31 January 2020

ASX ANNOUNCEMENT

QUARTERLY REPORT 1 OCTOBER TO 31 DECEMBER 2019

Theta Gold Mines Limited ("Theta Gold" or "Company") (ASX: TGM, TGMO | OTCQB: TGMGF) is pleased to report on its activities for the period from 1 October to 31 December 2019.

The Company had another strong quarter in bringing the Theta Project closer towards production as well as strengthening its social license in the area. Various permitting activities continue to progress as the Company works towards becoming a gold producer.

Highlights

- **The 2.5 MW ball mill purchased in October 2019 has been removed from the site at Rustenburg in preparation for relocation to TGME site in Q1 of 2020**
- **The 2.5 MW mill ball mill has been incorporated into the updated Plant Design**
- **Plant Design Optimization Studies have been completed with a 20% increase in production capacity to 600,000 tpa (ASX release 28 January 2020)**
- **Capital costs for the 600,000 tpa process plant remains within 1% of the Feasibility Study (500,000 tpa)**
- **Tender documents have been prepared for the Engineering, Procurement, Construction (EPC)/Lump Sum Turnkey (LSTK) plant construction**
- **Mining contractor discussions have commenced and an initial draft contract has been prepared**
- **Company commences detailed design to upgrade the existing power line into the Project**
- **Company continues to progress Social License aspects of project**

Corporate Activities

- **Theta Gold has been officially dual listed on the US OTCQB market from 7 November 2019, code: TGMGF**
- **B.Riley FBR Inc appointed as Principal American Liaison (PAL) Sponsor and market-maker**
- **Porter, LeVay & Rose Inc. appointed as Investor Relations consultant for North America**
- **AGM held 18 November 2019 with all resolutions passed unanimously**
- **Investor presentation and Conferences in North America and Europe**

Summary

The Company has made further advancement of its assets, including the Theta Project, as it continues to work towards becoming a gold producer and as part of its strategy to produce more than 100koz per annum.

The Company continues to support the local community and has been involved in several town clean up initiatives, provided some sporting equipment to the local community and also provided some food packages to those in need within the community (Figure1).

The Company secured a 2.5 MW ball mill as a key long-lead piece of plant (ASX Release 2 October 2019) and has completed the removal of the mill and associated equipment in preparation for relocation to the TGME plant site in Q1 of 2020. The 2.5 MW mill is seen as a key milestone in the Company's development of its "Starter Theta Open Pit Project".

Plant Design Optimization Study resulted in a 20% increase in throughput to 600ktpa from the original 500ktpa capacity in the Feasibility Study (ASX release 16 May 2019). The recently purchased 2.5 MW ball mill was incorporated into the Plant Design Optimization Study. The 20% increase in the new plant design can be achieved with less than 1% change to the original Feasibility Study Process Plant Capex of 24.85 M USD (ASX release 28 January 2020).

A contracting company have been engaged to finalise design of the incoming power system into the existing Pilgrims Rest sub-station located 2 kms from the TGME site to allow for the increased power draw requirements for the new Theta Project Plant. There is an existing power line and TGME has maintained connectivity to the grid for the existing plant. The electrical connectivity design allows for the potential connection of backup generators.

Environmental Impact Study for Mining Right 83 (The amendment for MR83 from underground to open pit ("Starter Theta Open Pit Project") will be submitted in February 2020 for approval by the Department of Mineral Resources and Energy (DMRE). A decision is expected from DMRE in mid Q2 2020.



24 GPS News

TGME contributes to Pilgrim's and its community for the festive season

Frieda Paton

In the spirit of Christmas, Transvaal Gold Mining Estates (TGME) embarked on a drive this past month to support Pilgrim's Rest and its community through various sponsorships and gifts.

For its Christmas charity drive, TGME gave gifts of a bag of maize meal and tins of baked beans to 100 of the poorest and elderly in the community on November 29.

To help keep the children off the streets during the holidays, 10 soccer balls, 10 netball balls, and six tennis racquets and tennis balls were handed over on December 6.

This sports equipment will be in charge of a community member so that the children can fetch a ball when they want to play and return it once they're done.

TGME is also backing the drive to revive Pilgrim's Rest as a tourist destination.

They supported the Mpumalanga Tourism and Parks Agency's launch of the Pilgrim's Rest revitalisation campaign as one of the sponsors of the golf day.

They provided T-shirts for the caddies and sponsored all the prizes.

