

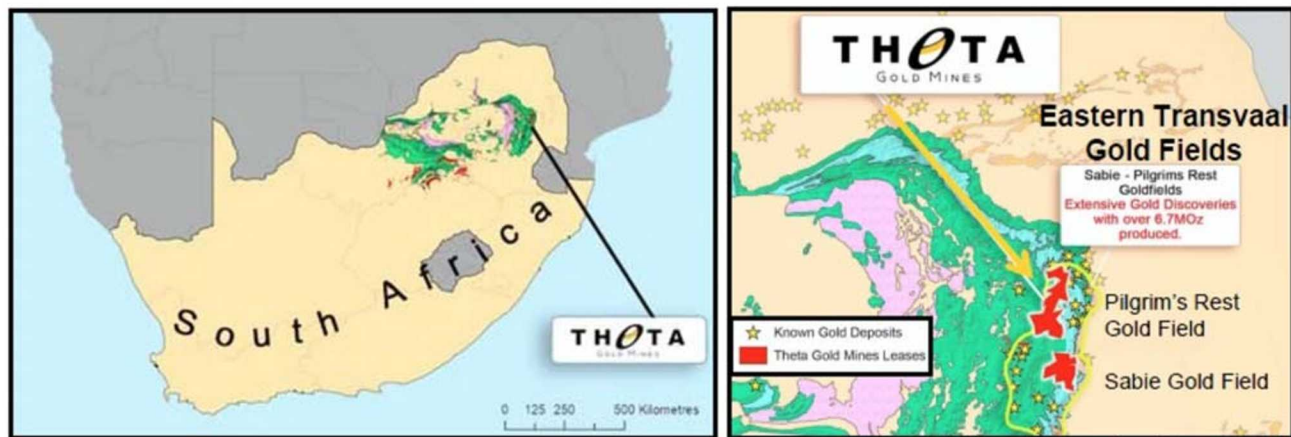
TGMGF: THETA GOLD MINES IS ON THE VERGE OF TRANSITIONING FROM A JUNIOR EXPLORATION COMPANY TO A GOLD PRODUCER

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Theta Gold Mines (OTC:TGMGF) (ASX:TGM) is a junior mining company on the cusp of **becoming a gold producer** by targeting high-grade, near-surface gold deposits in the brownfield Pilgrims Rest and Sabie Gold Fields in South Africa. The company controls a highly prospective area of **62,000 hectares** (620 km²) situated in the **Eastern Transvaal Gold Fields**.

Management plans to **employ modern mining and gold processing techniques** to produce over 225,000 oz. Au during Phase 1 of management's **4 Mine Strategy**. Management's method is based on the optimization of the project, not only with respect to initially **targeting higher-grade near-surface deposits**, but also by **optimizing the methods of both mining and processing**.

Furthermore, through multiple exploration campaigns, the company's total **Mineral Resources has increased by over 100%** over the last four years.



