



Red Rock has already been issued 16% of Steelmin's share capital, with the first tranche of €2.73-million having been paid, and the balance due in one week.

The loan will enable Steelmin to complete refurbishment of its ferrosilicon smelter complex in Jajce, Bosnia, with production expected to start in the first quarter of next year.

The plant comprises two electric arc furnaces with a combined capacity of 48 720 t/y ferrosilicon and 9 700 t/y of microsilica. Steelmin is targeting yearly revenues on initial production levels of €36-million and earnings before tax of €7-million.

"This transaction gives us a stake in a brownfield ferrosilicon asset on which significant funds have been spent over several years. A land dispute which caused delay has been resolved and we are providing the final slice of money before production.

"We see this as a sound cash-generative business that will have quality management and customers, generally stable margins, and where we have attractive terms of entry. On-site expansion capacity will facilitate growth," said Red Rock chairperson Andrew Bell.

He added that the company had worked to find a "creative financing solution" to make this investment, while not giving away equity upside in the business, knowing that a value crystallisation of its Jupiter Mines holding was likely this month.

To fund the loan, Red Rock has borrowed \$4.23-million from YA 11 PN, on behalf of a group of institutional investors, on a secured basis for a term of one year bearing interest at 13% a year, with a renewal option for a further eight months for a fee.

The note is secured against the company's Jupiter Mines holding, the loan and the shares.