On December 11 the mine organised a clean-up by TGME staff together with 17 members of the local community employed for the day.

The clean-up covered parts of the town and about 800m of the entrance road to Schoonplaas and included collecting litter, brush cutting and removal of foreign invader plants.

They also donated 20 litter drums of which half were placed in Main Street and the other half on the road to Schoonplaas.

"This will help to ensure that the town is in tip-top condition for the coming December holiday rush.

TGME is committed to supporting the local community," Hanlie Grobler, CFO of the company explained.

"We wish Pilgrim's Rest and its community a great festive season and are looking forward to providing additional support where we can in 2020."

At the prize-giving for the MTPA golf day (from left to right) George Jenkins, CEO of TGME; Fridah Nkadimeng, Executive Mayor of Thaba Chweu; Terence Mogale, Director of TGME; Bill Guy, Chairman of TGME.

Figure 1: Theta Community Engagement - GPS NEWSPAPER EXTRACT

Theta Project

The Company has continued to progress the development of the project and the following key elements have been completed:

- Purchase of 2.5 MW Ball Mill (long lead item)
- Removal of Ball Mill, ready for transport to TGME site in early 2020
- Plant Design Optimisation Study (2.5 MW Mill included into design)
- Development of updated mining and plant construction tender documents
- Draft mining contract based on a detailed tender document at 600 ktpa

Plant Design Optimisation Study

Following the release of the Theta Project Feasibility Study, the Company continued to investigate the potential for increased throughput opportunities. The throughput constraint for the project remains the annual deposition rate and total capacity on the existing permitted tailings dam. Further work by the tailings engineers (Tailex) has unlocked an additional 100 kt per annum of deposition rate, now 600 ktpa, however the overall tailings capacity of the existing dam remains unchanged at 2.5 Mt.

The company engaged METS (Part of the UMS Group) who completed the original plant design and costing as part of the Theta Project Feasibility Study, to complete an optimized plant design at the increased throughput (Figure 2 and Table 1). The results of this study saw the delivery of updated capital costs that has remained within 1 % of those presented in the Theta Project Feasibility Study.

Description	Feasibility Study	Optimisation Study	Variance
Throughput (ktpa)	500	600	+ 20 %
Capital Cost (ZAR M)	353	362	+ 2.5%
Capital Cost (USD M)	24.85	24.98	+ 0.6 %
Exchange Rate (ZAR/USD)	14.2	14.5	- 2.1 %

Table 1: Comparison table of Feasibility Study 500 ktpa to Optimisation Study at 600 ktpa

The brief was to provide an updated and detailed capital schedule including plant operating costs as well as a detailed tender document for a Lump Sum Turnkey (LSTK) Price for the construction of the plant. In addition, certain sections of the plant have been designed to cater for increased throughput to 1.2 Mtpa (see red blocks in Figure 2).