Theta Gold Mines Presentation February 2020

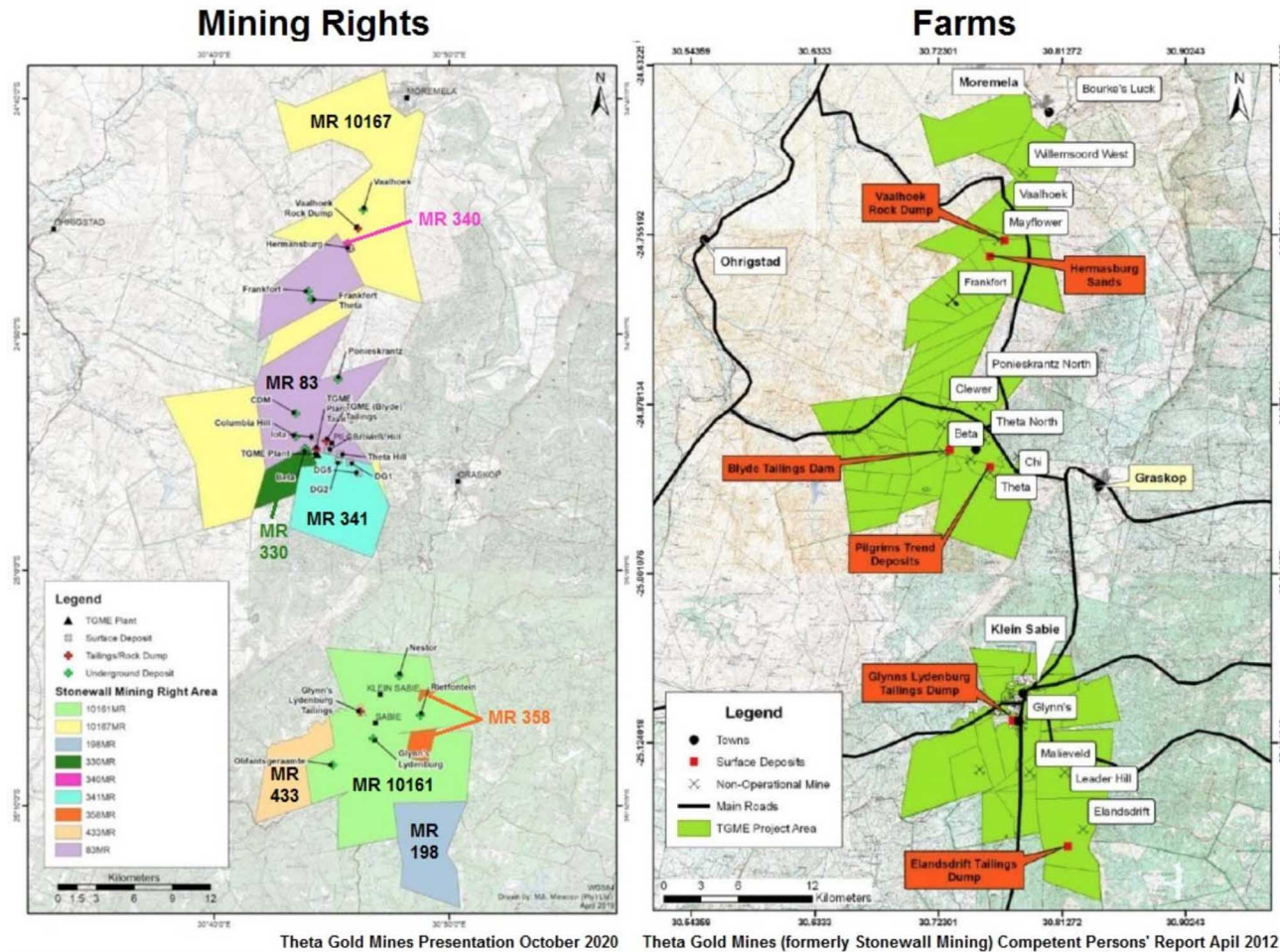
New Initiatives

Theta Gold Mines (formerly known as Stonewall Resources) acquired its properties in the Pilgrims Rest and Sabie Gold Fields in 2010 and proceeded to develop them. After a brief period of extract gold from tailings dams, dumps and reef residue material from 2011 to 2014, there were conventional efforts to revive the Rietfontein Mine. In 2018, with a new management team led by Bill Guy, several innovative initiatives point to success for the current development plan.

- **Modern mining techniques** are going to be employed during the implementation of the 4 Mine Plan in order to deal with the challenges of extracting gold ore from the reef systems present in the Pilgrim's Rest and Sabie Gold Fields. Management talent with specific expertise in pursuing reefs has been brought on board to help execute management's strategy
- The **speed of progress** is impressive with 24 press releases having been issued since May 2018 that detail the progress being made towards initiating production
- The company is at the brink of being granted an Environmental Assessment, which opens the door to the immediate commencement of surface mining on MR 83

- In addition, the exploration campaigns since 2013 have **increased total Mineral Reserves by over 100%** (see Mineral Reserve section)
- The company is **building a new, modern CIL (Carbon-in-Leach) plant** on the existing permitted footprint of the old plant, together with the planned refurbishment of the old processing mill includes the **implementation of modern gold processing techniques** to deal with the metallurgical challenges posed by the nature of sulfide ore in order to maximize gold recovery
- A new geological model was developed in February 2020 that better explains the origin of the gold deposit that should enhance the effectiveness of exploratory efforts in the future.

The gold mineralization tenements of Theta Gold Mines are located approximately 370 km northeast of Johannesburg in the vicinity of the towns of Pilgrim's Rest and Sabie. The Project area consists of **two blocks of contiguous tenements** that extend roughly 65 km in a north-south direction and 25 km east-west.



The block surrounding **Pilgrim's Rest** consists of **five mining rights** (north-to-south MR10167, MR340, MR83, MR330 and MR341). Often referred to as the **Northern and Central** areas, the most prodigious historical mines (each milling over 1,000,000 tonnes of ore) were Dukes-Clewer (1.79 MM tonnes of ore milled), Theta (1.68 MM), Vaalhoek (1.3 MM) and Columbia Hill (1.028 MM) mines.

The block surrounding **Sabie** consists of **four mining rights** (north-to-south MR10161, MR358, MR433 and MR198) Dubbed the **Southern section**, it is composed of the assets of Glynn's Lydenburg Ltd, which was acquired by TGME in 1955). Between 1895 and 1955, the Southern section (under the control of Glynn's Lydenburg Ltd) milled 3,428,000 tons and

produced 1.241 million ounces of gold. The historic **Rietfontein mine**, which milled 227K tons of ore that produced 65K oz. of gold and 36K oz. of silver, is the resource target for **Phase 3** of management's 4 Mines Strategy.

Management is implementing a **4 Mine Strategy** in order to monetize 2.75 million ounces of gold **over five years**. A methodical 4 phase program has been developed, where each phase focuses on the mining of specific gold deposits in the Pilgrim's Rest and Sabie Gold Fields. In the process, the company is expected to create a platform with a production profile of 160,000 ounces per annum, which could monetize the other deposits, particularly additional open pit opportunities and Glynn's Lydenburg mine.



