THETA
GOLD MINES







2021 ANNUAL REPORT

Contents

	Page
Chairman's Letter	3
Review of Operations OVERVIEW FY 2021 HIGHLIGHTS TGME UNDERGROUND PROJECT PRE-FEASIBILITY STUDY (PFS) FINANCIAL SUMMARY CAPITAL COSTS ECONOMIC ANALYSIS OPERATING COSTS ORE RESERVE ENVIRONMENTAL AUTHORISATIONS	4
Environmental, Social & Governance (ESG) ENVIRONMENTAL AND LICENSING COMMUNITY RELATIONS EXPLORATION & RESOURCES FINANCIAL CORPORATE OUTLOOK	20
Ore Reserve and Mineral Resource Statement	26
Mining Rights and Applications for Mining Rights	31
Corporate Governance Statement	34
Directors' Report	41
Remuneration Report (Audited)	51
Directors' Declaration	58
Auditor Independence Declaration	60
Financial Statements	62
Independent Auditor's Report	101
Shareholders Information	107
Corporate Directory	110

Chairman's Letter

Dear Fellow Shareholders

On behalf of the Board of Directors, I am pleased to present the 2021 Annual Report for Theta Gold Mines Limited (ASX: TGM | OTC: TGMGF). In the last twelve months, the company has changed direction to underground mining initially to deliver a path to gold production with the open pit mines pushed back in the mine schedule. Underground mining will deliver higher-grade ore to the gold plant, a smaller environmental footprint, access to the larger resource (4.5 Moz of underground mineral resources) and increased support from the local community.

The company has 6.1 Moz of gold resources under management. The new multi mine strategy delineated by the Board set a goal of 160,000 ounces per annum over 5 years, offering a clear growth profile in production and share value.

Environment, Social and Governance (ESG) is enhanced by the TGME Underground Project. The project is an extension of three existing underground mines. There will be only minor new environmental disturbance as infrastructure will be placed on the existing footprint, and higher-grade ore will lead to reducing chemical consumption and processing cost per ounce of gold. The social contract with the local population will be further enhanced by mining underground which is well understood in the area. The region has 150 years of underground mining history.

The market capitalisation of the company sits in the top 150 resource companies listed on the ASX. Theta has shown an ability to attract large funds to its share register as the project has progressed. 2Invest AG (controlled by Deutsche Balaton AG from Germany) has supported the company with a debt (via issuance of a series of secured bonds) and equity package post year end. This is the company's first major investment from a European fund. There was a steady re-positioning of the company from exploration to development as the company looks towards the next major transition to a gold producer, now focussed on high-grade underground mining.

The company has adjusted its five-year plan which targets 6 underground mine developments, TGME Underground Project (Frankfort, Beta, CDM), Rietfontein, Vaalhoek and Glynn's Lydenburg. The open-pit mines will be pushed back in the mine schedule and will be added post permitting, which is suffering from an elongated process. This 6-mine strategy provides the company with a clear organic growth path for the project with access to over 4.5 Moz of underground resources.

The maiden underground mine schedule showed strong project metrics in the April 2021 Pre-feasibility Study and added further value to shareholders. The key project metrics at US$1570 per ounce gold price shows an increase in production to a peak of 70,000 oz per year, extending the Life of Mine (LOM) to 7.6 years for stage one, with low costs (all-in-Sustaining-Cost (AISC) US$905 per ounce), Internal Rate of Return (IRR) 82% and EBITDA increased over US$60 million from the open pit project to US$241.2 million; at current gold price environment the start-up project would generate significantly more profits. These numbers demonstrates that profitable underground mining is achievable across the entire 620sq km goldfield currently under management.

Theta has significant advantages over its ASX peers with an ability to deliver low-cost gold ounces (at less than US$12 per ounce discovery cost), ownership of its own goldfield and a pipeline of projects which can take Theta to a mid-tier producer. We expect an exciting 2022 as we work towards delivering the stage one TGME Underground Project.

This year, the company achieved a tremendous amount, including a new executive team appointed in South Africa with experienced miners CEO Mitford Mundell and COO Jacques Duo Triou, both ex-Harmony candidates, a maiden underground mine schedule, resources and reserves upgrades, and funding from new investors including a recognisable European fund.

Over the next 12 months, the company will work on completing trail mining at the TGME Underground Project, completing the Definitive feasibility Study for the TGME Underground Project, a resource upgrade with increases in the mine schedule to add more gold ounces for shareholders, and early capital expenditure spends including long lead items orders.

We appreciate the continued support from our shareholders, and we welcome new shareholders to the share register. The company looks forward to continuing to deliver good news and positive updates for shareholders in 2022.

Thank you for your continued support.



Charles (Bill) Guy
Chairman

29 October 2021



1

REVIEW OF OPERATIONS

OVERVIEW

Theta Gold Mines Limited controls the Eastern Transvaal Gold Fields, where South Africa's gold mining industry began almost 130 years ago.

The Transvaal Gold System sits geological on the eastern side of Bushveld Complex the largest igneous intrusion on earth (Figure 1), where 40-50% of world's gold production came out of the globally-known Witwatersrand Goldfield.

- Controls over 62,000 hectares of gold mining rights
- Initiating the operationalisation of its development-ready 6m oz initial resource base
- Incorporating only 6 of more than 40 previously developed mines
- Rapid production ramp-up over the next five years to +160koz/a
- Low initial development capital
- Can be self-funded due to early net cash generation
- A high growth investment opportunity

Theta Gold Mines Limited ("the Company" or "Theta Gold") is a gold exploration and development company that holds a range of prospective gold assets in a world-renowned South African gold mining region. The Company's shares are dual listed on the Australian Securities Exchange (ASX: TGM) and the OTC Markets in the United States (OTC: TGMGF) with Depository Trust & Clearing (DTC) Eligibility.

The Company's TGME Underground Project consists of Beta, Frankfort, and the CDM Mines. The TGME Underground Project is located next to the historical gold mining town of Pilgrim's Rest, in the Mpumalanga Province, some 370km northeast of Johannesburg by road or 95km north of Nelspruit (the Provincial Capital City).

The Company is currently focused on the big picture strategy to deliver long term organic growth, with projects focusing on the evaluation and permitting of six mines, targeting 160,000 ounces per annum, with the TGME Underground Project (Phase 1) incorporating the first three mines. In April 2021 Theta declared a maiden underground mining reserve of 419,000 oz @ 5.49 g/t Gold. This first Maiden Underground Prefeasibility Study and Mining Reserve is based on only 16% of the 4.5m oz Au underground gold resource and incorporates only three mines out of a total of 43 historical mines across the project area.

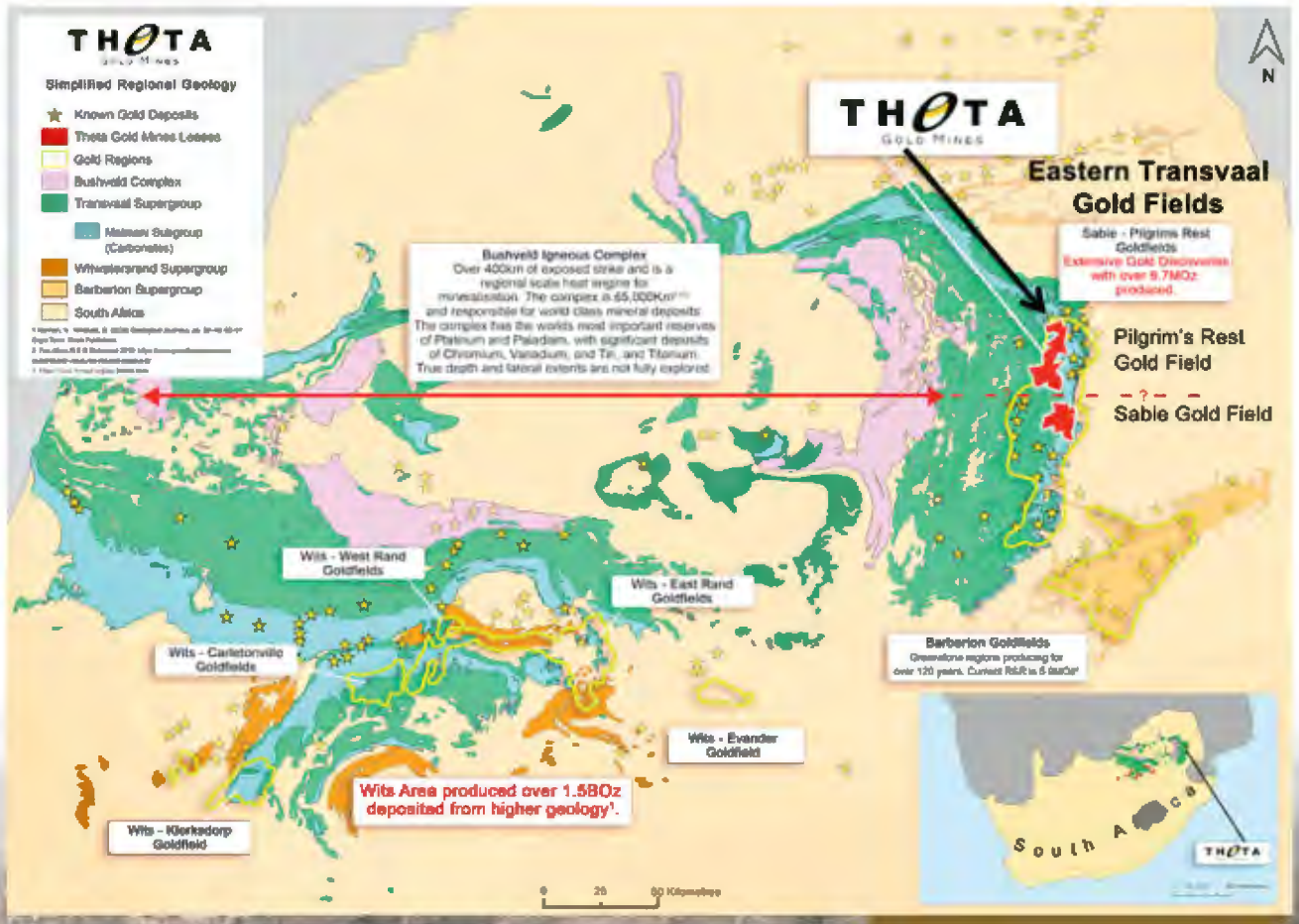


Figure 1: Location of Theta Project

FY 2021 HIGHLIGHTS

Resource Upgrade

- New 419,000 oz @ 5.49 g/t Gold Maiden Underground Mining Reserve declared
- TOTAL 580,000 oz @ 3.98 g/t Global Mining Reserve (Open Pit & Underground)
- 63% Conversion factor for Maiden Underground Mining Reserve
- 3.5 Moz of Underground resource (Inferred) remaining for future conversion potentially into Mining Ore Reserve

Prefeasibility Study for first 3 underground Mines (TGME Underground Project)

- Pay-back period from first gold pour of 13 months
- By the third year, recovering over 60,000 oz Au per annum
- LOM is 7.67 years
- US$241.2 million EBITDA over LOM
- Internal Rate of Return (IRR) 82%
- US$91.2 million Net Present Value (NPV)
- US$905/oz Au all-in sustaining cost (AISC) over LOM, bottom quartile for South Africa and Australian producers

Corporate

- Theta Gold dual listed on ASX and Unites States OTC Markets (OTC: TGMGF), with eligibility for electronic trading (DTC Eligible)
- AU$8.93 million of capital raise completed
- Post year-end the Company successfully completed in excess of A$10 million funding, introducing new, cornerstone institutional investors to the register, including our first large European fund.
- The Company undertook a modest investment, through the issue of shares, in the Bullion Asset Management company.



TGME UNDERGROUND PROJECT PRE-FEASIBILITY STUDY (PFS)

The initial study focused on the easy access of 684,000 oz Au in the Measured and Indicated categories of the TGME Underground Resource for the Beta, Frankfort and CDM areas. (see Section 3). The team achieved a conversion factor of 63% from resource to mining reserve in those areas. A further 3.5Moz Au of inferred resources is available to be upgraded to the Measured and Indicated resource category and potentially a portion could be converted into mining reserves.

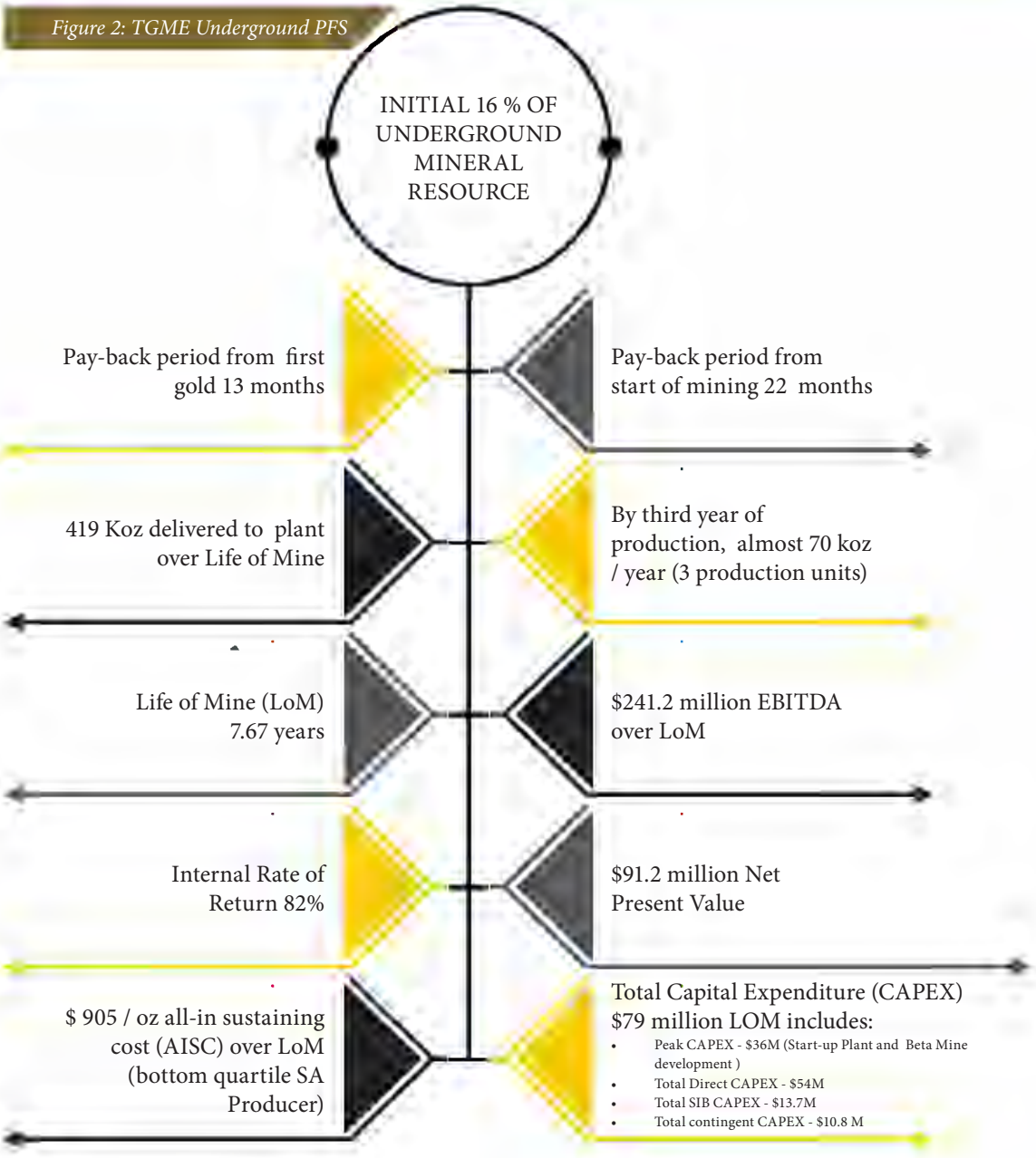
UG Operations	Unit	Forecast USD Au Price	1,500	1,600	1700	1,800	2,000
NPV @ 5%	USDm	91	81	98	**115**	132	166
Internal Rate of Return (IRR)	%	82%	75%	88%	**100%**	111%	134%
Total Oz in Mine Plan	oz	418,845	418,845	418,845	**418,845**	418,845	418,845
Total Oz Recovered	oz	353,012	353,012	353,012	**353,012**	353,012	353,012
Average Payback Period (from Start of Mining)	Months	22	23	21	**18**	17	16
Peak Funding Requirement	USDm	36	36	36	**36**	36	36
EBITDA over LOM (Undiscounted)	USDm	241	222	254	**286**	318	382
All-in Sustainable Costs (AISC)	USD/oz	905	900	909	**917**	926	942
Gold Price	USD/oz	1,570	1,500	1,600	**1,700**	1,800	2,000
Exchange Rate	ZAR/USD	15.89	15.89	15.89	**15.89**	15.89	15.89

Table 1 : Phase 1 UG results at various gold price scenarios



Surface infrastructure plan Beta Underground Mine and plant layout

Figure 2: TGME Underground PFS



Theta has demonstrated, through the first phase underground PFS, excellent project economics (Figure 2) for what it believes to be only a small portion of the underground resource and will continue to build up its Mining Reserves during the year by progressing Rietfontein through to PFS level, while concluding detailed designs for the Phase 1 TGME Underground Project.

The TGME Underground PFS shows that the narrow high-grade reefs system can be mined with modern mechanized mining techniques (safer, increased productivity and minimum dilution), and that the gold can be recovered by utilizing modern metallurgical technologies (Ultrafine grinding and Intense CIL).

FINANCIAL SUMMARY

Financial modelling was completed over a range of gold prices. The forecasted price is considered the Base Case as per the completed PFS.

