



Half Year Financial Report  
Six Months Ended 31 December 2022

# Theta Gold Mines Limited

## Corporate Directory

### DIRECTORS

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

### COMPANY SECRETARY

Brent Hofman

### AUDITOR

Ernst & Young  
200 George Street  
Sydney NSW 2000  
Australia

### STOCK EXCHANGE LISTINGS

ASX: TGM  
OTCQB: TGMGF

### AUSTRALIAN BUSINESS NUMBER

30 131 758 177

### REGISTERED OFFICE

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Australia  
Tel: +61 2 8046 7584  
Email: [info@thetagoldmines.com](mailto:info@thetagoldmines.com)

### SHARE REGISTRY

Boardroom Pty Limited  
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Sydney NSW 2000  
Australia  
Tel: 1300 737 760 (within Australia)  
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Fax: +61 2 9290 9655

### WEBSITE

[www.thetagoldmines.com](http://www.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 2022.

### 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)
Yang (Simon) Liu	Non-Executive Director
Guyang (Brett) Tang	Non-Executive Director
Finn Stuart Behnken	Non-Executive Director (ceased 15 August 2022)
Byron Dumbleton	Non-Executive Director

### REVIEW OF OPERATIONS

#### *Executive Management Changes*

During the half year, the Company appointed Mr Bill Richie Yang as Audit Committee Chair after Mr Finn Stuart Behnken position as a non-executive director on the board ceased in August 2022. Mr Yang is Director of Corporate and Business Development and has been with the Company since June 2015.

#### *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.

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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"

## Theta Gold Mines Limited

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
- 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 1: Key Project Metrics**

Description	Units	Base Case	Reserve Plan
Project Start Date <sup>5</sup>	Qtr/Year-yyyy	Q2 2023	Q2 2023
Commercial Production Start Date	Qtr/Year-yyyy	Q2 2024	Q2 2024
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

<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.

<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.

## Theta Gold Mines Limited

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 2: 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%

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

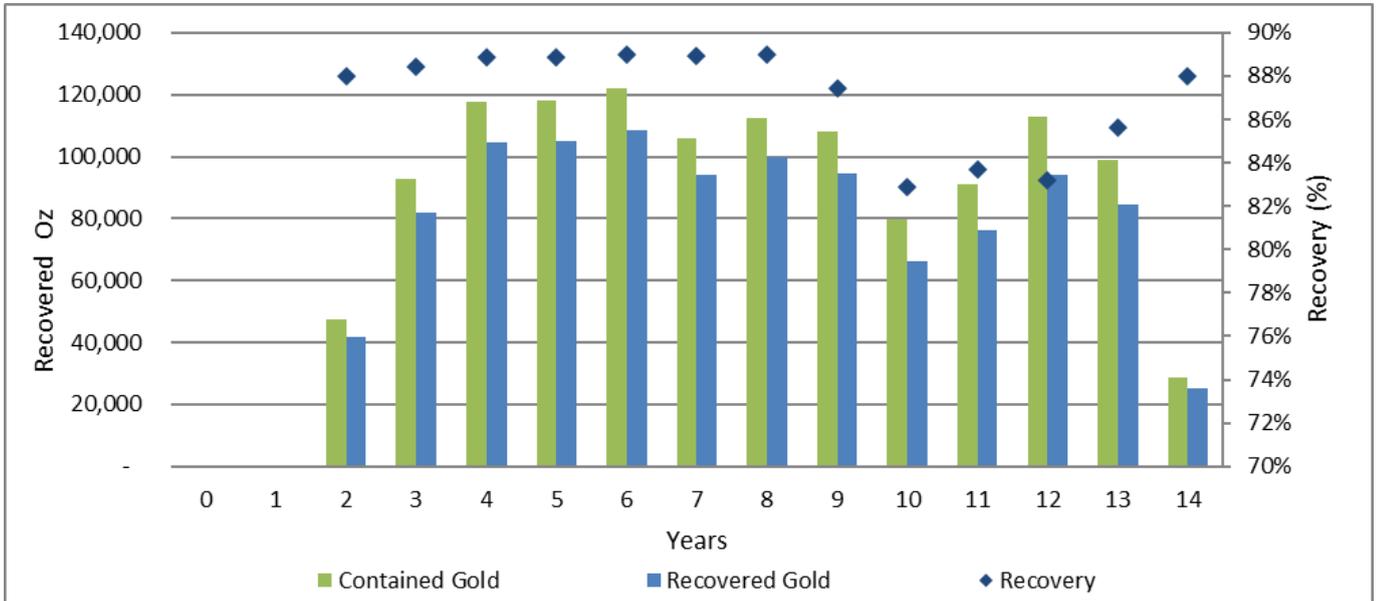
Project Economics at gold price	Unit	Forecast (USD1,642/oz Avg)	USD1,500/oz	USD1,600/oz	USD1,800/oz	USD2,000/oz	USD2,200/oz
NPV @ 10% (real) Pre-tax	AUDm	432	339	405	536	669	802
NPV @ 10% (real) Post-tax	AUDm	292	232	274	359	447	533
IRR (%) Pre-tax	%	65%	57%	64%	77%	90%	102%
IRR (%) Post-tax	%	57%	50%	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:**

