

Titanium Corporation Reports Second Quarter June 30, 2018 Results and Provides Operational Update

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CALGARY, Aug. 27, 2018 - [Titanium Corporation Inc.](#) (the "Company" or "Titanium") (TSX-V: TIC) today released its results for the three and six-month periods ended June 30, 2018. The Company changed its year end to December 31 from August 31 on January 24, 2018 and, as a result, is reporting its second quarter end as at June 30, 2018 in the new fiscal year.

The Company has continued to make excellent progress on commercialization of its CVW™ technology at [Canadian Natural Resources Ltd.](#) ("Canadian Natural") Horizon oil sands site. Front End Engineering Design ("FEED"), the first step in project planning and engineering, is well underway and the Company has successfully completed its second Milestone under the Emission Reduction Alberta ("ERA") Contribution Agreement. The Federal and Alberta governments continue to prioritize climate change reduction, innovation, clean technology and economic diversification with a number of announced funding programs. The Company is in the process of qualifying for a number of these provincial and federal funding programs for ongoing phases of the project.

Highlights for the three and six-month periods ended June 30, 2018 and recent months include:

- The Company continued with the project execution phase working with Canadian Natural, the engineering firms of Stantec, and IHC Robbins on the FEED and associated studies. Third-party engineering commenced in April 2018 and is expected to be completed by the end of 2018 with the overall FEED project to be completed in early 2019. The Company has also retained consultants and technical firms to assist with other aspects of the engineering design and associated planning including project management, regulatory approvals, aboriginal engagement and minerals marketing.
- On August 17, 2018, the Company announced the achievement of Milestone 2 of the FEED phase of its CVW™ Horizon project. ERA funding is provided in stages during the project as the Company meets and reports against predetermined milestones established under the ERA Contribution Agreement. The project has incurred \$3.4 million of eligible costs to the end of June 2018, the Milestone 2 period. The Company estimates \$2.2 million, after providing for a 20% ERA hold-back, will be received as contributions towards the total project costs incurred. Project activities during the Milestone 2 period included design basis criteria, initial plot plans, heat and material balances and process flow diagrams for both the concentrator facility and the minerals separation plant.
- On May 15, 2018, the Company announced the achievement of Milestone 1 of the FEED phase of its CVW™ Horizon project. On May 18 and July 8, 2018, the Company received \$641,775 from project partners and ERA as their contribution towards the achievement of the first milestone. Milestone 1 activities included identifying locations and tie-ins for the new facilities, preparing detailed scopes of work for requests for proposals and selection of the engineering contractors.
- In parallel with FEED activities, the Company has been meeting with Canadian investment banks regarding their potential participation in the structuring and financing of the project and their support of the Company in financial markets. The Company, in consultation with outside experts, is executing an active investor outreach campaign to communicate the Company's investment story to a wider investor audience.
- The Company has an active program to communicate its project to and engage with government, industry, the public and the investment community which have included participation in: the Federal Government's Economic Strategy Table "Innovation and Growing Firms to Scale"; the Globe 2018 Forum and Innovation Expo; the Federal Government's B7 meetings; and the OCE Discovery innovation-to-commercialization conference.

- During the first six months of the new fiscal year, there were further stock option and warrant transactions that resulted in cash proceeds of \$1.2 million to the Company. On January 10, 2018, management exercised 450,000 stock options set to expire in April 2018 for proceeds to the Company of \$450,000. On February 16, 2018, Mossco Capital Inc., an affiliated Canadian resident corporation controlled by Mr. Moss Kadey, exercised in full its 1,000,000 non-transferable common share purchase warrants at a price of \$0.70 per share which resulted in the issuance of 1,000,000 common shares of Titanium for proceeds of \$700,000 to the Company.
- The Company is continuing cash conservation programs including those under which executive officers receive a portion of their compensation in RSUs and all directors have elected to receive their annual retainers and meeting fees in DSUs, to both conserve cash and further align themselves with shareholder interests.

NEXT STEPS

Implementing Titanium's technology would see concentrator facilities built at oil sands sites which integrate with existing oil sands operations. Separate minerals separation facilities would be constructed to process heavy mineral concentrates into final minerals products. The facilities may be jointly owned and operated along with oil sands operators or strategic partners. The Company has advanced proposals and flexible business models whereby customers may elect to license technology and build certain of the facilities or elect to have the Company, together with partners, build and operate these facilities.

The Company is acting as the lead proponent and overall project manager for the FEED project, working in close collaboration with Canadian Natural and ERA. In this role, the Company is responsible for contracting with the outside engineering and other firms required for the project, managing and funding these outside contracts, project controls, reporting progress against agreed milestones and collecting partner funding contributions upon milestone achievement from ERA and Canadian Natural.