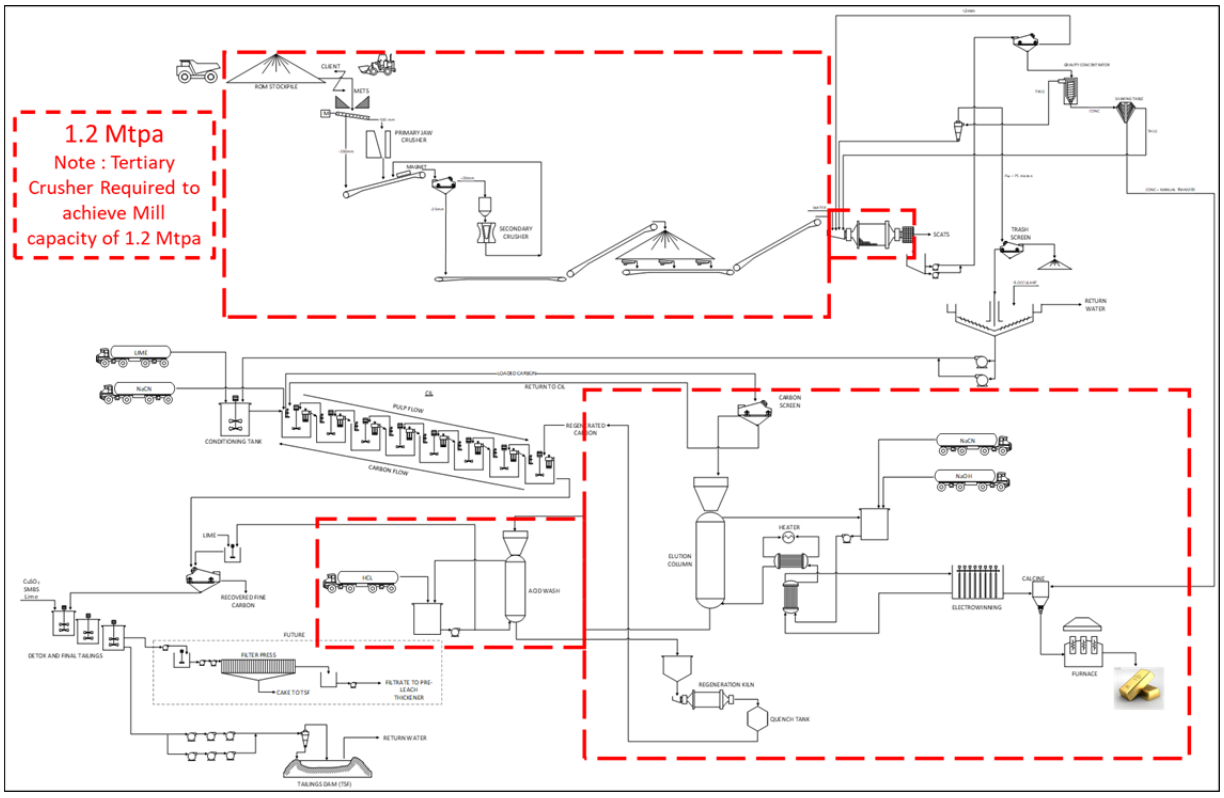

Figure 2: Theta Project Plant Process Flow Diagram

The design caters for potential future expansions of up to 1.2 Mtpa throughput of oxide material. Expansion of the plant would require further studies to confirm project economics at different production rates. The crushing section allows for simple expansion to 1.2 Mtpa of milling capacity through the inclusion of a tertiary crusher which can be installed while the plant continues to run and will then only require a short 48 hours shutdown to tie in. This additional crusher will allow for a reduction in feed size to the mill which will then allow for the 2.5 MW mill to increase throughput to 1.2 Mtpa. The CIL and cyanide destruction sections will simply be duplicated to allow for the increased throughput however the elution section, gold room and reagents section are designed to cater for any future increases in throughput.

The new plant layout with CIL duplicated for future expansion is shown in Figure 3.

