

2 October 2019

ASX ANNOUNCEMENT

THETA AGREES TO PURCHASE BALL MILL OPERATED BY GLENCORE

Theta Gold Mines Limited (“Theta Gold” or “Company”) (ASX: TGM, TGMO) is pleased to advise that it has secured a quality, secondhand 2.5 megawatt (MW) ball mill for the Theta Gold Project.

Highlights

- 2.5MW ball mill secured for ZAR5.5m (A\$550,000 or US\$360,000) – considerably cheaper than new build.
- The mill can process up to 820ktpa and can readily accommodate future mining expansions.
- Equipment in excellent operational condition – comes with spare girth gear, 2 spare motors and 2 spare gearboxes, liners and spare liners, 7 spare slipper pads, and other key parts with assorted spares.
- Mill to be dismantled and is expected to arrive in Pilgrims Rest before January 2020.
- All engineering and installation drawings available reducing future erection time.



Figure 1: 2.5MW Ball mill (photo taken at Rustenburg during independent inspection by METS)

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Management commentary

Chairman Bill Guy said: “An equivalent new 2.5MW ball mill with spare parts costs ~A\$5.5m and would take up to 40 weeks from order to delivery. Instead, Theta has managed to secure a secondhand mill in excellent condition, and with an inventory of vital spare parts for less than A\$800,000 (incl. disassemble & delivery), and pleasingly, it can be relocated to the TGME Processing plant by January 2020.

The purchase also provides certainty of grinding capability for the mine and, being larger than initially planned for in the feasibility study, allows for future throughput increases. Securing this ball mill marks another key milestone towards first production.”

Ball Mill Purchase

During the completion of the Feasibility Study on the Theta Gold Project the ball mill was identified as a long lead item that could potentially delay the project delivery.

In July 2019, the Company identified the opportunity to acquire the ball mill. The mill was last operated by Glencore at its Rustenburg chromite mine. A dedicated inspection of the mill with plant engineers from METS South Africa Pty Ltd (part of the UMS Group) indicated that the mill was in an excellent condition with all associated parts being well maintained.

