

HD **Chinese** lenders slash loan for MMG's Dugald River project to US\$550M

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LP **MMG Ltd. said June 27 that it, along with its MMG Dugald River Pty. Ltd. unit and other members of the MMG group, signed an amended facility agreement with China Development Bank Corp. and the Sydney branch of Bank of China Ltd. for a lower term debt facility of US\$550 million for the revised development plan for MMG's Dugald River zinc-lead project in Queensland, Australia.**

The parties have agreed on a US\$1 **billion** loan for the Dugald River project in 2013 but the revised development plan for the project has called for an amendment to the 13-year term facility as well, of which US\$250 **million** has been drawn in 2013.

TD Under the amended facility agreement, the balance of the loan will be available for draw down until June 27, 2018, and is to be repaid by June 28, 2026, with MMG Dugald River required to make interest payments only until principal repayments start in June 2018. After which, the **company** will make half yearly amortization payments to the final repayment date.

The US\$550 **million** facility is expected to be fully drawn down subject to MMG maintaining an agreed debt-to-**equity** ratio, and the all-in costs of the facility will remain in the six-month U.S. dollar LIBOR plus 3.5% to 3.9%.

Securities granted under the original facility deal will remain in place and **China Minmetals Corp.**, MMG's controlling shareholder with a 73.69% interest in the **company**, will also provide a parent guarantee for the term of the amended facility.

The revised deal also stipulates that the lenders may declare the outstanding loans under the facility immediately due and payable under certain conditions, including if **China Minmetals** ceases to legally and beneficially own, directly or indirectly, at least 51% of MMG's outstanding share capital.

As announced in July 2015, Dugald River's revised development plan was subject to the finalization of amended financing deals, the renegotiation of existing operating service contracts and receipt of necessary permits and approvals.

MMG has further optimized the project's mine plan, now to support a plant with a nameplate capacity of 1.7 **million** tonnes per annum and an annual output of about 170,000 tonnes of zinc in zinc concentrate plus byproducts. The mine is expected to operate over a 25-year mine life while the **ore** body remains open at depth.

The remaining expenditure to complete the project is estimated to be in the range of US\$600 **million** to US\$620 **million**, plus interest costs associated with project funding during the period from July 2015 to first shipment of concentrate in the first half 2018.

Early works continue at Dugald River, in accordance with the revised development plan, and its first zinc concentrate is expected to be produced in the first half of 2018. Meanwhile, MMG continues to progress the renegotiation of the project's permits and existing service and construction contracts.

CO bkchin : Bank of China Ltd | oriemi : MMG Limited | stdevb : China Development Bank | cminmc : China Minmetals Corporation | imreht : China Northern Rare Earth (Group) High-Tech Co. Ltd. (China) | lawspr : Minmetals Land Limited

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