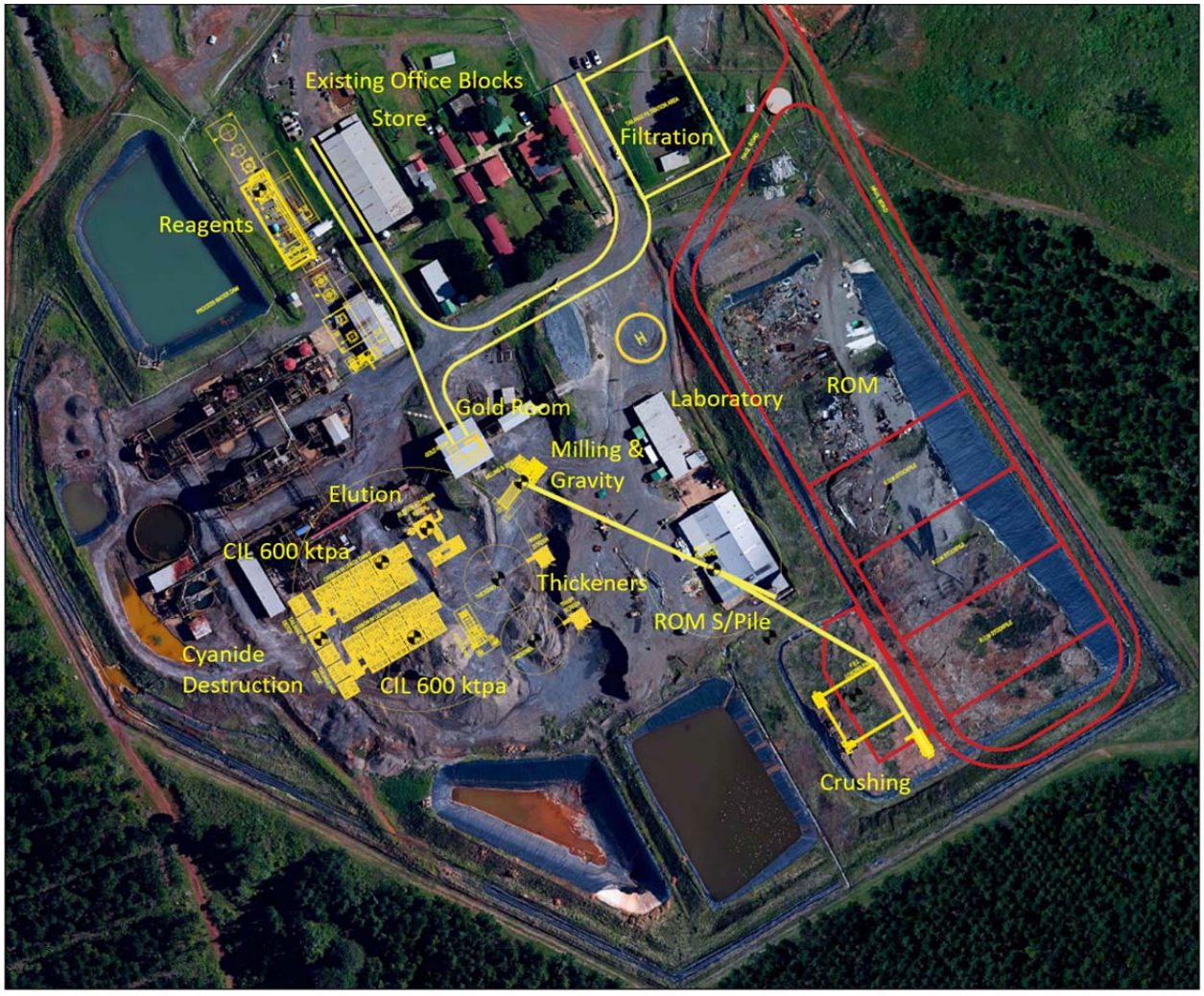

Figure 3: Optimised Plant Layout Showing CIL Duplication for Possible Expansion

Detailed tender documents for the construction of the mine and plant have also been drafted that have sufficient detail to allow for an Engineering, Procurement, Construction (EPC)/Lump Sum Turnkey (LSTK) basis tender.

As part of the optimization process, the company and consultants carefully considered the battery limits for the delivery of the study to ensure that the designs captured any downstream elements that could affect the design e.g. Plant design battery limit included the use of cyclones on the dam and design catered for the required operating conditions of the cyclones. In addition, any area where synergies or skills could be shared were also catered for e.g. the transport of filtered tailings from the plant to the tailings dam which has been included into the mining tender.

Ball Mill

Following the completion of an agreement to purchase a 2.5 MW mill (ASX release 2 October 2019), the Company commenced with the process of dismantling and removing the mill from its current location at the Glencore Smelters site in Rustenburg.

The purchase of this mill is considered by management to be one of the critical pieces of plant equipment for the proposed new gold processing plant. The purchase mitigates potential future capital costs risks, but more importantly it mitigates construction time risks as this is traditionally a long lead time piece of equipment.

In October 2019, the Company returned to the site with various engineers to commence with the planning and detailed costing for the removal of the mill and relocation to TGME and in November the Original Equipment Manufacturer (OEM), Thyssen Krupps, was engaged to complete the dismantling and removal of the mill and associated equipment.

On 15 December 2019 the mill was finally removed from the structure (Figure 4) and placed in a storage area (Figure 5) on site with the rest of the associated equipment for the mill and in preparation for road transport in early 2020.



Figure 4: Mill Removal From Structure



Figure 5: Mill and Containers of Associated Equipment Ready for Transport

The transport of the mill and associated equipment from Rustenburg to the TGME Plant in Pilgrims Rest is expected to occur in Q1 of 2020.

Mining Contract Development

During the Feasibility Study, the Company and Minxcon worked initially with 5 experienced mining contractor groups and then later in the study selected three mining contract groups to generate technical and cost information covering mining development and mine operations contract costs. All contractors are South African based and experienced in-country as well as some working in neighboring countries. All contractors provided access to their key people and the Company visited at least one of their operating sites as part of the evaluation process. Minxcon compared and bench-marked the contractor costs to internal estimates that had been developed and costs applied in the Feasibility Study reflected mid-point quoted from the three contractor responses. The mid-point costs reflected one particular contracting group and keen to partner with the Company.

