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Thalassa Holdings Limited - THAL Proposed Placing of Investment in Papua Mining plc
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Thalassa Holdings Ltd

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("Thalassa" or "the Company")

Proposed placing of investment in Papua Mining plc ("Papua")

The board of Thalassa is pleased to announce that it has agreed to the conditional placing of the 40,000,000 ordinary shares the Company owns in Papua. The placing price is 1.15 pence per share and the Company paid 1 pence per share to acquire these shares in September 2016. Papua's announcement of today is repeated in full below.

Duncan Soukup, Chairman said: "Over the last twelve months we have considered a number of opportunities for Papua Mining plc. A transaction has been identified by the Papua board and Thalassa has decided to sell its shares in Papua as part of this placing. We wish Papua well with its endeavours."

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Note to Editors:

Thalassa Holdings Ltd, incorporated and registered in the BVI and quoted on AIM, is a holding company currently with positions in Energy Services, Defence and Homeland Security and Real Estate.

This announcement contains inside information

Papua Mining plc

("Papua" or "the Company")

**Proposed Acquisition of BGM Investments Pty Ltd ("BGM"),
conditional Placing to raise up to £2,000,000 through the Placing of up to
133,913,044 New Placing Shares and
Placing of 40,000,000 Thalassa Placing Shares and
Proposed Board Changes**

Papua Mining (LON: PML), the natural resource exploration company, is pleased to announce a proposed strategic acquisition of precious and base metal interests in Australia.

Highlights:

- Conditional acquisition of BGM, a private Australian company with three projects covering gold, copper, silver and zinc exploration targets in Queensland, north eastern Australia;
- Acquisition cost of £648,000 payable through the issue of 52 million Papua shares at 1.15p per share (totaling £598,000 in shares and fixed at the mid-market price at the time the transaction was provisionally agreed) together with £50,000 cash;
- Conditional placing to raise £1.85 million at 1.15p per share which includes the proceeds of the disposal of 40,000,000 Ordinary Shares by Thalassa Holdings Limited. The balance of £1,390,000 (before expenses) to be applied to working capital for Papua and its diversified portfolio;
- In addition, Michael Somerset-Leeke, a director of the Company, has indicated an intention to subscribe for up to £149,500 of new shares at a price no less than the proposed placing price of 1.15p per share;
- Proposed appointment of David Price and John Haggman, both current shareholders and directors of BGM as CEO and Technical Director respectively. Paul Johnson becomes a new non-executive director;
- Proposed board members to invest £118,400 in the Placing;
- The Company intends to use the net proceeds of the Placing to carry out further exploration of the licences in Queensland and maintain the Company's projects in PNG; and
- Transaction subject to shareholder approval at a General Meeting. A circular and notice of General Meeting is expected to be published shortly.

Hugh McCullough, Director of Papua Mining commented: "After an extensive search for new opportunities we are delighted to announce this

proposed acquisition, which we believe will refresh and reinvigorate Papua Mining.

Our work in Papua New Guinea has advanced materially our knowledge of the targets in country where we are searching for high-impact copper porphyries, and following that work we now have an extensive geological database that we believe holds considerable value.

We recognise however that the market is keen to see the Company broaden its interests and consider the project portfolio of BGM is ideally placed to deliver rapid yet moderate cost exploration findings in a well-known and highly prospective area of Australia.

The balanced mix of interests, with copper, silver, zinc and gold at the core, provides inherent resilience with the robust strength in copper and zinc commodity pricing of late, complemented by the protective nature of precious metal - gold interests should there be a flight to safety reflecting world political and economic events.

I would like to thank shareholders for their continuing support, and welcome our new shareholders as we embark on this exciting opportunity in Australia.

I would also like to thank the outgoing directors who have served, for little or no compensation, during the turbulent times of recent years given the difficult market for resource juniors."

Transaction Information

Papua has entered into a conditional acquisition agreement (the "Acquisition Agreement") to acquire the entire issued share capital of BGM (the "Acquisition"), a private company focused on base and precious metals exploration in North Queensland for a consideration of £648,000 to be satisfied by way of £50,000 in cash and £598,000 by way of the allotment and issue of 52,000,000 ordinary shares in the Company of £0.001 each ("Ordinary Shares") to be issued fully paid at a price of £0.0115 per Ordinary Share (the "Consideration Shares").