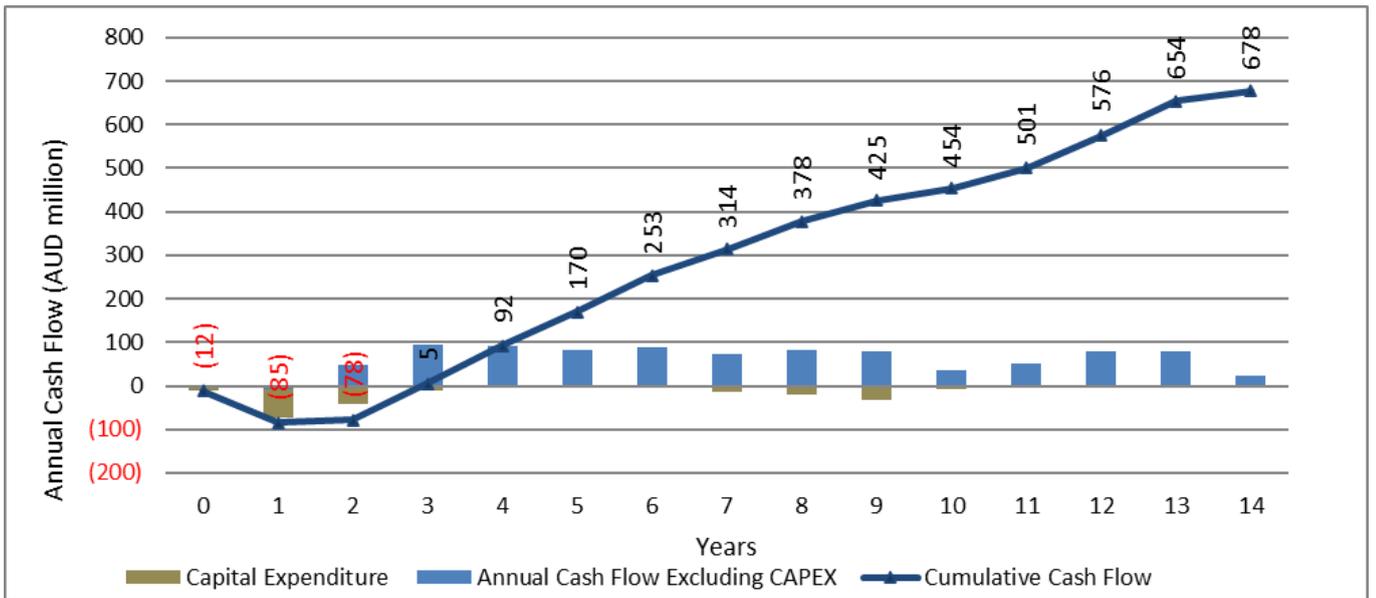
1. Converted to AUD from USD using AUD:USD exchange rate of 1.333 used in the FS.
2. Due to rounding, numbers presented throughout this document may not add up precisely to the totals, provided and percentages may not precisely reflect the absolute figures.

# Theta Gold Mines Limited

**Figure 1: Annual Gold Production – Base Case**



**Figure 2: 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.

# Theta Gold Mines Limited

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.