During the quarter the Company progressed discussions to develop the basis of a mining contract based on a schedule of rates basis as well as lump sum quotes for mining development activities. Mining development activities will include mobilisation, contractor facilities such as work-shops and various attendant construction activities related to the project such as roads, establishing ROM (Run of Mine) stockpiles and setting up the mining pits for operations. Environmental control aspects such as dust-suppression from mining operations and working within the rules and regulations of South Africa and in particular the DMRE were emphasized as a condition of any future work on site. Site visits to TGME were again undertaken and all technical information was reviewed which resulted in a new set of cost information in a near final form being generated.

Work continues in Q1 of 2020 to complete this process and the Company is confident that a workable mining contract can be concluded with mining costs in line with the Feasibility Study.

Expansion of Power Grid Transformers

The Theta Project will require additional power draw capacity off the national power grid to cater for the overall increase in power requirements for the new plant. The incoming powerline from the main grid is large enough to accommodate this additional power draw however the transformer yard that deals with the incoming 22 KV line is not large enough to cater for this additional power draw for the new Theta Project processing plant.

The Company has engaged a local consultant and contract company that works with the national power provider ESKOM, to investigate the options available to bring additional power into the plant from the national grid supply. Initial work completed has indicated that there is sufficient power available from the grid and the application process for this power has also commenced.

The designs will be to install an overhead powerline from the switch at the transformer yard and to a point near the plant. All step down and other activities will take place at this point and remain within the Company's control and this has been included in the optimised plant design.

Local Community Support for Company

The community and local businesses have been partnering with TGME and other historical mining companies around Pilgrims Rest for more than a century. TGME underground operations and gold processing only ceased in 2015 and the resulting loss of jobs and loss of income to businesses has hurt the community.

The Company continues to receive support from the local community to restart mining and processing operations. Several meetings having been held with the local Pilgrims Rest community voicing its support for the Company to implement the Theta Project. The Company continues to also actively engage with and support local businesses. This is recognized by the local business owners and they have expressed their appreciation for Company support as well as encouraging the Company to also restart operations.

Social Responsibility

The Company continues to be actively involved in various social projects including Local School Support, School Infrastructure Repairs Cooking and Heating Fuel for Community, and the Sabie Feeding Scheme.

The local caravan park in Pilgrims Rest has not been operational for several years and this was once a vibrant and nationally-renown part of the community and region attracting customers from throughout South Africa. The Company, Department of Public Works as administrators and the local community believe that reinvigorating this Caravan Park will be an integral part of helping restore the town and creating jobs as part of the strong multiplier effect of mining development. A lease agreement detailing plans for returning the Caravan Park to its former prominence has been developed with local businesses and submitted to the Department of Public Works for signature. In the meantime, the Company at its cost has installed security at the Caravan Park and undertaken temporary repairs to maintain the integrity of the roofing and structure to protect against damage from the wet season.

Local Education and School Support

Support for strengthening local education and training is a priority for the Company as the Project moves into development. In the meantime, the Company supports local schools by paying for three teachers and an administration person at the local schools. The school teachers program has run over 5 years and is an important part of our community social responsibilities.

The Company has been progressively working with the local high school repairing and painting the buildings and facilities as well as donating equipment like photocopiers and computers. The Company is also sponsoring one promising student from the Browns Hill Community to attend a matriculation camp to ensure she obtains good grades.

Cooking and Heating Fuel for Community

The Company is currently busy with the eradication of alien trees around the Return Water Dams. The trees are cut into sections and supplied to the surrounding communities for firewood.

Sabie PRIDE Feeding Scheme

The Company provides about 120 meals to Sabie school children before school each day. This scheme has been in operation for over a year and supports under privileged children.

TGME embarked on a pre-Christmas drive to assist the local Pilgrims Rest community

- TGME gave food package gifts to 100 of the poorest and elderly in the community during December 2019
- Sporting equipment was donated to the community to allow the children and other community members to utilise the sporting facilities in the community. This sports equipment will be in charge of a community member.

- In December the mine organised a clean-up of the Pilgrims town centre by TGME staff together with 17 members of the local community casually employed. The clean-up covered parts of the town and about 800m of the entrance road to the local township of Schoonplaas and included collecting litter, brush cutting and removal of foreign invader plants. 20 litter garbage drums were placed in the Town Main street and in Schoonplaas (Figure 6).



