

Australian Mining

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Financing new Conquests

Michael Mills

Conquest Mining yesterday received an indicative term sheet and detailed debt financing proposal from a senior bank to fund construction of a mine at its Silver Hill gold, silver and copper project in northern Queensland.

The company also received a detailed proposal from a Chinese smelter for the off-take of 30,000 tpa of high grade gold, silver and copper concentrate.

According to Conquest managing director John Terpu, the strong interest in the project supports the view that Silver Hill is one of the highest value new gold projects in Australia.

“In terms of project funding, we are currently in the process of selecting lead arrangers and negotiating a debt facility of up to \$80 million on terms and pricing that are very attractive to us,” he said.

“Combined with existing cash reserves and possible additional equity, finalising the debt and off-take proposals will be key to meeting the total development cost.”

The pre-feasibility study completed in April this year indicated capital payback within two years, a net present value of more than \$300 million and an internal rate of return of 70%.

“These strong results give us every confidence that we can secure a low cost financing outcome that will enable us to meet our expedited production schedule of November 2010,” Terpu said.