Item	Unit	Forecast	$1,500/oz	$1,600/oz	$1,700/oz	$1800/oz	$2,000/oz
NPV @ 0%	USDm	122.9	109.0	131.5	153.1	174.7	218.2
NPV @ 2.5%	USDm	105.7	93.7	113.5	132.5	151.5	189.7
NPV @ 5%	USDm	91.2	80.8	98.3	115.1	131.9	165.6
NPV @ 7.5%	USDm	79.0	69.8	85.4	100.3	115.2	145.2
NPV @ 10%	USDm	68.6	60.5	74.4	87.7	101.0	127.8
NPV @ 12.5%	USDm	59.7	52.6	65.0	77.0	88.9	112.8
NPV @ 15%	USDm	52.1	45.7	57.0	67.7	78.4	99.9
Internal Rate of Return (IRR)	%	82%	75%	88%	100%	111%	134%
Total ounces in Mine plan (2)	oz	418,845	418,845	418,845	418,845	418,845	418,845
Total Oz Recovered (2)	oz	353,012	353,012	353,012	353,012	353,012	353,012
Average ounces recovered per month	oz	4,253	4,253	4,253	4,253	4,253	4,253
Average Grade to Plant	g/t	5.51	5.51	5.51	5.51	5.51	5.51
Benefit-Cost Ratio/Money on Investment5.0	Ratio	5.8	5.4	6.2	6.9	7.7	9.3
Capital Gain5.0	%	483%	438%	516%	593%	671%	827%
Average Payback Period (from Start of Mining)	Month	22	23	21	18	17	16
Average Payback Period (from First Gold)	Month	13	14	12	9	8	7
Total Capital (2)	USDm	79	79	79	79	79	79
Peak Funding Requirement (2)	USDm	36	36	36	36	36	36
Peak Funding Month	Month	23	23	23	23	23	23
Revenue over LoM (Undiscounted)	USDm	545	524	559	594	629	699
EBITDA over LOM (Undiscounted)	USDm	241	222	254	286	318	382
Net Cash Flow over LoM (Undiscounted)	USDm	123	109	131	153	175	218
Break-even Milled Grade (Excluding Capex)	g/t	3.1	3.2	3.0	2.9	2.7	2.5
Break-even Milled Grade (Including Capex)	g/t	3.9	4.0	3.8	3.6	3.4	3.1
Break-even Gold Price (Excluding Capex)	USD/oz	866	861	870	879	887	903
Break-even Gold Price (Including Capex)	USD/oz	1,089	1,083	1,092	1,101	1,109	1,125
Gold Price	USD/oz	1,570	1,500	1,600	1,700	1,800	2,000
Exchange Rate (1)	ZAR/USD	15.89	15.89	15.89	15.89	15.89	15.89

Table 2 : Key Aspects of UG Operations PFS

Note:
Money On Investment (MOI) is calculated as the present value of income flow over the present value of investment (5% discount rate); calculated in USD terms.
EBITDA = Earnings before interest, tax, depreciation and amortisation (excludes Capital)
Notes:
All values converted from ZAR to USD at the relevant exchange rate
Capital costs in the PFS Study were converted from ZAR.

The project also demonstrates a robust NPV across a wide range of gold prices as can be seen in the graph below.



Figure 3: NPV Sensitivity to Gold Price

The AISC costs for the UG PFS Study continue to reflect a project that is at the bottom quartile when compared to South African peer mines.

By the third year of production, over 60,000 oz Au per year of gold is modelled to be recovered as demonstrated in the graph below. Years 7 and 8 is only a reflection of the limitation of excluding current inferred resources. Plant capacity will be filled by either current inferred resources or from the large stockpiles of old surface dumps, which will have a significant upside to this base case.

CAPITAL COSTS

In order to draft a capital cost estimation for the three underground operations, various quotations and pricing were sourced. Where new quotations could not be sourced, older quotations and projects of a similar size and nature were used to benchmark costs. These costs were escalated to align with the current financial year. The final capital estimation is dated February 2021.

The capital estimations are based on items that fall within the capital footprint of the Project. The capital footprint is defined by the battery limits for the engineering and infrastructure design within three main areas. These areas include:-

- Beta underground operation and associated surface facilities;
- Frankfort underground operation and associated surface facilities;
- CDM underground operation and associated surface facilities; and

Bill of Quantitites (BoQ's) were drafted for these areas on which costing has been done. Where BoQ's for work breakdown structure items are not applicable, batch costing has been done per unit volume.

The main capital cost drivers for the underground operations include the establishment of the underground conveyor systems, mining and ancillary fleet not leased and the establishment of the surface mine sites at each of the operations.

The capital costs have all been developed in ZAR and then converted to USD at the exchange rate relative to the model forecast. The average exchange rate over the LOM is 15.89 ZAR/USD, while the total capital requirement is US$78.5m. The peak funding requirement is US$36m, with the remaining capital-funded from cash flow. Total capital is demonstrated in the table below.

Description	TGME UG Ops
	USDm
Mining Capital	
Total Direct Mining Capital	27.1
Stay in Business Mining Capital	13.7
Mining Capital Contingency	5.4
Total Mining Capital	46.2
Plant Capital	
Total Direct Plant Capital	22.6
Stay in Business Plant Capital	0.0
Plant Capital Contingency	4.5
Total Plant Capital	27.1
Other Capital	
Total Other Non-Direct Capital	4.2
Stay in Business Other Capital	0.0
Other Capital Contingency	0.8
Total Other Capital	5.1
Total Capital	
Total Direct Capital	54.0
Total SIB Capital	13.7
Total Capital Contingencies	10.8
Total Capital	78.5

Table 3: UG PFS Study Capital Summary

Note:
ZAR/USD exchange rate of 15.89 used for conversion | Total capital requirement $78.5 million

The capital schedule over the life of the project is illustrated below and reflects the appropriate exchange rate as per the forecast period over the LoM.

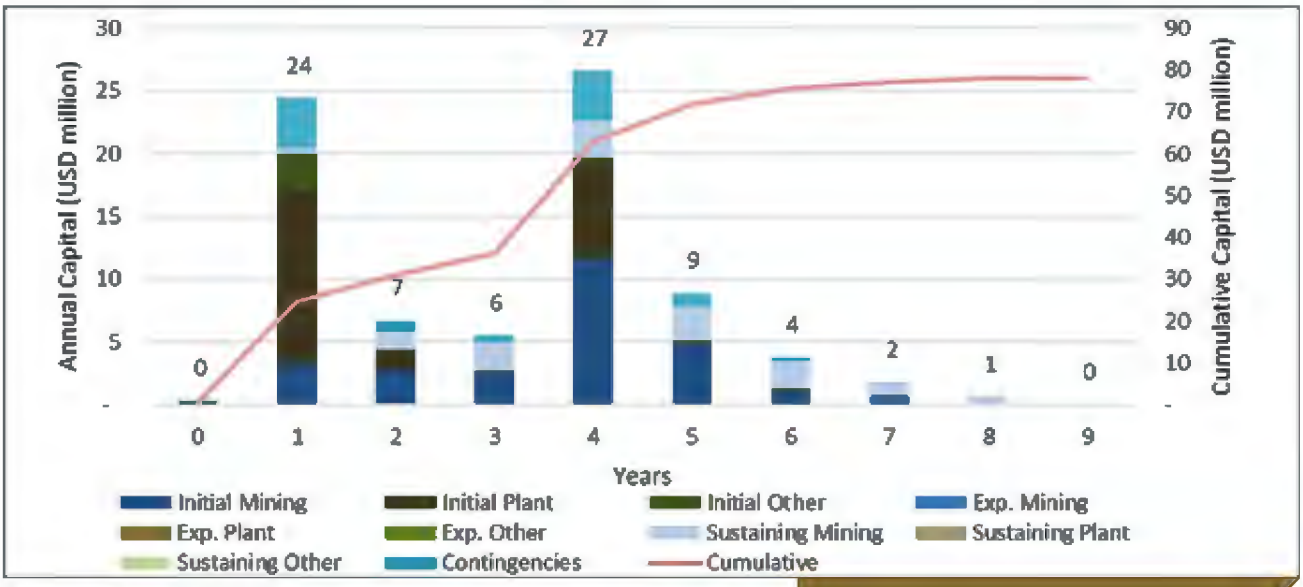


Figure 4: Monthly Capital Schedule (USD)

Notes

- Capital in Year 1:-
- Oxide Plant Circuit 30 ktpm
- Paste Backfill Plant
- Beta Infrastructure
- Capital in Year 2 and Year 3:-
- Mostly Beta Infrastructure and Tail-end of Plant Capital
- Capital in Year 4:-
- CDM and Frankfort Infrastructure
- Sulphide Plant Circuit 15ktpm
- Capital Post Year 5:-
- Mostly CDM and Frankfort Infrastructure



ECONOMIC ANALYSIS

Minxcon performed an independent economic analysis on the Project's Mineral Resources to determine the economic viability of the Project to declare Ore Reserves. The Base Case utilises the price and exchange rate forecasts based on the median of various banks, brokers and analyst forecasts, converted to real terms and based on a forecast in January 2021. The long-term gold price was calculated as the average between the maximum and minimum real-term gold price over the past ten years. Minxcon also completed a gold price sensitivity at the request of TGM to demonstrate results at various price environments. The price scenarios considered are constant prices of $1,500/oz, $1,600/oz, $1,700/oz, $1,800/oz and $2,000/oz. The table below illustrates the forecasts for the first five years as well as the long-term forecast used in the financial model.

Item	Unit	2021	2022	2023	2024	2025	Long-term
Gold Price (Real)	USD/oz	1,892	1,786	1,587	1,502	1,469	1,600
Exchange Rate (Real)	ZARUSD	15.39	15.57	15.93	16.00	16.00	16.00

Table 4: Macro-economic Forecasts & Commodity Prices Used in Base Case

Source:
Median of various Banks and Broker forecasts (Minxcon), IMF.

The NPV is derived from post-royalties and tax, pre-debt real cash flows, after taking into account operating costs, capital expenditures for the mining operations and the processing plant and using forecast macro-economic parameters. The DCF evaluation was set up in months, but also subsequently converted to calendar years ending December. The annual ZAR cash flow was converted to USD using the relevant exchange rates as per the forecast.

The mine plan includes predominantly Probable Mineral Reserve. No Inferred Mineral Resources have been included in the economic analysis.

The Project NPVs are shown in Table 5 below and reflect a financially robust project. The discount rate utilised is the company's internal hurdle rate, with a sensitivity to various discount rates included.

Item	Unit	Forecast	$1,500/oz	$1,600/oz	$1,700/oz	$1800/oz	$2,000/oz
NPV @ 0%	USDm	122.9	109.0	131.5	153.1	174.7	218.2
NPV @ 2.5%	USDm	105.7	93.7	113.5	132.5	151.5	189.7
NPV @ 5%	USDm	91.2	80.8	98.3	115.1	131.9	165.6
NPV @ 7.5%	USDm	79.0	69.8	85.4	100.3	115.2	145.2
NPV @ 10%	USDm	68.6	60.5	74.4	87.7	101.0	127.8
NPV @ 12.5%	USDm	59.7	52.6	65.0	77.0	88.9	112.8
NPV @ 15%	USDm	52.1	45.7	57.0	67.7	78.4	99.9
Internal Rate of Return (IRR)	%	82%	75%	88%	100%	111%	134%

Table 5: NPVs at Various Discount Rates (Real Terms)

The monthly and annual cumulative cash flow along with the cumulative cash flow over the life of mine for the Base Case Scenario is shown in the figures below in USD terms. The underground operations have a peak funding requirement of $36.1 million and a payback period from the start of mining is 22 months. The payback period from first gold production is 13 months.

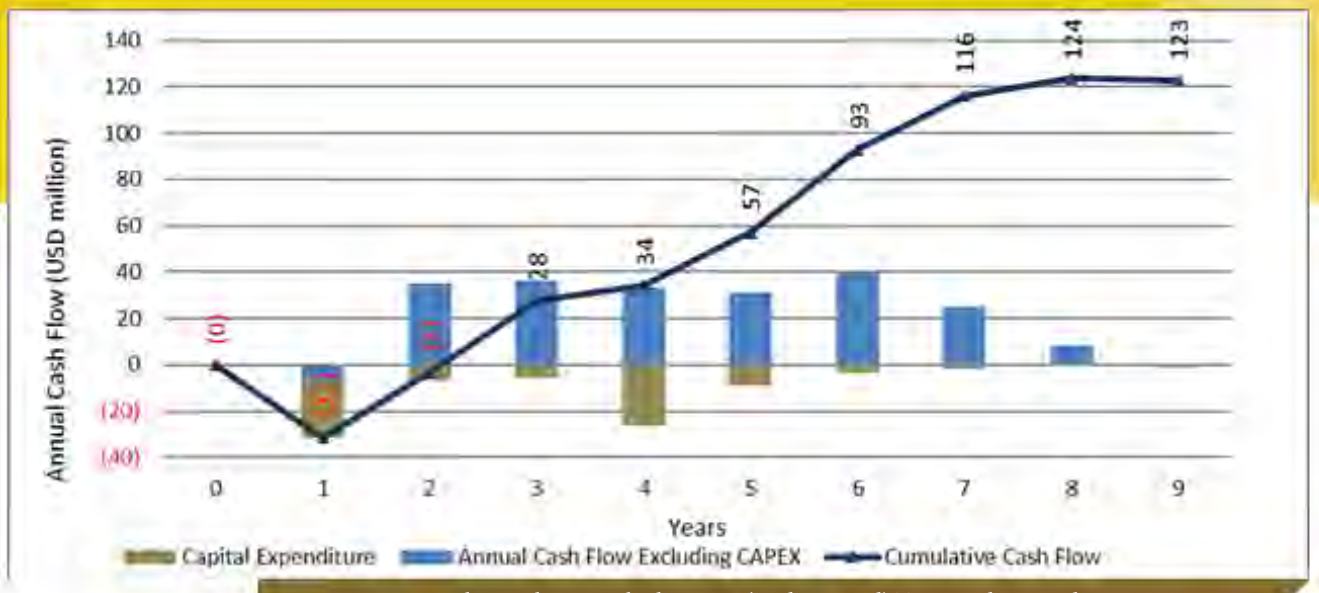


Figure 5: Annual Cumulative Cash Flow USD (Undiscounted) TGM Underground Project Base Case

Minxcon performed single-parameter sensitivity analyses based on the real cash flow to ascertain the impact on the NPV. For the DCF, the commodity prices, exchange rate and grade have the most significant impact on the sensitivity of the project followed by the mining and plant operating cost. The project is least sensitive to capital and non-direct costs.

The PFS study has an AISC cost below the forecast gold price from the start of production as illustrated in the graph below.

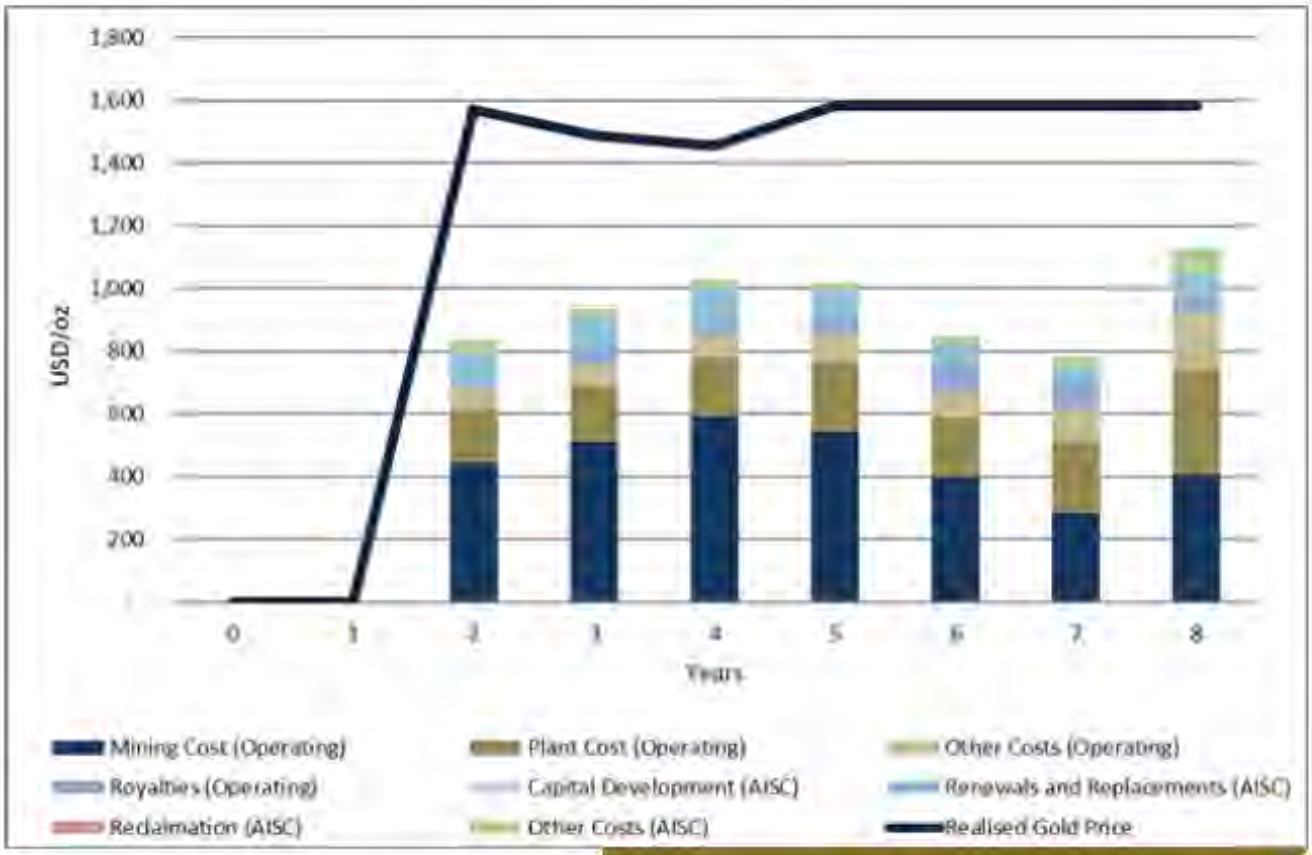


Figure 6: ASIC cost on Yearly Basis TGME Underground Project

OPERATING COSTS

The mining operating cost estimations were completed utilising the Minxcon first-principles activity-based cost model. The cost model utilises the mine and engineering design criteria as well as production schedule inputs to derive cost rates for the mining and engineering activities.

The underground mining costs for labour, equipment, consumables, services and utilities have been sourced from quotations, actual industry stores costs, industry rates and utility rates. Where costs could not be obtained from these sources, benchmarking with similar-sized projects and operations was conducted and historical costs escalated.