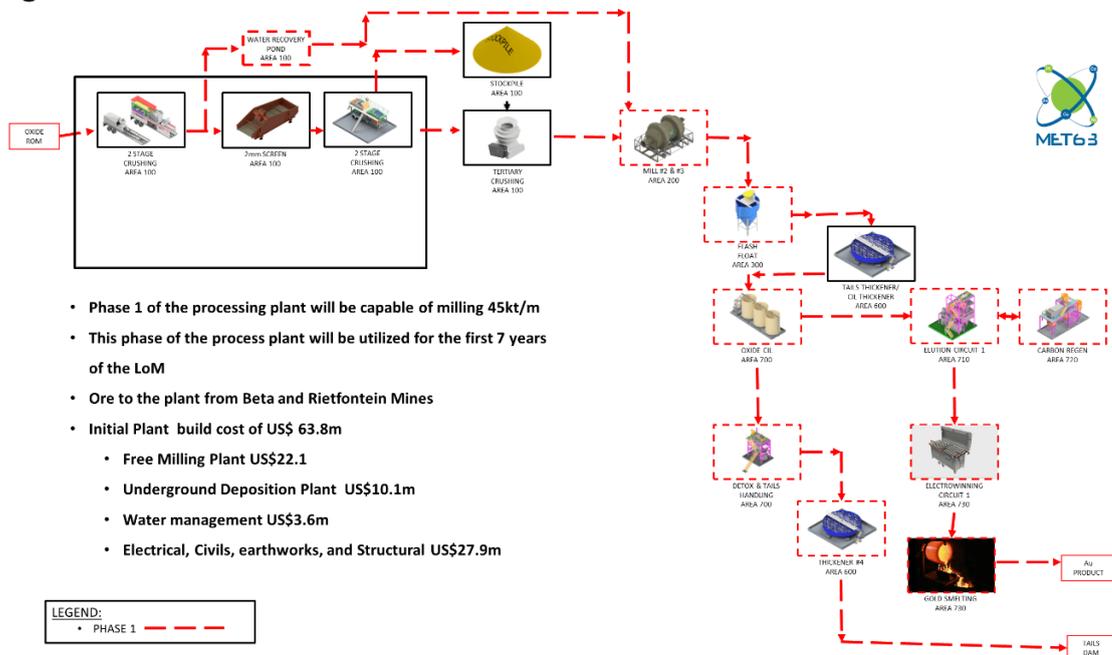
## TGME Underground Gold Mine Development

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 were 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 3.

**Figure 3: Process Flow Schematic Phase 1**

### Free Milling Ore Process Plant



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

## Theta Gold Mines Limited

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 6).*

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).

- *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”) under which Sprott 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 2023 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 the third quarter of 2023.

# Theta Gold Mines Limited

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

The Company announced in July 2022<sup>7</sup> that the final Environmental Impact Assessment Report and Environmental Management Programme (EIA/EMPr) have been submitted to the Department of Mineral Resources and Energy (DMRE) and the final technical documents for the integrated water use license (WUL) application to the Department of Water and Sanitation (DWS) for final decision.

The outcome of the decisions from the DMRE and DWS on the applications are expected in Q1 of 2023 with an additional 90-day review and objection period for the public. A positive decision from the competent authorities will enable the Company to commence with its MR83 underground project.

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 on 28 May 2022. 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.

It has been advised that the Department of Forestry, Fisheries and the Environment (“DFFE”) is currently conducting interdepartmental consultations on the Company’s request for Ministerial conditions for continued mining in certain sections of Morgenon Forest Nature Reserve (“FNR”) that was declared in October 2021.

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.
- 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.

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<sup>7</sup> Ref to ASX release dated 18 July 2022 titled “Permitting Update TGME Underground Gold Mine”

## Theta Gold Mines Limited

- 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 4.

