



19 October 2022

ASX ANNOUNCEMENT
(ASX:TGM)

Theta Gold executes a A\$110M (US\$70M) non-binding funding Term Sheet with Sprott for its TGME Gold Project

HIGHLIGHTS:

- A\$110m (US\$70m) non-binding Term Sheet (“TGME Stream”) signed with Sprott Streaming and Royalty (Sprott) for pre-development, development capital and operating expenditure to bring the TGME Gold Project into production and reach positive cash flow.
- The TGME Stream will be a significant milestone on the path of achieving Theta’s initial 1.24Moz Life of Mine¹ strategy of first gold production at the TGME Gold Project.
- The TGME Stream covers 90% of TGME Gold Project first stage of US\$77m peak funding¹ requirement; the funding provides further confidence for the Theta board to deliver its growth strategy to achieve a 160,000 oz p.a production profile within five years with potential to expand the mineral resource and incorporate up to 40 other mines near to the plant site.
- The Stream funding is conditional on completion of due diligence, final definitive documentation, cost to complete certificate and South African regulatory approvals.
- The TGME Stream enables Theta to gain full exposure to future gold price movements as it does not require Theta to setup minimum hedging positions.

Theta Gold Mines Limited (“**Theta Gold**” or the “**Company**”) (ASX: TGM|OTC: TGMGF) is pleased to announced that it has entered into a non-binding Streaming Term Sheet (“Term Sheet”) with Sprott Resource Streaming and Royalty Corporation (“Sprott”) under which Sprott is to advance US\$70 million (~A\$110 million) cash in return for a gold stream on Theta’s TGME Gold Project (the “Project”). The Project is expected to deliver to Sprott up to 100,000 ounces of gold over its Life-of-Mine (“LOM”), for which Sprott will pay 10% of the gold price per ounce delivered under the stream. Theta has the option to buy-back 50% of the stream based on a pre-agreed price, following which Theta will deliver 2% of the ongoing gold

¹ Refer to Theta’s announcement “*THETA’S TGME DEFINITIVE FS CONFIRMS NPV OF \$A432 MILLION AT US\$1,642/OZ GOLD PRICE*” dated 27 July 2022 and Feasibility Study information booklet located on TGM website.

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

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

A due diligence team involving externally appointed consultants by Sprott shall start immediately; upon a satisfactory conclusion, a Binding Gold Stream Agreement between Sprott and Theta Gold shall be finalised, executed and announced to the market in detail.

Sydney-based debt specialist the Kamara Group is advising and representing the Company to complete this project financing process.

Mr Bill Guy, Executive Chairman of Theta commented, *“We are very pleased to announce this significant milestone in our project financing efforts for the construction of the TGME Gold Project. Sprott Streaming & Royalty is an experienced and well-regarded project finance partner to the mining industry; its parent Sprott Inc. is a New York Stock Exchange (NYSE) and Toronto Stock Exchange dual-listed group, and we are excited to be working with Sprott to re-develop South Africa’s very first gold field.*

“The streaming deal is a much more cashflow friendly style of financing compared to a straight debt finance. It is less risky to a start-up project where the unique repayment mechanism provides the Company the flexibility to manage its cashflow as long as the minimum gold delivery requirements are met.

“Once the Sprott funding is closed, the Company may commit to further upgrading our Ore Reserve base, as well as to potentially further expand our total mineral resource in order to increase production scale and life of mine from the existing stage one definitive Feasibility Study mine schedule, hence creating ongoing significant value growth for our shareholders.

“The Company recently published a definitive Feasibility Study (FS)² for the Project demonstrating robust economics for a horizontal stope underground mining and milling operation with low initial capital cost and high rate of return. An Environmental Impact Assessment (EIS) is ongoing with the local authorities and is expected to be completed later this year, along with the final approvals for two Water Use Licenses (WUL) under application”.

[ENDS]

² Refer to ASX Release dated 27 July 2022, *““THETA’S TGME DEFINITIVE FS CONFIRMS NPV OF A\$432 MILLION AT US\$1,642/OZ GOLD PRICE”.*

This announcement was approved for release by Theta Gold Mines Limited's Board and ceases the Trading Halt of the Company's securities on the ASX.

For more information, please visit www.thetagoldmines.com or contact:

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ABOUT SPROTT INC

Sprott Inc. is a global leader in precious metal and real asset investments. We are specialists. Our in-depth knowledge, experience and relationships separate us from the generalists. Our investment strategies include Exchange Listed Products, Managed Equities, Private Strategies and Brokerage. Sprott has offices in Toronto, New York and London and the company's common shares are listed on the New York Stock Exchange and the Toronto Stock Exchange under the symbol (SII). For more information, please visit www.sprott.com. As part of Sprott Inc.'s Private Strategies, Sprott Streaming and Royalty provides flexible, bespoke funding packages to mining companies for project development, acquisition and expansion.

ABOUT THETA GOLD MINES LIMITED

Theta Gold Mines Limited (ASX: TGM | OTCQB: TGMGF) 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's 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 and financing of a new gold processing plant within its approved footprint at the TGME plant.

The company has completed a FS for the first four mines Beta, CDM, Frankfort and Rietfontein (TGME Underground Project). The Base Case LOM plan comprises a 12.9-year mining operation starting in 2023 and delivering production of 1.24 million ounces of contained gold. The estimated development capital or peak funding requirement is USD77 million (AUD102 million), with the Project forecast to generate a pre-tax NPV10% of USD324 million (AUD432 million).

million) and pre-tax Internal Rate of Return (IRR) of 65% at the forecast gold price of averaging USD1,642/oz over the LOM.

