

7 May 2019

Mr Alex Sutton
Compliance Adviser
Australian Securities Exchange
Level 5, 20 Bridge Street
SYDNEY NSW 2000

Dear Mr Sutton

Appendix 5B (31 March 2019) Query

We refer to your letter dated 3 May 2019 and respond to your queries as follows –

- 1. Does TGM expect that it will continue to have negative operating cash flows for the time being and, if not, why not?**

Yes.

- 2. Has TGM 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?**

Yes, as stated in the Company's Quarterly Activities and Cashflow Report for the period ended 31 March 2019 ("Quarterly Report"), the Company continues to proactively manage its cash flow requirements to ensure that funds are available, including from capital raisings, as and when required.

In November 2018, the Company entered into subscription agreements with two investors to raise A\$6,000,000, of which A\$3,500,000 had been received to 31 March 2019. As stated in the Quarterly Report, subsequent to the end of the quarter, the Company received A\$500,000 under the subscription agreement. The Company has today received confirmation of remittance of a further A\$1,000,000 and the remaining balance of A\$1,000,000 under the subscription agreement is expected to follow shortly.

The Company is also in discussions with its larger shareholders regarding an equity raising. Whilst the Company has not received any firm commitments, it is optimistic of raising sufficient capital to continue to fund its ongoing activities.

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

Yes. TGM has highly prospective gold assets in South Africa. The group has had recent exploration successes and is finalising a feasibility study on the Theta Project. As stated above, the Company is optimistic that it will be able to raise capital to continue to fund its ongoing activities.

4. Please confirm that TGM is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.

Yes.

5. Please confirm that TGM's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of TGM with delegated authority from the board to respond to ASX on disclosure matters.

The responses above have been approved by the TGM board.

On behalf of the board

A handwritten signature in black ink, appearing to read 'Chin Haw Lim', with a stylized flourish at the end.

**Chin Haw Lim
Company Secretary**



3 May 2019

Mr Chin Haw Lim
Company Secretary
Theta Gold Mines Limited
Level 32, 101 Miller Street
North Sydney NSW 2060

By email:

Dear Mr Lim

Theta Gold Mines Limited ('TGM'): Appendix 5B Query

ASX refers to TGM's Appendix 5B quarterly report for the period ended 31 March 2019 lodged with ASX Market Announcements Platform on 30 April 2019 (the 'Appendix 5B').

ASX notes that TGM has reported:

- negative net operating cash flows for the quarter of \$1,479,000;
- cash at the end of the quarter of \$113,000; and
- estimated cash outflows for the next quarter of \$2,200,000.

It is possible to conclude, based on the information in the Appendix 5B that if TGM were to continue to expend cash at the rate indicated by the Appendix 5B, TGM may not have sufficient cash to continue funding its operations.

In view of that, ASX asks TGM to respond separately to each of the following questions and requests for information:

1. Does TGM expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has TGM 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?
3. Does TGM expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that TGM is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.
5. Please confirm that TGM's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of TGM with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **4:00 PM AEST Tuesday, 7 May 2019**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in TGM's securities under Listing Rule 17.3. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, TGM's obligation is to

disclose the information “immediately”. This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at ListingsComplianceSydney@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1 and Listing Rule 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to TGM’s obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that TGM’s obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in TGM’s securities under Listing Rule 17.1. If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Kind regards



Alex Sutton
Compliance Adviser, Geology, Listings Compliance (Sydney)