

Melior Secures Loan Facility for Restart of the Goondicum Mine

26.10.2017 | [Marketwired](#)

TORONTO, ONTARIO--(Marketwired - Oct 26, 2017) - [Melior Resources Inc.](#) (TSX VENTURE:MLR) ("Melior" or the "Company") is pleased to announce that it intends to restart operations at its Goondicum ilmenite mine and has an agreement in principle with Pala Investments Limited ("Pala") for the provision of a US\$5.25 million loan facility (the "Restart Loan") on the following terms and conditions:

- **Amount:** US\$5.25 million (net funds to Melior of approximately US\$4.75 million).
- **Arrangement Fee and Issuer Discount:** 2% + 7.5%.
- **Interest Rate:** 15%, PIK.
- **Term:** 24 months with a bullet repayment.
- **Warrants:** 31.5 million warrants, with a term of 2 years, each warrant exercisable for one common share of Melior (a "Common Share") with a strike price equal to the lesser of (i) a 10% premium to the price per Common Share on execution of the agreement and (ii) a 10% premium to the price per Common Share of any additional equity funding related to the re-start of the Goondicum ilmenite mine (after adjusting to account for any share consolidation undertaken by Melior).¹
- **Security:** Fully secured.
- **Other Terms and Conditions:** Customary terms and conditions for a transaction of this nature; including: (a) Melior securing additional acceptable funding of US\$5 million, (b) Melior entering into satisfactory off-take agreements and (c) consolidation of the Common Shares at a minimum ratio of 5:1.

The Restart Loan is subject to the approval of the TSX Venture Exchange.

With this commitment from Pala in place, Melior will now look to secure the remaining US\$5 million required to commence the restart of the Goondicum ilmenite mine as quickly as possible.

Melior's decision to restart operations at Goondicum is based on a number of factors, including strong project economics, recovery of ilmenite prices and a positive outlook for the sector given expected GDP economic growth in China and the likely constraints in additional supply for the foreseeable future. Pala's willingness to provide additional financing to the Company is a strong show of support for Melior and underlines the Company's confidence in the Goondicum ilmenite mine.

¹ Notwithstanding the agreed upon strike price, the strike price of the warrants will be subject to a floor price equal to (i) at all times, the market price of the Common Shares as of the date the loan agreement is entered into (after adjusting for any share consolidation undertaken by Melior) and, (ii) after the first year anniversary of the date the loan agreement is entered into, \$0.10 per warrant, all in accordance with the policies of the TSX Venture Exchange.

Background on Melior's relationship with Pala

In July 2017 Pala agreed to extend its existing loan facility to the Company by US\$1.24 million making the total principal amount outstanding of US\$4.86 million. These additional funds were used by Melior for the purpose of finalizing a confirmatory technical work program in preparation for a possible re-start of operations at its Goondicum ilmenite mine. This internal work has now been completed and supports the Preliminary Economic Assessment (the "PEA") completed by TZ Minerals International Pty Ltd ("TZMI") in November 2016, which showed that the Goondicum project requires a low capital expenditure to restart and delivers strong profitability and investment returns at current and forecast ilmenite prices.

An independent review of the Goondicum ilmenite mine's resources and reserves is also being finalized and the Company anticipates issuing an updated technical report in the near future in accordance with the guidelines of National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* ("NI 43-101").

About the Goondicum Ilmenite Mine

Melior announced on 5th December 2016 that it had received the PEA on its Goondicum ilmenite mine. The PEA was independently prepared by TZMI in accordance with the guidelines of NI 43-101.

The key assumptions and findings of the PEA were as follows:

Financial Highlights:

- An after tax Project NPV of US\$52.8 million.²
- An after tax Project IRR of 178%.
- An after tax Project payback period of 1.2 years.
- Restart capital costs of US\$5.96 million.³
- Average annual before tax cash flow of US\$13.9 million⁴ and average after tax cash flow of US\$11.2 million.³
- Average unit operating cash cost of production of US\$111.80 FOB per tonne of product produced.³
- Sustaining capital over the mine life of US\$11.39 million.
- TZMI forecast long term prices for sulphate ilmenite and apatite of US\$189/t FOB and US\$119/t Ex works respectively.

Operating Metrics:

- Average annual ilmenite production of 181,000 tonnes with peak production of 228,000 tonnes.⁵
- Average annual apatite production of 31,000 tonnes with peak production of 41,000 tonnes.⁴
- A mine life of 9 years using a high-grade mine plan.
- Total resource processed over the LOM of 22 million tonnes at an average ilmenite and apatite grade of 9.7% and 1.8% respectively.⁶

² 10% real discount rate and exchange rate of US\$0.78

³ Excludes working capital

⁴ Excludes year 1 ramp up

⁵ Average production includes year 1 ramp up and final ramp down of operation; peak production expected in 2020

⁶ All tonnes are in the Indicated and Inferred Resource category

About Melior

Melior is the owner and operator of the Goondicum ilmenite mine, a past-producing ilmenite and apatite mine strategically located in Queensland Australia. Further details on Melior and the Goondicum ilmenite mine can be found at www.meliorresources.com and regulatory filings are available on SEDAR.

Melior is incorporated under the provisions of the Business Corporations Act (*British Columbia*) and has a registered office in Toronto, Ontario. Melior is classified as a Tier 1 Mining Issuer under the policies of the TSX Venture Exchange.

Forward Looking Statements Disclaimer

Statements made in this news release may be forward-looking and therefore subject to various risks and uncertainties. Such statements can typically be identified by terminology such as "may", "will", "could",

"should", "expect", "plan", "anticipate", "believe", "intend", "possible", "continue", "objective" or other similar expressions concerning matters that are not historical facts. Certain material factors or assumptions are applied in making forward-looking statements and actual results may differ materially from those expressed or implied in such statements. Melior does not undertake to update any forward-looking statements; such statements speak only as at the date made.

Going Concern Risk

As described in Melior's most recent MD&A, the continuing operations of the Company are dependent upon its ability to continue to raise adequate financing, to commence profitable operations in the future, and repay its liabilities arising from normal business operations as they become due. There remains a significant risk that the Company is unable to find alternative sources of financing for on-going working capital requirements. These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern.
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Failure to obtain sufficient financing could result in a delay or abandonment of the Goondicum ilmenite mine and could force the Company into reorganization, bankruptcy or insolvency proceedings. Additional financing may not be available when needed or, if available, the terms of such financing might not be favourable to the Company and might involve substantial dilution to existing shareholders. Failure to raise capital when needed would have a material adverse effect on the Company's ability to pursue its business strategy, and accordingly could negatively impact the Company's business, financial condition and results of operations.

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