A ZAR/USD exchange rate of 15.06 as of 1 February 2021 has been used to convert costs to USD terms for reference purposes.

Item	Forecast	1,500	1,600	1,700	1,800	2,000
Net Turnover	232	223	238	253	268	297
Mine Cost	72	72	72	72	72	72
Processing Costs	31	31	31	31	31	31
On-Site Other Costs	14	14	14	14	14	14
Royalties	7	6	8	9	10	12
Operating Costs	124	123	124	126	127	129
SIB Capex	6	6	6	6	6	6
Reclamation	0	0	0	0	0	0
Off-Mine Overheads	5	5	5	5	5	5
All-in Sustainable Costs (AISC)	135	134	136	137	138	141
Non-Sustaining Capital	27	27	27	27	27	27
All-in Costs (AIC)	162	162	163	164	166	168
All-in Cost Margin	30%	28%	31%	35%	38%	44%
EBITDA *	103	95	108	122	135	163
EBITDA Margin	44%	42%	45%	48%	51%	55%
Gold in Mine Plan	418,845	418,845	418,845	418,845	418,845	418,845
Gold Recovered	353,012	353,012	353,012	353,012	353,012	353,012

Table 6 : Operating Costs USD/t milled

Note:
* Excludes Capex

Item	Forecast	1,500	1,600	1,700	1,800	2,000
Net Turnover	1,555	1,495	1,594	1,694	1,794	1,993
Mine Cost	484	484	484	484	484	484
Processing Costs	206	206	206	206	206	206
On-Site Other Costs	92	92	93	94	94	96
Royalties	48	43	51	59	66	81
Operating Costs	830	825	834	843	851	867
SIB Capex	39	39	39	39	39	39
Reclamation	0	0	0	0	0	0
Off-Mine Overheads	36	36	36	36	36	36
All-in Sustainable Costs (AISC)	905	900	909	917	926	942
Non-Sustaining Capital	184	184	184	184	184	184
All-in Costs (AIC)	1,089	1,083	1,092	1,101	1,109	1,125
All-in Cost Margin	30%	28%	31%	35%	38%	44%
EBITDA *	688	634	724	815	907	1,090
EBITDA Margin	44%	42%	45%	48%	51%	55%
Gold in Mine Plan	418,845	418,845	418,845	418,845	418,845	418,845
Gold Recovered	353,012	353,012	353,012	353,012	353,012	353,012

Table 7 : Operating Costs USD/oz recovered

Note:
* Excludes Capex



ORE RESERVE

The Ore Reserve statement from the March 21 release is presented below. The Ore Reserve calculation considered Mineral Resources in the Indicated category as the Theta Project does not contain any Measured Mineral Resources.

Operation	Grade	Tonnes	Au Content	
	g/t	kt	kg	koz
Beta	6.51	1,662	10,822	347.94
Frankfort	4.13	319	1,317	42.33
CDM	2.31	385	889	28.58
Open Pit (MR83)	2.74	2,164	4,996	160.61
Total	3.98	4,530	18,023	579.46

Table 8: Ore Reserves – Theta Project

Note:

- An Ore Reserve cut-off of 170 cm g/t has been applied for Beta
- An Ore Reserve cut-off of 150 cm.g/t has been applied for Frankfort
- An Ore Reserve cut-off of 121 cm.g/t has been applied for CDM
- An Ore Reserve cut–off of 0.4 g/t was applied. For the open pit.
- A gold price of US$ 1,465 / Oz and an exchange rate of 16 ZAR / USD was used for the cut-off calculation for Beta, Frankfort and CDM
- A gold price of US$ 1,300 / oz was used for the cut-off calculation for the open-pit operation
- Ore Reserves are reported as total Ore Reserves and are not attributed.

The Mineral Resource to Ore Reserve conversion requires the application of appropriate factors which would account for any changes to the Mineral Resources in the life of mine plan as a result of mining the ore. As part of the technical studies, the potential ore loss and dilution to the Mineral Resources was determined and applied to the resources available for conversion to Ore Reserves. The ore loss reduces the tonnage and content, while the dilution would add additional tonnage with no gold content. Note ore reserve included previously undiscovered reefs (Bevetts and Shale Reef).



ENVIRONMENTAL AUTHORISATIONS

Theta holds nine (9) mining rights spanning thousands of hectares. These are MR10167 and MR340 in the North; MR83, MR341 and MR330 surrounding the central processing facility in Pilgrims Rest; and MR433, MR10161, MR358 and MR198 near Sabie in the South.

The Company continues to keep all its Mining Rights in good standing by ensuring that the various licence conditions continue to be met.

While environmental authorisations are in place for the Frankfort, Clewer, Dukes Hill, Morgenzon and Beta Mines (MR83), Rietfontein (MR358) and Glynn's Lydenburg (MR433) mines; this permitting will be amplified for the optimised methods and increased volumes contemplated in the revised development strategy, which initially envisages the re-prioritisation of historically operated underground mines supported by an upgraded gold processing plant and tailings backfill.

Since the majority of existing surface gold bearing dumps were created by the company in the past, these will be reprocessed with zero additional waste development costs. This forms part of the company's general commitment to concurrent rehabilitation and minimal new surface impacts. A multi-level proactive stakeholder engagement strategy is being implemented to ensure that regulators, landowners, host communities and environmental conservation organisations are well briefed and supportive of the company's development plans.

Theta acknowledges the value of expanding protected areas where this is crucial for the conservation of our environment, and, in the circumstances, believes that mining and protection of biodiversity may co-exist. Further, Theta recognises that it operates in a sensitive environment, in the heart of a Strategic Water Source Area, that supports forestry, grasslands, farming, and local communities. To this end, Theta intends to develop an appropriate Ecological Compensation Programme.

The purpose of this programme is to reduce the negative impacts of primary threats to the catchment, thereby securing the Strategic Water Source Area by facilitating the establishment of native grasslands and forests, ecological connectivity and optimisation of the hydrological functioning of the Blyde River catchment, in which both the Theta operations are located. The area has 130 years of mining history demonstrating that mining can operated in this environment.

The implementation of Theta's development strategy will have a dramatic impact on the lives of its host communities by creating much needed jobs and downstream economic development; thereby assisting in accelerating the South African government's post-COVID economic recovery plan which would otherwise continue to deteriorate at the mercy of alien invasive vegetation and illegal miners.

It has come to Theta's attention post-financial reporting period via the SA Government Gazette that the Minister of Forestry, Fisheries and the Environment ("DFFE") has declared a forest nature reserve over, amongst other areas, part of Portion 3 of the farm Morgenzon 525KT and Portion 1 and a part of the remaining extent of the farm Peach Tree 544KT. As a result, approximately 607 hectares out of some 62,000 hectares in tenement areas held by Theta are potentially affected, comprising close to 20% of the potential resource base and the first phase of underground mining. Theta is consulting with the Department of Mineral Resources and Energy and DFFE to facilitate mutually beneficially way forward for continuation of mining.



2

ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG)



ESG

ESG IS INTEGRAL TO THE DEVELOPMENT STRATEGY AND IS BASED ON:

- Holistic risk management
- Zero harm approach to health and safety
- Environmental stewardship
- Conservation of biodiversity
- Positive impact on host communities
- Responsible production practices
- Transparent stakeholder engagement and reporting

ENVIRONMENT

- Creating regional Environmental Development Trusts for alien invasive plants removals
- Establish nature reserves and targeted environmental study programs

SOCIAL

- 26% of project ownership held by local labour force, host communities and strategic black entrepreneur partners
- Projects structured for broad based economic participation
- Alleviation of poverty
- TGME will be the biggest employer in the area

GOVERNANCE

- Ethical business practices
- Culture of high ethical standards throughout the organisation



COMMUNITY RELATIONS

The Company's host communities are supportive of mining in general, and the associated employment and flow-on economic benefits specifically that are likely to flow to local and regional businesses and the general uplifting of the area. Similarly, the Company is committed to community upliftment and regional growth through effective partnerships with all local stakeholders in the regions where it has mining operations.

In connection with the Company's recent stakeholders engagement in the environmental authorisation amendment process for MR83, over 5,000 local residents signed a petition in support of Theta Gold re-establishing mining operation (open pit and underground) in the region.

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

1. Employment of teachers at the primary and high schools in Pilgrim's Rest
2. Provision of water to the local community
3. Heating and cooking fuel provision to the local community
4. School Feeding Scheme
5. Small, Medium and Micro-sized Enterprises (SMMEs) development

It is a priority of the Company to effectively engage with the community and manage expectations and relations with respect to all activities the Company is, or will be, engaged in including construction, development, transport, potential environmental impacts (noise, dust etc) and other factors associated with mining operations.



EXPLORATION & RESOURCES

Exploration and Resource upgrades

- NEW 419,000 oz @ 5.49 g/t Gold Maiden Underground Mining Reserve declared
- TOTAL 580,000 oz @ 3.98 g/t Global Mining Reserve (Open Pit & Underground)
- 63 % Conversion factor for Maiden Underground Mining Reserve
- 3.5 Moz of Underground resource (Inferred) remaining for future conversion into Mining Ore Reserve
- Global Mineral Resource 6.1 M oz Au includes -
  - 4.5 Moz Underground (26.3 Mt @ 5.4 g/t Au) (Measured, Indicated, and Inferred)
    - 969,400 oz (4.87 Mt @ 6.20 g/t Au) (Measured & Indicated)
  - 1.3 Moz Open pit resources (13.02 Mt @3.25 g/t Au) (Indicated & Inferred)
    - 917 Koz Theta Project (9.6 Mt @ 2.99g/t Au) (Indicated & Inferred; 0-130m depth)
    - 161 Koz (2.16 Mt @ 2.31 g/t Au at a 0.4 g/t Au cut-off) Probable Ore Reserve estimate (Theta Project Open Pit Ore Reserve)
  - Tailings & Rock dumps – 174, 000 oz (Indicated & Inferred)

(see Tables 1, 2, 3, 4, 5 & 6)

An Ore Reserve and Mineral Resource Statement is set out on pages 26 and 30.

Exploration Potential

Approximately 3.5 M oz of the underground mineral resource sits in the inferred category. Beta Mine is a great example of what the future holds. Beta current Mine Reserve is 1662 tons @ 6.5 g/t gold for a total mine reserve of 349.74 oz. Note an inferred resource under JORC cannot be converted into mine reserve.

As underground development rams up exploration stopes and underground drilling can upgrade the 587,000oz of inferred resource that sits adjacent to the existing mine reserve, to measured and indicated under JORC Code. Allowing it to be converted into mine reserve and add to the mine schedule, increasing the LoM.

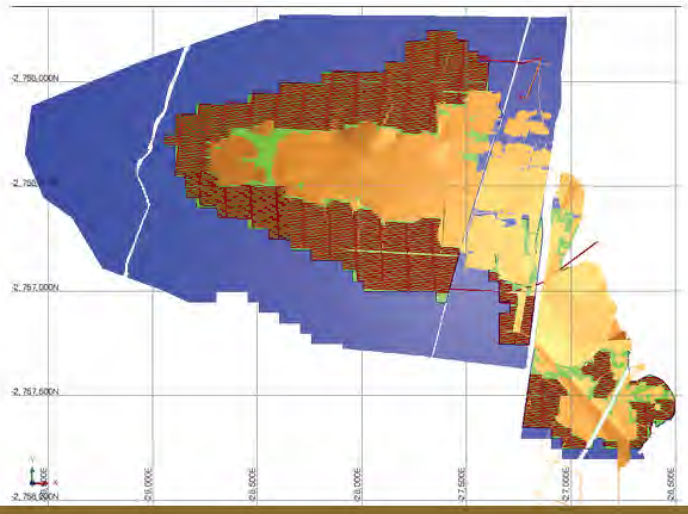


Figure 6 – Beta Mine plan and Resource potential 587,000 oz Inferred Mineral Resource (Not included in New Mine Design Blue area)

FINANCIAL

Results

The Consolidated Entity made a loss after tax of US$4,365,000 (2020: US$5,490,000). Contributing to the loss was indirect exploration costs written-off of US$190,000, finance costs of US$970,000 and corporate and administration costs carried by the Consolidated Entity in support of its exploration and pre-development activities of US$1,964,000. The corporate costs in 2020 included a provision of US$621,000 for a tax penalty assessed by the South African Revenue Service in connection with a subsidiary's income tax return for 2016 to 2018 (refer Note 13). Based on professional advice from its tax adviser, the Company is strongly objecting to the tax penalty.

Further exploration expenditure was incurred on permitting and pre-development activities associated with the Theta Project. This further contributed to the total capitalized expenditure of exploration expenditure of US$15,760,000 recognised on the balance sheet as at 30 June 2021.

Cashflow

Funding for the Company's business activities is sourced largely from equity markets. During the year, the company raised a total of US$6,719,000 from equity issues. The funds were applied towards pre-development and permitting activities for the Theta Project and general exploration, acquisition of the used ball mill, debt repayment and general administration and corporate costs.

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

Subsequent to balance date, the Company raised in excess of A$10 million through bond and equity issues.

CORPORATE

New Project Executive Team Formed

During the financial year the Company appointed numerous ex-Harmony Gold Mining executives to lead is South Africa mining operations, namely Mr Mitford Mundell (CEO), Mr Jacques Du Trio (COO) and Mr Leshoto Moketla (Mine Manager). The new team have now completed a PFS for the initial underground mining operations at TGME, a Mineral Resources and Reserves upgrade and recently re-opened numerous underground adits for trial mining for the initial underground DFS in preparation for future commercial production.

Investment in Bullion Asset Management

In January 2021, the Company made an TGM-script based equity investment in Bullion Asset Management Services Pte Ltd ("BAM"), a Singapore-based technology company focused on financing, tokenization of physical gold bullion and precious metals trading.

BAM is a Singapore registered company co-founded by Decentralised Capital Pte Ltd, a related entity of Aura Group, and backed by Jaggards Trading Pty Ltd, Australia's oldest bullion and rare coin merchant, and DigitalX Ltd (ASX: DCC), an ASX listed technology and digital asset management company.

The investment in BAM comprised an initial subscription of A$700,000 worth of BAM shares which was settled on 29 January 2021 by the issue of 2,087,682 Theta Gold shares at $0.335 per share. The Company wishes to retain its investment in BAM and continue to work with the group in alternative gold financing and project joint venture initiatives.

OUTLOOK

STRATEGY TO BUILD UP TO >160,000OZ/A AU PRODUCTION PROFILE WITHIN 5 YEARS



- 3 mining production units
- 37.5 kt/m Met plant
- Recommission existing TSF
- Production from UG (Beta, Frankfort, CDM) surface dumps & PMR
- Production 50-70 koz/a

- Expand to 5 mining production units
- Expand Met plant to 50kt/m
- Expand TSF and establish UG tailings deposition
- Expand production to Rietfontein and OP
- Production 90-120 koz/a

- Expand to 7 mining production units
- Expand Met plant to 80 kt/m
- Expand production to Vaalhoek, Glynn's Lydenburg and OC
- Production 160 – 200 koz/a

Assess other 40 old mines, expand reserves through exploration, development and drilling on operating mines and new targets exploration

The Company focussed on organic growth for the South Africa project. Developing the first 3 underground mines, then adding new operations as funding and permitting allows. Theta's great strength is its optionality with 43 historical mines under management. Six mines over the coming years will be evaluated for development targeting the 160,000 oz production profile as each new mine brought online adds to the production profile.

The Company has increased operational capacity with a new team in South Africa, all experienced African miners. The team is tasked with delivering the project on the ground. Efforts this year have been positive with resource upgrades and strong project economics from the TGME Underground Project, demonstrating that underground mines in the East Transvaal Goldfield can be mine effectively in today's modern environment.

Moving forward over the next twelve months, trail mining and a Definitive Feasibility Study for TGME Underground will be completed. The company expects to increase the Mining Reserves as work is completed on the Rietfontein Mine. Development and permitting work programs will be ongoing as each mine is evaluated.

3

ORE RESERVE AND MINERAL RESOURCE STATEMENT



Table 9: Combined Underground and Open Pit Ore Reserves as at 1 February 2021

Operation	Grade	Tonnes	Au Content	
	g/t	kt	kg	koz
Beta	6.51	1,662	10,822	347.94
Frankfort	4.13	319	1,317	42.33
CDM	2.31	385	889	28.58
Open Pit (MR83)	2.74	2,164	4,996	160.61
Total	**3.98**	**4,530**	**18,023**	**579.46**

Notes:

1. The information pertaining to the Ore Reserve estimation is detailed in the notes of the Ore Reserve tabulation for the individual operations.

Table 10: Combined Mineral Resource as at 1 February 2021

Resource Classification	Type of Operation	Combined Mineral Resource			
		Tonnage	Gold Grade	Gold Content	
		Mt	g/t	Kg	koz
Measured	Underground	0.091	5.37	489	15.7
	Open pit				
	Tailings				
Total Measured		**0.091**	**5.37**	**489**	**15.7**
Indicated	Underground	4.774	6.21	29 661	953.7
	Open Pit	8.109	2.14	17 364	558.2
	Tailings	5.244	0.83	4 373	140.6
Total Indicated		**18.128**	**2.84**	**51 398**	**1652.5**
Inferred	Underground	21.452	5.22	111 880	3597.0
	Open pit	4.907	5.11	25 057	805.6
	Tailings	0.023	0.57	13	0.4
	Rock Dump	0.885	1.20	1 059	34.0
Total Inferred		**27.267**	**5.06**	**138 009**	**4 437.0**
Grand Total		**45.485**	**4.17**	**189 896**	**6 105.2**

Notes:

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

Table 11: Beta Underground Ore Reserve as at 1 February 2021

Ore Reserve Category	Grade	Tonnes	Au Content	
	g/t	kt	kg	koz
Probable	6.51	1,662	10,822	347.94
Total	**6.51**	**1,662**	**10,822**	**347.94**

Notes:

7. An Ore Reserve cut-off of 170 cm.g/t has been applied.
8. A gold price of USD 1,465 / oz and exchange rate of 16 ZAR / USD was used for the cut-off calculation.
9. Ore Reserves are reported as total Mineral Reserves and are not attributed.