The engineering design is well underway, and third-party engineering commenced in April 2018 and is expected to be completed by the end of 2018 with the overall FEED project to be completed in early 2019. During the engineering design phase, the Company and Canadian Natural will be undertaking a number of related commercialization activities including: pursuing available Federal and Alberta government funding programs and other sources of funding for the potential construction phase of the project; working with the Alberta government to develop a competitive fiscal structure for the project including the new minerals products; minerals market development activities; and working with partners interested in participating in the project. Subject to the successful completion of the FEED study and evaluation of results, the Company and Canadian Natural's next steps would include finalizing the business model, participants, commercial structure and financing plans and proceeding with the potential detailed engineering and construction of the facilities that would take approximately 30 months.

FINANCIAL OVERVIEW

Titanium is focused on achieving long-term financial success by implementing its innovative CVW technologies for commercial operations at oil sands sites. The Company is now working on engineering design for potential implementation of its technology at Canadian Natural's Horizon site. However, until commercial arrangements and investment decisions are made, and facilities are constructed and operating, the Company expects to continue to incur losses.

Net Loss – Net loss for the three-month period ended June 30, 2018 was \$3.0 million, or \$0.04 per share, compared to \$0.7 million or \$0.01 per share for the three-month period ended May 31, 2017 (the comparative period for the transition year). The loss was higher by \$2.3 million due to direct project and staffing costs for the engineering design project for Canadian Natural's Horizon site that commenced in October 2017. The Company has recognized \$0.4 million of ERA's contribution for the engineering design project at June 30, 2018. The funding contributions from ERA and Canadian Natural are recognized as a recovery of project costs upon achievement of the agreed milestones contained in the contribution agreement with ERA and collection of contributions. The project has incurred \$3.4 million of eligible and in-kind contributions to June 30, 2018 the milestone 2 period. As at June 30, 2018, the Company estimates ERA and partner contributions for their share of eligible project expenditures is approximately \$2.6 million of which \$0.3 million represents a 20% ERA holdback payable on the completion of the project. These amounts will be received by the Company upon completion of agreed milestones outlined in the contribution agreement. For the stage of the Company's development, the net loss was in line with expectations.

Research & Development (“R&D”) – For the three-month period ended June 30, 2018, R&D expenses of \$2.5 million were higher by \$2.3 million due to the engineering design project compared to the corresponding three-month period ended May 31, 2017. While total expenses were higher due to increased staffing and the Company’s contribution towards engineering design for Canadian Natural’s Horizon site, the Company will recover an estimated \$1.6 million of the direct project and staffing costs incurred up until June 30, 2018 with the achievement of the second milestone which will reduce the net overall R&D expenditures.

General & Administrative (“G&A”) – G&A expense was \$0.6 million for the three-month period ended June 30, 2018 as compared to \$0.5 million for the three-month period ended May 31, 2017, a \$0.1 million increase. The increase is related to compensation and benefits for management where the board has reinstated cash compensation for contracted salaries and portions of incentive pay. This increase in cash compensation was offset by a decrease in deferred compensation as the amount of annual incentive estimated for settlement with RSUs is expected to be offset by an increase in cash compensation. In addition, investor relations expense was higher for the three-month period ended June 30, 2018 compared to the three month period ended May 31, 2017 as the Company commenced an active program in February 2018 with Loderock Advisors Inc. to communicate its technology and the project to the public and the investor community. G&A costs included \$0.2 million of non-cash equity-based compensation for the three month period ended June 30, 2018 consistent with the three month period ended May 31, 2017. The Company continued its equity in lieu of cash compensation plans for directors and officers during the current period.

Cash Position – The Company had \$3.9 million in cash and short-term investments at June 30, 2018 as compared to \$5.0 million at December 31, 2017. The decrease in cash of \$1.1 million relates to the timing of funding project costs incurred and the collection of ERA and partner contributions as at June 30, 2018. Subsequent to June 30, 2018, \$0.2 million was received as partner contributions for project costs incurred for the first milestone of the project. On August 17, 2018 the Company announced the completion of the second milestone and received \$0.9 million as ERA’s contributions of the \$1.6 million in expected recovery of costs and in-kind contributions incurred to June 30, 2018. The balance is expected to be received in the third quarter. During the six-month period ended June 30, 2018 proceeds of \$1.2 million was received from the exercise of warrants (\$0.7 million) and the exercise of stock options (\$0.5 million). The Company believes that it has sufficient cash and funding contribution commitments from ERA and Canadian Natural to fund its expenses, including the estimated engineering design project commitment and its G&A costs, for the next year. Outstanding common share purchase warrants that are due to expire December 21, 2018 may provide further cash proceeds for the Company.

