

27 August 2020

ASX ANNOUNCEMENT

Project Development and Financing Negotiations Advance for Theta Gold Project

Theta Gold Mines Limited (“Theta Gold” or “Company”) (ASX: TGM, TGMO | OTCQB: TGMGF) is pleased to report on continued project development initiatives at the Starter Theta Project. The team in South Africa is fully operational onsite and has completed the following activities:

1. a geotechnical drill program;
2. geophysical survey work to inform waste rock dumps and pollution control dams.

Further details on these project development initiatives are listed below:

- A 35-hole RC and diamond drill program for geotechnical studies;
- Completion of 11 geotechnical test pits;
- Completion of a 5 km² gravity survey.

Theta Gold is also pleased to confirm that financing negotiations with a number of parties are advancing well with some now moving towards the next stage. The Company is focused on pursuing opportunities that result in minimal dilution to shareholders and a number of attractive propositions are being assessed by the Board.



Figure 1: Triple core diamond drill Rig collecting orientated core for engineering studies

Geotechnical Assessment

As part of the detailed engineering design for the mining structures, a geotechnical assessment was carried out at the footprints for the waste rock dumps and pollution control dams for the project. See Appendix A Geotechnical Drilling, Appendix B Test Pits and Appendix C Gravity Survey. The main areas assessed were the Iota Waste Rock Dump North; Iota Pollution Control Dam; Wishbone Waste Rock; the dump which will accommodate the Browns and Theta Pits initial waste, and Wishbone Pollution Control Dam.



Figure 2: Test pits for ground stability

Comment

Theta Gold Chairman Mr Bill Guy stated, “The Company continues to advance the Theta Gold Project and has now completed a number of critical project development initiatives including the onsite geophysics, geotechnical drilling and sampling to support engineering studies and then progress to the detailed engineering and civils designs for implementation. This is a large and important body of work.

“We are also pleased to confirm very encouraging engagement from a number of potential project financiers that have now completed an extensive review of the project, the financial returns it could potentially generate as well as a thorough risk assessment. Feedback has been pleasing and several are moving to the next stage. We look forward to providing updates on this process very soon and delivering more critical project development milestones. All activities are tracking to plan.”

This announcement was authorised for release by the Board of Theta Gold Mines Limited.

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ABOUT THETA GOLD MINES LIMITED

Theta Gold Mines Limited (ASX: TGM, TGMO | 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 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, 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.