Table 12: Frankfort Underground Ore Reserve as at 1 February 2021

Ore Reserve Category	Grade	Tonnes	Au Content	
	g/t	kt	kg	koz
Proved	4.24	60	254	8.16
Probable	4.11	259	1,063	34.16
Total	**4.13**	**319**	**1,317**	**42.33**

Notes:

1. An Ore Reserve cut-off of 150 cm.g/t has been applied.
2. A gold price of USD 1,465 / oz and exchange rate of 16 ZAR / USD was used for the cut-off calculation.
3. Ore Reserves are reported as total Ore Reserves and are not attributed.

Table 13: CDM Underground Ore Reserve as at 1 February 2021

Ore Reserve Category	Grade	Tonnes	Au Content	
	g/t	kt	kg	koz
Probable	2.31	385	889	28.58
Total	**2.31**	**385**	**889**	**28.58**

Notes:

1. An Ore Reserve cut-off of 121 cm.g/t has been applied.
2. A gold price of USD 1,465 / oz and exchange rate of 16 ZAR / USD was used for the cut-off calculation.
3. Ore Reserves are reported as total Ore Reserves and are not attributed.

Table 14: Ore Reserves for the Open pit Operations as at 1 February 2021

Ore Reserve Category in LoM Plan	Pit	Grade	Reef Tonnes	Au Content	
		g/t	kt	kg	koz
Probable	Browns Hill	2.61	279	728	23
Probable	Iota	2.43	1,490	3,628	117
Probable	Theta Hill	1.62	395	640	21
Total		**2.31**	**2,164**	**4,996**	**161**

Notes:

1. An Ore Reserve cut – off of 0.4 g/t was applied.
2. A gold price of USD 1,300 / oz was used for the cut - off calculation.
3. Ore Reserves are reported as total Ore Reserves and are not attributed.

Table 15: Total Theta Project - Mineral Resources, 1 February 2021

Resource Classification	Open Pit Mine	Reef	Reef Grade	Reef Width	Content	Reef Tonnes	Au Content	
			g/t	cm	cmgt	Mt	Kg	koz
Indicated	Theta & Browns Hill	Shale	1.02	200	204	0.397	404	13.0
	Theta & Browns Hill	Bevett's	1.08	223	241	0.856	925	29.7
	Theta & Browns Hill	Upper Theta	2.41	100	241	0.651	1 571	50.5
	Theta & Browns Hill	Lower Theta	3.79	100	379	0.839	3 178	102.2
	Theta & Browns Hill	Beta	2.51	100	251	0.373	938	30.1
	Columbia Hill	Bevett's	2.98	114	340	0.108	323	10.4
	Columbia Hill	Upper Rho	2.33	402	937	0.897	2 090	67.2
	Columbia Hill	Lower Rho	2.51	520	1306	0.981	2 464	79.2
	Columbia Hill	Upper Theta	1.06	114	121	0.163	173	5.6
Total Indicated			**2.29**	**258**	**591**	**5.267**	**12 066**	**387.9**

Resource Classification	Open Pit Mine	Reef	Reef Grade	Reef Width	Content	Reef Tonnes	Au Content	
			g/t	cm	cmgt	Mt	Kg	koz
Inferred	Theta & Browns Hill	Shale	1.12	215	240	0.600	668	21.5
	Theta & Browns Hill	Bevett's	1.17	217	254	0.451	528	17.0
	Theta & Browns Hill	Upper Theta	1.86	100	186	0.948	1 762	56.6
	Theta & Browns Hill	Lower Theta	8.06	100	806	1.384	11 153	358.6
	Theta & Browns Hill	Beta	2.17	100	217	0.778	1 686	54.2
	Columbia Hill	Upper Rho	5.12	134	687	0.131	673	21.6
Total Inferred			**3.84**	**129**	**497**	**4.292**	**16 470**	**529.5**

Resource Classification	Open Pit Mine	Reef	Reef Grade	Reef Width	Content	Reef Tonnes	Au Content	
			g/t	cm	cmgt	Mt	Kg	koz
Indicated	Total Theta Project	All	2.29	258	591	5.3	12 066	387.9
Inferred	Total Theta Project	All	3.84	129	497	4.3	16 470	529.5
Total Indicated and Inferred			**2.99**	**200**	**598**	**9.6**	**28 535**	**917.4**

Notes:

1. Theta Project (Theta Hill, Browns Hill and Iota) cut-off is 0.35 g/t;
2. The gold price used for the cut-off calculations is USD 1,500 / oz;
3. Geological losses applied are 10% for inferred and 5% for Indicated and Measured;
4. Theta Hill and Browns Hill - Upper Theta Reef, Lower Theta Reef and Beta Reef are diluted grades over 100cm;
5. Historical mine voids have been depleted from the Mineral Resource;
6. The inferred Mineral Resources have a high degree of uncertainty and it should not be assumed that all or a portion thereof will be converted to Ore Reserves;
7. Mineral Resources fall within the mining right 83MR and 341MR.

Competent Persons Statement

Ore Reserve and Mineral Resource

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

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

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



4

MINING RIGHTS AND APPLICATIONS FOR MINING RIGHTS

MR No	Description	Farms	Effective Date	Expiry Date	Remarks
NORTHERN TENEMENTS (MR83, MR330, MR340, MR341, MR10167)					
MR 83	Greater TGME	Portions 1, 2, 3, 4, 5 and the Remaining Extent of Frankfort 509KT, Krugers Hoop 527 KT, Portions 1, 2 and the Remaining Extent of Morgenzon 525 KT, Peach Tree 544 KT, 18, 42, 43, 44 and Remaining Extent of Ponieskrans 543 KT and Portion 1 and the Remaining Extent of Van der Merwes Reef 526 KT	16-Oct-13	15-Oct-23	Amendment application to include open cut mining in process
MR 330	Beta Re-Development & Grootfontein Cluster	Portions 1, 2, 3 and the Remaining Extent of Grootfonteinberg 561 KT and Remaining Extent of Grootfontein 562 KT	Refer Note 1	Refer Note 1	Granted
MR 340	Hermansburg	Portion of the Remaining Extent of Hermansburg 495 KT	10-Jul-13	09-Jun-23	Granted
MR 341	PTD's	Portions 1 and 2 and a Portion of the Remainder Extent of Grootfontein 562KT	25-Sep-19	16-Feb-22	Granted
MR 10167	TGME	Desire 563KT, RE and Ptn 1, 2, 3, 12, 14, 15, 17, 18, 19, 20, 22 and 23 of Doornhoek 545KT, RE and Ptn 1, 2 and 3 Rotunda Greek 510KT, Vaalhoek 474KT, Buffelsfontein 452KT, RE and Ptn 1 of Willemsoord 476KT, Sacramento 492KT, Granite Hill 477KT, Blackhill 528KT, Manx 475KT, Klondyke 493KT, Hermansburg 495KT	Refer Note 1	Refer Note 1	Consolidation of Prospecting Rights 10255PR, 10404PR, 10254PR Granted
SOUTHERN TENEMENTS (MR198, MR358, MR433, MR10161)					
MR198	Elandsdrift Heap Leach	Portions 1 and 2 of Elandsdrift 220 JT	18-Mar-08	17-Mar-09	Renewal submitted
MR 358	Rietfontein	Portion of the Remaining Extent and Portion 2 and 3 of the farm Spitskop 195 JT, Portion of Portion 16 of Waterval 168 JT and Portion of the Remaining Extent of Maliveld Vallei 192 JT	05-Jun-13	04-Jun-28	Amendment application pending to incorporate portions of Portions 1, 4 and 6 of the farm Rietfontein 193 JT
MR 433	Glynn's Lydenburg	Portion 5 of Grootfontein 196 JT and Remaining Extent of Olifantsgeraamte 198 JT	12-Nov-13	11-Nov-23	Granted
MR 10161	Sabie	Spitzkop 195JT, Ptns of the RE and Ptn 1 of Hendriksdal 216JT, Grootfontein 196JT, Waterval 168JT, Sheba 219JT, Vertroosting 218JT, Olifants Geraamte 198JT, Rietfontein 193JT	Refer Note 1	Refer Note 1	Consolidation of Prospecting Rights 10005PR, 660PR, 10252PR Granted

Note 1:
The period of grant of the mining right will be determined upon execution thereof. In the South African context, mining rights may be granted for up to 30 years and are renewable thereafter.

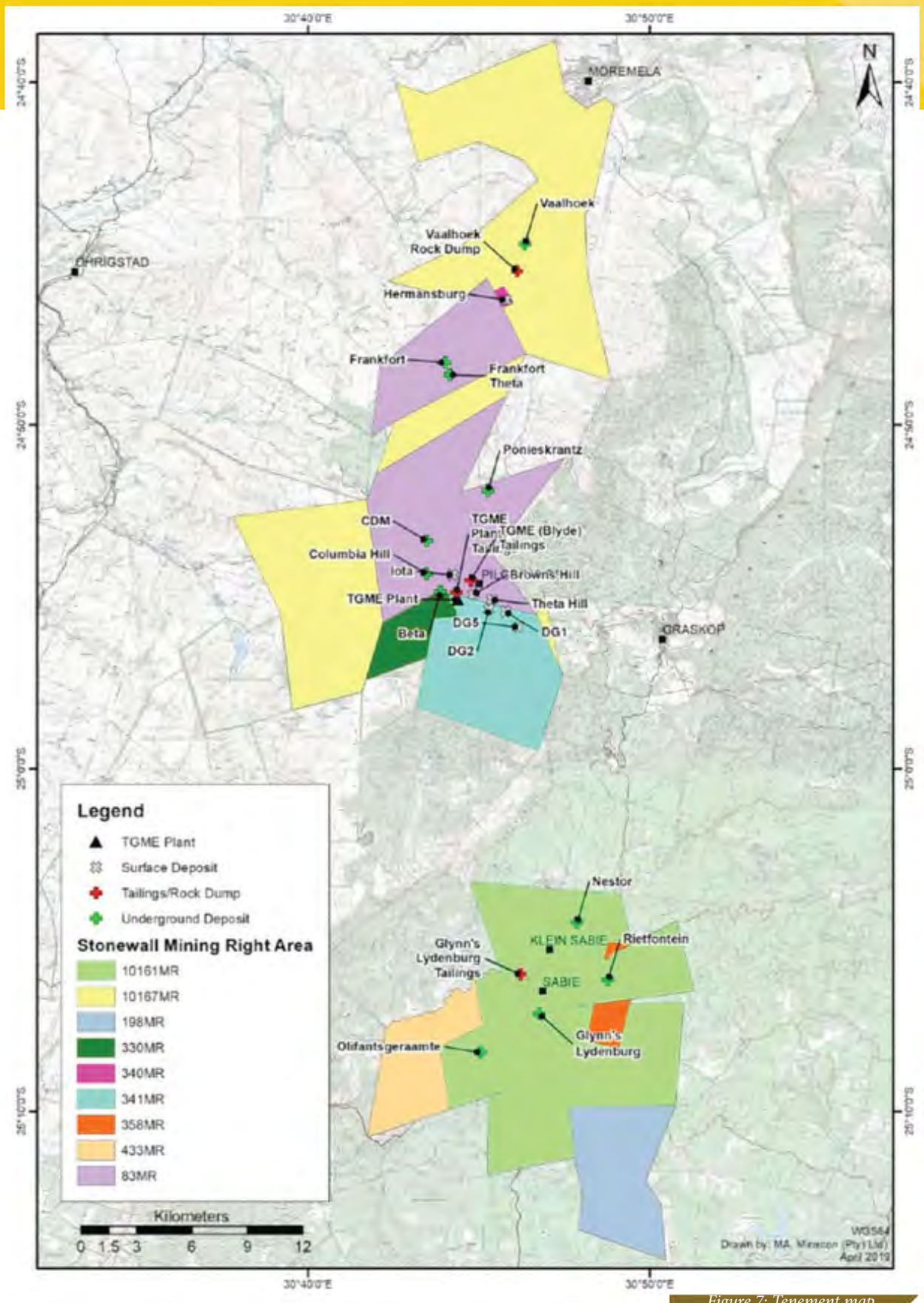


Figure 7: Tenement map

5

CORPORATE GOVERNANCE STATEMENT



The Board of Directors support good corporate governance practices. Unless disclosed otherwise, the best practice recommendations of the ASX Corporate Governance Council have been applied for the financial year ended 30 June 2021.

This Corporate Governance Statement was approved by the Board on 30 September 2021.

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

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

Principle 1: Lay solid foundations for management and oversight

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

The Board is responsible for the following:

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

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

There has been Board renewal in the last three financial years, with one director retiring and two new directors appointed to the Board. Prior to the balance date, the Managing Director stepped down from executive duties and resigned from the Board in August 2021. Whilst no formal performance review was undertaken on senior executives, the executives receive informal feedbacks on their performance from time to time. No performance evaluations have been conducted on, or by, the directors during the reporting period.

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

All directors and senior executive appointments are made in writing.

Diversity policy

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

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

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

Principle 2: Structure the board to add value

The Board is comprised of the following directors, all of whom are Non-Executive Directors, save for Mr Robert Thomson who was the Managing Director until 5 August 2020 and resigned as a Non-executive Director on 13 August 2021. The skills, experience and expertise of each director in office at the date of this report, their attendances at meetings and their term of office are detailed in the Directors' Report.

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

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

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

- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with a substantial shareholder of the Company;
- within the last three years has not been employed in an executive capacity by the Company or another group member, or been a director after ceasing to hold any such employment;
- within the last three years has not been a principal of a material professional advisor or a material consultant to the Company or another group member, or an employee materially associated with the service provider;
- is not a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; and

- has no material contractual relationship with the Company or another group member other than as a director of the Company.

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

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

Nomination and Remuneration Committee

The members of the committee are –

- Bill Richie Yang (Chair)
- Charles William Guy
- Simon Liu
- Brett Tang

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

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

Principle 3: Act ethically and responsibly

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

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

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

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

Principle 4: Safeguard integrity in corporate reporting

Audit Committee

The Company has an Audit and Risk Management Committee which operates under a charter that sets out its role. The Committee's primary function is to assist the Board in discharging its responsibility to exercise due care, diligence and

skill in relation to the Company, including appointment of external auditors, business risk management, internal control systems, business policies and practices and monitoring corporate conduct and business ethics.

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

Finn Stuart Behnken (Chair)
Bill Richie Yang
Charles William Guy

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

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

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

Principle 5: Make timely and balanced disclosures

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

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

(a) When any member of the Reporting Group (being the Chairman, Managing Director or Company Secretary) becomes aware of information which he or she believes may need to be disclosed, he or she immediately contacts and gives full details to each of the other members of the Reporting Group.

(b) The Reporting Group will take the following steps in relation to information received by them:

- assess whether disclosure is required,
- consult legal and other advisers (including the ASX) as necessary,
- prepare an announcement for release to the ASX; and
- forward the release to the ASX.

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

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

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

Principle 6: Respect the rights of security holders

The Company has a facility on its website for shareholders and interested parties to register for email alerts of announcements posted on the website. Shareholders may also elect to receive notices of meetings by email.
Shareholders are entitled to vote on significant matters impacting on the business, which include the election and remuneration of directors, changes to the constitution and receipt of annual financial statements. Shareholders are strongly encouraged to attend and participate in the Annual General Meetings of the Company and other shareholder meetings, to lodge questions to be responded by the Board, and if not able to attend the meetings, are encouraged to appoint proxies.

Principle 7: Recognise and manage risks

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

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

The Company does not have an internal audit function.

Risk review is an ongoing function. Risks are generally managed by strategies adopted such as –
i) annual budgets
ii) monthly/quarterly reports against budgets
iii) financial authority limits
iv) insurance programme
v) regular monitoring.

The Board monitors risks through –
a) monthly/periodic operations reports
b) monthly/quarterly financial reports against budgets
c) briefings by senior executives
d) tour of operations.

Principle 8: Remunerate fairly and responsibly

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

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

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

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

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



6

DIRECTORS' REPORT

Your Directors present their report, together with the financial statements of Theta Gold Mines Limited ("Company") and its controlled entities ("Consolidated Entity" or "Group") for the financial year ended 30 June 2021.