**Figure 4: 3D Plant Rendering Final design Phase 1-3.**



# Theta Gold Mines Limited

Figure 5: New TGME Plant Layout

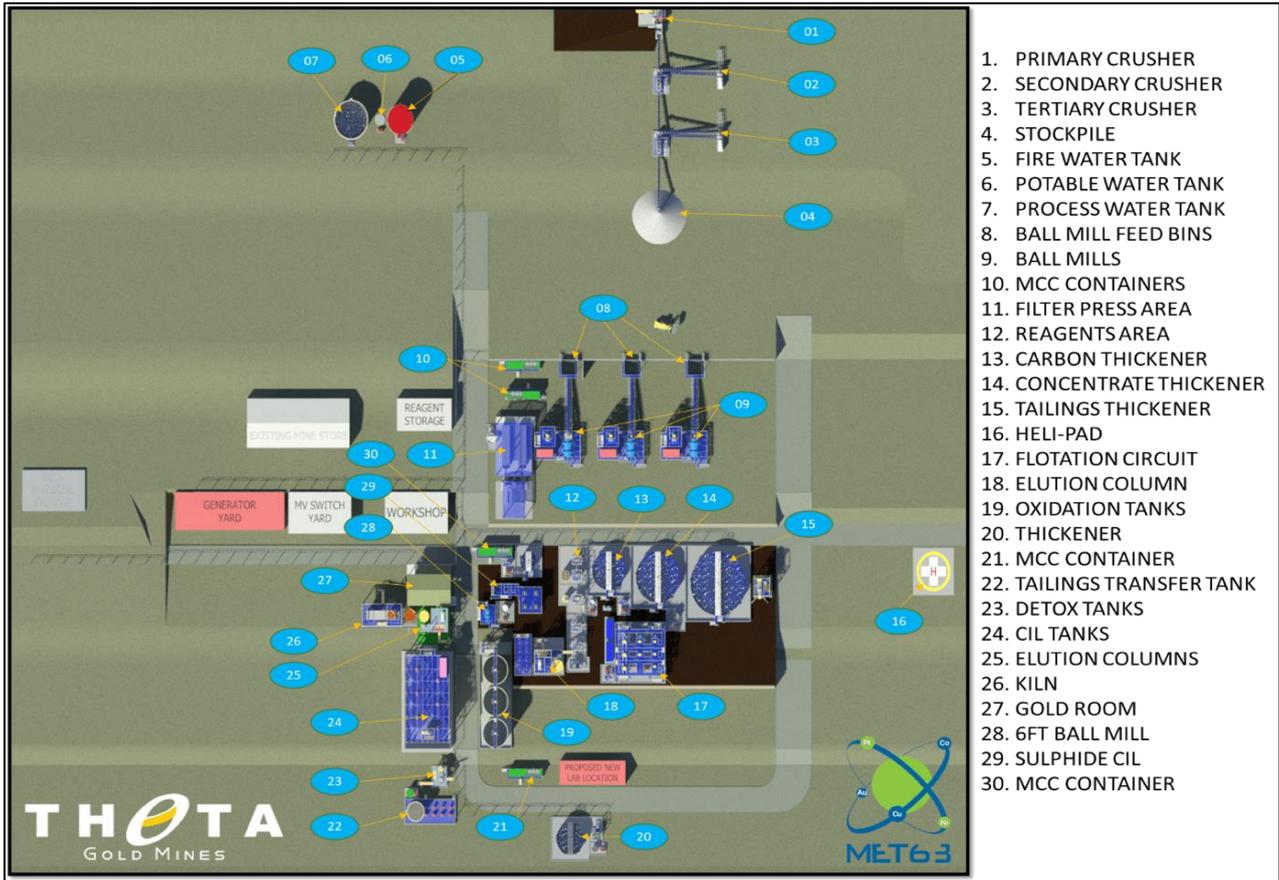


Figure 6: Existing Plant Drone View (post demolition of old sections)



# Theta Gold Mines Limited

## FINANCIAL RESULTS

The consolidated loss after income tax for the six months ended 31 December 2022 was US\$3,035,000 (31 December 2021: US\$3,373,000). 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") under which Sprott 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 up to 100,000 ounces of gold over its Life-of-Mine ("LOM"), for which Sprott 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 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 second quarter of 2023 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 already began working since November 2021, upon a satisfactory conclusion, a Binding Gold Stream Agreement between Sprott and Theta Gold shall be finalised, executed and announced to the market in detail.

## Theta Gold Mines Limited

### Placements and Share Purchase Plan

During the half-year ended 31 December 2022, the Company completed two Private Placements (Placement) along with a Share Purchase Plan (SPP) raising a total of US\$3.2 million (A\$4.6 million) before costs as follows:

On 3 August 2022, the Company announced it had raised A\$2.3 million (before fees) through a placement from numerous existing shareholders, new institutional, professional and sophisticated investors. The Company issued 36,584,615 new fully paid TGM Ordinary Shares at the issue price of A\$0.0658 per share, using the Company's existing placement capacity pursuant to Listing Rule 7.1.

On 27 October 2022, TGM announced it had completed a capital raise of A\$1.7 million (before costs) through a placement from a majority of existing institutional, professional and sophisticated investors.

The Company issued 24,025,716 new TGM Ordinary Shares at the issue price of A\$0.07 cents per share, using the Company's existing placement capacity pursuant to Listing Rule 7.1.

Following the successful completion of the Private Placement, the Company announced it would allow existing Shareholders the opportunity to participate on the same terms as the Placement via a Share Purchase Plan (SPP) which raised \$572,000 and issued 8,171,405 new TGM Ordinary Shares at A\$0.07 as announced to ASX on 6 December 2022<sup>9</sup>.

#### Cash Balance

As at 31 December 2022, the Consolidated Group held US\$573,000 in cash or cash equivalents.

#### OTC MARKETS LISTING

The Company's shares are dual listed on the OTCQB market in the United States under the code **TGMGF**. The Company's primary listing is on the Australian Securities Exchange.

