
Kagara seeks JV partner for Admiral Bay zinc project in WA

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Kagara Limited is about to commence talks with potential JV partners for its Admiral Bay project in Western Australia, which it says, has potential to be the world's largest and lowest cost lead and zinc mine.

Mr Kim Robinson executive chairman of Kagara said that "It is truly a world class asset. On our preliminary calculations, it has a payback of less than 2 years with a USD 1 billion capital cost."

He said that "We are doing a pre feasibility study that should be completed in three to four months time. We will take that out to the market, talk to these people that are interested in a joint venture and hopefully achieve a very useful outcome for Kagara."

Kagara announced that a subsidiary of GFTG Shengtuo Metals Private Limited which is itself a branch of China's Guangdong Foreign Trade Group Company Limited had increased its stake in the miner to 19.99% just beneath the threshold that triggers a formal takeover under Australia's Corporations Act.

It had substantial debt and only USD 2.7 million cash on hand at the end of March and had been hampered by lower base metals prices and copper hedging contracts.

UBS said that "Kagara will always perform well in a bullish market environment due to the leverage of the operating assets and the unquantifiable blue sky value from assuming the potential development of the large Admiral Bay project in WA."

It said that "We currently attribute a notional USD 100 million to the project but admit that this could be higher if the project progresses to the development stage."

(Sourced from AAP)

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