Appendix A -Geotechnical Drilling

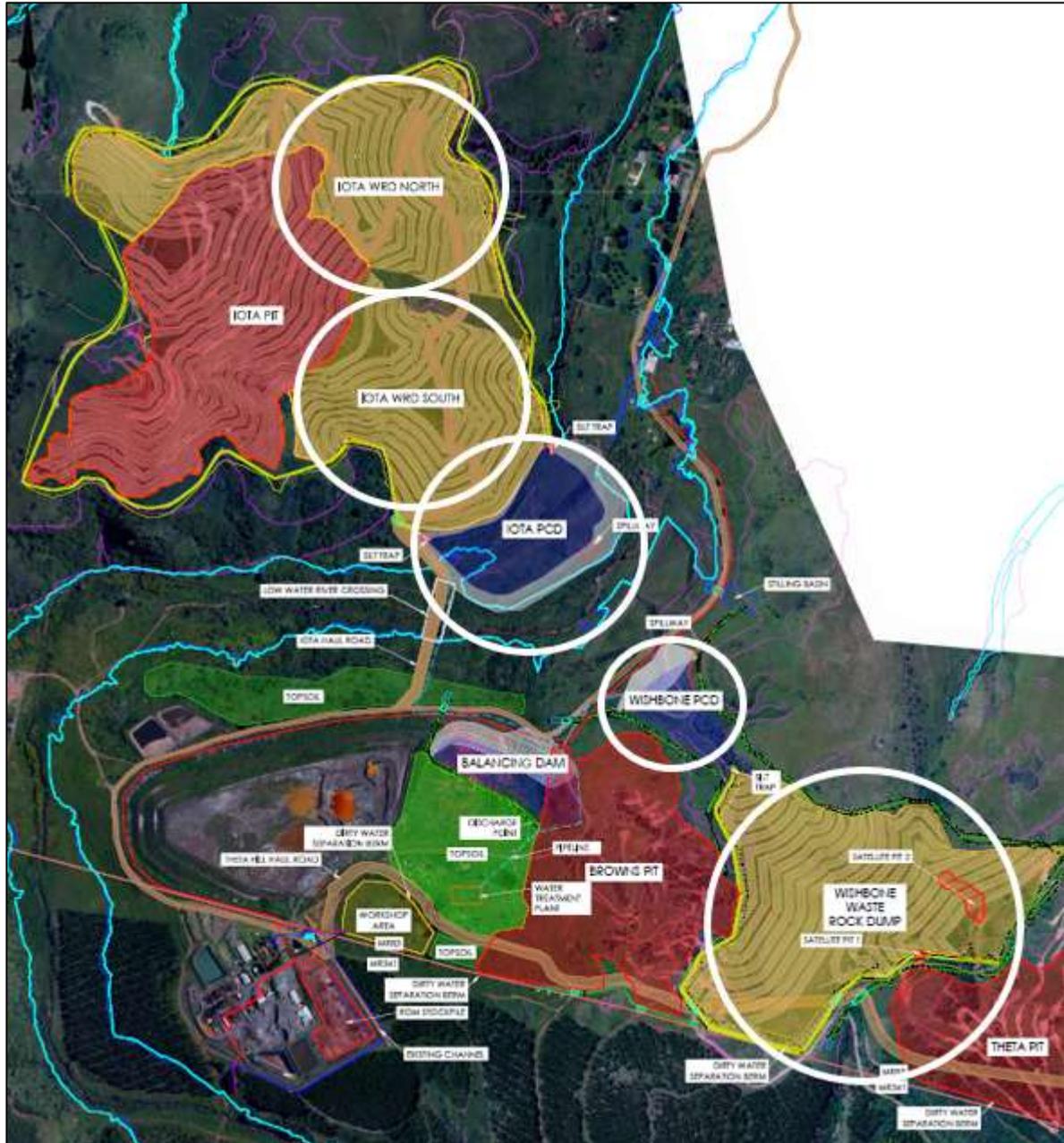


Figure 3: Mine site Layout

The assessment followed a three-step approach:

1. Test pits on the footprint areas and soils sent for geotechnical evaluation
2. Geophysical assessment of targeted areas
3. RC and Triple Core drilling in identified areas of geotechnical concern

The data gathered from this work has then been used to inform the engineering designs of the waste rock dumps and pollution control dams.

Following the geophysical interpretation, the design engineers selected a total of 43 drill hole locations for Reverse Circulation and Diamond Core drilling. The company then brought in two drilling contractors to complete the drilling activities, Torque Africa (involved with the Theta Project drilling campaign) and Enviro Geotech Drilling Services. Both contractors were selected specifically because they could provide mobile rigs that could access steep topography with minimal requirements for access construction.



Figure 4: Track Mounted Reverse Circulation Drill Rig and Compressor



Figure 5: Mobile Core Drill Rig

A total of 1,260 metres of RC and 137 metres of diamond core drilling was completed as part of the assessment. The RC chips and core are being evaluated with final results expected in September 2020. The program has however demonstrated that the designs as proposed for the various structures will meet the required engineering and safety standards for structures of this nature. The engineers will now

progress with the finalisation of the design reports and once the confirmatory analysis results are back from the laboratory, the reports will be submitted for design approval to the appropriate government authorities and as part of the Water Use License Application.

