



3 April 2023

ASX ANNOUNCEMENT
(ASX:TGM)

\$5 MILLION FINANCING AND SIGNING OF COMMERCIAL BULK SAMPLING TRIAL RUN WITH PAN AFRICAN RESOURCES' BARBERTON MINES GOLD PLANT

HIGHLIGHTS:

- Theta Gold executes a 3,000 tons commercial bulk sampling ore delivery contract with Barberton Mines (Pty) Ltd, a subsidiary of LSE-listed Pan African Resources (LSE: PAF, dual listed on JSE: PAN, together "PAR") for its fully approved Frankfort Mine.
 - Deutsche Balaton AG (FSE: BBHK, "DB") to cornerstone a 24 month, A\$3.5 million (out of a total of A\$5 million) unsecured Convertible Loan to fund Frankfort Mine's startup mining and logistic activities as well as Theta's general working capital.
 - DB, along with two other Lenders will be entitled to 10% of Gross Revenue generated from the gold produced/sold from Frankfort's commercial mining to be processed through PAR's gold plant.
 - The A\$5 million principal amount may be converted into TGM ordinary shares at the lenders' discretion priced at 10-days VWAP (no discount) at the time of conversion.
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Theta Gold Mines Limited ("**Theta Gold**" or the "**Company**") (ASX: TGM|OTC: TGMGF) is pleased to announce that it has secured A\$5 million in funding via three separate unsecured Convertible Loan Agreements ("**Agreements**") to fund the bulk trial sampling program at the Frankfort Mine along with working capital for the Company. The Agreements are with Deutsche Balaton AG for A\$3.5 million, Golden Asia Investment Group Ltd ("GAIG") for A\$1 million, and Aus Agriculture Pty Ltd ("AAPL") for A\$500,000 respectively.

Shareholder approval is not required at this point for the funding, based on the current share price, the Company currently has adequate capacity to issue the required shares if the loan principal is converted under the Agreement. If shareholder approval becomes required, it will be sought, and the Company is not required to issue any shares until such approval is obtained.

An Appendix 3B is attached following this announcement and estimates a potential 90,909,090 new TGM ordinary shares may be issued upon conversion of the Loans using the last trading price of TGM shares on 31 March 2023 of \$0.055 per share. In addition, a further 3,142,857,000 ordinary shares may also be issued if certain milestone are met under the Convertible Loans establishment fee's Base Performance Hurdles (BPH) provisions.

Mr. Bill Guy, Executive Chairman of Theta commented, *"Commenting on the funding and PAR contract, Theta Chairman Mr. Bill Guy said:*

"Deutsche Balaton AG is the controlling entity to the Company's existing significant shareholder, 2Invest AG who holds above 6% equity interest in TGM. This new funding deal came just after the decision makers of DB visited Theta's TGME mining camp following this year's February Cape Town Mining Indaba conference.

"We welcome the new funding deal as it allows the Company to start a commercial bulk mining project at our Frankfort Mine and start to generate cashflow immediately from ore to be processed through a very successful regional gold processing facility owned and operated by Pan African Resources Plc's Barberton Mine. Following the successful processing of the 3,000 ton commercial bulk sample, the Board and Pan African Resources shall consider a longer ore supply contract for our Frankfort Mine.

"GAIG is an existing long-term shareholder of the Company based out of Hong Kong who's been very supportive of Theta's business plans and funding activities throughout the years. AAPL, on the other hand, is also an existing shareholder and lender to the Company and I'd like to personally thank them for jointly supporting Theta's initial commercial bulk sampling work along with our German investors.

"Theta is in an advanced stage of its due diligence process for a AUD 110M gold stream with Sprott along with discussions with other project financiers to fund the company's start-up TGME Underground Gold Project. The Company shall provide separate updates on those progresses during Q2.

"We've completed the AUD 432M pre-tax project definitive feasibility study announced on 27th July 2022¹ at a conservative life-of-mine average gold price assumption of US\$1,642/oz and conservative exchanges rates; the project is looking more and more profitable as time passes; gold price currently sits just under US\$2,000/oz at the time of this announcement."