Directors

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

Charles William Guy Non-Executive Chairman
Robert Peter Thomson Non-Executive Director (Resigned as Managing Director on the 5th August 2020 and resigned as Director on the 13th August 2021)
Bill Richie Yang Non-Executive Director
Finn Stuart Behnken Non-Executive Director
Yang (Simon) Liu Non-Executive Director
Guyang (Brett) Tang Non-Executive Director

Information on Directors

Charles William Guy	**Non-Executive Chairman**
Period of Directorship:	Appointed 7 March 2018
Qualifications:	B. App. Sc. Member, Australian Institute of Geoscientists
Experience:	Bill Guy was appointed as a director of the company in March 2018 and is a professional mining executive and geologist with over 30 years' experience in exploration and resource development in Asia, Australia and Europe. In previous executive and geology roles he was involved in all aspects of the mining industry inclusive of project acquisitions, project development (Cockatoo Island Fe), project discovery (Mt Ida Fe), and large scale JV (Newcrest JV Au), in both the corporate and technical roles.
Interest in Shares and Options:	Held directly 4,000,000 performance rights expiring 27 June 2024 Held by Mineral Rock Pty Ltd <SEBC Family A/C> - 1,843,923 fully paid ordinary shares
Special Responsibilities:	Member of Nomination and Remuneration Committee Member of Audit and Risk Management Committee
Other Listed Company Directorships in Last 3 Years:	N/A

Robert Peter Thomson	**Non-Executive Director**
Period of Directorship:	Appointed 25 November 2016, resigned 13 August 2021
Qualifications:	BE (Mining) (University of Queensland) MBA (University of Wollongong, NSW) Fellow, Australasian Institute of Mining and Metallurgy
Experience:	Mr. Thomson commenced his career in underground gold operations in southern Africa and has since been involved in numerous successful gold and base metal ventures which included transi-tioning companies from exploration to production, and the establishment of sustainable opera-tions. Mr. Thomson was Managing Director of the Company from 25 November 2016 to 5 August 2020.
Interest in Shares and Options:	Held by Monterey Consolidated Services Pty Limited <Lorodaca Super Fund A/C> - 1,367,342 fully paid ordinary shares
Special Responsibilities:	Nil
Other Listed Company Directorships in Last 3 Years:	Malachite Resources Limited (appointed 3 September 2020)

Bill Richie Yang	**Non-Executive Director**
Period of Directorship:	Appointed 16 June 2015
Qualifications:	BCom (Business Economics and Finance), University of New South Wales
Experience:	Mr. Yang is a corporate financier and business executive, with more than 16 years in the mining resources sector focused on business development, corporate strategies, M&A and financing. Mr. Yang has held numerous executive directorships and management roles in junior mining development companies, including Executive Director of ASX-listed Bligh Resources Limited between 2015 and 2017. He is also Managing Director of Sydney/Hong Kong based Vs Capital Group, a corporate finance advisory firm and Family Office investor.
Interest in Shares and Options:	Held directly - 4,000,000 performance rights expiring 27 June 2024 Held by Bill Richie Yang <Yana Family Super Fund A/C> - 572,692 fully paid ordinary shares Held by Vs Capital Investments Pty Ltd <The Exponential Family A/C> - 1,509,528 fully paid ordinary shares Held by Vs Capital Investments Pty Ltd - 528,948 fully paid ordinary shares
Special Responsibilities:	Member of Audit and Risk Management Committee Member of Nomination and Remuneration Committee (Chair)
Other Listed Company Directorships in Last 3 Years:	Nil

Finn Stuart Behnken	**Non-Executive Director**
Period of Directorship:	Appointed 19 December 2018
Qualifications:	B.Sc Eng (Mining)
Experience:	Mr Behnken is a mining engineer and has South African mining management experience as the CEO of Tshipi é Ntle Manganese Mining (Pty) Limited (during the construction and initial production phase of the major Tshipi Borwa Manganese Mine). Prior to this, he was an investment banker with South African based Nedbank and has served as non-executive director of various mining companies including, most recently, as a director of the then AIM listed Gemfields plc. Mr Behnken is currently the South African representative of Auramet International, a United States domiciled precious metals merchant and mine financier.
Interest in Shares and Options:	Held directly - 1,200,000 performance rights expiring 27 June 2024
Special Responsibilities:	Chairman of Audit and Risk Management Committee
Other Listed Company Directorships in Last 3 Years:	Gemfields Plc

Yang (Simon) Liu	**Non-Executive Director**
Period of Directorship:	Appointed 29 January 2013
Qualifications:	Graduate, School of Journalism and Communication, Renmin University, China
Experience:	Mr. Liu has over 20 years' experience in marketing and corporate consulting. In 2010 he co-founded Beijing-based Hanhong Private Equity Fund which managed over USD1.5 billion. The fund's investments covered entertainment, property development, oil/gas and gold mining projects.
Interest in Shares and Options:	Held directly - 3,444,998 fully paid ordinary shares - 200,000 options exercisable at $0.35 per share on or before 19 July 2022 (vesting hurdle date 19 July 2020) - 200,000 options exercisable at $0.40 per share on or before 19 July 2022 (vesting hurdle date 19 July 2020) Held by Hanhong New Energy Holdings Ltd - 4,527,105 fully paid ordinary shares
Special Responsibilities:	Member of Nomination and Remuneration Committee
Other Listed Company Directorships in Last 3 Years:	Nil

Guyang (Brett) Tang	**Non-Executive Director**
Period of Directorship:	Appointed 3 July 2018
Qualifications:	Bachelor of Law (University of Soochow) MBA (University of Nanjing)
Experience:	Mr Tang is a qualified lawyer in China and is also registered as a Fund Manager with the Asset Management Association of China (AMAC). He is a professional investor and fund manager, experienced in and been successful in mining and mining investments. From 2007-2013, he was Executive Director at Yunnan Gold Mountain Ltd, a joint venture gold/copper mining company with a Chinese state-owned mining enterprise. The company grew to a 20,000oz per annum gold producer from horizontal adit-entry type mines. Between 2013 and 2015 he was a Director of Ao-zhong Mining Pty Ltd, a Chinese specialised mining and exploration corporation with a history of mining investments in Australian listed resource companies. Mr Tang is a director at Tasman Funds Management Ltd and a director and founding partner of China Nanjing Venture Capital Ltd, a China-based VC Fund.
Interest in Shares and Options:	Held directly - 594,339 fully paid ordinary shares - 2,000,000 performance rights expiring 27 June 2024 Held by Tasman Funds Management Ltd - 32,730,995 fully paid ordinary shares
Special Responsibilities:	Member of Nomination and Remuneration Committee
Other Listed Company Directorships in Last 3 Years:	Nil

Company Secretary

Heath Roberts Grad. Dip. Legal Practice	A commercial solicitor with over twenty-five years ASX listed company management and operational experience to Executive Director level. Particular strength in company compliance, backdoor listings, exploration, mining and agricultural asset due diligence/acquisitions, joint venture structuring and management, project permitting and stakeholder negotiations, equity and debt fund raisings.

Principal Activities

The Consolidated Entity holds prospective gold assets in the Pilgrim's Rest – Sabie goldfield, a historic South African gold mining region. These assets include several surface and near-surface high-grade gold projects. The principal activities during the year consisted of continuing exploration with particular focus on optimising the feasibility study on the TGME Gold Project completed in the previous years covering both open-pits and underground gold mines, in parallel with securing various permitting entitlements over the existing mining rights.

Operating and Financial Review

The review of operations during the year is set out on pages 4 to 19.

Significant Changes in State of Affairs

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

(a) Issued capital increased by US$6,532,000 arising from the issue of shares to raise funds for the group's activities.

Dividends

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

Likely Developments and Expected Results

Subject to receipt of permitting approval for open-cut mining and securing project finance, it is the Company's intention to develop the Theta Open-Cut Project as the group's starter mining project. The group will also be aiming to actively explore the surrounding Theta Project area to increase the project mine life. Subject to funding, it would be the group's plan to convert the large mineral resource into ore reserves through further drilling and exploration.

Environmental Regulations

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

Significant Events after Balance Date

Subsequent to balance date, the Company issued 21,266,670 fully paid ordinary shares at an issue price of A$0.21 per share, raising a total of A$4,466,001 before cost.

In addition to the above, Frankfurt listed investment company 2Invest AG also invested A$6 million in a series of Secured Bonds (18 months duration to be redeemed no later than 31 January 2023, carrying a 20% per annum coupon rate, payable in cash semi-annually in arrears) issue by Theta Gold to fund pre-development expenditures for the TGME Gold Project

and general working capital.

It has come to Theta's attention post-financial reporting period via the SA Government Gazette that the Minister of Forestry, Fisheries and the Environment ("DFFE") has declared a forest nature reserve over, amongst other areas, part of Portion 3 of the farm Morgenzon 525KT and Portion 1 and a part of the remaining extent of the farm Peach Tree 544KT. As a result, approximately 607 hectares out of some 62,000 hectares in tenement areas held by Theta are potentially affected, comprising close to 20% of the potential resource base and the first phase of underground mining. Theta is consulting with the Department of Mineral Resources and Energy and DFFE to facilitate mutually beneficially way forward for continuation of mining.

Meetings of Directors

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

Board meetings

	Eligible to attend	Attended
Charles William Guy	6	6
Robert Peter Thomson	6	6
Bill Richie Yang	6	6
Simon Liu	6	4
Brett Tang	6	5
Finn Stuart Behnken	6	6

Audit and Risk Committee meetings

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

Nomination and Remuneration Committee meeting

	Eligible to attend	Attended
Bill Richie Yang	1	1
Charles William Guy	1	1
Simon Liu	1	1
Brett Tang	1	1

Performance Rights

Performance rights issued during the year

During the year, 400,000 performance rights expiring on 31 Dec 2022 and 1,900,000 expiring on 31 Dec 2025 were issued to Jan Bronkhorst & Freddy Moketla, employees of the group. The performance rights are subject to the performance hurdles described below.

Other than the above, no options over unissued ordinary shares were granted during or since the end of the financial year.

Total unissued shares under option

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

	Number
Unlisted options (details below)	15,098,353
Unlisted performance rights (details below)	18,640,000
	33,738,353

Number	Performance Hurdle/Vesting Date (if applicable)	Exercise Price	Expiry Date
Unlisted Options			
3,158,353	-	$0.40	27 Apr 2022
5,000,000	-	$0.50	30 Jun 2022
800,000	-	$0.30	30 Sep 2022
400,000	-	$0.30	31 Dec 2022
640,000	-	$0.50	30 Sep 2025
3,200,000	-	$0.40	30 Sep 2025
1,900,000	-	$0.50	31 Dec 2025
15,098,353	**Total Options**		
Unlisted Performance Rights			
50,000	All systems, licences, insurances, regulatory and statutory compliance in place to meet South Africa Mining regulations, laws, Mining Charter 111, commercial contacts. (Mine ready).	Nil	27 Jun 2024 (*)
920,000	Delineating a total of 300,000 ounces of gold ore reserves (in accordance with the JORC Code 2012[1]) at grade of at least 2.5g/t Au, amenable to open-cut mining on Mining Right 83, Mining Right 341 and Mining Right 10167 (under application).	Nil	27 Jun 2024
4,300,000	Decision to Mine (Board approval to commence development of a gold mining operation) with all regulatory approvals secured. This performance hurdle must be achieved on or before 27 September 2021 (extended from 27 December 2020, being 18 months from the date of issue of the performance right).	Nil	27 Jun 2024 (*)
6,100,000	Achieving annualised production of 50,000 ounces of gold per annum over a consecutive period of 3 months. This performance hurdle must be achieved on or before 27 September 2021 (extended from 27 December 2020, being 30 months from the date of issue of the performance right).	Nil	27 Jun 2024
5,350,000	Achieving annualised production of 100,000 ounces of gold per annum over a consecutive period of 3 months. This performance hurdle must be achieved on or before 27 March 2024 (extended from 27 June 2023, being 48 months from the date of issue of the performance right).	Nil	27 Jun 2024
640,000	12 months production (ounces) on schedule as per Theta Project Optimised Feasibility Study or from underground mine production, or the combination thereof, at AISC of US$855/oz (+/- 10%)	Nil	30 Jun 2025
640,000	Production of over 25,000 ounces of gold over a consecutive period of 3 months (100,000 oz pa).	Nil	30 Sep 2025
640,000	Production of over 37,500 ounces of gold over a consecutive period of 3 months (150,000 oz pa).	Nil	30 Sep 2025
18,640,000	**Total Performance Rights**		

(*) During this year, following approval by the directors, the performance condition was amended to defer the deadline by which the performance hurdles above are required to be met from 27 September 2021 to 31 March 2023.

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

Shares issued as a result of exercise of options

Since the end of the previous financial year, 895,788 shares were issued as a result of the exercise of options.

Indemnity and Insurance of Officers

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

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

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

Indemnity and Insurance of Auditors

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

Non-Audit Services

During the financial year, the auditor, Ernst & Young, did not provide any non-audit services to a controlled entity. The Directors have considered the level and nature of all services provided by the auditor and, in accordance with advice received from the Audit Committee, is satisfied that the nil provision of the non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

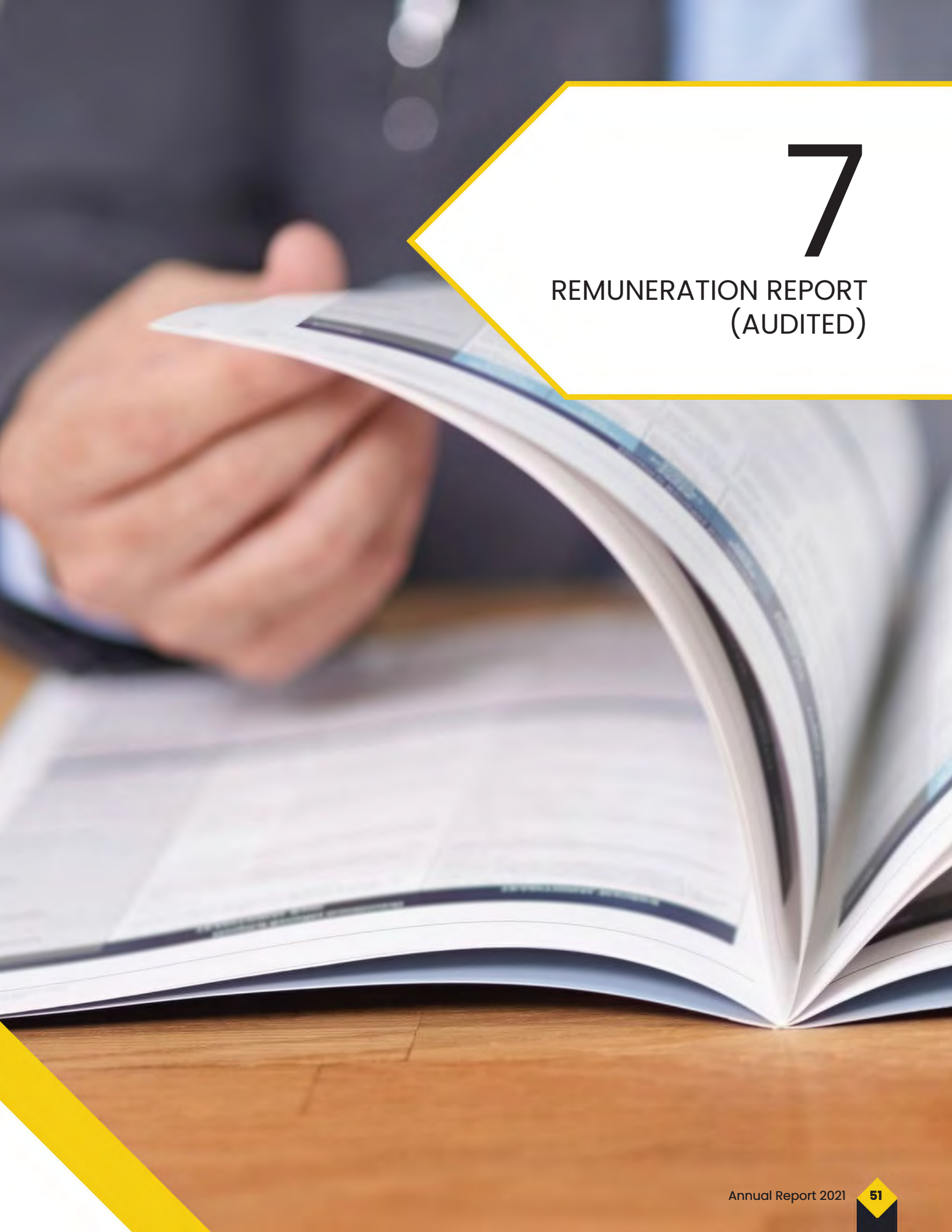
Full details of the auditor's remuneration are set out in Note 5 to the financial statements.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2021 is set out on page 61.

Rounding of Amounts to Nearest Thousand Dollars

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



7

REMUNERATION REPORT (AUDITED)

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

The key management personnel during the year were -

Directors

Charles William Guy, Non-Executive Chairman
Robert Peter Thomson, Managing Director (Resigned as Managing Director on the 5th August 2020 and resigned as Director on the 13th August 2021)
Bill Richie Yang, Non-Executive Director
Finn Stuart Behnken, Non-Executive Director
Guyang (Brett) Tang, Non-Executive Director
Yang (Simon) Liu, Non-Executive Director

Other Key Management Personnel

Mitford Mundell, Chief Executive Officer (Africa) (Appointed 1 October 2020)
Jacques Du Triou, Chief Operations Officer (Africa) (Appointed 1 October 2020)
Chin Haw Lim, Chief Financial Officer / Company Secretary (Retired 30th June 2021)
George Tiernan Jenkins, Chief Executive Officer (South Africa) (Resigned 1 February 2021)

Remuneration policy

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

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

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

Fees for non-executive directors are not linked to the performance of the Consolidated Entity. However, to align directors'

interests with those of shareholders, all directors are encouraged to hold shares in the Company.

Relationship between Remuneration Policy and Consolidated Entity Performance

Long term incentives

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

To ensure that the whole team is focussed on the same objective of delivering the Theta Project (underground mining) into production, the Board has determined that incentive securities issued to Directors and employees should have the same operational performance hurdles instead of the varied share price and performance hurdles in previous Options and Performance Rights. The Board believes that operational performance hurdles are more appropriate incentives and align the interests of the Directors and employees with those of shareholders. To that end, the performance rights currently on issue contain the following operational performance hurdles focussed on the development and operation of the Theta Project.