The Company has, pursuant to a placing agreement entered into with First Equity Limited ("First Equity") ("Placing Agreement"), conditionally raised up to £2.0 million (before expenses) through the issue of up to 133,913,044 new Ordinary Shares at a price of £0.0115 per Ordinary Share ("New Placing Shares"). 120,913,044 of the New Placing Shares have been conditionally placed with new and existing investors, including the proposed new directors of Papua, and Michael Somerset-Leeke, a director of the Company, has indicated an intention to subscribe for up to 13,000,000 of new shares at a price no less than the proposed placing price of £0.0115 per share.

Thalassa Holdings Limited ("Thalassa"), which currently owns 40,000,000 Ordinary Shares in Papua, representing 26.32 per cent of the existing share capital of the Company, informed the Company that it would like to divest its holding in Papua as part of any significant issue of new ordinary shares. Therefore, as part of the placing of the New Placing Shares and pursuant to the Placing Agreement, all shares currently held by Thalassa (the "Thalassa Placing Shares") have been conditionally placed with placees (collectively the "Placing"). In addition, First Equity and Thalassa have entered into a selling shareholder agreement in order to facilitate the Placing of the Thalassa Placing Shares.

The places of the New Placing Shares and the Thalassa Placing Shares (together, the "Placing Shares") will also be issued one warrant for every one Placing Share acquired by them. Each warrant will entitle the holder to subscribe for one new Ordinary Share for each warrant held at an exercise price of £0.023 per Ordinary Share at any time for a period of two years following admission of the New Placing Shares to trading on AIM (the "Warrants").

Pursuant to the Placing Agreement the Company has agreed, conditional on admission of the New Placing Shares, to issue 1,087,000 new Ordinary Shares (credited as fully paid at the Placing Price) to First Equity in satisfaction of a corporate finance fee ("First Equity Fee Shares"). Warrants to subscribe for 6,150,435 Ordinary Shares are to be granted to First Equity in lieu of part of First Equity's fee for advising the Company in connection with the Placing.

Pursuant to the terms of the Acquisition Agreement the Company has agreed, conditional on completion of the Acquisition, to issue in aggregate 4,347,826 new Ordinary Shares (credited as fully paid at £0.0115 per Ordinary Share) to Paul Johnson (a proposed new director of the Company, as set out below) (through Value Generation Limited which is wholly owned by Paul and his wife) and Rolf Gerritsen, who introduced BGM to the Company, in satisfaction of an agreed fee of £25,000 each for transaction advisory services ("Introducer Fee Shares").

The Directors will require shareholder authority to allot all of the Placing Shares, First Equity Fee Shares, Consideration Shares and Introducer Fee Shares (together, the "New Ordinary Shares"), the Warrants and the statutory pre-emption rights which apply to the allotment of the New Ordinary Shares and Warrants will need to be disapplied. Accordingly, the Acquisition and Placing are conditional upon *inter alia*, the passing of certain resolutions to be proposed at a General Meeting and admission of the New Placing Shares and, in the case of the Acquisition, the Consideration Shares to trading on AIM.

A circular providing further details on the Acquisition, Placing and the notice of the General Meeting will be sent to shareholders shortly.

Background to and reasons for the Acquisition

Since the admission to trading on AIM of its Ordinary Shares in 2012, Papua has been pursuing exploration programmes in PNG designed to discover, at some depth from surface, significant copper porphyry deposits.

The Company has invested significantly in its exploration activities and has amassed an extensive and comprehensive database. The work completed at Nakru, Tripela and Mount Visi, in particular, has shown evidence of the existence of intensive rock alteration patterns which are consistent with nearby copper porphyry development. At Mount Visi, the Directors believe that the presence, at shallow depth, of a porphyry body has been established. Although the drilled porphyry is only weakly mineralised, it is clear evidence of the existence of copper porphyry bodies in this area. Since these copper porphyry bodies in this environment commonly occur in clusters, it encourages the Company to continue its pursuit for a well mineralised porphyry body which may exist in such a cluster around Mount Visi. Ridge and spur sampling suggests that there is an area 2 to 3 km southeast of the drilled area that is more strongly anomalous for copper than the drilled target itself. Rock sampling has confirmed that this area is worthy of follow-up mapping. Anomalous zones north and south of Mt. Visi could also reflect porphyry centres.