The Company's application for DTC eligibility with the Depository Trust and Clearing Corporation (DTC), part of the US Federal Reserve System, was approved during the half year.

DTC eligibility facilitates electronic trading of securities by individual investors that use self-managed online broking accounts (such as TD Ameritrade and E-Trade), as opposed to restricted trading through market makers. It will enable electronic clearing and settlement of the shares traded on OTCQB, which will provide easier access for North American investors to invest in the Company.

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<sup>8</sup> Shares issue price of \$0.065 cents is 6.73% discount to the 15 day VWAP calculated days prior to the release of this capital raise.

<sup>9</sup> ASX release dated 6 December 2022 titled "Share Purchase Plan Completion Notice"

## 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 the fourth quarter of 2024.

### AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under s 307C of the Corporations Act 2001 is set out on page 15.

### 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

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 2023

## Auditor's independence declaration to the directors of Theta Gold Mines Limited

As lead auditor for the review of the half-year financial report of Theta Gold Mines Limited for the half-year ended 31 December 2022, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Theta Gold Mines Limited and the entities it controlled during the financial period.



Ernst & Young



Scott Nichols  
Partner  
Sydney  
15 March 2023

## Theta Gold Mines Limited

### Directors' Declaration

The directors declare that:

1. the financial statements and notes, as set out on pages 17 to 30, 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 2022 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 2023**

Theta Gold Mines Limited

Condensed Consolidated Statement of Financial Performance  
and Other Comprehensive Income  
for the Half Year ended 31 December 2022

	Notes	Six months ended 31 December 2022 US\$'000	Six months ended 31 December 2021 US\$'000
Interest income		44	56
Other income		11	28
Finance costs		(1,050)	(985)
Salary expense		(283)	(115)
Share-based payments		(38)	(113)
Exploration expenses		(402)	(579)
Operating expenses		(888)	(1,665)
Fair value gain / loss on investment	7	(429)	-
<b>Loss before income tax expense</b>		<b>(3,035)</b>	<b>(3,373)</b>
Income tax expense		-	-
<b>Loss for the period</b>		<b>(3,035)</b>	<b>(3,373)</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		(589)	(1,681)
Unrealised gain / (loss) on financial assets		608	219
<b>Total comprehensive loss for the period, net of income tax</b>		<b>(3,016)</b>	<b>(4,835)</b>
Loss attributable to:			
Equity holders of the parent		(3,035)	(3,373)
		<b>(3,035)</b>	<b>(3,373)</b>
Total comprehensive loss attributable to:			
Equity holders of the parent		(3,016)	(4,835)
		<b>(3,016)</b>	<b>(4,835)</b>
<b>Loss per share</b>			
Basic (cents per share)		(0.6)	(0.7)
Diluted (cents per share)		(0.6)	(0.7)

The accompanying notes form part of these financial statements.

## Theta Gold Mines Limited

### Condensed Consolidated Statement of Financial Position as at 31 December 2022

	Notes	31 December 2022 US\$'000	30 June 2022 US\$'000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		573	22
Trade and other receivables		196	149
<b>TOTAL CURRENT ASSETS</b>		<b>769</b>	<b>171</b>
<b>NON-CURRENT ASSETS</b>			
Receivables		38	39
Other receivable		1,408	1,427
Property, plant and equipment		631	695
Exploration expenditure	3	15,828	16,193
Other financial assets	7	1,309	1,328
<b>TOTAL NON-CURRENT ASSETS</b>		<b>19,214</b>	<b>19,682</b>
<b>TOTAL ASSETS</b>		<b>19,983</b>	<b>19,853</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,312	1,087
Provisions		157	682
Borrowings	4	8,061	7,749
<b>TOTAL CURRENT LIABILITIES</b>		<b>9,530</b>	<b>9,518</b>
<b>NON- CURRENT LIABILITIES</b>			
Provisions		1,719	1,701
Borrowings	4	3,941	3,817
<b>TOTAL NON- CURRENT LIABILITIES</b>		<b>5,660</b>	<b>5,518</b>
<b>TOTAL LIABILITIES</b>		<b>15,190</b>	<b>15,036</b>
<b>NET ASSETS</b>		<b>4,793</b>	<b>4,817</b>
<b>EQUITY</b>			
Issued capital	5	95,845	92,891
Reserves		6,604	6,546
Accumulated losses		(97,656)	(94,620)
<b>TOTAL EQUITY</b>		<b>4,793</b>	<b>4,817</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 2022