During the year, the Company issued 1,920,000 incentive performance rights to KMPs of the group. Full details of the performance rights as at balance date are set out in the table below

Grant Date	Number '000		Performance Hurdle/Vesting Date (if applicable)	Exercise Price	Value at Grant (fair value as per AASB2)	Vesting Date	Expiry Date
	2021	2020					
26 Sep 2019	**50**	50	All systems, licences, insurances, regulatory and statutory compliance in place to meet South Africa Mining regulations, laws, Mining Charter 111, commercial contacts. (Mine ready).	Nil	A$0.16	On or before 31 Mar 2023	27 Jun 2024
28 June 2019	**920**	4,200	Delineating a total of 300,000 ounces of gold ore reserves (in accordance with the JORC Code 2012[1]) at grade of at least 2.5g/t Au, amenable to open-cut mining on Mining Right 83, Mining Right 341 and Mining Right 10167 (under application).	Nil	A$0.16	On or before 27 Dec 2021	27 Jun 2024
28 June 2019	**4,000**	4,300	Decision to Mine (Board approval to commence development of a gold mining operation) with all regulatory approvals secured.	Nil	A$0.16	On or before 27 Sep 2021	27 Jun 2024
26 Sep 2019	**300**	300			A$0.155		
28 June 2019	**5,500**	6,750	Achieving annualised production of 50,000 ounces of gold per annum over a consecutive period of 3 months.	Nil	A$0.16	On or before 27 Sep 2022	27 Jun 2024
26 Sep 2019	**100**	100			A$0.155		
28 June 2019	**5,800**	6,700	Achieving annualised production of 100,000 ounces of gold per annum over a consecutive period of 3 months.	Nil	A$0.16	On or before 27 Mar 2024	27 Jun 2024
26 Sep 2019	**50**	50			A$0.155		

1 Oct 2020	**1,200**	-	Decision to Mine	$0.40	A$0.146	On or before 31 Mar 2023	30 Sep 2025
1 Oct 2020	**800**	-	Production Commencement	$0.40	A$0.146	On or before 31 Dec 2023	30 Sep 2025
1 Oct 2020	**1,200**	-	3 months production (ounces) on schedule as per Theta Project Optimised Feasibility Study or from underground mine production, or the combination thereof, at AISC of US$855/oz (+/- 10%)	$0.40	A$ 0.146	On or before 30 Jun 2024	30 Sep 2025
1 Oct 2020	**640**	-	12 months production (ounces) on schedule as per Theta Project Optimised Feasibility Study or from underground mine production, or the combination thereof, at AISC of US$855/oz (+/- 10%)	Nil	A$0.25	On or before 30 Jun 2025	30 Sep 2025
1 Oct 2020	**320**	-	Production of over 25,000 ounces of gold over a consecutive period of 3 months (100,000 oz pa)	$0.50	A$0.1357	On or before 30 Sep 2025	30 Sep 2025
1 Oct 2020	**640**	-	Production of over 25,000 ounces of gold over a consecutive period of 3 months (100,000 oz pa)	Nil	A$0.25	On or before 30 Sep 2025	30 Sep 2025
1 Oct 2020	**320**	-	Production of over 37,500 ounces of gold over a consecutive period of 3 months (150,000 oz pa)	$0.50	A$0.1357	On or before 30 Sep 2025	30 Sep 2025
1 Oct 2020	**640**	-	Production of over 37,500 ounces of gold over a consecutive period of 3 months (150,000 oz pa)	Nil	A$0.25	On or before 30 Sep 2025	30 Sep 2025
	22,480	22,450					

On 5 August 2020, 5,763,159 performance rights held by Mr. Robert Thomson lapsed and forfeited following his resignation as Managing Director.

Short term incentives

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

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

		2021	2020	2019	2018	2017
Revenue	USD'000	-	-	-	-	-
Net Loss Before Tax	USD'000	4,365	5,490	5,172	4,129	7,346
Net Loss After Tax	USD'000	4,365	5,490	5,172	4,129	7,346
Basic earnings per share	US cents	(1.3)	(1.3)	(1.6)	(1.8)	(3.9)
Diluted earnings per share	US cents	(1.3)	(1.3)	(1.6)	(1.8)	(3.9)
Share price at start of year[1]	AU cents	29	16	11	26	10
Share price at end of year[1]	AU cents	22.5	29	16	11	26
Market capitalisation	AUD million	107.3	128.1	61.3	28.2	54.5

[1] *On 30 November 2018, shareholders in general meeting approved a 10:1 consolidation of shares and options on issue at that date. For comparative purposes, the basic and diluted earnings per share for the financial years ended 30 June 2016 - 2018 have been presented on a post consolidation basis as if the share consolidation had occurred in the prior financial years.*

Details of Remuneration

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

Table of Benefits and Payments

2021	SHORT-TERM BENEFITS		POST-EMPLOYMENT	SHARE-BASED	TOTAL
	Salary/ Director Fees	Consulting Fees	Superannuation	Options / Rights	
	USD	USD	USD	USD	USD
Directors					
Charles William Guy	114,128	60,946	-	8,971	184,045
Robert Peter Thomson	18,148	30,936	5,431	(20,228)	34,287
Bill Richie Yang	90,012	37,505	-	10,956	138,473
Simon Liu	-	37,505	-	-	37,505
Brett Tang	-	34,250	3,254	5,478	42,982
Finn Stuart Behnken	-	37,505	-	(1,854)	35,651
Other Key Management Personnel					
Chin Haw Lim	112,515	-	10,689	(16,183)	107,021
George Tiernan Jenkins	196,941	-	-	6,574	203,515
Mitford Mundell	183,243	-	-	94,085	277,328
Jacques Du Triou	150,550	-	-	56,451	207,001
Total Key Management Personnel	**865,537**	**238,647**	**19,374**	**144,250**	**1,267,808**

2020	SHORT-TERM BENEFITS		POST-EMPLOYMENT	SHARE-BASED	TOTAL
	Salary/ Director Fees	Consulting Fees	Superannuation	Options / Rights	
	USD	USD	USD	USD	USD
Directors					
Charles William Guy	50,369	100,738	-	78,434	229,541
Robert Peter Thomson	175,421	-	14,105	18,142	207,668
Bill Richie Yang	33,580	107,451	-	97,736	238,767
Simon Liu	33,579	-	-	-	33,579
Brett Tang	30,909	-	2,671	48,868	82,448
Finn Stuart Behnken	33,580	-	-	23,176	56,756
Other Key Management Personnel					
Chin Haw Lim	104,634	-	9,570	14,513	128,717
George Tiernan Jenkins	148,180	-	-	58,642	206,822
Total Key Management Personnel	**610,252**	**208,189**	**26,346**	**339,511**	**1,184,298**

Key management personnel equity holdings

The following tables set out the equity holdings in the Company of key management personnel of the Consolidated Entity.

Fully Paid Ordinary Shares

2021	Balance 1 July 2020	Acquisitions	Disposals	Net other change	Balance 30 June 2021	Balance nominally held
	No.	No.	No.	No.	No.	No.
Directors						
Charles William Guy	1,043,923	-	-	800,000	1,843,923	1,843,923
Robert Peter Thomson	1,367,342	-	-	-	1,367,342	1,367,342
Bill Richie Yang	1,611,168	-	-	1,000,000	2,611,168	2,611,168
Simon Liu	7,972,103	-	-	-	7,972,103	7,972,103
Brett Tang	32,825,334	-	-	500,000	33,325,334	33,325,334
Other Key Management Personnel						
Chin Haw Lim	302,075	-	-	-	302,075	302,075
George Tiernan Jenkins (former-CEO, resigned 1 February 2021)	100,000	-	-	-	100,000	100,000
Total Key Management Personnel	**45,221,945**	-	-	**2,300,000**	**47,521,945**	**47,521,945**

Options and Performance Rights

2021	Balance 1 July 2020	Granted	Lapsed	Net other change	Balance 30 June 2021	Vested and exercisable
	No.	No.	No.	No.	No.	
Directors						
Charles William Guy	4,418,232	-	(418,232)	(800,000)	3,200,000	-
Robert Peter Thomson[1]	5,763,159	-	(5,763,159)	-	-	-
Bill Richie Yang	5,528,947	-	(528,947)	(1,000,000)	4,000,000	-
Simon Liu	1,379,474	-	(979,474)	-	400,000	-
Brett Tang	2,500,000	-	-	(500,000)	2,000,000	-
Finn Stuart Behnken	1,200,000	-	-	-	1,200,000	200,000
Other Key Management Personnel						
Chin Haw Lim (retired on 30 June 2021)	1,200,000	-	-	-	1,200,000	-
George Tiernan Jenkins (former-CEO, resigned 1 February 2021)	3,000,000	-	-	-	3,000,000	600,000
Mitford Mundell (CEO – Africa)		**4,100,000**			**4,100,000**	
Jacques Du Trio (COO - Africa)		**2,460,000**			**2,460,000**	
Total Key Management Personnel	**24,989,812**	**6,560,000**	**(7,689,812)**	**(2,300,000)**	**21,560,000**	**800,000**

[1] *Mr. Thomson ceased to be Managing Director of the Company on 5 August 2020 and 5,763,159 performance rights held by him lapsed and forfeited on that date.*

Service contracts

Name	Term	Base salary	Termination payment
Chin Haw Lim, Chief Financial Officer and Company Secretary (retired on 30 June 2021)	From 1 Mar 2017 until terminated	A$150,000 per annum plus statutory superannuation	1 month notice of termination or pay in lieu
George Tiernan Jenkins, Chief Executive Officer (former-CEO, resigned on 1 February 2021)	From 1 Mar 2017 until terminated	A$210,000 per annum plus housing and motor vehicle benefits	3 months' notice of termination or pay in lieu plus 3 months' salary in the event of a termination on the grounds of redundancy
Mitford Mundell, Chief Executive Officer – Africa	From 1 October 2020	ZAR3.36m per annum base.	3 months notice of termination.
Jacques Du-Triou, Chief Operations Officer – Africa	From 1 October 2020	ZAR2.76m per annum base.	3 months notice of termination.

Other transactions with KMPs

The Company did not have any reportable transactions with directors or key management personnel other than that disclosed above during the year.

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

For and on behalf of the Board



Charles William Guy
Chairman

Sydney
29 October 2021

8

DIRECTORS' DECLARATION



The directors of Theta Gold Mines Limited declare that:

1. The financial statements and notes, as set out on pages 62 to 100, are in accordance with the Corporations Act 2001 and:

   (a) comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

   (b) give a true and fair view of the Consolidated Entity's financial position as at 30 June 2021 and of its performance for the year ended on that date;

2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

3. The directors have been given the declarations required by section 295A of the Corporations Act 2001.

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

On behalf of the Board



Charles William Guy
Chairman

Sydney
29 October 2021

9

AUDITOR INDEPENDENCE DECLARATION

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

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Fax: +61 2 9248 5959
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Auditor's independence declaration to the directors of Theta Gold Mines Limited

As lead auditor for the audit of the financial report of Theta Gold Mines Limited for the financial year ended 30 June 2021, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

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

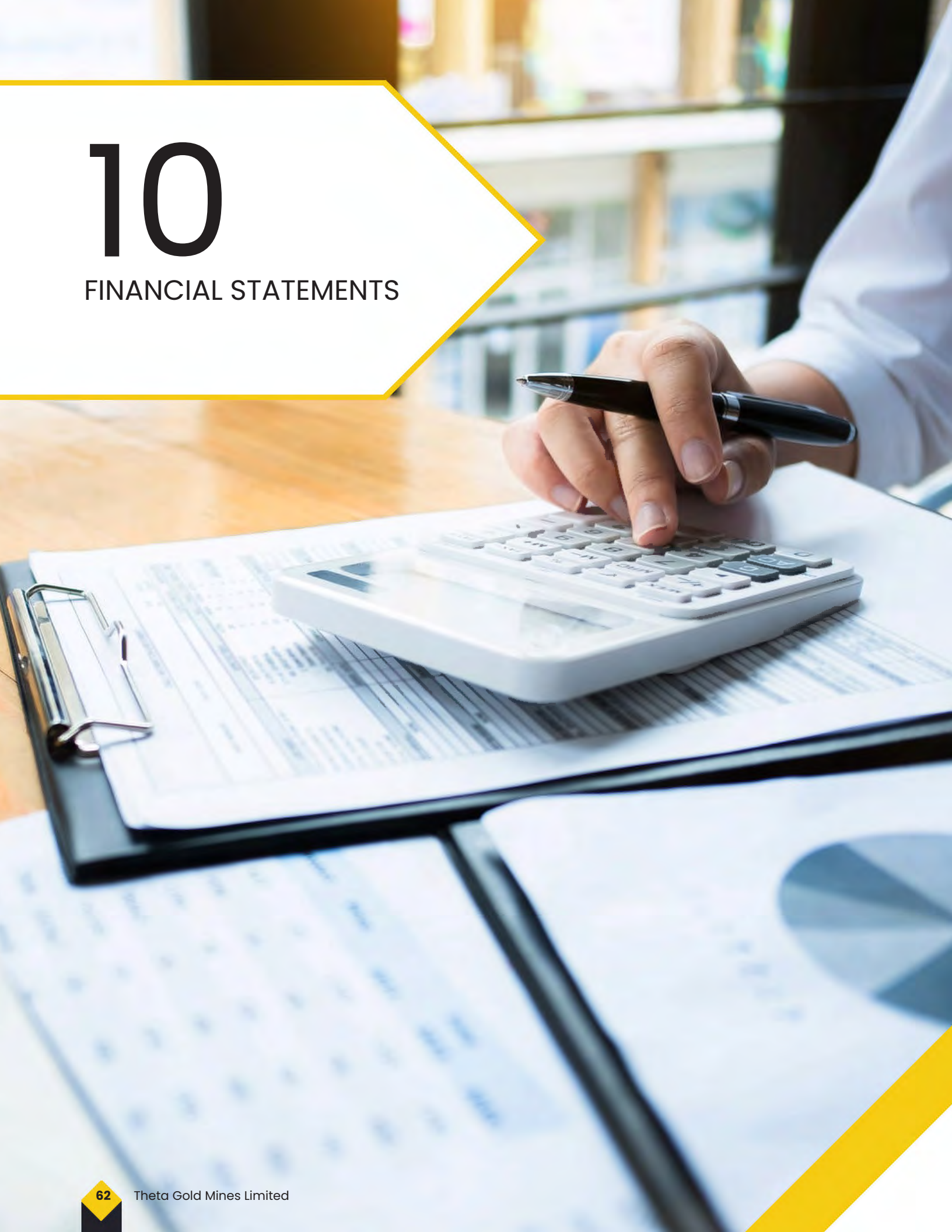
Ernst & Young

Scott Jarrett
Partner
Sydney
29 October 2021

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10

FINANCIAL STATEMENTS



Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 30 June 2021

	Notes	2021 USD'000	2020 USD'000
Continuing Operations			
Revenue		-	-
Cost of sales		-	-
Gross loss		-	-
Other income	3a	**154**	231
Finance costs	3b	**(970)**	(710)
Exploration expenses	3c	**(1,090)**	(841)
Operating expenses	3c	**(2,512)**	(3,966)
Other Expenses		**51**	(204)
Loss before tax		**(4,365)**	(5,490)
Income tax expense	25	-	-
Loss for the year		**(4,365)**	(5,490)
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translating foreign operations		**1,891**	(2,287)
Other comprehensive (loss) / income for the year, net of income tax		**1,891**	(2,287)
Total comprehensive loss for the year		**(2,474)**	(7,777)
Loss attributable to:			
Equity holders of the parent		**(4,365)**	(5,490)
Non-controlling interest		-	-
		(4,365)	(5,490)
Total comprehensive income attributable to:			
Equity holders of the parent		**(2,474)**	(7,777)
Non-controlling interest		-	-
		(2,474)	(7,777)
Loss per share			
Basic (cents per share)	6	**(0.9)**	(1.3)
Diluted (cents per share)	6	**(0.9)**	(1.3)

The accompanying notes form part of these financial statements

Consolidated Statement of Financial Position as at 30 June 2021

	Notes	2021 USD'000	2020 USD'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		**200**	147
Receivables	7	**180**	172
		380	319
TOTAL CURRENT ASSETS		**380**	319
NON-CURRENT ASSETS			
Receivables	7	**43**	34
Other receivable	9	**1,563**	1,235
Property, plant and equipment	10	**1,099**	916
Exploration expenditure	11	**15,760**	11,379
Financial assets	8	**525**	-
TOTAL NON-CURRENT ASSETS		**18,990**	13,564
TOTAL ASSETS		**19,370**	13,883
LIABILITIES CURRENT LIABILITIES			
Trade and other payables	12	**952**	1,498
Provisions	13	**838**	828
Borrowings	14	**7,254**	5,775
TOTAL CURRENT LIABILITIES		**9,044**	8,101
NON-CURRENT LIABILITIES			
Provisions	13	**1,554**	1,578
Borrowings	14	**84**	106
TOTAL NON-CURRENT LIABILITIES		**1,638**	1,684
TOTAL LIABILITIES		**10,682**	9,785
NET ASSETS		**8,688**	4,098
EQUITY			
Issued capital	15	**87,881**	81,349
Reserves	17	**7,793**	5,373
Accumulated losses		**(86,986)**	(82,624)
TOTAL EQUITY		**8,688**	4,098

The accompanying notes form part of these financial statements

Consolidated Statement of Changes in Equity for the Year Ended 30 June 2021

2021	Issued Capital	Equity Reserve	Asset Revaluation Reserve	Option Premium on Convertible Notes	Share based payment reserve	Foreign Exchange Reserve	Accumulated Losses	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Balance 1 July 2020	**81,349**	**7,552**	**-**	**198**	**3,603**	**(5,980)**	**(82,624)**	**4,098**
Loss for the period	-	-	-	-	-	-	(4,365)	(4,365)
Other comprehensive income net of income tax	-	-	-	-	-	1,891	-	1,891
Total comprehensive income	-	-	-	-	-	1,891	(4,365)	(2,474)
Recognition of share based payments	-	-	-	-	141	-	-	141
Issue of options	-	-	-	388	-	-	-	388
Issue of shares	6,853	-	-	-	-	-	-	6,853
Cost of shares issued	(321)	-	-	-	-	-	-	(321)
Balance 30 June 2021	**87,881**	**7,552**	**-**	**586**	**3,744**	**(4,089)**	**(86,989)**	**8,688**

The accompanying notes form part of these financial statements

Consolidated Statement of Changes in Equity for the Year Ended 30 June 2020

2020	Issued Capital	Equity Reserve	Asset Revaluation Reserve	Option Premium on Convertible Notes	Share based payment reserve	Foreign Exchange Reserve	Accumulated Losses	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Balance 1 July 2019	**75,629**	**7,552**	**30**	**198**	**3,214**	**(3,693)**	**(77,134)**	**5,796**
Loss for the period	-	-	-	-	-	-	(5,490)	(5,490)
Other comprehensive income net of income tax	-	-	-	-	-	(2,287)	-	(2,287)
Total comprehensive income	-	-	-	-	-	(2,287)	(5,490)	(7,777)
Reversal of reserve Recognition of share based payments	-	-	(30) -	-	389	-	-	(30) 389
Issue of options	-	-	-	-	-	-	-	-
Issue of shares	6,115	-	-	-	-	-	-	6,115
Cost of shares issued	(395)	-	-	-	-	-	-	(394)
Balance 30 June 2020	**81,349**	**7,552**	**-**	**198**	**3,603**	**(5,980)**	**(82,624)**	**4,098**

The accompanying notes form part of these financial statements

Consolidated Statement of Cash Flows for the Year Ended 30 June 2021

	Notes	2021 USD'000	2020 USD'000
Cash flows from operating activities			
Payments to suppliers and employees		**(2,876)**	(3,014)
Payments for exploration expenditure		**(1,090)**	(618)
Interest received		**6**	27
Interest paid		**(53)**	(18)
Income tax paid		-	(204)
Net cash flow used in operating activities	21	**(4,013)**	(3,827)
Cash flows from investing activities			
Payments for property, plant and equipment		**(36)**	(715)
Payments for exploration expenditure		**(2,157)**	(1,493)
Payments for loan		-	(40)
Proceeds from disposal of property, plant and equipment		**57**	59
Net cash flow used in investing activities		**(2,136)**	(2,189)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		**6,719**	6,795
Payments for share issue costs		**(512)**	(384)
Proceeds from borrowings		-	62
Repayment of borrowings		**(5)**	(120)
Net cash flow from financing activities		**6,202**	5,673
Net increase / (decrease) in cash and cash equivalents		**53**	(343)
Cash and cash equivalents at beginning of the year		**147**	489
Exchange rate adjustments		-	-
Cash and cash equivalents at end of the year		**200**	147

The accompanying notes form part of these financial statements

Notes to the Financial Statements for the Year Ended 30 June 2021

Note 1: Basis of Preparation of Financial Report

i. Compliance Statement

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

The financial statements were authorized for issue in accordance with a resolution of the directors on 29 October 2021

ii. Basis of Preparation

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

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

iii. Going Concern

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

The Consolidated Entity made a loss of $4,365,000 for the year (2020: $5,490,000), with net cash outflows from operating activities of $4,013,000 (2020: $3,876,000). At 30 June 2021, the Consolidated Entity had net current liabilities of $9,044,000 (2020: $7,782,000).