Figure 6: Pilgrims Rest Pre-Christmas Town Clean up Drive

The Company has recognised that given the high unemployment rate in the area that there were members of the community that were finding it particularly difficult to make ends meet. The Company, through its community liaison officer and the local councillor, identified some members of the community that were particularly needy and provided them with food packs for the festive season (Figure 7).



Figure 7: Handing out food packages to 100 jobless families in Pilgrims Rest local community

Sporting Community Support

The Company believes there is a strong link between supporting sports and the general welfare of communities. Within the local community residential area, there is a tennis court with netball and basketball nets as well as a soccer field. The community members however did not have necessary sporting equipment to utilise these facilities and the Company has provided tennis rackets and balls and soccer and netball to allow the local community children to make use of the facilities over their holiday break (Figure 8). Members of the TGME team also provide support to the local golf club.



Figure 8: TGME donates Sporting Equipment to Pilgrims Community

Environmental Impact Study for Mining Right 83 (MR83)

Environmental Impact Study (EIS) for Mining Right 83 (The amendment for MR83 from underground to open pit) "Starter Theta Open pit Project" will be submitted in Q1 of 2020 for approval by the Department of Mines Resources and Energy (DMRE). A decision is expected by mid Q2 of 2020.

As part of the ongoing engagement with government agencies and stake holders the Final EIA layout has made minor modifications to reduce mining impact on the local environment. The company has a stated goal of being a "Sustainable Miner" and has therefore made these minor concessions to enhance its on ground reputation with stakeholders. TGME has operated and been part of community for close to 150 years, and from the very early 1900's has acted as custodian of land restricting hunting, logging, and illegal mining activities.

These modifications to the project are expected to have a modest effect on project economics with the contained gold in the starter Theta Open Pit Project expected to remain unchanged overall. The team is working on making adjustments to mine schedule to determine what further work may be required.

The permitting process is ongoing until Department of Mines Resources Energy (DMRE) make the final decision. In South Africa, active engagement is required with all stakeholders and the company has gone above and beyond in its Public Participation Process to include as wide a stakeholder community as possible. The DMRE will make an independent assessment based on EIS content and stakeholder comments. The permitting risk of MR 83 is mitigated by the Company having multiple mines sites. Permitting process is outlined in Figure 9.