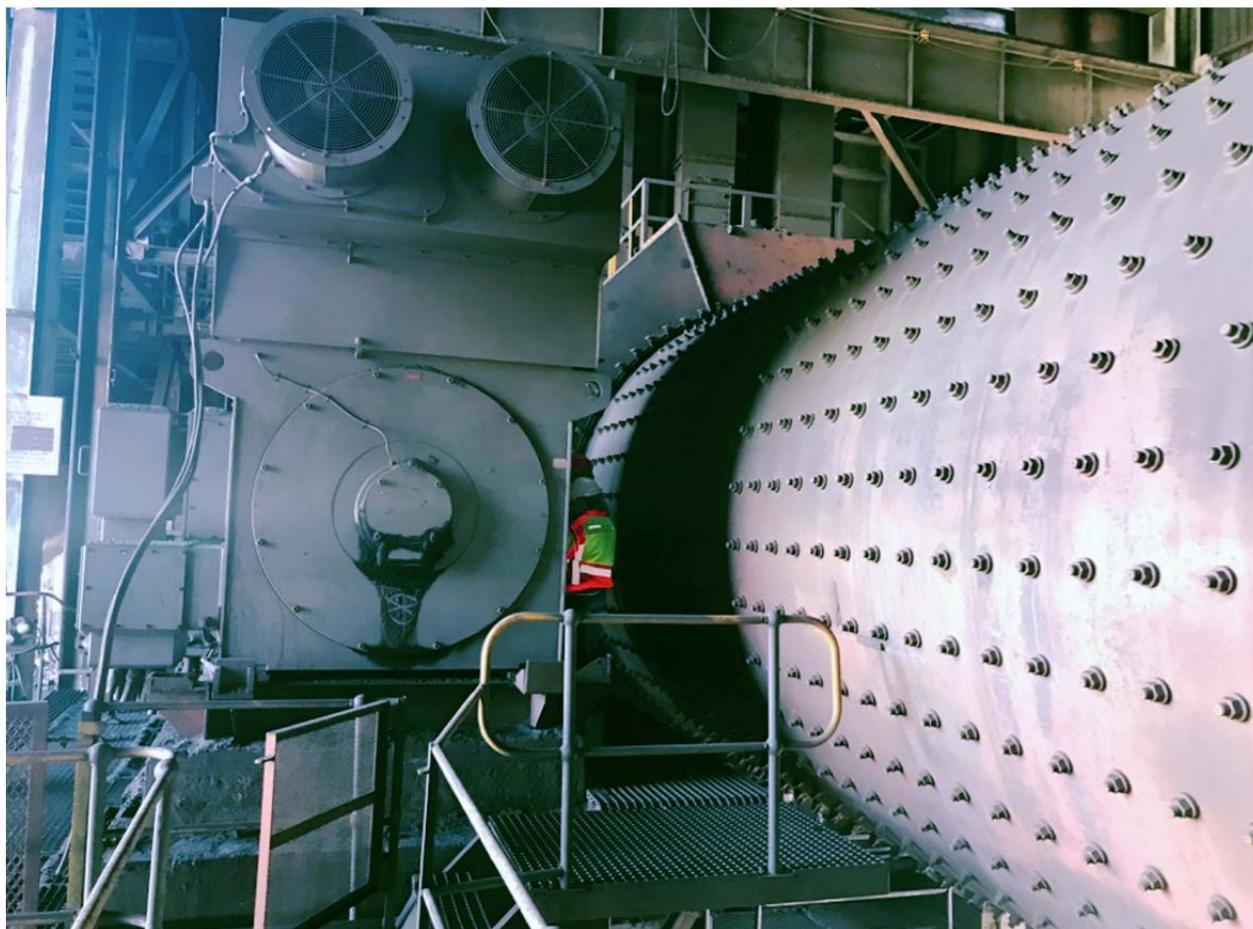


Figure 2: 2.5 MW Ball Mill

In addition to the essential drive train components, the purchase included two spare motors, two spare gearboxes (see Figure 3), a seasoned ball charge and a full set of liners (~50% life remaining). There are also spare slipper pads and various miscellaneous spare parts including liners and bearings for

gearboxes. The girth gear for the mill is still in new condition and has minimal wear (see Figure 4). Furthermore, the purchase includes a full set of engineering and installation drawings which will serve to reduce installation costs.



Figure 3: Spare Gearboxes



Figure 4: Girth Gear Condition



Figure 5: Low and High Pressure Oil System

The company has commenced the identification of an appropriate engineering company to manage the removal and relocation of the mill, associated equipment and spares.

Commercials Arrangements

Theta is purchasing the Ball Mill from Forte (Forte Demolition Solutions Pty Ltd, Glencore's agent) for a total sum of ZAR5.5m. The mill was previously operational at the Glencore Smelters in the town of Rustenburg in South Africa.

A refundable deposit of ZAR0.5m is to be paid on 4 October 2019. Following, the first lump payment of ZAR2.5m is paid into lawyers trust account on 11 October 2019 after the successful outcome of a final ownership due diligence. Balance is payable at the time of commencement and removal of large items.

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It is estimated that the removal and relocation costs for the mill, the associated equipment and spares will be ZAR2.0m.

Both parties agreed to complete the removal of the mill from the structure by mid November 2019 and removal from site by the end of December 2019.

Existing CIL Plant

TGM through its controlled subsidiary owns the TGME plant outside the town of Pilgrims Rest, 300km north east of Johannesburg and in the Mpumalanga province. The plant is located within the jurisdiction of the Pilgrims Rest District of the Thaba Chweu Municipality.

The approved TGME plant is connected to grid power, has sufficient water available for operations and has an associated approved tailings dam. The plant area also has extensive office and other infrastructure including an existing 240,000tpa CIL plant. The CIL plant was constructed in the mid 1980's by Rand Mines as a tailings reclamation plant. The plant has gone through several changes in configuration through the years including additions to allow for crushing, milling and flotation as well as a period of processing material through a dense media separation plant. Currently the plant is not operational as the Company plans to refurbish it after the current feasibility production profile is achieved.

For more information please visit www.thetagoldmines.com

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ABOUT THETA GOLD MINES LIMITED

Theta Gold Mines Limited (ASX: TGM, TGMO) is a gold development company that holds a range of prospective gold assets in a world-renowned South African gold mining region. These assets include several surface and near-surface high-grade gold projects which provide cost advantages relative to other gold producers in the region.

Theta Gold Mines core project is located next to the historical gold mining town of Pilgrim's Rest, in Mpumalanga Province, some 370km northeast of Johannesburg by road or 95km north of Nelspruit (Capital City of Mpumalanga Province). Following small scale production from 2011 – 2015, the Company is currently focussing on the construction of a new gold processing plant within its approved footprint at the TGME plant, and for the processing of the Theta Open Pit oxide gold ore. Nearby surface and underground mines and prospects are expected to be further evaluated in the future.

The Company aims to build a solid production platform to over 100kozpa based primarily around shallow, open-cut or adit-entry hard rock mining sources. Theta Gold Mines has access to over 43 historical mines and prospect areas that can be accessed and explored, with over 6.7Moz of historical production recorded.