Phase 1 targets shallow, **near-surface deposits** in MR83 (Theta Hill, Browns Hill and Columbia Hill) that are very close (within 3km) of the existing, fully permitted processing plant. Known as the **Theta Open Pit Starter Project**, it includes rehabilitating the existing CIL plant and expanding its annual processing capacity to 600,000 tonnes. Management expects to be pouring gold by end of 2021.

Phase 2, or the **Theta Open-Pit Extension Project**, also targets shallow, near-surface deposits that are continuations of the mineralized reefs of the Theta Hill and Browns Hill systems that extend into MR 341.

Phase 3 targets shallow, underground gold deposits at the **Rietfontein underground** mine (MR358 and MR10161), approximately 40 km south of the processing plant.

Phase 4 targets shallow, underground gold deposits at the **Beta underground** mine in MR83.

In March 2018, Bill Guy joined the Theta Gold Mining (then known as Stonewall Resources) as a Director, and was appointed Chairman of the Board in September that year. At the time, the company's strategic business plan had been shifted so that in the near-term, Theta Gold Mines would first mine and process shallow, near-surface projects to demonstrate the economic viability of the company's South African properties (Phases 1 & 2) and also to help fund the advancement of the Rietfontein and Beta mine toward production.

The objective of Phase 1 is to mine and process the near-surface reef deposits in MR83 near the processing plant. **Management plans to attain a production profile of 40,000 ounces per year during Phase 1** and expand it to greater than 80,000 ounces per annum during Phase 2 when the near-surface deposits that extend into MR341 are mined. Eventually, **in Phase 4, management anticipates that the annual production profile will reach 160,000 ounces.**

To date, management has significantly advanced the Theta Open Pit Starter Project and has completed many critical developmental milestones.

Theta Open Pit Starter Project — Developmental Milestones

Oct. 2018 — Completed scoping study on open-cut mining at Theta Hill

May 2019 — Open pit **Feasibility study** completed

Aug. 2019 — Completed optimized plant layout

Oct. 2019 — Purchased used 2.5MW ball mill

Jan. 2020 — Completed optimized plant design study

Feb. 2020 — Developed **new Mineral System model** for Eastern Transvaal Gold Fields

Feb. 2020 — Submitted Environmental Authorization (EA) for open pit surface mining on MR 83

Mar. 2020 — Ball mill delivered to site

April 2020 — Phase 1 Theta Open Pit Starter Project **optimization study** (added 33,158 oz. Au)

July 2020 — Selected Digmin Group as the preferred mining contractor

Oct. 2020 — DMRE supports EA to permit open-pit mining on MR83

Processing Plant

The company's processing plant site includes a **carbon-in-leach (CIL) circuit processing plant**, office building, store, machinery sheds, laboratories and equipment sheds. Also, there is a **tailings storage facility** with a capacity of 2.5 million tonnes of tailings material.

Theta Gold Mines Processing Plant Layout



Theta Gold Mines Press Release April 20, 2020

Milling Capacity

Under the optimized plant study that was completed in January 2020, the CIL processing plant is designed to operate at a capacity of 600,000tpa, an upgrade from the initial feasibility study (released May 2019), which recommended a capacity of 500,000tpa.

The recently acquired **ball mill**, which has a nameplate **capacity of 820,000tpa**, easily meets the requirements of the optimized plant study. At the time of the initial feasibility study, the facility was equipped with a legacy ball mill with a capacity of 240,000tpa.

In October 2019, the company purchased a previously-owned 2.5 megawatt (MW) ball mill for ZAR 5.5 million (US\$360,000). The cost for disassembly and transportation from Rustenburg to the plant site near Pilgrim's Rest was approximately US\$165,000. The ball mill was delivered to the CIL plant site in late-March 2020.

The **tailings storage facility** is also compliant with the optimized study, since it is approved to operate at a disposition volume of up to **600,000tpa**.

Mining Contractor

In July 2020, Theta Gold Mines contracted **Digmin Group** to perform the trial mining activities at the Phase 1 Starter Theta Project. Once the permitting process has been successfully completed, Digmin will conduct two box cuts at the nearby Iota and Browns Hill pits. The trial mining exercise will help management select the appropriate grade control practices to be used at Starter Theta Hill Project. Thereafter, management expects to negotiate a final mining contract with Digmin.

If all items on timetable proceed according to plan, **within the next 12 months**, Theta Gold Mines should be able to

1) start the refurbishment and expansion of the gold processing plant

2) commission the beginning of mining activities

Valuation

Based on our calculation of share value of attributable resources, **our target for Theta Gold Mines stock is \$0.60**. Our calculation of share value of attributable resources is based on the ascertained net asset value of each property, which is determined by adjusting the value of estimated resources for the expected recovery rate and mining/processing costs.

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