

Montero Mining and Exploration Ltd

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Montero Mining and Exploration raises \$1.4 mln in financing oversubscribed by 40%

Montero Mining and Exploration (CVE:MON) has raised a total of \$1.4 million in new funds through a non-brokered private placement financing that it says was oversubscribed by 40 per cent.

The rare earths explorer said late Friday afternoon that it successfully sold 11.2 million units at a price of 12.5 cents each.

"We are pleased to report that the private placement was oversubscribed by 40% which is testimony to investor confidence in our strategy. I would like to thank existing shareholders, Board of Directors and new subscribers for their support," said president and CEO, Dr. Tony Harwood, in a statement.

The company announced the offering in mid-December, with initial plans to raise up to \$1 million.

Each unit in the placement was made up of one common share and one share purchase warrant, with every warrant good for one additional share for a price of 25 cents until January 18, 2015.

The new funds, the company said, will be used for exploration and general working capital.

Last month, Euro Pacific Canada initiated coverage on Montero, starting the rare earths explorer with a "speculative buy" recommendation and a price target of 30 cents - far and above its current trading price of 11.5 cents.

"Montero has made significant advances in metallurgy. The company has produced samples of saleable rare earth products for marketing purposes, including cerium oxide, hydroxide and carbonate mixed rare earth products," noted metals and mining analyst for Euro Pacific, Luisa Moreno.

The company contracted Mintek in South Africa, a firm that specializes in mineral processing and extractive metallurgy, to conduct the preliminary metallurgical research and testwork on the 100-kilogram sample from its Wigu Hill project, from where the samples were produced.

Montero's main Wigu Hill rare earth element (REE) deposit in Tanzania, which is 81 per cent owned by the company, is a steep hill that is 250 metres above sea level, 550 metres above the surrounding coastal plain, with the highest peak at 796 metres above sea level.

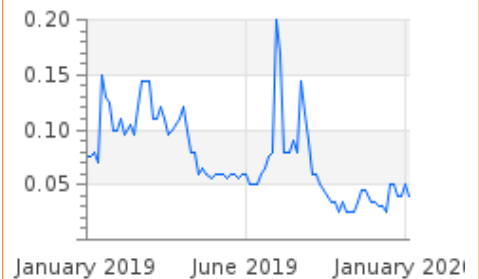
The project is located about 65 kilometres south of Morogoro and 200 kilometres southwest of Dar es Salaam in southeastern Tanzania. It covers a 142 square kilometre area and grab samples have yielded results as high as 27.25% total rare earth oxides, with up to 16.68% from drilling.

The junior explorer's plan is to fast track a portion of the large deposit to the mining and production stage, but Montero

Price: 0.04

Market Cap: \$875.23 k

1 Year Share Price Graph



Share Information

Code: MON

Listing: TSX-V

52 week High Low
0.2 0.025

Sector: Rare earths & specialist minerals

Website: www.monteromining.com

Company Synopsis:

Montero Mining & Exploration Ltd. is a mineral exploration and development company engaged in the identification, acquisition, evaluation and exploration of mineral properties in Africa. Montero's new strategy is focussed on the battery metals in Africa and is currently exploring the Soris Lithium Project in Namibia. Namibia is one of the most progressive mining investment countries in Africa.

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believes that with a more comprehensive drilling program, it can expand mineral resources from the current 3.3 million tonnes to well above 40 million tonnes.

As a result of its fast track strategy and its decision not to focus on expanding resources, Montero has become one of the first juniors to produce samples of individual and mixed oxides.

"With the metallurgy at well-advanced stage, we believe the company is currently in negotiations with funding partners for the development of the Wigu Hill mine and processing facilities. We believe that Montero could emerge as the first junior rare earth company to cross the line to production," Moreno added.

As a result of Montero already being able to produce a mixed rare earth concentrate and individual oxides, its project has relatively lower metallurgical risk, and has been able to sign an additional agreement with a strategic partner.

In November, the Toronto-based company said it signed an arm's length, non-binding term sheet with a strategic investor, for project equity funding for the mineral explorer's Wigu Hill REE mine and refinery complex. Due diligence is still to be undertaken by the investor, Montero said, the results of which are subject to approval by the executive management and the party's board of director.

This agreement followed others inked earlier this year for the project.

Montero may release the results of a preliminary economic study from the project this quarter, or continue to work toward a more comprehensive definitive feasibility study, which could be wrapped up before the end of 2013.

The company expects to start mine construction in the third quarter of next year, contingent on a positive feasibility study, and favourable equity and credit markets, with production anticipated to begin the following year.

The Wigu Hill asset is considered a "look-a-like" to Molycorp's (NYSE:MCP) Mountain Pass project in the U.S. as the REEs are hosted in the mineral bastnaesite, found in carbonatite dikes at Wigu Hill. It also carries high grades of lanthanum, cerium and neodymium relative to the other elements in the deposit.

Montero is considering building a second refinery to refine lanthanum, praseodymium, neodymium and possibly samarium. The company estimates 670 tonnes of neodymium and praseodymium production.

Separately on Friday, Montero also announced that settled debt related to the provision of services and consulting, as announced in December after receiving the approval of the TSX Venture Exchange. It issued a total of 5.14 million shares to certain creditors at a price of 12.5 cents, settling a total of \$643,077 in debt.

Montero's shares closed Friday at 11.5 cents - up almost 5%. Its stock is up 21% in the last month.

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