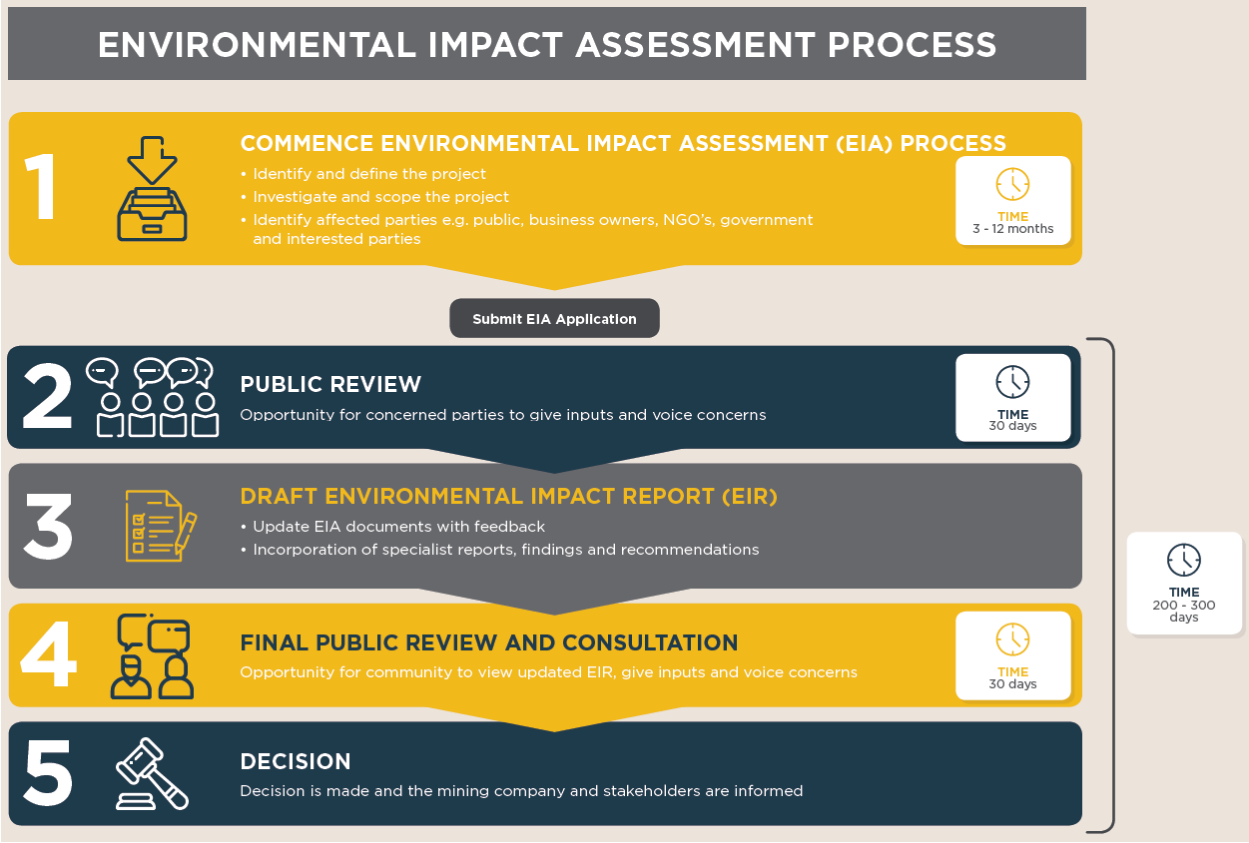

Figure 9: General Approvals Process Description
(Note: Post DMRE Approval, there is a 20 working day appeal window to Interested and affected parties)

The company has completed up to step 4 of the process and is currently finalising the documents for submission to the DMRE in Q1 of 2020 for their decision.

Corporate

Cash Position and Funding

As at 31 December 2019, the Group had US$1,810,000 in cash.

Funding discussions are in progress to raise funds for the Theta Project pre-development costs and for exploration activities and general working capital.

OTC Markets Listing

The Company's shares have been accepted for listing on the OTCQB market in the United States and are now listed for trading under the code **TGMGF.**

The Company's primary listing continues to be the Australian Securities Exchange ("ASX"), with the shares now dual-listed on the OTCQB Market. Investors can find real-time quotes and market information on the OTC Markets website:
(www.otcmarkets.com/stock/TGMGF/overview).

The Company is in the process of applying for Depository Trust Clearing (DTC) eligibility, which essentially facilitates electronic trading of securities by individual investors that use self-managed online broking accounts (such as TD Ameritrade and E-Trade), as opposed to trading through full services brokers. Pending DTC eligibility, trading of the shares will be handled by brokers who will act as market makers. In the interim OTCQB trading will be conducted through B.Riley FBR Inc as market maker. A list of other brokers operating on the OTC Markets is available from the following link: https://www.otcmarkets.com/otc-link/broker-dealer-directory

The Board has actively promoted the Company through the quarter particularly in North America. Theta Gold has appointed New York based Porter, LeVay & Rose Inc. as its investor relations consultant in the US. Investors are welcome to contact the firm using the details provided below.

Annual General Meeting

The 2019 Annual General Meeting was held on Monday 18 November 2019. All resolutions put to shareholders at the annual general meeting were passed unanimously on a show of hands.

Capital Structure

The following are movements in the capital structure since the end of the previous quarter and up to the date of this report –

a) A total of 12,589,091 unlisted options have expired;
b) 300,000 options were exercised on 14 January 2020 at $0.19 per share.

The current capital structure of the Company is as follows –

	Number
Fully paid ordinary shares (ASX: TGM | OTCQB: TGMGF)	437,006,585
Listed options exercisable at $0.30 each on or before 31 October 2020 (ASX: TGMO)	31,429,663
Unlisted options and performance rights (details in Appendix A)	26,204,213

This announcement was authorised for release by the Board of Directors.

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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 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 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, Stonewall Mining (Pty) Ltd ("Stonewall"). Stonewall 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 report 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 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.

