

Touchstone Gold Ltd.: Placing to Raise US\$1.74 Million, Directorate Changes, Proposed Adoption of Investing Strategy and TSX Delisting

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LONDON, Apr 22, 2014 - [Touchstone Gold Ltd.](#) (AIM:TGL) (TSX:TCH) ("Touchstone Gold" or the "Company") announces several developments affecting the future operations of the Company. In due course, the Circular containing the Notice of the AGM to, inter alia, approve the proposed investing strategy will be posted to shareholders and will be made available on the Company's website, www.touchstonegold.com.

As outlined in the interim update announcement on 20 September 2013 and 21 January 2014, the Board undertook a number of measures to significantly reduce overall working capital requirements as it considered funding and strategic opportunities. The Company suspended its exploration program in Colombia and corporate overhead was reduced to minimal levels.

The Directors believe that in the current market environment, which is not conducive to the continued funding of non-producing mineral exploration assets in areas of Colombia where access is restricted, the Company's current strategy of concentrating on gold exploration in Colombia is not now in the best interest of shareholders.

The action that the Board is proposing to take will have the effect of the Company ceasing to own or control substantially all of its existing business assets and will result in the cessation of substantially all its existing business. Accordingly there will be a fundamental change of business and Touchstone will be treated as an investing company for the purposes of AIM Rule 15 and it will publish a circular setting out the adoption following investing strategy for shareholder approval.

Further details of the proposed investing strategy are outlined below.

Placing and use of proceeds

The Company is pleased to announce that it has raised a total of US\$1,740,000 via the issue of 175,832,276 ordinary shares of no par value at 0.275p (the "Placing Shares") and US\$929,589 of convertible loan notes (the "Loan Notes").

The Loan Notes do not carry a coupon and the principal is due on 30th December 2024 with an equivalent yield to maturity of 5% per annum. The note holders may on the third anniversary of the issuance redeem the principal of the Loan Notes with a yield equivalent to 5% per annum. The Loan Notes are convertible at any time, at the discretion of the note holders, into new ordinary shares at 0.275p per share. On full conversion of the Loan Notes, the note holders would receive 201,689,962 new ordinary shares of no par value in the Company.

ECK Partners Holdings Limited, a Company beneficially owned by Ilyas Khan, has agreed to participate in for approximately US\$100,000 of Placing Shares. This participation constitutes a related party transaction for the purposes of AIM Rule 13. The Directors, excluding Mr. Khan having consulted with the Company's nominated adviser finnCap Limited, consider that the terms of the transactions are fair and reasonable insofar as the Company's shareholders are concerned.

On Admission, the Placing Shares will rank pari passu with the existing ordinary shares of no par value each ("Ordinary Shares") in the Company. Application will be made for admission of the Placing Shares to trading on AIM.

As a result of the Company's principal trading market being AIM, TSX will not be applying its standards in regards to private placements (Section 607) in regards to the proposed transaction, as provided under Section 602 (g) of the TSX Company Manual.

Following the issue of the Placing Shares, the Company's enlarged issued share capital will comprise

402,035,432 Ordinary Shares.

The proceeds of the placing will be used to provide the Company with sufficient working capital in order to execute the proposed investing strategy outlined below.

Change of Directors and Management

In line with the strategy noted in this announcement the company announces a further change in the Board of Directors. Ilyas Khan and Fraser Buchan will step down with immediate effect. Shahed Mahmood and Charles Goodfellow will join the board as Interim Chief Executive Officer and as Non-Executive Director. Franz Forrester will continue in his role as Chief Operating Officer. Brian Morales has resigned as Chief Financial Officer.

Shahed Mahmood (aged 44) - Interim Chief Executive Officer

Shahed Mahmood is a business consultant based on the Isle of Man, with over 20 years of wide-ranging experience in the economic development field. Shahed has been a founding shareholder and director of several investing companies who have been admitted to AIM including Skiddaw Capital Inc., (which became Crosby Capital Partners and Zoltav Resources), Lodore Resources and Raven Capital (which became Upstream Media). Shahed is currently a Non-Executive director of AIM listed Mentum Inc, and Mercer Resources. Mr Mahmood's other directorships held in the last 5 years are disclosed in the appendix below.

Charles Goodfellow (aged 56) - Non-Executive Director

Charles Edouard Goodfellow is a corporate broker with over 25 years' experience of fund raising for small and mid-caps and private companies across a range of sectors and jurisdictions. He is a director of Acorn Minerals plc, a company listed on the Standard segment of the Main Market of the London Stock Exchange, and is also a director of AIM listed Mentum Inc.

Proposed Investing Strategy

The Company proposes to adopt a new Investing Strategy.

The Directors intend to identify investment opportunities offering the potential to deliver value creation to Shareholders over the medium to long term. While the Company does not intend to restrict the investment policy to a specific sector, investments will only be made in areas where the Company has access to appropriate expertise and experience.

Depending on specific circumstances, investments may range from minority shareholdings to the acquisition of wholly owned trading subsidiaries, and such investments may be quoted or unquoted. Acquisitions or investments may be funded through the issue of new Ordinary Shares, debt or from the Company's existing cash resources. The Board will have full discretion to focus the Company's investment resource around those opportunities it has identified as offering the best potential for value creation.

The Company will have to make an acquisition or acquisitions which constitute a reverse takeover under the AIM Rules or otherwise implement its investing strategy within 12 months of the AGM failing which, the Company's Ordinary Shares would then be suspended from trading on AIM. If the Company's investing strategy has not been implemented within 18 months of the AGM then the admission to trading on AIM of the Company's Ordinary Shares would be cancelled and the Directors will convene a general meeting of the Shareholders to consider whether to continue seeking investment opportunities or to wind up the Company and distribute any surplus cash back to shareholders.

At the AGM, inter alia, resolutions will be proposed to approve the adoption of the Investing Strategy.

The Circular containing the Notice of the AGM will be posted to shareholders shortly and will be made available on the Company's website, www.touchstonegold.com.

TSX Delisting

The Company has formally applied to voluntarily delist its shares on the TSX and the Ordinary Shares (Symbol: TCH) will be delisted at the close of business on Wednesday, April 23, 2014.

The Ordinary Shares of the Company will continue to trade on the Alternative Investment Market of the London Stock Exchange under the symbol "TGL".

Appendix

The following information is disclosed pursuant to Schedule Two paragraph (g) of the AIM Rules for Companies. Shahed Mahmood, has been a director of the following companies during the five years preceding the date of this announcement:

Current Directorships: Previous Directorships:
Bleachers Ltd Centaurus Global Resources Pte Ltd
Bushveld Investments Ltd Leblanc Resources Pte Ltd
Khanna Ltd Superb Investments Stronghold Ltd
Milnshaw Holdings Ltd Touchstone Gold Holdings SA
Precious Metals Holdings Ltd Upstream Marketing and Communications Inc.
Thanet Ltd
Mentum Inc.
Mercer Resources plc

There is no further information to be disclosed pursuant to Rule 17 or Schedule Two paragraph (g) of the AIM Rules for Companies.

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