

Theta Gold Mines Limited: Optimised Theta Project Delivers Additional 40,000 Oz Gold

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Sydney, Australia - [Theta Gold Mines Ltd.](#) (ASX:TGM) (OTCMKTS:TGMGF) is pleased to announce a new optimised mine schedule for its Theta Open Pit Starter Project that adds 40,000 oz of gold over the Feasibility Study released in May 2019.

The new Mine schedule significantly improves the metrics of the project (see Table 1*) over the May 2019 Feasibility Study (May '19 FS), has a reduced environmental footprint, reflects an increase in the production rate from 500 ktpa to 600 ktpa, includes the mining of several old mine waste rock dumps and increases the overall mine operational flexibility.

HIGHLIGHTS

(All numbers in USD and financials based on USD 1 500/oz gold price and 16.00 ZAR/USD)

- Pay-back period reduced to 8 months (May '19 FS: 14 months payback period)
- 260 koz delivered to plant over Life of Mine ("LoM") (May '19 FS: 219 koz Au)
- First year production of 49.5 koz (May '19 FS: 46.3 koz)
- Life of Mine (LoM) 6.5 years (May '19 FS: 5 years)
- US\$150.2 million EBITDA over LoM (May '19 FS: \$99.6 million LoM)
- Internal Rate of Return 123% (May '19 FS: 65.1%)
- US\$85 million Net Present Value (May '19 FS: \$50 million NPV)
- US\$855/oz all-in sustaining cost (AISC) LoM, bottom quartile for South Africa producers (May '19 FS: \$760/oz cost ("AISC") over the 5-year LoM)
- Total Capital Cost US\$31.4 million includes 20% plant throughput increase and at 16.00 ZAR/USD (May '19 FS: \$34.3 million at 14.01 ZAR/USD)
- There remains significant resource development upside from the contiguous southerly extension of the Theta Hill mineralisation into Mining Right 341 and other open cut resources nearby - this is no change from the May '19 FS and, for clarity, these additional resources have not been included in the May '19 FS or this Optimised Study.

The Theta Open-pit Starter Project includes the Columbia Hill deposit and part of the Theta Hill deposit within Mining Right 83 ("MR83") (Figure 1*) in the Pilgrims Rest area of South Africa.

Waste Rock dumps of various sizes and from four main areas which were sampled by Rand Mines in the 1990's are now included in the new mine schedule and add easy gold ounces for the planned mine operations. The bulk of the waste rock dumps (75%) have been scheduled to be processed in the last year of Mine Schedule and as such have limited effect on the payback period.

The payback period has been reduced from 14 months in the May '19 FS to 8 months. The optimized mine schedule has reduced initial overburden removal by mining smaller pits and also has improved revenue streams as a result of increased ZAR gold prices.

The Optimised Study reflects strong project economics and commercial viability across a range of gold prices. The new mine schedule significantly enhances all the project economics despite a reduction in the LoM grade.

Table 1 below sets out the comparison of the initial May '19 FS to the Optimised Study at various gold price scenarios. Salient details between the Optimised Study run at \$1 500/oz vs the May'19 FS base case at \$1

257/oz include:

1. The IRR nearly doubling from 65% to 123%;
2. Mine life increases from 5 years to over 6.5 years;
3. EBITDA increases by \$50 million over the LoM to \$150 million; and
4. NPV increases by \$35 million to \$85 million.

The company continues to honor its commitment to improving the project economics and expansion of the production profile. The team has delivered a new optimized mine schedule, completed a draft mining contract, delivered the mill to site and has initiated and received initial feedback as part of the plant construction contract which is all a clear demonstration that the project is moving forward.