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

Net current liabilities include a loan from Australian Private Capital Investment Group (International) Ltd ("APCIG"), a company associated with Mr Simon Liu, a director of the Company. At 30 June 2021, the loan and accrued interest amounted to $7,061,930 (2019: $5,609,408). As explained in Note 14(b), 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 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.

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 $6,532,000 before issue expenses during the year from share placements to sophisticated investors and continues to be able to raise new funds to support its activities. As disclosed in Note 26, subsequent to balance date, the Company issued 21,266,670 fully paid ordinary shares at an issue price of A$0.21 per share, raising a total of A$4,466,001 before cost. In addition to the above, Frankfurt listed investment company 2Invest AG also invested A$6 million in a series of Secured Bonds (18 months duration to be redeemed no later than 31 January 2023, carrying a 20% per annum coupon rate, payable in cash semi-annually in arrears) issue by Theta Gold to fund pre-development expenditures for the TGME Gold Project and general working capital.

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

The ability of the Consolidated Entity to continue as a going concern and meet its debts and commitments as they fall due is dependent upon the Company 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 believe that the Company will be successful in the above matters and, accordingly, have prepared the financial report on a going concern basis. At this time, the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report at 30 June 2021. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

iv. Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current

trends and economic data, obtained both externally and within the Consolidated Entity.

Key Judgments and Estimates

Impairment
The carrying amounts of the Consolidated Entity's assets, including capitalized exploration costs (refer Note 11) are reviewed at each reporting date to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated.

Rehabilitation provision
The provision for rehabilitation and restoration costs is based on significant estimates and assumptions as there are many factors that will affect the ultimate cost payable to rehabilitate the project sites. The provision is based on current costs, current legal requirements and current technology, all of which could change over time. Changes in life of mine plans is another significant factor. The provision is adjusted for inflation each reporting period, however the actual rehabilitation costs can only be determined with certainty when all such factors are known at the appropriate time.

Share based payment
The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date when they are granted. The fair value is determined by an external valuer.

The Company recognises a share-based payment expense based on the fair value of the equity instruments. In determining the expense, significant assumptions and estimates are made including the vesting period and probability of vesting.

Note 2: Summary of Significant Accounting Policies

a. Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Theta Gold Mines Limited as at 30 June 2021 and the results of all subsidiaries for the year then ended. Theta Gold Mines Limited and its subsidiaries together are referred to in these financial statements as the 'Consolidated Entity'.

Control is achieved when the Consolidated Entity:
a) has power over the investee;
b) is exposed, or has rights, to variable returns from its involvement with the investee; and
c) has the ability to use its power to affect its returns.

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

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

with the policies adopted by the Consolidated Entity.

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

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

b. Black Economic Empowerment (BEE) Transactions

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

c. Borrowing Costs

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

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

d. Cash and Cash Equivalents

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

e. Earnings Per Share

Basic Earnings Per Share

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

Diluted Earnings Per Share

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

f. Employee Benefit Liabilities

Provision is made for the Consolidated Entity's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on corporate bonds with terms to maturity that match the expected timing of cash flows.

g. Exploration and evaluation expenditure

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

(i.) such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or

(ii.) exploration and/or evaluation activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area are continuing.

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

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

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

h. Financial Instruments

Classification and measurement

i. Financial Assets

The Consolidated Entity initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

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

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

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

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

- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition. This category only includes equity instruments, which the Consolidated Entity intends to hold for the foreseeable future and which the Consolidated Entity has irrevocably elected to so classify upon initial recognition or transition.

- Financial assets at FVPL comprise derivative instruments and quoted equity instruments which the Consolidated Entity had not irrevocably elected, at initial recognition or transition, to classify at FVOCI. This category would also include debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. The shares in Bullion Asset Management are accounted for as a financial asset at FVPL.

Impairment

The Consolidated Entity is required to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL.

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

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

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

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

ii. Financial Liabilities

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

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

iii. Compound instruments

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

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

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

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

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

iv. De-recognition

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

Derivative financial instruments

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

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

j. Foreign Currency Translation

i. Functional and presentation currency

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

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are attributable to part of the net investment in a foreign operation.

ii. Net investments in foreign operations

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

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

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

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

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

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

l. Income Tax

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

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

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

Current and deferred income tax expense (benefit) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are calculated at the tax rate that are expected to apply to the period when the assets is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.
Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred tax assets and liabilities are offset where (a) a legally enforceable right of set off exists, (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

m. Impairment of Assets

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

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

n. Leases

The Consolidated Entity assesses at contract inception whether a contract is, or contains, a lease, that is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right-of-use assets

The Consolidated Entity recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Lease liabilities

A lease liability is recognised at the commencement of the lease. The Consolidated Entity recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Consolidated Entity and payments of penalties for terminating the lease, if the lease term reflects the Consolidated Entity exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

Short-term leases and leases of low-value assets

The Consolidated Entity applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office

equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

o. Property, Plant and Equipment

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

Depreciation

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

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

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

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

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

p. Provisions

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

q. Rehabilitation Provision

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

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

r. Rounding of Amounts to Nearest Thousand Dollars

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

s. Accounting Standards and Interpretations issued but not yet effective

The table below sets out new Australian Accounting Standards and Interpretations that have been issued (and considered applicable to the Company) but are not yet mandatory and which have not been early adopted by the Company for the reporting period ended 30 June 2021.

Standard	Title	Application date of standard	Application date for Group
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*	1 January 2023	1 July 2023
Amendments to IAS 8	*Definition of Accounting Estimates*	1 January 2023	1 July 2023
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies -*	1 January 2023	1 July 2023

Comparative figures

Certain comparative figures for the previous financial year, where applicable, have been amended to conform with the current year presentation.

Note 3: Profit /Loss from Operations

	2021 USD'000	2020 USD'000
(a) Other income		
Interest income	**68**	122
Other income	**86**	109
	154	231

(b) Finance Costs		
Loans	**970**	710
	970	710
(c) Operating expenses		
Administration expenses	**448**	455
Consultants expenses and professional costs	**1,042**	694
Employee and contractor expenses	**1,969**	1,726
Depreciation	**32**	31
Share Based Payments	**141**	389
Other operating expenses	**(31)**	1,512
	3,602	4,807
Reclassified as Exploration expenses	**(1,090)**	(841)
	2,512	3,966
(d) Other expenses (non-cash)		
Provision for Doubtful Debts	-	-
Other Expenses	**(51)**	-
Impairment of assets[(1)]	-	204
	(51)	204

(1) Last year, the Company recognized an impairment charge of $204,000 on certain exploration assets, being largely the net book value of the existing TGME gold processing plant, following a re-assessment of its future use. The Company completed a feasibility study on the Theta Project which concluded that new plant and equipment will be used in the proposed development of the Theta Project instead of refurbishing the existing TGME gold processing plant.

Note 4: Key Management Personnel Compensation

Details of the remuneration paid or payable to each member of the Consolidated Entity's key management personnel (KMP) are set out in the Remuneration Report contained in the Directors' Report on pages 41 to 50.

	2021 USD	**2020 USD**
Total remuneration paid or payable to KMPs is as follows:		
Short-term employee benefits	**1,104,184**	818,441
Post-employment benefits	**19,374**	26,346
Share-based payments	**144,250**	339,511
	1,267,808	1,184,298

Note 5: Auditor's Remuneration

	2021 USD	2020 USD
Audit and review of financial report		
- Ernst & Young, Australia	**70,808**	64,258
- Ernst & Young, South Africa	**43,505**	38,952
	114,313	103,210
Taxation services		
- Ernst & Young, South Africa	-	17,087
	114,313	120,297

Note 6: Loss per Share

	cent	cent
Basic loss per share	**(0.9)**	(1.3)
Diluted loss per share	**(0.9)**	(1.3)
	USD'000	USD'000
Loss used to calculate basic and diluted loss per share	**4,365**	5,490
	Number of shares	Number of shares
Weighted average number of ordinary shares used in calculating basic and diluted loss per share	**476,945,666**	428,178,692

The Consolidated Entity has a number of options and performance rights on issue. A small number of options were dilutive but the dilution on basic earnings per share was not material. Other options and performance rights have not been included in the earnings per share calculation due to being non-dilutive for the year.

Note 7: Receivables

	2021 USD'000	2020 USD'000
Current		
Trade receivables	1	
Tax receivable	69	84
Other receivables	109	88
	180	172
Non-current		
Security deposits	**43**	34

The value of receivables considered by the directors to be past due or impaired is nil (2020: nil).

Note 8: Financial asset

In January 2021, the Company made an TGM-script based equity investment in Bullion Asset Management Services Pte Ltd ("BAM"), a Singapore-based technology company focused on financing, tokenization of physical gold bullion and precious metals trading. The investment in BAM comprised an initial subscription of A$700,000 worth of BAM shares which was settled on 29 January 2021 by the issue of 2,087,682 Theta Gold shares at $0.335 per share. The Company wishes to retain its investment in BAM and continue to work with the group in alternative gold financing and project joint venture initiatives.

The investment in BAM is recognised as a financial asset and measured at fair value through profit and loss in accordance with the company's accounting policy. The fair value of the financial asset as at 30 June 2021 is $525,000 based on the fair value of the BAM share price of US$1 per share at that date determined by reference to other transactions entered into between BAM and third parties at or around that date.

Note 9: Other Receivable

	2021 USD'000	2020 USD'000
Rehabilitation investment fund	**1,563**	1,235

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

Note 10: Property, Plant and Equipment

	2021 USD'000	2020 USD'000
Land and buildings		
Land and buildings - at cost	476	472
Less accumulated depreciation	(220)	(248)
	256	224
Plant and machinery		
Plant and machinery - at cost	**1,686**	1,454
Less accumulated depreciation	**(888)**	(785)
	798	669

	2021 USD'000	2020 USD'000
Other plant and equipment		
Other plant and equipment - at cost	**173**	152
Less accumulated depreciation	**(128)**	(129)
	45	23
Total Property, Plant and Equipment	**1,099**	916

Movements:

Land and buildings		
Opening net book value	**224**	432
Disposals	-	-
Depreciation and impairment	**(4)**	(161)
Reclassified from/(to) assets held for sale	-	-
Exchange rate effect	**37**	(47)
Closing net book value	**257**	224

Plant and machinery		
Opening net book value	**669**	74
Additions	-	700
Depreciation and impairment	**(13)**	(19)
Exchange rate effect	**140**	(86)
Closing net book value	**798**	669

Additions to plant and machinery include a used ball mill acquired during the year to be used for the Theta Project.

Motor vehicles		
Opening net book value	**23**	28
Additions	**36**	15
Disposals	**(4)**	-
Depreciation and impairment	**(15)**	(14)
Exchange rate effect	**5**	(6)
Closing net book value	**45**	23

Note 11: Exploration Expenditure

	2021 USD'000	2020 USD'000
Exploration expenditure	**15,760**	11,379
Movements:		
Opening net book value	**11,379**	12,375
Additions	**1,964**	1,426
Impairment (refer Note 3)	**-**	-
Exchange rate effect	**2,417**	(2,422)
Closing net book value	**15,760**	11,379

Note 12: Trade and Other Payables

	2021 USD'000	2020 USD'000
Trade payables	**488**	927
Accrued expenses	**464**	571
	952	1,498

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

Note 13: Provisions

		2021 USD'000	2020 USD'000
Current			
Provision for employee benefits		175	143
Provision for audit fees		83	64
Provision for tax penalty	(a)	580	621
Provision for tax		-	-
		838	828
Non-Current			
Provision for rehabilitation	(b)	1,554	1,578
Movements:			
Balance at beginning of year		**1,578**	1,668
Changes in estimate during year		**(337)**	223
Exchange rate effect		**314**	(333)
Balance at end of year		**1,554**	1,578

(a) The provision for tax penalty relates to a penalty assessed by the South African Revenue Service ("SARS") on a subsidiary of the Company in respect to the financial years ended 30 June 2016, 2017 and 2018. The subsidiary had lodged its income tax returns in those years, based on professional advice, on the basis that deductible expenses were available as losses carried forward to be used against future assessable income. However, SARS has determined that the expenditure should have been capitalized as the subsidiary was not in production in those periods and claimed the capitalized costs as amortizable costs against future assessable income. Notwithstanding the subsidiary has not utilized any of the losses carried forward, SARS has assessed a penalty of 25% of the tax benefit deemed to have been received by the subsidiary.

The subsidiary is strongly objecting against the penalty assessment, however has made the provision in accordance with accounting standards.

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

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

Note 14: Borrowings

		2021 USD'000	2020 USD'000
Current			
Secured			
Vendor finance		**80**	62
	(a)	**80**	62
Unsecured			
Loan – related party		**7,062**	5,610
Loan – unrelated party	(b)	**113**	103
		7,175	5,713
Total		**7,254**	5,775
Non-Current			
Secured			
Vendor finance		**84**	106
	(a)	**84**	106

(a) Vendor finance

The loan is secured by registration of a first covering private bond in favour of the lender, over the property purchased by a controlled entity from the lender in 2014. The loan is repayable over 10 years from August 2014 and interest is payable at the South African prime rate plus 2%.

(b) Loan – related party

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

1. Interest accrues at the rate of 10% per annum and 15% per annum on overdue principal and interest;
2. 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.

During this year, the Company 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:

1. 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;
2. That the amount owing under the APCIG Loan is A$4,920,000 and upon novation of the APCIG Loan;
3. The amount of A$4,920,000 is to be repaid in the following manner:
    1. The sum of A$3,280,000 by cash payments (Cash Payments) to AFE, Hanhong or Hanhong's nominee; and
    2. 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).
4. 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;

5. The Share Payment will be made one month after novation of the APCIG Loan to AFE or Hanhong's nominee;
6. 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.

Note 15: Issued Capital

	2021 USD'000	2020 USD'000
Issued and paid up shares	**87,881**	81,349

(a) Movements

2021		Number of Shares '000	USD'000
01 Jul 2020	Balance at beginning of year	**441,657**	**81,349**
15/07/2020	Exercise of Options	**100**	**13**
15/07/2020	Exercise of Options	**159**	**21**
27/07/2020	Share Placement	**11,771**	**2,014**
27/07/2020	Share Placement	**729**	**125**
16/08/2020	Exercise of Options	**337**	**46**
16/09/2020	Share Placement	**4,167**	**733**
3/11/2020	Exercise of Options	**1,219**	**259**
29/01/2021	Share Placement	**2,088**	**536**
23/03/2021	Share Placement	**5,385**	**1,137**
23/03/2021	Share Placement	**9,334**	**1,970**
	Less: Share issue expenses		**(321)**
30 Jun 2021	Balance at end of year	**476,946**	**87,881**

2020		Number of Shares '000	USD'000
01 Jul 2019	Balance at beginning of year	**383,279**	**75,629**
25 Jul 2019	Share placement	**17,467**	**1,825**
25 Jul 2019	Share placement	**94**	**7**
04 Sep 2019	Share placement	**9,200**	**936**
30 Sep 2019	Share placement	**26,667**	**2,699**
16 Jan 2020	Exercise of options	**300**	**39**
29 Apr 2020	Shares placement	**4,650**	**608**
	Less: Share issue expenses		**(394)**
30 Jun 2020	Balance at end of year	**441,657**	**81,349**

Ordinary Shares

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

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

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

Capital management

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

Note 16: Options and Performance Rights

		2021 Number '000	2020 Number '000
Listed options (ASX: TGMO)	16(b)	-	33,755
Unlisted options	16(c)	**15,098**	3,329
Unlisted performance rights	16(d)	**18,640**	25,200
		33,738	62,284

	2021 Number '000	2020 Number '000
a) Movements		
Balance at beginning of year	**62,284**	70,023
Listed options issued	-	2,325
Listed options exercised	**(1,219)**	-
Listed options lapsed	**(32,536)**	-
Unlisted options issued	**12,773**	2,325
Unlisted options exercised	**(596)**	(300)
Unlisted options lapsed	**(408)**	(12,589)
Performance rights issued	**1,920**	500
Performance rights lapsed	**(6,180)**	-
Performance rights exercised	**(2,300)**	-
Balance at end of year	**33,738**	62,284

b) Listed Options

	2021 Number '000	2020 Number '000	Expiry date	Exercise price
Listed Options	-	**33,755**	**31 Oct 2020**	**A$0.30**

c) Unlisted Options

Grant date	2021 Number '000	2020 Number '000	Expiry date	Exercise price
20 Jul 2017	-	200	19 Jul 2022	A$0.35
20 Jul 2017	-	200	19 Jul 2022	A$0.40
14 Aug 2018	-	604	13 Aug 2020	A$0.19
29 Apr 2020	**2,325**	2,325	27 Apr 2022	A$0.40
1 Oct 2020	**800**	-	30 Sep 2022	A$0.30
1 Oct 2020	**3,200**		30 Sep 2025	A$0.40
1 Oct 2020	**640**		30 Sep 2025	A$0.50
30 Nov 2020	**833**		27 Apr 2022	A$0.40
18 Dec 2020	**5,000**		30Jun 2022	A$0.50
1 Jan 2021	**400**		31 Dec 2022	A$0.30
1 Jan 2021	**1,900**		31 Dec 2025	A$0.50
	15,098	3,329		
Weighted average exercise price	**A$0.44**	A$0.36		

a) During the year, the Company issued 833,000 unlisted options exercisable at A$0.40 on or before 27 April 2022. These options were issued as an additional fee to the lead manager who supported the Company with a share placement in July 2020.

b) 5,000,000 unlisted options exercisable at A$0.50 on or before 30 June 2022 were issued to two shareholders of the Company in consideration for extending the escrow expiry date over 53,333,334 shares from 31 December 2020 to 30 September 2021.

c) 6,940,000 unlisted incentive options exercisable at prices between A$0.30 and A$0.50 expiring between 30 September 2022 and 31 December 2022 were issued to employees of the group.

d) Unlisted performance rights

Grant date	2021 Number '000	2020 Number '000	Expiry date	Exercise price
28 Jun 2019	**16,220**	24,700	27 Jun 2024	na
26 Sep 2019	**500**	500	27 Jun 2024	na
1 Oct 2020	**1,920**	-	30 Sep 2025	na
	18,640	25,200		

During the year the Company issued 1,920,000 incentive performance rights to employees of the group.