The Company aims to build a solid production platform to over next 5 years to 160kozpa based primarily around shallow, open-pit or adit-entry shallow underground hard rock mining sources. Theta Gold has access to over 43 historical mines and prospect areas that can be accessed and explored, with over 6.7Moz of historical production recorded.

Theta Gold holds 100% issued capital of its South African subsidiary, Theta Gold SA (Pty) Ltd ("TGSA"). TGSA holds a 74% shareholding in both Transvaal Gold Mining Estates Limited ("TGME") and Sabie Mines (Pty) Ltd ("Sabie Mines"). The balance of shareholding is held by Black Economic Empowerment ("BEE") entities. The South African Mining Charter requires a minimum of 26% meaningful economic participation by the historically disadvantaged South Africans ("HDSAs"). The BEE shareholding in TGME and Sabie Mines is comprised of a combination of local community trusts, an employee trust and a strategic entrepreneurial partner.



DISCLAIMER

This announcement has been prepared by and issued by Theta Gold Mines Limited to assist in informing interested parties about the Company and should not be considered as an offer or invitation to subscribe for or purchase any securities in the Company or as an inducement to make an offer or invitation with respect to those securities. No agreement to subscribe for securities in the Company will be entered into on the basis of this announcement.

This announcement may contain forward looking statements. Whilst Theta Gold has no reason to believe that any such statements and projections are either false, misleading or incorrect, it does not warrant or guarantee such statements. Nothing contained in this announcement constitutes investment, legal, tax or other advice. This overview of Theta Gold does not purport to be all inclusive or to contain all information which its recipients may require in order to make an informed assessment of the Company's prospects. Before making an investment decision, you should consult your professional adviser, and perform your own analysis prior to making any investment decision. To the maximum extent permitted by law, the Company makes no representation and gives no assurance, guarantee or warranty, express or implied, as to, and take no responsibility and assume no liability for, the authenticity, validity, accuracy, suitability or completeness of, or any errors in or omissions, from any information, statement or opinion contained in this announcement. This announcement contains information, ideas and analysis which are proprietary to Theta Gold.

FORWARD LOOKING AND CAUTIONARY STATEMENTS

This announcement may refer to the intention of Theta Gold regarding estimates or future events which could be considered forward looking statements. Forward looking statements are typically preceded by words such as “Forecast”, “Planned”, “Expected”, “Intends”, “Potential”, “Conceptual”, “Believes”, “Anticipates”, “Predicted”, “Estimated” or similar expressions. Forward looking statements, opinions and estimates included in this announcement are based on assumptions and contingencies which are subject to change without notice, and may be influenced by such factors as funding availability, market-related forces (commodity prices, exchange rates, stock market indices and the like) and political or economic events (including government or community issues, global or systemic events). Forward looking statements are provided as a general reflection of the intention of the Company as at the date of release of the document, however are subject to change without notice, and at any time. Future events are subject to risks and uncertainties, and as such results, performance and achievements may in fact differ from those referred to in this announcement. Mining, by its nature, and related activities including mineral exploration, are subject to a large number of variables and risks, many of which cannot be adequately addressed, or be expected to be assessed, in this document. Work contained within or referenced in this announcement may contain incorrect statements, errors, miscalculations, omissions and other mistakes. For this reason, any conclusions, inferences, judgments, opinions, recommendations or other interpretations either contained in this announcement, or referencing this announcement, cannot be relied upon. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or estimates. The Company believes it has a reasonable basis for making the forward looking statements contained in this document, with respect to any production targets, resource statements or financial estimates, however further work to define Mineral Resources or Reserves, technical studies including feasibilities, and related investigations are required prior to commencement of mining. No liability is accepted for any loss, cost or damage suffered or incurred by the reliance on the sufficiency or completeness of the information, opinions or beliefs contained in this announcement.

The Feasibility Study referred to in this announcement is based on technical and economic assessments to support the estimation of Ore Reserves. There is no assurance that the intended development referred to will proceed as described, and will rely on access to future funding to implement. Theta Gold Mines believes it has reasonable grounds the results of the Feasibility Study. At this stage there is no guarantee that funding will be available, and investors are to be aware of any potential dilution of existing issued capital. The production targets and forward looking statements referred to are based on information available to the Company at the time of release, and should not be solely relied upon by investors when making investment decisions. Theta Gold cautions that mining and exploration are high risk, and subject to change based on new information or interpretation, commodity prices or foreign exchange rates. Actual results may differ materially from the results or production targets contained in this release. Further evaluation is required prior to a decision to conduct mining being made. The estimated Mineral Resources quoted in this release have been prepared by Competent Persons as required under the JORC Code (2012). Material assumptions and other important information are contained in this release.

Cautionary Statement for the LOM Base Case – The Base Case is referred to “**In about Theta Gold Mines Limited**” as potential upside to the Project. However, the Base Case is supported by a significant portion of Inferred Mineral Resources. Inferred Mineral Resources inherently have a lower level of confidence and although it would be reasonable to expect that the majority of

Inferred Mineral Resources would upgrade to Indicated Mineral Resources with continued exploration, it should not be assumed that such upgrading will occur. The realisation of the full potential of the Base Case as presented thus cannot be guaranteed.

The Company confirms that all material assumptions underpinning the production target, or the forecast financial information derived from the production target continue to apply and have not materially changed.

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