The company has a five-year plan which targets 4 mine developments, Theta open-pit Starter Project (MR83 only), Theta open pit extension (MR341) and the Rietfontein and Beta underground mines. This 4-mine strategy provides the company with a clear growth strategy at a combined open pit and underground resource of over 2.75 Moz with only the Theta Project Starter Pit portion of this resource included in the Optimised Study. All ore is planned to be processed within the permitted TGME plant footprint area with the new 600 ktpa CIL plant designed to be readily expanded to cater for 1.2 Mtpa of oxide ore with a modest capital expenditure and minimal operational down time. Expansions for the processing of underground ore can also be readily achieved within the footprint and tied into the new 600 ktpa plant.

Chairman Mr Bill Guy stated, "The new optimised mine schedule is a credit to the team and the work and energy put into the Theta Open pit Starter project has been rewarded. The new mine schedule demonstrates clear robust project economics, with more gold extracted and greater value for the shareholders.

At Theta Gold the resource pipeline into the future is strong, and the grandeur of resources and geology in South Africa should not be underestimated. As gold is now finding favor again, the Company is keen to be part of the South African mining industry that has produced in tonnage terms of gold bullion more tons of gold than any other country. Over 40% of world gold has come from the small corner of South Africa, we call home.

During this quarter, and while the team is restricted in movements due to the coronavirus lock down, we will continue to progress the mining contract through to a final document with a preferred contractor, amend the EIA and resubmit it so we can readily implement the expanded mine schedule, progress discussion with five engineering firms tendering for the TGME gold plant construction.

The Board's eye is firmly on the near-term development into gold production and in the medium term to grow the production profile as we develop and bring more mines on stream. We are building a sustainable business for long term benefits for all shareholders and our local community. "

Optimised Study Mine Schedule Summary

The optimized schedule allows for a life of mine ("LOM") of 6.5 years and design takes into consideration the company's commitment to be an environmentally responsible miner.

The Ore Reserves estimated for the Theta Project represent the Iota section of Columbia Hill, and approximately 35% of the Theta Hill and Browns Hill deposits within the MR83 boundary. The Theta Hill and Browns Hill deposits extend to the south and into Mining Right 341 ("MR341") (Figure 1*). MR83 is fully permitted for underground mining and an amendment to include open pit mining is in progress. There is an inclusion of a portion of historical waste rock dumps (inferred resources) in the schedule, albeit that 75% of this material is processed at the end of the mining schedule. The dumps are within a short trucking distances of the gold plant (average ~4 km).

Further expansion opportunity exists to extend the project to the south into MR341 and this will be considered in future development work.

A whole new CIL Plant has been planned and recently redesigned to treat ore at a rate of 600 ktpa and increased by 20% from the May '19 FS (see ASX release 28 Jan 2020 "Results of the Independent Plant Design Optimisation Study"). Annual plant throughput and total deposition volume is constrained by the current approved Tailings Storage Facility ("TSF") at 600 ktpa and 2.5 Mt respectively. Future tailings dam expansions have also been considered in the study and will require design and approvals before implementation.

All processing layouts were configured in and around the existing CIL Plant infrastructure to allow for

potential future plant expansions. The plant capital has allowed for all new equipment, except for the mill (see ASX release 2 Oct 2019 : "Theta Agrees to Purchase Mill Operated by Glencore") An opportunity therefore exists to make use of further high-quality refurbished equipment which may lead to further capital cost savings.

Financial Summary

Financial modelling was completed over a range of gold and exchange rates to reflect low, mid and high gold and exchange rate scenarios and are labelled Lower Case, Base Case and Stretch case respectively. Unless otherwise stated, the company has considered the Base Case as its primary financial model as it still reflects a conservative approach in the current market environment. All the financial metrics are improved over the feasibility study released in May 2019 and at all scenarios modelled, and clearly demonstrate that modern mining methods being applied to this field for the first time are certainly economically feasible.

*To view the full report, including tables and figures, please visit:
<https://abnnewswire.net/lnk/4X45KQ90>

About Theta Gold Mines Limited:

[Theta Gold Mines Ltd.](#) (ASX:TGM) (OTCMKTS: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 Mines 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 Mines has access to over 43 historical mines and prospect areas that can be accessed and explored, with over 6.7Moz of historical production recorded.

Source:

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