	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 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	-	-	-	-	-	-	<b>(3,035)</b>	<b>(3,035)</b>
Other comprehensive income for the period, Net of income tax	-	-	<b>608</b>	-	-	<b>(589)</b>	-	<b>19</b>
Total comprehensive income for the period	-	-	<b>608</b>	-	-	<b>(589)</b>	<b>(3,035)</b>	<b>(3,016)</b>
Issue of shares	<b>3,152</b>	-	-	-	-	-	-	<b>3,152</b>
Share issue expenses	<b>(198)</b>	-	-	-	-	-	-	<b>(198)</b>
Recognition of share-based payments	-	-	-	-	<b>38</b>	-	-	<b>38</b>
<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>
<b>Balance 1 July 2021</b>	<b>87,881</b>	<b>7,552</b>	<b>-</b>	<b>586</b>	<b>3,744</b>	<b>(4,089)</b>	<b>(86,986)</b>	<b>8,688</b>
Loss for the period	-	-	-	-	-	-	<b>(3,373)</b>	<b>(3,373)</b>
Other comprehensive income for the period, net of income tax	-	<b>219</b>	-	-	-	<b>(1,681)</b>	-	<b>(1,462)</b>
Total comprehensive income for the period	-	<b>219</b>	-	-	-	<b>(1,681)</b>	<b>(3,373)</b>	<b>(4,835)</b>
Issue of shares	<b>3,196</b>	-	-	-	-	-	-	<b>3,196</b>
Issue of options	-	-	-	<b>641</b>	-	-	-	<b>641</b>
Share issue expenses	<b>(343)</b>	-	-	-	-	-	-	<b>(343)</b>
Recognition of share-based payments	-	-	-	-	<b>114</b>	-	-	<b>114</b>
Reversal of asset revaluation reserve	-	-	-	-	-	-	-	-
<b>Balance 31 December 2021</b>	<b>90,734</b>	<b>7,771</b>	<b>-</b>	<b>1,227</b>	<b>3,858</b>	<b>(5,770)</b>	<b>(90,359)</b>	<b>7,461</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 2022

	Six months ended 31 December 2022 US\$'000	Six months ended 31 December 2021 US\$'000
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(1,509)	(2,214)
Payments for exploration expenditure	(402)	(579)
Interest received	4	29
Interest and other cost of finance received / (paid)	(409)	(18)
<b>Net operating cash flows</b>	<b>(2,316)</b>	<b>(2,782)</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(7)	(467)
Payments for exploration expenditure	(372)	(1,446)
Proceeds from sale / (purchase) of investments	180	(602)
Interest on investment	(1)	-
Proceeds from disposal of property, plant and equipment	-	21
<b>Net investing cash flows</b>	<b>(200)</b>	<b>(2,494)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issues of shares	3,016	3,021
Payments for share issue expenses	(118)	(343)
Proceeds from borrowings	175	4,446
Repayment of borrowings	(6)	(68)
<b>Net financing cash flows</b>	<b>3,067</b>	<b>7,056</b>
<b>Net decrease in cash and cash equivalents</b>	<b>551</b>	<b>1,780</b>
Cash and cash equivalents at beginning of the period	<b>22</b>	<b>200</b>
<b>Cash and cash equivalents at end of the period</b>	<b>573</b>	<b>1,980</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 2022**

**Note 1: Basis of Preparation**

These general purpose financial statements for the half year reporting period ended 31 December 2022 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 2022 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\$3,035,000 for the half year (2021: US\$3,373,000), with net cash outflows from operating activities of US\$2,316,000 (2021: US\$2,782,000). At 31 December 2022, the Consolidated Entity had net current liabilities of US\$8,761,000 (30 June 2022: US\$9,347,000).

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 March 2024 which indicates that in addition to the below matters the Consolidated Entity will have sufficient cash to continue as a going concern.

Net current liabilities includes a loan from Australian Private Capital Investment Group (International) Ltd ("APCIG"), a company associated with Mr Simon Liu, a director of the Company. At 31 December 2022, the loan and accrued interest amounted to US\$7,844,000 (30 June 2022: US\$7,410,000). 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:

## Theta Gold Mines Limited

- (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 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 signing 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.