Appendix B Test Pits

A total of 11 test pits were excavated, inspected, profiled, photographed and sampled by a geotechnical engineer. The samples were then sent to a laboratory for foundation indicator testing (sieve and hydrometer analyses plus Atterberg Limits).

Based on the visual inspections during the field investigation and the laboratory test results, it is considered unlikely that any highly expansive soils will be encountered such as to necessitate extensive remedial measures for the structures placed over them.



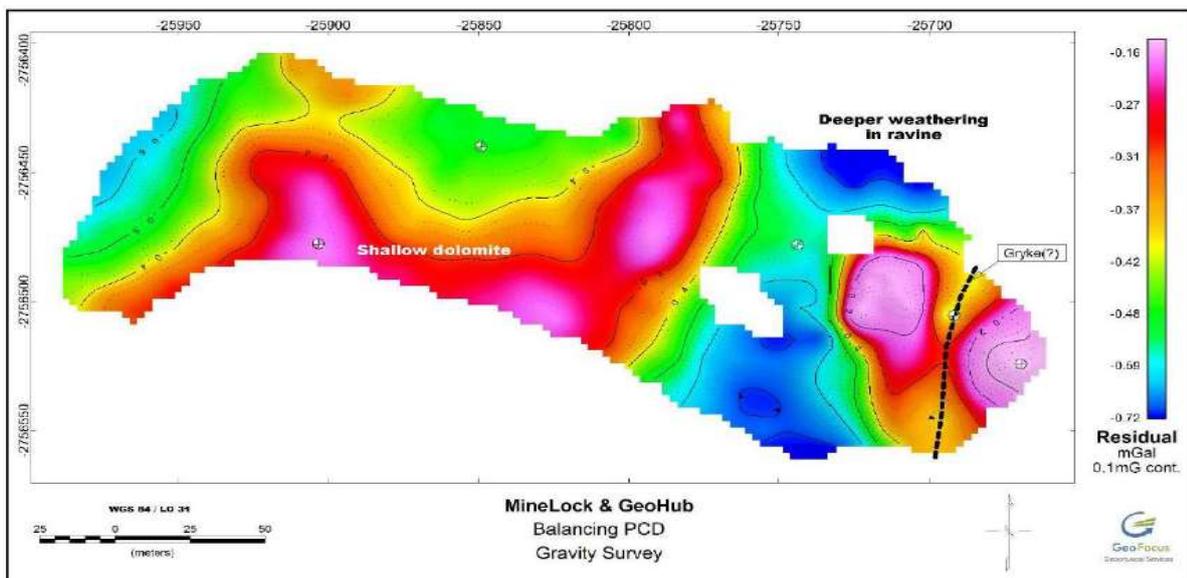
Appendix C Geophysical Assessment

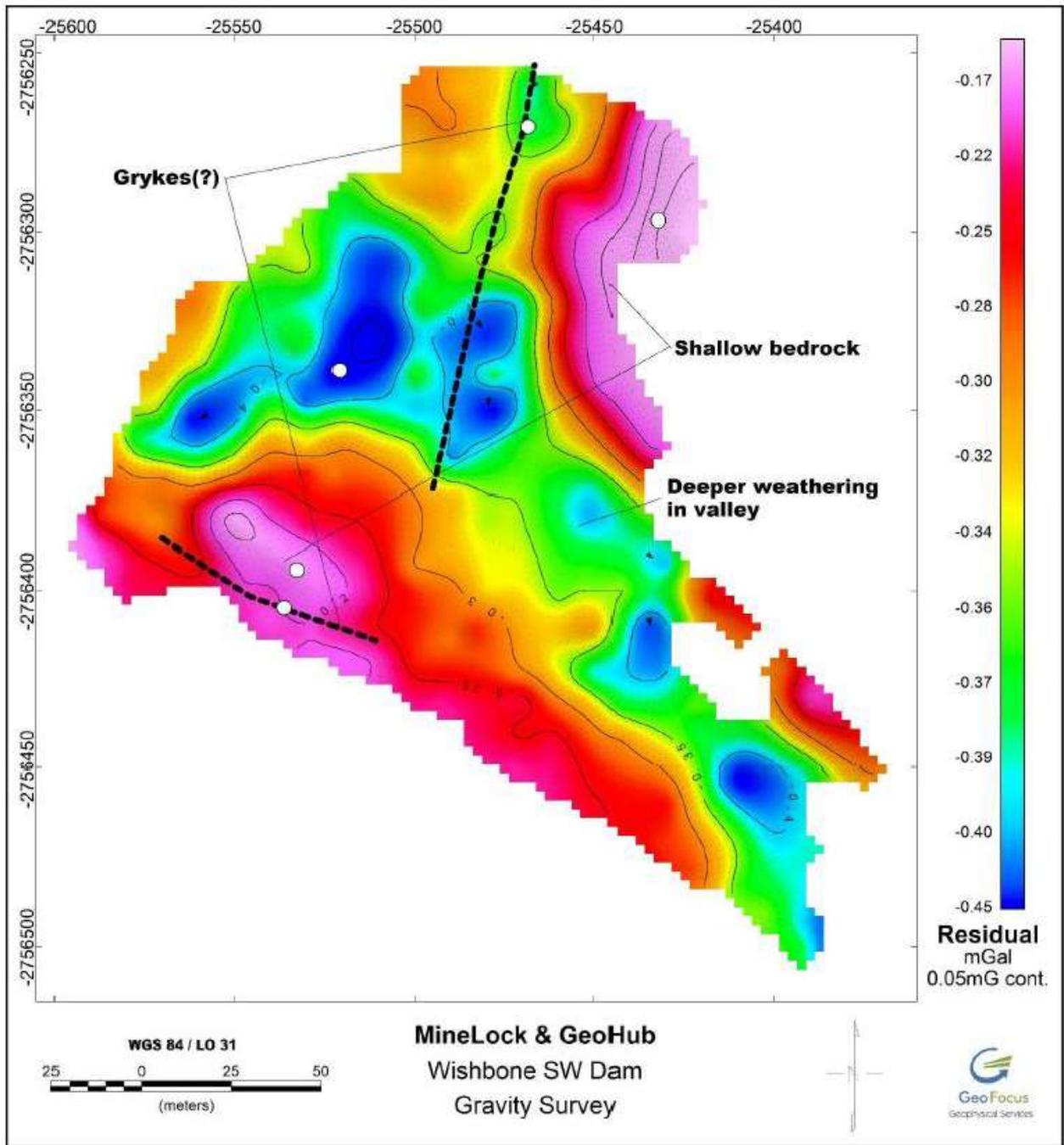
In order to accurately locate the boreholes required for the geotechnical work, a geophysical assessment was done over the footprints of the various structures proposed. The work was done using a Scintrex CG5 gravimeter whilst a Differential GPS (DGPS) recorded station locations for a total of 94.8 ha assessed.

