quoted prices in active Markets	- <sup>1</sup>	360
Fair Value of Assets				-	360

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the six months ended 31 December 2023.

1. A loss of \$89,000 was recognized on disposal of Investment in Focus Minerals Limited.

### 7.2 Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

### 7.2 Fair value of financial assets and liabilities that are not measured at fair value (but fair value disclosures are required)

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

## Theta Gold Mines Limited

### Note 8: Events After Balance Date

#### (a) Environmental Permit Approval

On 14 March 2024<sup>10</sup>, the Company announced it had been granted environmental approvals over Mining Right (MR) 83 which is now fully permitted for mining. MR 83 includes the Beta Mine, CDM Mine, and Frankfort Mine, three of the four mines included in the mining schedule of the Definitive Feasibility Study in July 2022.

MR 83 had an objection lodged against its environmental approvals as part of a 90-day public review period<sup>11</sup> by one individual back in September 2023. That objection was rejected by the Department of Forest Fishery and Environment (DFFE) and all other related departments. The main condition imposed in lifting the objection was quarterly borehole and downstream water testing.

#### (b) Equity Funding Negotiations

Theta Gold also remains in discussions with several parties in respect to the equity portion of the funding required for the development and CAPEX of the TGME Gold Mine Project. These discussions have progressed during the half year ended 31 December 2023 and are also expected to be finalised during 2024.

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<sup>10</sup> ASX release 14 March 2024 "Theta Gold fully permitted with Mining Right secured".

<sup>11</sup> ASX release 11 September 2023 "ENVIRONMENTAL AUTHORISATION UPDATE FOR MR83".

**THETA GOLD MINES LIMITED  
ABN 30 131 758 177  
AND ITS CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF THETA GOLD MINES LIMITED**

*Conclusion*

We have reviewed the half-year financial report of Theta Gold Mines Limited (the company) and its controlled entities (the group), which comprises the condensed consolidated statement of financial position as at 31 December 2023, the condensed consolidated statement of financial performance and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year then ended, a summary of significant accounting policies and other explanatory information, 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 the group 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 group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants (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 1 in the financial report, which indicates that the group incurred a net loss of \$3,201,000 during the half-year ended 31 December 2023 and, as of that date, the group's current liabilities exceeded its current assets by \$14,078,000. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, 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.

*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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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THETA GOLD MINES LIMITED  
ABN 30 131 758 177  
AND ITS CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF THETA GOLD MINES LIMITED

*Auditor's Responsibility for the Review of the Financial Report*

ASRE 2410 requires us to conclude whether 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.



HALL CHADWICK (NSW)  
Level 40, 2 Park Street  
Sydney NSW 2000



**DREW TOWNSEND**  
Partner  
Dated: 15 March 2024