Frankfort / PAR Ore Milling Agreement

The current agreement executed between the Company's controlled subsidiary Transvaal Gold Mining Estates Ltd ("TGME") and PAR's wholly-owned subsidiary Barberton Mines (Pty) Ltd in South Africa, schedules for TGME to deliver from its Frankfort Mine 3,000 tons of ore as a bulk trial sample by July 2023.

¹ Refer to ASX release dated, 27 July 2022 titled, "Theta Gold's TGME Project DFS confirms NPV AUD 432 Million".

TGME will cover its own mining and delivery costs only. Once delivered and accepted to PAR's Barberton gold plant, a revenue split (Gold Split) between the parties will apply, subject to the average recovered grade of gold ore delivered. Provided the average grade delivered to the plant is above 3g/t Au, the parties will be paid in accordance with the Gold Split, and no other toll/milling costs are required from the Supplier post-delivery. If the recovered grade of less than 3g/t is achieved, the Gold Split will cease and a processing cost per ton will be payable to PAR.

Key Term of the New Unsecured Convertible Loans

Deutsche Balaton AG – A\$3.5 million

The Terms of the Convertible Loan Agreements are set out below:

- A\$3.5 million principal advance
- A Revenue Share of 7% of Gross Revenue on cash proceeds received by PAR from the sale of gold produced under the PAR Ore Milling Agreement is payable Quarterly in arrears. After 6 years, the Company can buy out the revenue Share for \$500,000 provided that Sprott Royalty and Streaming funding has been secured (**Sprott Funding**)² A worked example of how the Revenue Share arrangement will work is as follows:
 - The following worked example demonstrates how the Revenue Share arrangement operates. Assume the Borrower under the PAR Ore Milling Agreement in a particular month delivers 10,000 tons of 6g/t Au ore to the PAR Gold Plant, the ore is fully processed, the recovery is 48 kg of gold and the Borrower receives the sale price of US\$1900 per ounce, the Gross Revenue is US\$2,932,156 and the Revenue Share for that month is US\$205,250.92 using the 7% of revenue scenario.
- A 20%p.a. minimum return to be paid to the lender, assessed semi-annually from the initial advance date, offset by the above Revenue Share already paid during the same period.
- Base Performance Hurdle (BPH) means the Borrower, no later than 6 months of the date on which the Advance is made, secured a legally binding agreement with PAR's Barberton-based gold mine to process not less than 150,000 tons of ore from Frankfort.
 - If BPH is met, the maturity of the loan is 24 months,
 - If BPH is not met, the maturity of the loan is 12 months.
- DB has the right at any time to convert all or part of any outstanding Advance (not less than \$500,000) into the ordinary TGM shares at 10 days VWAP at the time of conversion.
- No short selling, lending of shares, or adverse selling is permitted under the Convertible Loan Agreement.
- Establishment fee: 2,200,000 fully-paid ordinary shares in TGM to be issued to the lender within 7 business days of the BPH being met.
- General Covenants:

² See announcement on 19 October 2022, "Theta Gold announces A\$110 million Term-Sheet with Sprott".

- Theta is to raise no less than A\$1.5 million by way of equity within a 6 month period after the Principal Advance is made.
- Until 30 June 2023, a cap of a further A\$1.5 million with similar term transaction may be executed with other third parties; no restrictions to the Company's current Sprott Funding transaction or any other standard convertible loan transactions without royalty or streaming terms.
- The Company has a right to repay the principal prior to maturity provided it gives 10 business days' notice during which time the lender may elect to convert the principal amount of the early repayment amount into shares in the Company at the 10 day VWAP prior to conversion.
- Customary events of default for non-payment, material non-compliance, and insolvency.
- Default Interest Rate: 25% p.a.

Golden Asia Investment Group Ltd – A\$1 million

The Terms of the Convertible Loan Agreement are the same as the DB convertible loan except as set out below:

- Principal advance: A\$1 million
- Revenue Share: 2% of Gross Revenue
- Establishment fee: 628,571 fully-paid ordinary shares

Aus Agriculture Pty Ltd - A\$500,000

The Terms of the Convertible Loan Agreement are the same as the DB convertible loan except as set out below:

- Principal advance: A\$0.5 million
- Revenue Share: 1% of Gross Revenue
- Establishment fee: 314,286 fully-paid ordinary shares

Extension of Payment Date on Interest owed to 2Invest AG

As part of ongoing funding arrangements, 2Invest AG agreed for the Company to defer interest payable for the 31 January 2023 half-year period relating to the A\$6 million Secured Bond³ owing to 2Invest AG from 31 January 2023 until such time as the company has paid the outstanding interest.