To view the Company’s management discussion and analysis and unaudited interim condensed financial statements for the three and six-month periods ended June 30, 2018, please visit our website at www.titaniumcorporation.com or SEDAR at www.sedar.com.

The Company completed a change of financial year-end from August 31 to December 31 to align the Company's financial reporting and enable it to streamline its annual budgeting and operations with the calendar year which is consistent with other peer companies. For details regarding the length and ending dates of the financial reporting periods, including the comparative periods, for the interim and annual financial statements to be filed for the Company's transition year and its new financial year, reference should be made to the Notice of Change of Year-End which is available on the Company’s SEDAR profile at www.sedar.com.

About Titanium Corporation Inc.

Titanium Corporation’s CVW™ technology provides sustainable solutions to reduce the environmental footprint of the oil sands industry. Our technology reduces the environmental impact of oil sands froth treatment tailings while economically recovering valuable products that would otherwise be lost. CVW™ recovers bitumen, solvents, heavy minerals and water from tailings, preventing these commodities from entering tailings ponds and the atmosphere: volatile organic compound and greenhouse gas emissions are materially reduced; hot tailings water is improved in quality for recycling; and residual tailings can be thickened more readily. A new minerals industry will be created commencing with the production and export of zircon, an essential ingredient in ceramics. The Company’s shares trade on the TSX-V under the symbol “TIC”. For more information please visit the Company’s website at www.titaniumcorporation.com.

Disclosure regarding forward-looking information

This news release contains forward-looking statements and information (collectively, "forward-looking information") that reflect the current expectations of management about the future results, performance, achievements, prospects or opportunities for Titanium, including statements relating to advantages of the Company's technology and the creation of a mineral sands industry; the Company's ongoing discussions with Federal and Alberta funding agencies in respect of the ongoing phases of the commercial project; the Company's expectations for contributions towards the FEED project and the timing of receipt thereof; the Company's ongoing discussions with investment banks regarding, among other matters, structuring and financing of the commercial project; the Company's ongoing investor outreach campaign; proposals and business models for the commercialization of the Company's technology; the expected timing for completion of the third-party engineering on the FEED project; the expected timing for completion of the FEED project as a whole; the commercialization activities expected to be undertaken by the Company and Canadian Natural and the timing thereof; the Company's expected cost recoveries; and the expectations of sufficient cash and funding for the next year, including the potential receipt of cash proceeds from the exercise of outstanding common share purchase warrants of the Company. These statements generally can be identified by use of forward-looking words such as "may", "will", "expect", "estimate", "anticipate", "believe", "project", "should" or "continue" or the negative thereof or similar variations.

Forward-looking information is presented in this news release for the purpose of assisting investors and others in understanding certain key elements of our financial results and business plan, as well as our objectives, strategic priorities and business outlook, and in obtaining a better understanding of our anticipated operating environment. Readers are cautioned that such information may not be appropriate for other purposes.

Forward-looking information, by its very nature, is subject to inherent risks and uncertainties and is based on several assumptions, both general and specific, which give rise to the possibility that actual results or events could differ materially from our expectations expressed in or implied by such forward-looking information and that our business outlook, objectives, plans and strategic priorities may not be achieved. The forward-looking information contained in this news release is based on the results of our research, pilot programs, FEED project and related studies and commercialization efforts described in our management's discussion & analysis ("MD&A") under the headings "Titanium's Business", "Update" and "Next Steps". The Company has not commercially demonstrated its technologies and there can be no assurance that such research, pilot programs and related studies will prove to be accurate nor that such FEED project or commercialization efforts will be successful, as actual results and future events could differ materially from those expected or estimated in such forward-looking information. As a result, we cannot guarantee that any forward-looking information will materialize and we caution you against relying on any of this forward-looking information. Accordingly, readers should not place undue reliance on forward-looking information.

Additional information on these and other factors are disclosed in our MD&A, including under the heading "Discussion of Risks", and in other reports filed with the securities regulatory authorities in Canada from time to time and available on SEDAR (sedar.com).

The forward-looking information contained in this news release describes our expectations as of August 27, 2018 and, accordingly, are subject to change after such date. Except as may be required by Canadian securities laws, we do not undertake any obligation to update or revise any forward-looking information contained in this news release, whether as a result of new information, future events or otherwise.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.

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