

Southern Cross Goldfields Limited - Capital Management Program

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Brisbane, Australia - Dec 23, 2013 - [Southern Cross Goldfields Ltd](#) (ASX: SXG) ("SXG" or "the Company") announced the start of a program to rationalise its portfolio of assets with the aim of prioritising its capital. The rationalisation encompasses ceasing involvement in various earn-in agreements as well as seeking expressions of interest for certain non-core assets. PCF Capital Group has been mandated to coordinate the process of soliciting expressions of interest.

"Emerging companies have always faced the dilemma of balancing a desire for diversification with their responsibility to improve core assets in a timely manner," Managing Director Frank Terranova said.

"Shareholders expect value to be added regardless of market conditions and though our non-core assets have substantial latent value, our focus must remain on maximising growth in the shortest possible time frame."

The process to date has involved the withdrawal of the following earn-in agreements.

1. Radio Mine (Renaissance)

In August 2011, SXG announced that it had reached agreement with Renaissance Minerals Limited (ASX: RNS) ("Renaissance") to enter into a farm-in agreement at the historic, high-grade Radio Gold Mine in the Southern Cross region of Western Australia. The farm-in was a further step to consolidate SXG's dominant and strategic ground holding in the Marda and Southern Cross regions of Western Australia and add an exciting new high-grade gold production opportunity at the Radio Gold Mine. The farm-in required SXG to meet a minimum expenditure commitment of \$0.25M within twelve months of completion with the first earn-in to a 50% interest in the Radio Gold Mine to be achieved by spending \$1.5M on exploration and development within two years of completion.

As part of SXG's focus on capital discipline a decision has been made not to complete the first earn-in (which would have required an additional \$1.25M of expenditure by May 2014). SXG will retain no interest in the Radio Gold Mine following this decision. The withdrawal from this arrangement will reduce the cash flow requirement of SXG by approximately \$1.25M over the next six months.

2. Turner River (DeGrey)

Tenements comprising the Turner River Gold and Base Metals projects are the subject of a farm-in and joint venture agreement with [De Grey Mining Ltd.](#) (ASX: DEG) ("De Grey") under which SXG may earn a 75% interest in the project by funding exploration expenditure of \$2.0M and \$1.5M respectively over three years, the earn-in period having commenced on 6 May 2011. SXG has earned into the Turner River Gold Project, and with total exploration expenditure to date of approximately \$2.8M this leaves a remaining expenditure requirement of \$0.7M by May 2014 to complete the earn-in to the Turner River Base Metals Project.

SXG must satisfy government expenditure commitments for the tenements across both projects as well as expenditure commitments defined in the farm-in and joint venture agreements. However, as part of SXG's focus on capital discipline, a decision has been made not to complete the Turner River Base Metals Project farm-in expenditure and to withdraw from the Turner River Gold Project. Both these actions combine to reduce the cash flow requirements of SXG by approximately \$1.2M over the next six months.

In addition to realising cost savings through withdrawal from these agreements, SXG has mandated PCF Capital Group to coordinate expressions of interest for the following assets in the portfolio.

1. Mt Boppy and Canbelego

The project possesses near-term production potential and was the flagship asset of Polymetals Mining Limited (formerly ASX PLY) prior to merging with SXG in August 2013. SXG continues to assess a number

of methods to extract the latent value in this project which range from a customised joint venture through to an outright sale of the project and tenements.

SXG holds 204km² of tenements in the prospective Lachlan Fold Belt centred on Canbelego, located 46km east of Cobar in New South Wales. The region has produced in excess of 5Moz of gold. The Mt Boppy mine itself has historical production of 490koz gold. Given its prospective nature, the project has a multi-element strategy of re-developing the mine, identifying additional feed to extend its life, as well as seeking similar Mt Boppy style deposits across the property via targeted exploration.

In addition to the robust economics, the project also has strategic value through re-development of its existing processing infrastructure in the highly prospective and prolific Lachlan Fold Belt, which is the subject of extensive exploration activity by a number of companies.

Mt Boppy permits and licences

Key licences have been approved - Mining Lease ML1681 and Environmental Protection Licence 20192 were granted in January 2013.

For more information on Mt Boppy refer to Polymetals Mining Limited's (PLY) ASX release dated 29 January 2013.

2. Sandstone Resource package

In August 2012, SXG announced that it had reached agreement to purchase the Sandstone Gold Project from [Troy Resources Ltd.](#) (ASX:TRY). The Sandstone Gold Project included a 600ktpa CIL gold plant, a 100-person camp and exploration compound, a resource inventory totalling 14.5Mt @ 1.5g/t Au for 720koz gold and an 1,100km² exploration tenement package including numerous advanced resource targets and walk-up exploration targets. The internal review of the Marda Gold Project's Feasibility Study (see SXG announcement of 10 December 2013) has been based on the full utilisation of the Sandstone Gold Project processing plant and accommodation camp with appropriate refurbishment and relocation to Marda.

In November 2013, SXG received \$2.7M in returned bonds relating to the Sandstone Gold Project environmental obligation after early adoption of the Western Australian Government Mine Rehabilitation Fund. The Sandstone tenure package contains a resource inventory on granted mining leases (refer Table 3) and 1,100km² exploration tenement package including numerous advanced resource targets and walk-up exploration targets.

SXG acknowledges that its Sandstone tenement package is strongly mineralised and holds good exploration potential for further gold discoveries and extensions to known deposits. Nonetheless, the case for relocating the Sandstone plant to Marda is compelling.

3. Southern Cross District - peripheral tenement rationalisation

The Company has identified sub-projects in the district which do not support its growth strategy. These will be sold or rationalised to reduce holding costs without compromising the Marda Gold Project.

"Emerging companies cannot simply collect or possess assets with no plan to progress them in a timely manner," Frank Terranova said.

"Prioritising the use of capital remains a core focus for SXG and its current team have a strong track record in doing this. Corporate hibernation is not an option for SXG. We are committed to growth with current market conditions providing opportunities for companies to restructure their portfolios. The recent SXG and PLY merger being testament to such opportunities" he added.

To view tables and figures, please visit:

<http://media.abnnewswire.net/media/en/docs/ASX-SXG-662885.pdf>

About Southern Cross Goldfields Limited:

[Southern Cross Goldfields](#) (ASX Ticker: SXG) is an Australian mining and exploration company that is on the move. Investors in SXG are exposed to a compelling combination of near-term cash flow and outstanding

exploration potential in the gold sector.

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