As compensation for the delayed interest payment, the Company will issue 2Invest AG 1,000,000 new TGM Ordinary Shares to be issued on a proportional basis to the Bond Holders in accordance with their respective Bond holdings, and 1,000,000 unlisted options (**April 2023 Options**), with an exercise price of \$0.055 and an expiry date of 2 October 2023.

³ Refer to ASX Release dated 2 August 2021 titled "Funding Package to Accelerate TGME Project".

In addition, the Company will issue a further 1,000,000 unlisted options for each and every later month thereafter where the 31 January 2023 interest remains unpaid, the Company has agreed to grant to the Bond Holders a total of 3,000,000 unlisted options (**T1 Options**) at the date of this announcement, for the months of February 2023, March 2023 and April 2023 on the same terms as the April 2023 Options, with an exercise price of \$0.055, and an expiry date of 180 days from the date of issue, (2 October 2023). Details of the terms of grant of the options are set out in the Annexure to this announcement.

An Appendix 3B attached following this announcement also sets out the number of proposed ordinary shares and unlisted options to be issued under the Agreement to defer interest with 2Invest AG.

[ENDS]

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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Theta Gold Mines' Interactive Investor Hub

The Company encourages shareholders to please join the Theta Investor Hub which allows you to ask questions directly to the Company, view video's and keep up to date on progress of the TGME Gold Project at <http://investors.thetagoldmines.com>.



Webpage: www.thetagoldmines.com



<https://twitter.com/ThetaGoldMines>



<https://www.linkedin.com/company/thetagoldmines/>

ABOUT DEUTSCHE BALATON AG

Deutsche Balaton AG (FSE: BBHK) is a listed company based in Heidelberg, Germany that makes listed/unlisted investments targeting value growth. DB is the controlling shareholder in 2Invest AG. The company has a multi-million dollar equity portfolio across the ASX and TSX junior mining/resources sector.

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 Feasibility Study (FS) released to ASX on 27 July 2022, 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) 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.

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 from those previously released to ASX in a Feasibility Study dated 27 July 2022.

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.

Annexure

Option terms

1. Subject to and conditional upon any adjustment in accordance with these conditions, each Option entitles the holder to subscribe for one fully paid ordinary share upon payment of the Exercise Price.
2. The exercise price is \$0.055 which was the, at the market price, being the volume weighted average market price of the Company's shares on the trading closing price of Company's shares on the trading day immediately before the date of issue (**Exercise Price**).
3. An Option is exercisable at any time on or before 5:00pm (Sydney time) on 2 October 2023, the date which is 180 days after the date of issue (**Exercise Date**). Options not exercised by the Exercise Date lapse.
4. Each Option may be exercised by notice in writing addressed to the Company's registered office. The minimum number of Options that may be exercised at any one time is the lesser of 500,000 or the total number of Options held by the holder. Payment of the Exercise Price for each Option must accompany each notice of exercise of Options. All cheques must be payable to the Company and be crossed 'not negotiable'.
5. Shares issued on the exercise of Options will rank equally with all existing Shares on and from the date of issue in respect of all entitlement offers, bonus share issues and dividends which have a record date for determining entitlements on or after the date of issue of those Shares.
6. After an Option is validly exercised, the Company must as soon as possible issue and allot the Share and do all such acts, matters and things to obtain the grant of quotation for the Shares on ASX no later than 5 business days from the date of exercise of the Option.

7. Options may be transferred in the same manner as Shares and may be exercised by any other person or body corporate.
8. An Option holder may participate in new issues of securities to holders of Shares only if and to the extent that (a) an Option has been exercised and (b) a Share has been issued in respect of the exercise before the record date for determining entitlements to the new issue.
9. If the Company makes a bonus issues of shares or other securities to existing shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) (a) the number of shares which must be issued on exercise of the Option will be increased by the number of shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and no change will be made to the Exercise Price.
10. If at any time the issued capital of the Company is reconstructed, all rights of a holder of an Option are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.