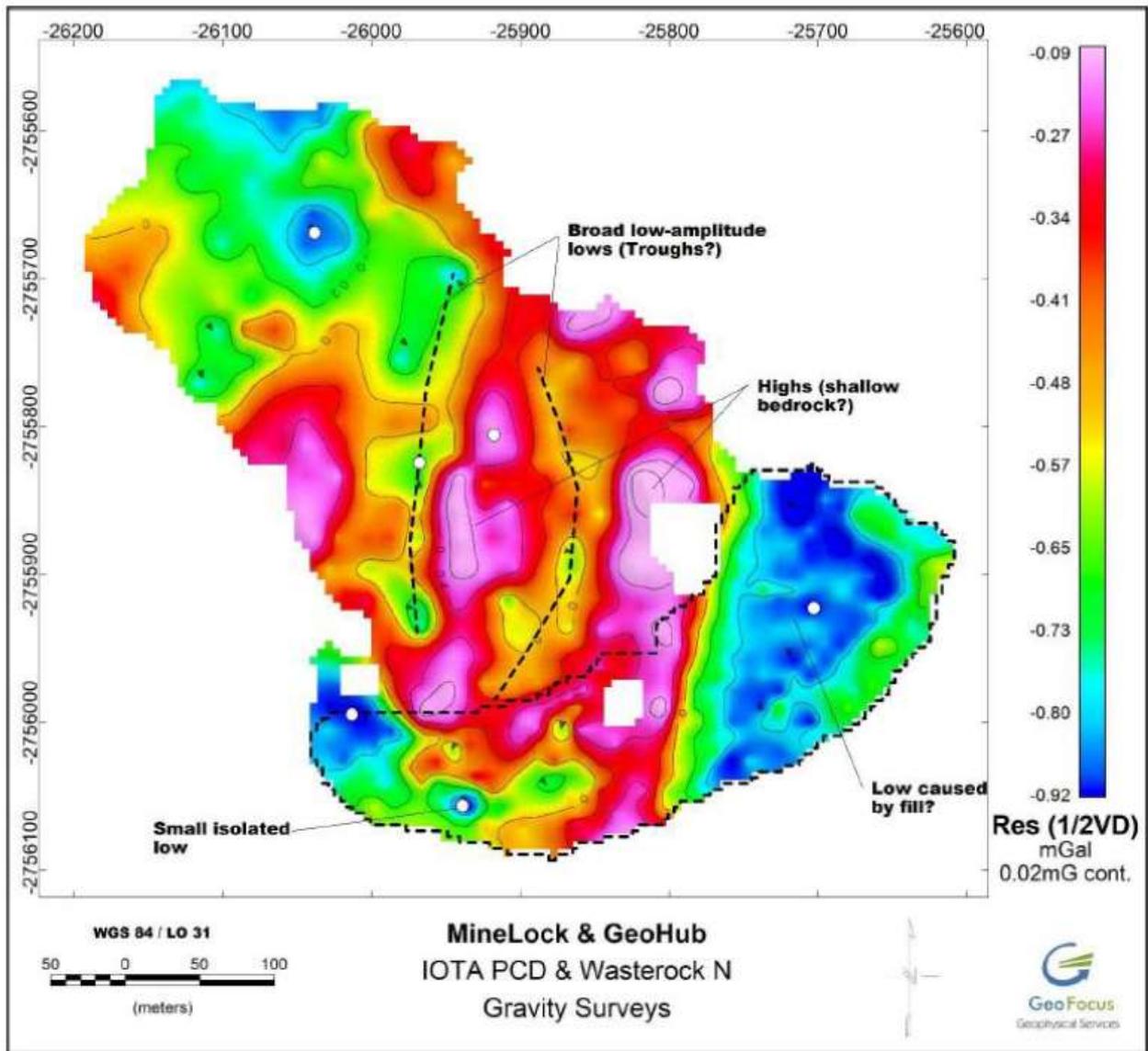


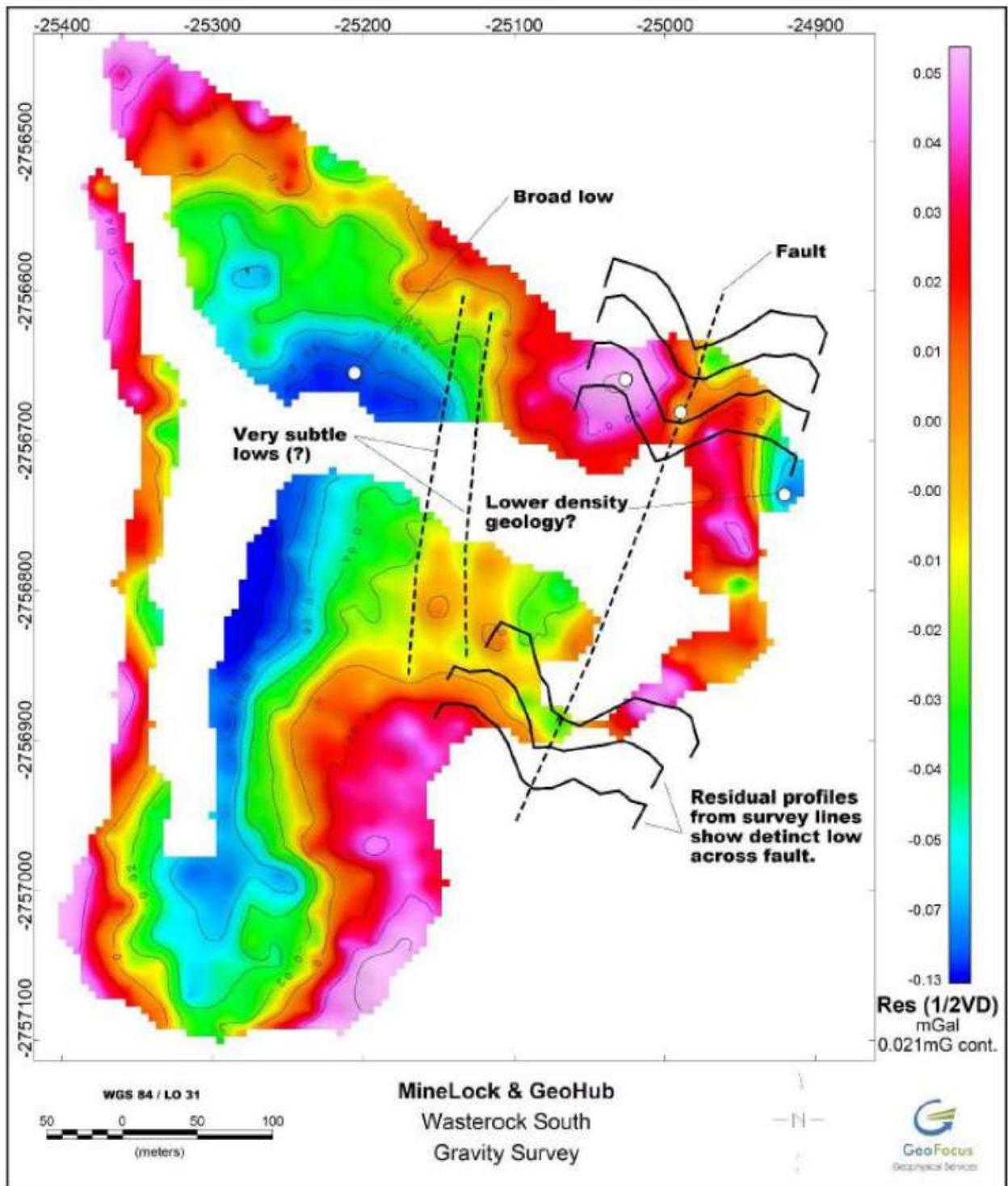
Figure 6: Location map of TGME gravity surveys. Plant (red), Balancing PCD (blue), Wishbone SW Dam & FSL (yellow), IOTA PCD (green), Wasterock N (purple), Wasterock S (cyan) & fault lines (white)

The following images show the interpreted results from the geophysical assessment of the various areas proposed for further assessment.









Geophysical Processing

(Standard processing procedures were applied, firstly reducing the data to relative Bouguer values by applying Earth Tide (ET), elevation and Bouguer corrections. Geosoft's proprietary terrain corrections software was used to apply terrain corrections to the data using a high resolution DTM (digital terrain model) made available by the client. The regional gravity field, calculated by fitting a 1st order plane to the data, was removed from the Bouguer gravity to produce a residual gravity map. In some cases a vertical derivative was applied to the residual gravity which has the effect of enhancing subtle changes while further removing a trend, this was done to facilitate a general interpretation.)