

Theta Gold Mines Limited: Half Year Accounts 31 December 2020

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Sydney, Australia - During the half year, [Theta Gold Mines Ltd.](#) (ASX:TGM) (OTCMKTS:TGMGF) appointed two highly experienced underground miners to head its South African management team. Mr Mitford Mundell was appointed as Chief Executive Officer - Africa and Mr Jacques du Triou as Chief Operating Officer.

Both Mr Mundell and Mr du Triou have extensive experience in the mining sector in South Africa and have worked and consulted to some of Africa's largest mining companies including Harmony Gold, De Beers Mining Corporation, Namakwa Diamonds and Anglo American.

Both executives have extensive proven track record in project development and project delivery. Mr Mundell and Mr du Triou's appointments strengthens the Company's in country operations team and their skill sets align to the Company's near term development and pending production activities. The Managing Director, Mr Robert Thomson stepped down from executive duties with effect from 5 August 2020.

Theta Open-Pit Project

The feasibility study on the Theta Open-Pit Project was completed in May 2019. An Optimisation Study on the project was completed in April 2020 which delivered improved economics for the development of the project.

Whilst the relevant mining right (MR83) is permitted for underground mining, an amendment is required to conduct open-pit mining. An application for an Environmental Authorisation for open-pit mining has been lodged with the South African Department of Mineral Resources and Energy.

Underground Mines Development

Following the appointment of Mr Mundell and Mr du Triou, both experienced underground miners, the Company commenced a review of the underground mines, with the view to bringing forward the development of the underground mines for early production as part of the Company's Five-Year >160,000oz per annum production plan.

Many mines owned by the Company present opportunities to restart close to surface, predeveloped mining faces, and due to the generally good ground conditions many of the old workings are still in good accessible condition.

The Board has approved a Pre-Feasibility Study (PFS) on the potential underground mining operations covering three mines, Beta, Frankfort and Clewer Dukes Morgons (CDM). Collectively the three mines will form the TGME Underground Project. The PFS will build on the scoping study completed in May 2017 on the Rietfontein/Beta Mines. The PFS will target only existing Measured and Indicated mineral resources and is expected to produce a maiden underground mining reserve for the TGME Underground Project.

INVESTMENT IN BULLION ASSET MANAGEMENT

As announced on 20 January 2021, the Company has taken an equity investment in Bullion Asset Management Services Pte Ltd ("BAM"), a Singapore-based technology company focused on financing, tokenization of physical gold bullion and precious metals trading. The investment brings to Theta Gold a strategic partner in Asia that is at the forefront of bullion and precious metals trading and financing.

The Company has subscribed for A\$700,000 worth of shares in BAM at an issue price of US\$1.00 per share. In consideration, the Company has issued 2,087,682 Theta Gold shares to BAM at an issue price of \$0.33 per share. The Theta Gold shares are subject to 6 months voluntary escrow. This initial investment makes Theta Gold a top 5 shareholder in BAM, holding approximately 5% of the total issued capital of BAM, alongside the 3 largest shareholders, founding shareholder Decentralised Capital Pte Ltd, Jaggards Trading Pty Ltd and DigitalX Ltd (ASX:DCC).

As part of the transaction, the Company has the option to:

- acquire a further 10% of BAM on or before 17 January 2022, taking its shareholding in BAM to

approximately 15%

o First Option - the Company has the option to subscribe for a further A\$700,000 worth of BAM shares, on or before 17 April 2021, at an issue price of US\$1.00 per share in consideration for the issue of further Theta Gold shares at an issue price equal to the 30-days-VWAP prior to the issue date. The Theta Gold shares issued under the First Option will be subject to 9 months voluntary escrow.

o Second Option - Subject to the Company exercising the First Option, it has been granted a second option to subscribe for a further A\$700,000 worth of BAM shares, on or before 17 January 2022, at an issue price of US\$1.25 per share in consideration for the issue of further Theta Gold shares at an issue price equal to the 30-days-VWAP prior to the issue date.

- appoint a non Australian resident director to the board of BAM after 17 January 2023 if its shareholding in BAM exceeds 10% at that time;

- co-invest in up to 50% of any future gold mining asset acquisitions (advance gold projects or operating mines) by BAM before 31 December 2025.

FINANCIAL RESULT

The consolidated loss after income tax for the six months ended 31 December 2020 was US\$2,733,000 (31 December 2019: US\$2,699,000). The loss largely represents the consolidated entity's operating costs for the half year, including exploration expenditure, finance costs, general administration and corporate costs, non-cash share-based payment expense and option premium expense arising from the extension of the escrow period on certain shares.

FINANCIAL POSITION AND CASHFLOW

The Company raised US\$3,211,000 before issue expenses during the half year through share placements and the exercise of options. As stated in Note 4(b), a shareholder has provided the Company with a A\$1,000,000 short term loan facility, of which US\$270,000 (A\$350,000) was drawn in December 2020.

The funds raised were applied towards exploration activities, administration and corporate costs. At balance date, the Group had US\$388,000 in cash.

The Company's only material interest-bearing debt is a loan from a company associated with Mr Simon Liu, a director of the Company. The loan and accrued interest are reflected in the financial statements as a current liability amounting to US\$6,794,000. However, the loan is subject to a written arrangement with the controller of the loan which caps it at A\$4,920,000.

OTC MARKETS LISTING

The Company's shares are dual listed on the OTCQB market in the United States under the code TGMGF. The Company's primary listing is on the Australian Securities Exchange.

The Company's application for DTC eligibility with the Depository Trust and Clearing Corporation (DTC), part of the US Federal Reserve System, was approved during the half year.

DTC eligibility 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 restricted trading through market makers. It will enable electronic clearing and settlement of the shares traded on OTCQB, which will provide easier access for North American investors to invest in the Company.

OUTLOOK

The Company remains focused on pursuing the development of starter mining operation. The Company has considerable optionality across its vast asset base. It will continue to assess the potential underground development in parallel with the Theta Open-pit Project.

To view the full report, please visit:
<https://abnnewswire.net/lnk/61LNUX5K>

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:

[Theta Gold Mines Ltd.](#)

Contact:

Bill Guy, Chairman [Theta Gold Mines Ltd.](#) T: +61-2-8046-7584 E: billg@thetagoldmines.com

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