The liabilities of the Consolidated Entity include a US\$4,100,000 (A\$6,000,000) Secured Bonds with Delphi AG and Deutsche Balaton backed investment company 2Invest AG. The Secured Bonds requires an annualized cash coupon rate of 20%, payable half yearly in arrears. The US\$340,000 (A\$500,000) interest payment due on 31 January 2023 remains unpaid as at the date of these financial statements. The delay in payment provides the Bondholder the right to send a written notification to the Consolidated Entity of an event of default under the subscription agreement and declare the repayment of the nominal value of the bonds and any accrued interest immediately, unless the outstanding repayment is made within 7-days of the notification being received. The Bondholders have not notified the Consolidated Entity of an event of default to date. The Bondholders have continued to be supportive of the Consolidated Entity and the directors remain confident that a mutually agreeable outcome in respect of the overdue amount will be reached in due course.

The Consolidated Entity raised US\$3,151,861 before issue expenses during the half year through share placements and a Share Purchase Plan and continues to be able to raise new funds to support its activities.

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 2022. 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.

## Theta Gold Mines Limited

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.

### **New or Amended Accounting Standards and Interpretations adopted**

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

### **Accounting Standards and Interpretations issued but not yet effective**

The Consolidated Entity has considered the new Australian Accounting Standards and Interpretations that have been issued (and considered applicable to the Company) but are not yet mandatory and which have not been early adopted by the Company for the half year reporting period ended 31 December 2022. The new standards that are not yet effective are not expected to have any material impact on the Consolidated Entity in the current or future reporting periods.

### **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.

### **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**

	<b>31 December 2022 US\$'000</b>	<b>30 June 2022 US\$'000</b>
Exploration expenditure	<b>15,828</b>	16,193
Movements:		
Opening net book value	<b>16,193</b>	15,760
Additions	<b>307</b>	2,528

## Theta Gold Mines Limited

Exchange rate effect	(672)	(2,095)
Closing net book value	15,828	16,193

### Note 4: Borrowings

	Note	31 December 2022 US\$'000	30 June 2022 US\$'000
<b>Current</b>			
<u>Secured</u>			
Vendor finance		40	98
Premium funding		11	-
		51	98
<u>Unsecured</u>			
Loan – related party	(a)	7,844	7,410
Loan – unrelated party		166	241
		8,010	7,651
		8,061	7,749
<b>Non-Current</b>			
<u>Secured</u>			
Vendor finance		12	32
Loan – unrelated party	(b)	3,929	3,785
Total non-current borrowings		3,941	3,817
Total		12,345	11,906

- (a) Loan from related party - US\$7,844,000 (30 June 2022: US\$7,410,000)

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

## Theta Gold Mines Limited

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
  - 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

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\$4,722). 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\$3.9m, (A\$5.7m) to reflect the cost of those options issued.

## Theta Gold Mines Limited

### Note 5: Issued Capital

	31 December 2022 US\$'000	30 June 2022 US\$'000
Issued and paid-up shares	95,845	92,891

	31 December 2022		30 June 2022	
	No.'000	US\$'000	No.'000	US\$'000
Movement:				
<b>Balance at beginning of period</b>	<b>550,227</b>	<b>92,891</b>	503,246	87,881
Add: Shares issued during the period				
- Share placements	<b>68,782</b>	<b>3,152</b>	33,616	4,240
- Shares issued under TGM Offer	-	-	12,445	1,250
- Exercise of Performance Rights	-	-	920	-
Less: Share issue expenses	-	<b>(198)</b>	-	(480)
<b>Balance at end of period</b>	<b>619,009</b>	<b>95,845</b>	550,227	92,891
Less: Treasury shares held <sup>1</sup>	<b>24,000</b>	-	24,000	-
<b>Closing Balance at year end</b>	<b>595,009</b>	<b>95,845</b>	526,227	92,891

1. On 25 March 2021 the Company for no cash consideration provided 24 million shares as security over an At-The-Market facility with Acuity Capital.

### Note 6: Options and Performance Rights

	31 December 2022 No.'000	30 June 2022 No.'000
Options and performance rights		
Unlisted options	<b>76,511</b>	48,011
Unlisted performance rights	<b>25,170</b>	12,420
	<b>101,681</b>	60,431

Movement:

<b>Balance at beginning of period</b>	<b>60,431</b>	33,738
Add: Options and performance rights issued during the period	-	-
Less: Listed options exercised	-	-
Unlisted options issued	<b>32,100</b>	51,443
Unlisted options exercised	-	-
Unlisted options lapsed	<b>(3,600)</b>	(18,530)
Performance rights issued	<b>17,550</b>	-
Performance rights exercised	-	(920)
Performance rights lapsed	<b>(4,800)</b>	(5,300)
<b>Balance at end of period</b>	<b>101,681</b>	60,431

