



14 February 2024

ASX ANNOUNCEMENT  
(ASX: TGM)

## THETA GOLD SELECTS POWERCHINA'S SUBSIDIARY AS ITS PREFERRED EPC PARTNER TO BUILD ITS STAGE ONE TGME GOLD PLANT AND TSF FACILITIES ESTIMATED AT US\$30 MILLION

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### HIGHLIGHTS

- Memorandum of Understanding (MOU) executed with Yellow River Co., Ltd ("YRC"), a subsidiary of Power Construction Corporation of China ("PowerChina") to build Theta's Stage-one TGME Gold Plant (estimated at 45kt/months RoM capacity) including its tailings storage facility and wastewater dams
- Contract size (at cost-basis) estimated to be US\$30 million where majority to be paid via an agreed long-term payment schedule post construction completion & commissioning
- YRC will be paid a fixed margin on the EPC contract and be awarded a completion incentive
- Initial due diligence in-progress having covered general resources, metallurgy and legals with key subcontractors' negotiation initiated
- The parties' target to complete the formal Engineering, Procurement and Construction Contract by Q2, 2024
- Progression of the EPC Contract will be subject to Theta securing the necessary funding required to make the upfront payments to be agreed between the parties
- The estimated build period to be significantly shorter than planned in the Definitive Feasibility Study<sup>1</sup> of 18 months<sup>2</sup>
- Early cashflow opportunities identified from surrounding tailings and oxidized ore left from previous operations which may significantly reduce Theta's peak funding requirement before mining the underground ore

Commenting on this MOU, Theta Gold's Chairman, Bill Guy said:

*"PowerChina is an engineering and construction group based out of China, ranked at #157<sup>3</sup> in the Fortune Global 500 List in 2023 with over 130,000 employees worldwide. It's subsidiary YRC is well positioned throughout the African Continent with both power, power storage, civil*

<sup>1</sup> Refer to ASX Release dated, 27 July 2022, titled "Theta's TGME Project DFS Confirms NPV10% of A\$432 million at US\$1,642 / Oz Gold Price".

<sup>2</sup> Commencement of the EPC will be subject to the Company obtaining funding and all regulatory approvals.

<sup>3</sup> [https://en.wikipedia.org/wiki/Fortune\\_Global\\_500](https://en.wikipedia.org/wiki/Fortune_Global_500)

construction and mining build contracts completed and on-going. YRC recently setup operations in Johannesburg to build a South African base for both power and mining projects.

**Theta Gold's, Chief Operations Officer, Jacques Du Triou commented:**

*"Since initial engagement back in November 2023, our team already completed 4 site trips with YRC's senior management and ground staff having established a very solid working relationship. Together we're working very quickly towards the EPC contract including for design optimizations as well as preparing for subcontractor tenders.*

*"We are very excited towards getting our project off the ground with YRC in the coming months."*

**Overview**

Theta Gold Mines Limited ("**Theta Gold**" or "**Company**") (ASX: TGM) is pleased to advise that it has executed a Memorandum of Understanding with Yellow River Co., Ltd, a subsidiary of Power Construction Corporation of China for the construction of the first phase of the Company's TGME Gold Plant, tailings storage facility and wastewater dams.

The parties are currently working on the formal Engineering, Procurement and Construction ("EPC") Contract targeting for completion by Q2 2024 with an expected contract size of US\$30 million (on a cost-only basis), which will cover for the 45ktpm capacity gold plant, the TSF as well as the wastewater management dams as per the Company's DFS completed in July 2022.

The parties agreed for Theta Gold to pay for the EPC contract over a long-term payment schedule. YRC will be paid a fixed margin over the EPC contract value plus a completion incentive upon satisfactory delivery of the completed project.

The parties are expected to enter certain security arrangements as part of the EPC contract including certain pledges to be made over Theta's South African assets.

Theta Gold remains in discussion with several funders with respect obtaining the funding necessary to meet the upfront payment commitments in order for TGM to advance the EPC MOU to a EPC Contract. The Company expects to be able to provide further market updates with respect to funding as these discussions advance by Q2, 2024.

Over the course of the last three months, the Company assisted YRC's team to conduct a detailed due diligence. Together, the parties also explored the economics of certain early cashflow opportunities, with extensive sampling and testing been completed for the surrounding tailings and oxidized ore. Further updates will be provided to the market in due course.

**About Power Construction Corporation of China and Yellow River Co., Ltd**

PowerChina is an integrated construction group that provides investment and financing, planning design, engineering construction, equipment manufacturing, and operation management for clean and low-carbon energy, water resources, environmental construction and infrastructure. It is a Fortune Global 500<sup>4</sup> company ranked #157 in 2023 with over 130,000 employees and is listed on the Chinese Shenzhen Stock Exchange ticker 601669, with a market capitalization of

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<sup>4</sup> [https://en.wikipedia.org/wiki/Fortune\\_Global\\_500](https://en.wikipedia.org/wiki/Fortune_Global_500)

approximately US\$11.8 billion<sup>5</sup>.

This announcement was authorised for release by Mr Bill Guy, Chairman and ceases the trading halt and suspension in the company's securities on the ASX.

**For more information:**

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<https://twitter.com/ThetaGoldMines>



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

**Interactive Investor Hub:** <http://investors.thetagoldmines.com>



### [Theta Gold Mines Interactive Investor Hub](http://investors.thetagoldmines.com)

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 [investors.thetagoldmines.com](http://investors.thetagoldmines.com) or scan the QR code below.



### **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

<sup>5</sup> As per closing share price and exchange rate dated 8 February 2024.

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 focusing 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 in July 2022 for the first four mines Beta, CDM, Frankfort and Rietfontein (TGME Underground Project). The Base Case LOM plan will comprise 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.