The search for a mineralized copper porphyry deposit in the remote regions of PNG is, however, an expensive exercise which continues to require significant additional funding and which, in current market conditions, is not readily

available. Consequently, the Board agreed to look for alternative targets in more easily accessible topographies and jurisdictions.

Following diligence into suitable acquisition targets, the Directors identified BGM as a highly attractive opportunity and have entered into the Acquisition Agreement, conditional on, amongst other things, the passing of the Resolutions. BGM's assets are 100% owned by it and comprise the Lighthouse and Marengo gold exploration licences and the Copperhead copper/molybdenum licence, all located on the Eastern seaboard of Queensland in Australia.

The Directors believe that the Acquisition presents an attractive opportunity to engage in a new and exciting exploration programme with the following key strengths:

- the three licence areas are in a location which is significantly easier and more cost effective to access than the Company's licences in PNG;
- all of the BGM projects are in vicinity region of established infrastructure including power, water, roads, accommodation and communication and the projects are not considered remote;
- each of the BGM projects is located within geological complexes which host existing mining activities. In the case of Lighthouse, the Pajingo Gold Mine lies 17km west and Marengo and Copperhead are located 55km southeast of the Mt Carlton gold mine;
- all three BGM projects have been drill-proven to host mineralization and some have recorded historical production. With further drilling all may be capable of achieving economic mineable widths and grades;
- Lighthouse and Copperhead both have pre-JORC mineral estimates which with further drilling and exploration may be converted to comply with the JORC guidelines; and
- each of the BGM projects lies within a substantial mineral field with either multiple mines or occurrences. Typically, large orebodies are found among clusters of occurrences.

Further exploration work will be continued on the PNG targets, especially Mount Visi, but, in the near term, the exploration focus will be on the Australian programme.

Use of proceeds and Working Capital

The Company intends to use the proceeds of the Placing to carry out further exploration of the licences in Queensland and maintain the company's projects in PNG.

The working capital position of the Group and its on-going viability in the short-term is likely to be dependent, in the absence of capital from any other source, on the successful conclusion of the proposed Placing.

Proposed Board Changes following Completion

It is proposed that, subject to completion of the Acquisition, John Hutchinson and Michael Joliffe will step down from the Board with immediate effect. Hugh McCullough and Kieran Harrington will remain as non-executive directors of the Company and Michael Somerset - Leeke will become non-executive Chairman. It is further proposed that David Price will be appointed Chief Executive Officer, John Haggman will be appointed as Technical Director and that Paul Johnson will also be appointed non-executive director.

David Price (aged 51)

David is an experienced executive and technical operator in the global mining industry. He has over 30 years' experience and has led companies from grass roots exploration through to mine construction financing. He has relevant porphyry, epithermal, vein-hosted and intrusion related experience working in Queensland, Papua New Guinea, China, Fiji and the Philippines. Past appointments include, CEO of ASX-listed companies Convergent Minerals Limited and Golden Tiger Mining NL, and Managing Director of Millennium Mining (Fiji) Limited. He is a Fellow of the Australasian Institute of Mining and Metallurgy.

John Haggman (aged 55)

John graduated with a Bachelor of Science (Geology) degree from Macquarie University in 1986 and has 30 years of broad international experience in precious and base metals including project management and senior technical and executive director roles. Past roles include Senior Geologist for Cyprus Gold Australia, Exploration Manager for Climax Mining Limited and Country Manager, Philippines for Climax Arimco Mining Corp. John previously held non-executive directorships with ASX-listed companies, Convergent Minerals Limited and Foyson Resources Limited, and held executive director roles with King Eagle Resources Pty Ltd, Titan Mines (PNG) Limited and ASX-listed MIL Resources Limited.

John was a key member in the exploration teams which discovered the Junction Reefs gold mine in New South Wales, Australia and the Didipio gold copper mine in the Philippines. He has evaluated mineral deposits throughout Australia, Asia, Southeast Asia and the Americas and has managed numerous projects in Southeast Asia and Australia. John is currently a director of several Australian and international exploration and mining companies.