## 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 2022 No.'000	30 June 2022 No.'000	Expiry date	Exercise price
<b><u>Unlisted Options</u></b>				
01 Oct 2020	-	800	30 Sep 2022	A\$0.30
01 Oct 2020	<b>1,200</b>	3,200	30 Sep 2025	A\$0.40
01 Oct 2020	<b>240</b>	640	30 Sep 2025	A\$0.50
01 Jan 2021	-	400	31 Dec 2022	A\$0.30
01 Jan 2021	<b>1,900</b>	1,900	31 Dec 2025	A\$0.50
11 Aug 2021	<b>7,500</b>	7,500	31 Jul 2023	A\$0.27.5
11 Aug 2021	<b>8,200</b>	8,200	30 Sep 2023	A\$0.40
01 Oct 2021	<b>2,929</b>	2,929	30 Sep 2023	A\$0.40
04 Oct 2021	<b>1,190</b>	1,190	30 Sep 2023	A\$0.40
06 Oct 2021	<b>6,252</b>	6,252	30 Sep 2023	A\$0.40
16 May 2022	<b>15,000</b>	15,000	16 Jan 2024	A\$0.17
08 Sept 2022	<b>20,000</b>	-	31 Dec 2023	A\$0.12
29 Dec 2022	<b>9,150</b>	-	30 Sep 2025	A\$0.12
29 Dec 2022	<b>2,650</b>	-	30 Sep 2027	A\$0.17
29 Dec 2022	<b>300</b>	-	30 Sep 2027	A\$0.25
	<b>76,511</b>	48,011		
<b><u>Performance Rights</u></b>				
28 Jun 2019	<b>6,900</b>	10,500	27 Jun 2024	na
01 Oct 2020	<b>720</b>	1,920	30 Sep 2025	na
29 Dec 2022	<b>10,400</b>	-	30 Sep 2025	na
29 Dec 2022	<b>7,150</b>	-	30 Sep 2027	na
	<b>25,170</b>	12,420		

## 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	Exercise price	Share price at grant date	Risk free rate	Volatility
8 Sep 2022	Options	20,000	31 Dec 2023	A\$0.12	A\$0.06	0.032%	70%
30 Nov 2022	Options	9,150	30 Sep 2025	A\$0.12	A\$0.075	0.032%	65%
30 Nov 2022	Options	2,650	30 Sep 2027	A\$0.17	A\$0.075	0.032%	65%
30 Nov 2022	Options	300	30 Sep 2027	A\$0.25	A\$0.075	0.032%	65%

## 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 as at 31 December 2022:

Fair Value Hierarchy	Fair value measurement using	31 Dec 22 US\$'000	30 Jun 22 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	1,071	846
Bullion Asset Management Services <sup>1</sup>	Level 3	Significant unobservable inputs	238	482
Fair Value of Assets		<b>1,309</b>	1,328	

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 2022.

- Given a decision made by Bullion Asset Management (BAM) to scale back its operations of its business the Board of Theta Gold Mines Limited have made the decision to apply a fair value adjustment to the valuation by 50% of the value it carries in its accounts as at 31 December 2022.

#### 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

## Theta Gold Mines Limited

### 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.

#### Note 8: Events after balance date

(a) Debt Funding Term-Sheet with Sprott Resource Streaming and Royalty Corporation

Theta Gold is currently completing the detailed legal due diligence phase with Sprott Resource Streaming and Royalty Corporation (“Sprott”) following its announcement on 19 October 2022 that it had entered into a non-binding Streaming Term Sheet (“Term Sheet”) where Sprott is to advance up to US\$70 million (~A\$110 million) cash in return for a gold stream on Theta’s TGME Gold Project (the “Project”).

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 the transaction is scheduled by the fourth quarter of 2023 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 team appointed by Sprott have already completed much of the technical analysis of the project with the legal due diligence currently underway with the assistance of our debt advisors, Karma Group.

Upon a satisfactory conclusion, a Binding Gold Stream Agreement between Sprott and Theta Gold shall be finalised, executed and announced to the market in detail.

(b) Equity Funding Negotiations

Theta 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 second quarter of 2023 and are also expected to be finalised by the end of the fourth quarter of 2023.

## Independent auditor's review report to the members of Theta Gold Mines Limited

### Conclusion

We have reviewed the accompanying half-year financial report of Theta Gold Mines Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2022, the statement of financial performance and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising 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 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 consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial 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* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year 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 describes the principal conditions that raise doubts about the Group's ability to continue as a going concern. These conditions along with other matters disclosed in Note 1 indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

### Directors' responsibilities 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 responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. 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 2022 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.



Ernst & Young



Scott Nichols  
Partner  
Sydney  
15 March 2023