Fair value of unlisted incentive options and performance rights granted

The fair value of unlisted incentive options and performance rights granted to employees during the year were estimated based on the following assumptions –

Grant date	1 Oct 2020	1 Oct 2020	1 Oct 2020
Expiry date	30 Sep 2022	30 Sep 2025	30 Sep 2025
Number of options	800,000	3,200,000	640,000
Share price at grant date	$0.25	$0.25	$0.25
Exercise price	$0.30	$0.40	$0.50
Risk-free rate	0.2503%	0.4510%	0.4510%
Volatility	85%	85%	85%
Indicative value per option	$0.1065	$0.1496	$0.1391

Grant date	1 Jan 2021	1 Jan 2021
Expiry date	31 Dec 2022	31 Dec 2025
Number of options	400,000	1,900,000
Share price at grant date	$0.33	$0.33
Exercise price	$0.30	$0.50
Risk-free rate	0.0950%	0.3356%
Volatility	70%	70%
Indicative value per option	$0.1358	$0.1582

Performance rights	
Grant date	1 Oct 2020
Number of performance rights	1,920,000
Share price at grant date	$0.25
Exercise price	Nil
Expiry date	30 Sep 2025
Indicative value per performance right	$0.25

Note 17: Reserves

	2021 USD'000	2020 USD'000
Equity reserve	**7,552**	7,552
Option premium reserve	**586**	198
Share-based payment reserve	**3,744**	3,603
Foreign currency translation reserve	**(4,089)**	(5,980)
	7,793	5,373

(a) The equity reserve recognises the value of share-based payments made on the transfer of shares to BEE entities and includes the equity portion of related party loan not extended on market related terms.

(b) The option premium on convertible notes represents the equity component (conversion rights) of the convertible notes issued.

(c) The share-based payment reserve is used to recognise the value of options and performance rights granted.

(d) The foreign currency translation reserve records exchange differences arising on translation of financial statements of foreign controlled entities.

Note 18: Capital Commitmentss

Exploration

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

Note 19: Contingent Liability

There is no contingent liability as at 30 June 2021.

Note 20: Operating Segments
Segment Information

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

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

Note 21: Cash Flow Reconciliation

	2021 USD'000	2020 USD'000
a. Reconciliation of Cash Flow used in Operating Activities with Loss for the Year		
Loss from ordinary activities after income tax	**(4,365)**	(5,490)
Impairment and depreciation	**32**	235
Rehabilitation provision	**(337)**	223
Finance costs	**917**	693
Interest income	**(62)**	(95)
Share-based payment	**141**	389
Tax paid	**-**	(204)
Loss on sale of assets	**(51)**	-
Unrealised exchange (gain)/loss	**(235)**	78
	(3,958)	(4,171)
Changes in assets and liabilities		
(Increase) / Decrease in accounts receivable	**(17)**	(52)
(Decrease) / Increase in provisions	**10**	621
Decrease in trade creditors and accruals	**48**	(224)
	(55)	345
Net cash flow used in operating activities	**(4,013)**	(3,826)

Note 22: Related Party Transactions

Parent entity

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

Subsidiaries

Interests in subsidiaries are set out in Note 24.

Transactions with related parties

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

Director and director-related entities

N/A

Key management personnel

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

Note 23: Financial Instruments

a. Financial Risk Management Policies

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

(i) Treasury Risk Management

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

(ii) Capital management

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

(iii) Sensitivity Analysis

Interest Rate Risk and Foreign Currency Risk

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

Interest Rate Sensitivity Analysis

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

The Consolidated Entity's variable interest-bearing financial liabilities outstanding at year-end totalled USD164,000 (2021: USD168,000). An increase/decrease in interest rates of 2% would have an adverse/favourable effect on loss

before tax of USD2,960 (2020: USD4,000) per annum. The percentage change is based on the potential volatility of interest rates.

Foreign Currency Risk Sensitivity Analysis

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

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

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

Assets

	2021 USD'000	2020 USD'000
South African Rand (US dollar equivalent)		
Cash	**14**	49
Receivables	**95**	104
Other Receivables	**1,563**	1,235
	1,672	1,388
Australian Dollar (US dollar equivalent)		
Cash	**186**	97
Receivables	**127**	102
Financial Assets	**527**	-
	840	199

Liabilities

	2021 USD'000	2020 USD'000
South African Rand (US dollar equivalent)		
Trade and other payables	**266**	698
Provisions	**2,311**	2,299
Borrowings	**163**	168
	2,741	3,165

Australian Dollar (US dollar equivalent)		
Trade and other payables	**686**	801
Provisions	**81**	106
Borrowings	**7,175**	5,712
	7,942	6,619

Based on the financial instruments held, the Consolidated Entity's total equity would have been USD 665,731 higher / lower (2020: USD 465,000 higher / lower) with a 10% increase / decrease in the US Dollar against the South African Rand and Australian Dollar.

b. Financial Instruments

(i) Financial instrument composition and maturity analysis

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

2021

	Weighted average effective interest rate	Variable interest rate	Less than 1 year	1-5 years	Longer than 5 years	Non-interest bearing	Total
	%	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Financial assets							
Cash and cash equivalents	-	-	-	-	-	200	200
Receivables	-	-	-	-	-	223	223
Other receivables	4.4%	-	1,563	-	-	-	1,563
Financial assets	-	-	-	-	-	525	525
Total		-	1,563	-	-	948	2,511
Financial liabilities							
Trade and other payables	-	-	-	-	-	952	952
Borrowings	9%	-	80	84	-	113	276
Loans from related parties	14.21%	-	7,062	-	-	-	7,062
Total		-	7,142	84	-	1,065	8,290

2020

	Weighted average effective interest rate	Variable interest rate	Less than 1 year	1-5 years	Longer than 5 years	Non-interest bearing	Total
	%	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Financial assets							
Cash and cash equivalents	-	-	-	-	-	147	147
Receivables	-	-	-	-	-	206	206
Other receivables	7.30%	-	1,235	-	-	-	1,235
Total		-	1,235	-	-	353	1,588
Financial liabilities							
Trade and other payables	12.00%	176	-	-	-	1,322	1,498
Borrowings	11.25%	-	62	106	-	103	271
Loans from related parties	13.25%	-	5,610	-	-	-	5,610
Total		176	5,672	106	-	1,425	7,379

(ii) Fair value measurements

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

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

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

Financial Asset	Fair value at (USD'000)		Fair value hierarchy	Valuation technique(s) and key input(s)
	2021	2020		
Bullion Asset Management	**525**	-	Level 3	Market price of securities based on recent cash settled transactions with third parties

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

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

Note 24: Parent Entity Information

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

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

Statement of profit or loss and other comprehensive income

	Parent	
	2021 USD'000	**2020 USD'000**
Loss after income tax	**(6,308)**	(6,905)

Statement of financial position

	Parent	
	2021 USD'000	**2020 USD'000**
Assets		
Total current assets	**313**	199
Total non-current assets	**624**	90
Total assets	**937**	289
Liabilities		
Total current liabilities	**7,942**	6,619
Total non-current liabilities	**-**	-
Total liabilities	**7,942**	6,619
Equity		
Issued capital	**112,275**	96,535
Reserves	**4,379**	3,586
Accumulated losses	**(123,659)**	(106,451)
Total equity	**(7,005)**	(6,330)

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2021 (2020: Nil).

Capital commitments
The parent entity had no capital commitments as at 30 June 2021 (2020: Nil).

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

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

		Equity holding	
Name of entity	**Country of incorporation**	**2021 %**	**2020 %**
Theta Gold SA (Pty) Ltd (formerly Stonewall Mining (Proprietary) Limited) and its subsidiaries -	South Africa	**100**	100
- Transvaal Gold Mines Estates Limited*	South Africa	**74**	74
- Sabie Mines (Proprietary) Limited*	South Africa	**74**	74
- Vanaxe Share Block Pty Ltd	South Africa	**74**	74
- TGME Exploration Company 1 (Pty) Ltd	South Africa	**100**	-
- TGME Exploration Company 2 (Pty) Ltd	South Africa	**100**	-

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

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

The nature of the BEE arrangement is such that the trustees of the trusts that collectively own 100% of the shares of TGME SPV and Sabie SPV, which in turn owns 26% of TGME and Sabie Mines Pty Limited respectively, do not have control of the trusts. Under the terms of the BEE arrangements, these trustees must operate within a framework established and controlled by Theta Gold SA Pty Limited. The shares held by the trust are therefore treated as treasury shares. The dividends or distributions to the trust are utilised by the trustees for predetermined purposes to benefit local communities and are presented as expenses at the consolidated level. Accordingly, no non-controlling interests are recognised.

	2021 USD'000	2020 USD'000
Loss before income tax expense	**(4,365)**	(5,490)
Prima facie (tax benefit) / expense on loss from ordinary activities before income tax at 27.5% (2020: 27.5%)	**(1,200)**	(1,510)
Effect of expenses that are not deductible in determining taxable income	**1,540**	1,991
Effect of different tax rates of group entities operating in different jurisdictions	**(27)**	(35)
Effect of temporary differences and / or tax losses not recognised	**(313)**	(446)
Income tax expense recognised in profit or loss	-	-
Unrecognised deferred tax balances		
Unused tax losses for which no deferred tax asset has been recognised	**30,887**	27,036

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

Note 26: Events after Balance Date

Subsequent to balance date, the Company issued 21,266,670 fully paid ordinary shares at an issue price of A$0.21, raising a total of A$4,466,001 before cost.

In addition to the above, Frankfurt listed investment company 2Invest AG also invested A$6 million in a series of Secured Bonds (18 months duration to be redeemed no later than 31 January 2023, carrying a 20% per annum coupon rate, payable in cash semi-annually in arrears) issue by Theta Gold to fund pre-development expenditures for the TGME Gold Project and general working capital.

It has come to Theta's attention post-financial reporting period via the SA Government Gazette that the Minister of Forestry, Fisheries and the Environment ("DFFE") has declared a forest nature reserve over, amongst other areas, part of Portion 3 of the farm Morgenzon 525KT and Portion 1 and a part of the remaining extent of the farm Peach Tree 544KT. As a result, approximately 607 hectares out of some 62,000 hectares in tenement areas held by Theta are potentially affected, comprising close to 20% of the potential resource base and the first phase of underground mining. Theta is consulting with the Department of Mineral Resources and Energy and DFFE to facilitate mutually beneficially way forward for continuation of mining.



11

INDEPENDENT AUDITOR'S REPORT

Ernst & Young
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Independent auditor's report to the members of Theta Gold Mines Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Theta Gold Mines Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2021 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which describes the principal conditions that raise doubts about the entity's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Key audit matters

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

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

Carrying value of Exploration and Evaluation Assets

Why significant	How our audit addressed the key audit matter
Capitalised exploration and evaluation assets are the Group's most significant asset. Exploration assets are initially recognised at cost and any additional expenditure is capitalised to the exploration asset in accordance with the Group's accounting policy as outlined in Note 2(g). At each reporting date the Directors assess the Group's exploration assets for indicators of impairment. The decision as to whether there are indicators that require the Group's exploration assets to be assessed for impairment in accordance with AASB 6 involved judgment, including the Group's ability and intention to continue to evaluate and develop the area of interest and whether the results of the Group's exploration and evaluation work to date are sufficiently progressed for a decision to be made as to the commercial viability or otherwise of the area of interest. Due to the value of the exploration and evaluation asset and the subjectivity involved in assessing indicators of impairment, we considered this to be a key audit matter.	Our procedures to address the Group's assessment of the carrying value of exploration and evaluation assets included: ▶ Understood the Group's current exploration program and any associated risks. ▶ Considered the Group's right to explore in the relevant exploration area, which included obtaining and assessing supporting documentation such as license agreements. ▶ Considered the Group's intention to carry out significant exploration and evaluation activity in the relevant areas of interest, which included an assessment of the Group's cash-flow forecast models, discussions with senior management and Directors as to the intentions and strategy of the Group. ▶ Agreed a sample of costs capitalised for the period to supporting documentation and considering whether these costs met the requirements of Australian Accounting Standards and the Group's accounting policy.

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Refer to Note 1 (iv), *Critical Accounting Estimates and Judgements*, Note 2 (g) *Exploration and evaluation expenditure* and Note 11 *Exploration Expenditure* to the financial statements for the amounts held on the balance sheet by the Group as at 30 June 2021 and related disclosure.

- Assessed whether the methodology used by the Group to identify indicators of impairment met the requirements of Australian Accounting Standards and whether the results of the Group's exploration and evaluation work to date indicate the commercial viability or otherwise of the area of interest.
- Evaluated the adequacy of the related disclosures in the financial report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2021 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

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

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

Responsibilities of the directors for the financial report

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

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Theta Gold Mines Limited for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Ernst & Young

Scott Jarrett
Partner
Sydney
29 October 2021

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12

SHAREHOLDERS INFORMATION

Shareholders Information as at 21th October 2021

1. Issued securities

	Ordinary shares (ASX: TGM)	Unlisted Options	Performance rights
Number on issue	525,432,336	57,541,217	12,420,000

2. Distribution of Shareholders

Holdings Ranges	Holders	Total Units	%
1 - 1,000	137	72,907	0.01%
1,001 - 5,000	198	636,397	0.12%
5,001 - 10,000	120	991,184	0.19%
10,001 - 100,000	306	12,141,783	2.31%
100,001 +	136	511,590,065	97.37%
Totals	**897**	**525,432,336**	**100.00%**

3. Substantial Shareholders

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

Name	Number of shares	%
Fineway Creation Limited	67,070,707	15.36
Zenith (HK) Holding Limited	46,645,701	10.68
Xinzhou Li	44,133,334	9.62
Tasman Funds Management Pty Ltd	32,730,995	7.13
Golden Asia Investment Group Limited	31,127,805	6.03

4. Non-Marketable Parcels

A non-marketable parcel is a shareholding with a market value of less than $500. There were 203 shareholders with non-marketable parcels.

5. On-Market Buy-back

There is no current on-market buy-back.

6. Voluntary Escrow

Class	Number of shares	Expiry date
Ordinary shares	533,333,334	31 Sep 2021

7. Top 20 shareholders

Holder Name	Number of Ordinary Shares Held	Percentage of Total Issued Shares
Fineway Creation Limited	67,070,707	12.8%
Zenith (Hk) Holding Limited	46,645,701	8.9%
Mr Xinzhou Li	44,133,334	8.4%
Citicorp Nominees Pty Limited	38,162,377	7.3%
Tasman Funds Management Ltd	32,730,995	6.2%
Golden Asia Investment Group	31,127,805	5.9%
Acuity Capital Investment	24,000,000	4.6%
High Gift Investments Ltd	23,015,179	4.4%
BNP Paribas Nominees Pty Ltd	19,776,388	3.8%
Best Wealth Winner Limited	19,555,556	3.7%
BNP Paribas Nominees Pty Ltd	17,028,261	3.2%
BNP Paribas Noms Pty Ltd	15,224,215	2.9%
2invest Ag	12,428,573	2.4%
Qinglong Fan	9,200,000	1.8%
Richlink Capital Pty Ltd	7,554,875	1.4%
Monex Boom Securities (Hk) Ltd	6,074,472	1.2%
Khan International Limited	5,569,339	1.1%
Murray SA Investment Pty Ltd	5,296,373	1.0%
China Tonghai Securities Ltd	5,215,000	1.0%
Blond Mile International Ltd	5,066,236	1.0%
Total	**434,875,386**	**82.8%**

13

CORPORATE DIRECTORY



DIRECTORS **Non-Executive Chairman** Charles William Guy **Non-Executive Directors** Robert Peter Thomson (resigned 13/8/21) Bill Richie Yang Finn Stuart Behnken Yang (Simon) Liu Guyang (Brett) Tang	**SHARE REGISTRY** Boardroom Pty Limited Grosvenor Place Level 12, 225 George Street Sydney NSW 2000 Australia Tel: 1300 737 760 (within Australia) +61 2 9290 9600 (outside Australia) Fax: +61 2 9290 9655
COMPANY SECRETARY Heath Roberts	**STOCK EXCHANGE LISTINGS** ASX: TGM OTC: TGMGF
PRINCIPAL OFFICE Suite 80 Level 35 (Servcorp) International Tower One 100 Barangaroo Avenue Sydney NSW 2000 Australia Tel: + 61 2 8046 7584 Email: info@thetagoldmines.com	**WEBSITE** www.thetagoldmines.com
AUDITOR Ernst & Young 200 George Street Sydney NSW 2000 Australia	**AUSTRALIAN BUSINESS NUMBER** 30 131 758 177



2021
ANNUAL REPORT

THETA
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