Paul Johnson (aged 48)

Paul is a Chartered Accountant (England & Wales, 1996), an Associate of the Chartered Institute of Loss Adjusters (2000) and of the Chartered Insurance Institute (2005) as well as a Member of the Business Continuity Institute (2007). He holds a BSc (Hons) in Management Science (1991) from UMIST School of Management, Manchester, UK. He was until October 2016 Chief Executive Officer of Metal Tiger plc (LON:MTR) and has been an active investor for over 25 years and co-founded MiningMaven, an investor communications service focused on the natural resource sector. Paul was also a non-executive director of Greatland Gold plc (LON:GGP) until August 2016. Paul is currently non-executive director of Thor Mining plc and Chief Executive Officer of Metal NRG plc. Mr Johnson, together with his wife, currently has a beneficial holding of 6,515,000 Existing Ordinary Shares, representing 4.29 per cent. of the current issued share capital of the Company,

Participation in the Placing by New Directors

Each of the New Directors has agreed to participate in the Placing. David Price is subscribing for 600,000 New Placing Shares, John Haggman is subscribing for 1,000,000 New Placing Shares and Paul Johnson is subscribing for 8,695,652 New Placing Shares.

Related party Transaction

Due to Thalassa's substantial holding in the Company, the Directors consider that it is in Shareholders' interests for the Thalassa Placing Shares to be placed with new and existing investors who are supportive of the Company's current strategy, and by facilitating the sale of the Thalassa Placing Shares the Company has removed the potential for an overhang of these shares in the future.

Thalassa is a substantial shareholder in Papua and, as a consequence, the issue of the Warrants in connection with the Placing constitutes a related party transaction pursuant to Rule 13 of the AIM Rules. Each of the directors of Papua who are considered to be independent (being all of the Directors other than John Hutchison) consider, having consulted with the Company's nominated adviser that the terms of the transaction are fair and reasonable insofar as its shareholders are concerned.

The information required by Schedule 2 (g) of the AIM Rules for Companies is set out below.

<i>Full Name:</i>	David William Price
<i>Age:</i>	51
<i>Current Directorships / Partnerships</i>	BGM Investments Pty. Ltd European Mining Investments Pty. Ltd
<i>Previous Directorships / Partnerships in the last 5 years:</i>	Convergent Minerals Limited Hampshire International P/L

David Price was Chief Executive Officer of Convergent Minerals Limited (mineral exploration company) when it entered voluntary administration on 30th October 2015 due to the company being unable to secure project construction capital of AUD\$43m during a difficult financing cycle and being constrained by a secured creditor. A Deed of Company Arrangement (DOCA) was subsequently entered into and the company came out of Administration on 14th January 2016.

<i>Full Name:</i>	John Arnold Haggman
<i>Age:</i>	55
<i>Current Directorships / Partnerships</i>	Blue Lake Resources Pty Ltd BGM Investments Pty. Ltd Goodmart Pty Ltd Jet Metals Pty Ltd Perlco Pty Ltd Quest Metals Pty Ltd Quest Asia Pacific Resources Inc (Philippines) VFG Agri Pty Ltd
<i>Previous Directorships / Partnerships in the last 5 years:</i>	Convergent Minerals Ltd Fairway Resources Ltd (PNG) Foyson Resources Ltd New Guinea Iron Titan Metals Ltd (PNG) Titan Mines Ltd (PNG)

John Haggman was a Non-executive Director of Convergent Minerals Limited (mineral exploration company) when it entered voluntary administration on 30th October 2015 due to the company being unable to secure project construction capital of AUD\$43m during a difficult financing cycle and being constrained by

a secured creditor. A Deed of Company Arrangement (DOCA) was subsequently entered into and the company came out of Administration on 14th January 2016.

<i>Full Name:</i>	Paul Johnson
<i>Age:</i>	48
Current Directorships / Partnerships	MetalNRG plc NTZ Resources Limited Thor Mining plc Tomas Capital Limited Value at Risk Limited Value Generation Limited
Previous Directorships / Partnerships in the last 5 years:	Catalyst Information Services Limited Catalyst Strategies Limited Commercial Assure Limited ECR Minerals plc Greatland Gold plc Metal Tiger plc Metal Capital Limited Open 2 Barter Limited Strathmore Accountants Limited The Vitiligo Society

For further information on the Company please visit www.papuamining.com or contact the following:

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