Annexure A

Theta Gold Mines Limited

Unlisted Options and Performance Rights

Number	Performance Hurdle/Vesting Date (if applicable)	Exercise Price	Expiry Date
OPTIONS			
604,213		$0.19	13 Aug 2020
200,000	20 day VWAP above $0.030. This performance hurdle must be achieved on or before the date that is three years from the date of issue of the Options.	$0.35	19 July 2022
200,000	20 day VWAP above $0.035. This performance hurdle must be achieved on or before the date that is three years from the date of issue of the Options.	$0.40	19 July 2022
1,004,213	**TOTAL OPTIONS**		
PERFORMANCE RIGHTS			
50,000	All systems, licences, insurances, regulatory and statutory compliance in place to meet South Africa Mining regulations, laws, Mining Charter 111, commercial contacts. (Mine ready).	Nil	27 June 2024
4,670,000	Delineating a total of 300,000 ounces of gold ore reserves (in accordance with the JORC Code 2012[1]) at grade of at least 2.5g/t Au, amenable to open-cut mining on Mining Right 83, Mining Right 341 and Mining Right 10167 (under application).	Nil	27 June 2024
5,370,000	Decision to Mine (Board approval to commence development of a gold mining operation) with all regulatory approvals secured. This performance hurdle must be achieved on or before the date that is 18 months from the date of issue of the performance right.	Nil	27 June 2024
7,630,000	Achieving annualised production of 50,000 ounces of gold per annum over a consecutive period of 3 months. This performance hurdle must be achieved on or before the date that is 30 months from the date of issue of the performance right.	Nil	27 June 2024
7,480,000	Achieving annualised production of 100,000 ounces of gold per annum over a consecutive period of 3 months. This performance hurdle must be achieved on or before the date that is 48 months from the date of issue of the performance right.	Nil	27 June 2024
25,200,000	**TOTAL PERFORMANCE RIGHTS**		
26,204,213	**TOTAL OPTIONS AND PERFORMANCE RIGHTS**		

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

THETA GOLD MINES LIMITED

ABN	Quarter ended ("current quarter")
30 131 758 177	31 December 2019

Consolidated statement of cash flows		Current quarter $US'000	Year to date (6 months) $US'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	(166)	(325)
	(b) development		
	(c) production		
	(d) staff costs	(278)	(415)
	(e) administration and corporate costs	(364)	(1,287)
1.3	Dividends received (see note 3)		
1.4	Interest received	-	2
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid	-	(204)
1.7	Government grants and tax incentives		
1.8	Other (provide details if material)		
1.9	**Net cash from / (used in) operating activities**	**(808)**	**(2,229)**
2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment	(415)	(415)
	(d) exploration & evaluation (if capitalised)	(361)	(1,152)
	(e) investments		
	(f) other non-current assets	(50)	(50)

Consolidated statement of cash flows		Current quarter $US'000	Year to date (6 months) $US'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment	30	62
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	**Net cash from / (used in) investing activities**	**(797)**	**(1,555)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	5,467
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(210)	(334)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	-	(28)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	**Net cash from / (used in) financing activities**	**(210)**	**5,105**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	3,624	489
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(808)	(2,229)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(796)	(1,555)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(210)	5,105

Consolidated statement of cash flows		Current quarter $US'000	Year to date (6 months) $US'000
4.5	Effect of movement in exchange rates on cash held		
4.6	**Cash and cash equivalents at end of period**	**1,810**	**1,810**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $US'000	Previous quarter $US'000
5.1	Bank balances	1,810	3,624
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**1,810**	**3,624**

6.	Payments to related parties of the entity and their associates	Current quarter $US'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	144(1)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

(1) Payments to related parties in item 6.1 above are for salaries, director fees and consulting fees.

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $US'000**	**Amount drawn at quarter end $US'000**
7.1	Loan facilities	2,908	2,908
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	**Total financing facilities**	2,908	2,908

7.5	**Unused financing facilities available at quarter end**	-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	

Details of the loan facilities are set out in Note 14 of the Company's Financial Report for the year ended 30 June 2019.

8.	**Estimated cash available for future operating activities**	**$US'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(808)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(361)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(1,169)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	1,810
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	1,810
8.7	**Estimated quarters of funding available (Item 8.6 divided by Item 8.3)**	1.5

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: Yes

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: The Company has conducted roadshows, most recently in the United States and Europe. Discussions are in progress to raise funds for the Theta Project pre-development costs and for exploration activities and general working capital. The Company believes that it will be successful in raising the funds required.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: The Company expects to be able to continue its activities. The group's large tenement holding in South Africa is potentially very prospective and remains largely unexplored using modern technology. Coupled with the results of the Theta Project feasibility study, it will continue to underpin the company's ability to raise funds for its business needs.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2020

Authorised by: Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.