

# Conquest Mining Limited: Signs A\$1 Billion Offtake Agreement With Shandong Guoda Gold

16.09.2010 | [ABN Newswire](#)

10:20 AEST Sept 16, 2010 ABN Newswire (C) 2004-2010 Asia Business News PL. All Rights Reserved.

Sydney, Australia (ABN Newswire) - Conquest Mining Limited (ASX: CQT) (PINK: CQMLF) is pleased to announce that it has entered into a long term concentrate offtake contract for the sale of gold-silver-copper concentrate from its V2 deposit at the Mt Carlton project in north Queensland. The agreement signed with Shandong Guoda Gold Co. Limited ('Guoda Gold'), one of the largest gold smelters in China, is a life-of-mine contract for the sale of 490,000 wmt of concentrate. The sales revenue under the contract for that quantity of concentrate is projected to be approximately A\$1 billion.

The V2 deposit is the largest single deposit at Mt Carlton and underpins the economics of the project. The offtake agreement over V2 is therefore the key to developing and financing the Mt Carlton project and discussions with project financiers will commence shortly.

Under the terms of the agreement, Conquest will receive payment for the gold, silver and copper contained in concentrate. There are no penalties for deleterious elements based on the expected concentrate specification range.

The agreement requires provisional payment of 90% of the value of each concentrate shipment by letter of credit with a major Chinese bank prior to shipment. This payment mechanism will significantly aid cashflow management.

Project scale at Mt Carlton is expected to be in the order of 800,000tpa throughput to produce approximately 105,000 ounces per annum gold equivalent<sup>2</sup> in concentrate from the V2 open pit. Concentrate production from the V2 open pit is expected to be approximately 4,500 tonnes per month with an average grade in the range of 40-45g/t Au, 350-450g/t Ag and 5-6% Cu.

The offtake agreement with Guoda Gold does not extend to concentrate that will be produced from the high grade A39 silver deposit at Mt Carlton. Negotiations with a number of potential offtakers for A39 concentrates are ongoing.

Commenting on the offtake agreement, Conquest Executive Chairman, Jake Klein said:

'This is a major breakthrough for Conquest and underpins the development of the Mount Carlton project. We received very strong interest in the offtake for V2 deposit concentrate from a number of highly reputable specialist smelter companies and this has allowed us to expedite negotiations and lock-in excellent terms for the life of the mine.'

'We look forward to a long and mutually beneficial working relationship with Guoda Gold.'

Guoda Gold President, Mr Xu Yongxiang commented:

'Guoda Gold has pioneered the processing of multi-element gold concentrates in China and has considerable experience in treating concentrates similar to the Mt Carlton concentrate; we are natural partners'

'The reliable long-term supply of this concentrate will allow for further expansion of our business. Like Conquest, we look forward to a long and mutually beneficial working relationship.'

## About Guoda Gold

Guoda Gold is located in the famous gold capital of China - Zhaoyuan city. Guoda Gold currently has capacity to treat 1,200 tonnes per day of concentrate and produces approximately 500,000 ounces of gold, 1.3 million ounces of silver and 30,000 tonnes of copper each year. It is intended to increase the capacity of

the smelter complex to 1,500 tonnes per day by 2012. The Company has three shareholders, Shandong Zhaoyuan Gold Smelting Co. Ltd (46.2%), China Gold Development Group (Hong Kong) Ltd (50%), and China National Gold Group Corporation (3.7%) and currently employs 1,500 people.

#### **About Conquest Mining Limited:**

Conquest Mining Limited (ASX: CQT) (PINK: CQMLF) is an Australian based and listed mining company with a focus on activities in north Queensland. The company has a 100% interest in the Mt Carlton gold-silver-copper project, near Townsville, that is being advanced towards development. Optimisation studies and a review of the proposed process flowsheet are underway and a development decision is expected in the December quarter of 2010.

Conquest is a growth oriented company that has the focus and ability to deliver a growth plan to achieve mid-tier market status and to take advantage of the benefits available to a company of this status. Conquest will seek to deliver this growth through successful development of its Mt Carlton project and by acting on consolidation opportunities in the relatively fragmented and poorly funded junior market sector.

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Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/94686--Conquest-Mining-Limited--Signs-A1-Billion-Offtake-Agreement-With-Shandong-Guoda-Gold.html>

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