

SE SBB Steel Markets Daily  
 HD **African Minerals chief eyes Marampa mine**  
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 WC 522 words  
 PD 22 October 2014  
 SN Platts SBB Steel Markets Daily  
 SC STEELDLY  
 PG 1  
 VOL ISSN: 1935-7354, Volume 8, Issue 208  
 LA English  
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Australia's Cape Lambert Resources is lending Timis **Mining** Corporation \$20 **million** to help fund the **acquisition** of London **Mining**'s Marampa mine assets in Sierra Leone, the Perth-based **company** said Wednesday.

UK-based Timis **Mining**, a privately-owned **company** run by the chairman of African Minerals Frank Timis, has not disclosed a final **acquisition** fee for London **Mining**. African Minerals operates the larger Tonkolili **iron ore** mine, expected to produce 16 **million**-18 **million** mt in 2014, which is near London **Mining**'s 5 **million** mt/year concentrate operation.

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The funding will include an \$8 **million** 12-month bridging loan to Timis **Mining**, plus a \$12 **million** royalty agreement, which would earn Cape Lambert \$2/mt on exports of concentrate for four years, paid quarterly.

"While we believe that African Minerals is the natural acquirer of London **Mining**'s assets, given its significant infrastructure in the region and the transport cost savings it can thereby realize for the Marampa operation," investment bank Investec said in a note. "It is interesting that it is Timis' private **company** purportedly doing the bidding, perhaps because it can more readily realize the funding to make the offer. However, we wonder what this may cost Africa Minerals shareholders in the long run," it added.

The deal is subject to Timis **Mining** buying London **Mining** out of administration, which it entered October 16 citing cash flow problems on weaker **iron ore** prices. Administrator PwC has been seeking a buyer for London **Mining**'s project. "There is no guarantee that Timis **Mining** will get Marampa, but it certainly means that there will be another offer on the table for the administrator," Investec said.

Interest in Marampa was earlier heard to have come from India's JSW Steel. London **Mining** two weeks ago said proposed structures being discussed with potential strategic investors for Marampa would not leave any value for shareholders and it was unable to get further short-term funding from lenders. The **company** sought "significant" investor capital with proposals contemplating funding life of mine expansion and a cash injection to allow Marampa to continue operating.

Cape Lambert chairman Tony Sage said Marampa was expected to produce 5 **million**-7 **million** mt/year and could generate annual earnings of \$10 **million**-14 **million**. Cape Lambert owns 100% of a nearby hematite **iron ore** project, also called Marampa, which is being developed as a 15 **million** mt/year production capacity operation.

Late last year, Cape Lambert struck a deal to transport and export 2 **million** mt/year of concentrate on African Minerals' rail and port facilities. African Minerals also has an option to buy 2 **million** mt/year at the mine gate in the first three years of production at Cape Lambert's Marampa.

In a presentation at **Hong Kong** Mines & Money conference last March, Cape Lambert said its Marampa project had been "earmarked for **sale**." It owns a number of other **iron ore** projects in West Africa, including Kukuna and Rokel in Sierra Leone, and Sandenia in Guinea.

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**CO** hamill : Cape Lambert Resources Limited | Iminip : London Mining PLC

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