



# SilverCrest Secures US\$12.5M Loan

## SANTA ELENA PROJECT TO COME ONLINE IN 2010

VANCOUVER — With a US\$12.5-million loan lined up, **SilverCrest Mines** (SVL-V, STVZF-O) says it now has the necessary funds to bring its Santa Elena project in Mexico to production.

The loan, from Macquarie Bank, adds to US\$12 million SilverCrest is to receive from **Sandstorm Resources** (SSL-V, SNDXF-O) in return for 20% of Santa Elena's life-of-mine gold production. As part of the gold purchase agreement, Sandstorm will also pay the lesser of either US\$350 per oz. gold or gold's going price.

If Santa Elena's US\$20-million capital cost as forecast in a prefeasibility study holds up, then combined, the gold purchase agreement and the Macquarie loan will more than pay for construction of the proposed 2,500-tonne-per-day heap-leach mine, about 150 km northeast of Hermosillo.

SilverCrest's June 2008 prefeasibility estimates annual production of 30,000 oz. gold and 500,000 oz. silver over an eight-year mine life from probable reserves of 6.5 million tonnes grading 56.7 grams silver per tonne and 1.61 grams gold.

In a base-case scenario using US\$765-per-oz. gold and US\$11.95-per-oz. silver, the project gives an internal rate of return of 100% and a net present value discounted at 8% of US\$67 million.

Overall, the stripping ratio is 4.85, though in the first two years of the project, it is somewhat less at 3.5.

Using silver-to-gold conversion of 64:1, SilverCrest estimates cash costs per oz. gold equivalent of US\$328. But with higher grades and less stripping, SilverCrest forecasts cash costs in the first two years at US\$250 per oz. gold equivalent.

SilverCrest chief operating officer Eric Fier says the company has contracted Sonoran Resources to operate the mine and that major equipment has been ordered.

Fier also notes there is potential to expand the operation underground and that beyond the proposed mine, SilverCrest has outlined four more near-parallel targets with similar geochemical signatures as Santa Elena, a lowsulphidation epithermal system.

Production is expected to start in 2010.

Macquarie's fee for extending the loan was 5 million SilverCrest warrants redeemable for a common share at 90¢ over three years. Macquarie agreed to cancel 3.2 million shares worth of warrants it already held. Further to the US\$12.5-million loan, Macquarie will extend Silver-Crest \$3 million in bridge financing so that it can complete acquisition of Santa Elena. In 2005, SilverCrest entered into a 100% option agreement with the owners of the property for US\$4 million, payable in stages over five years. The final payment of the agreement is US\$1 million.

On news of the loan, SilverCrest's share price lost 5¢ to close at 55¢. The company has 45.5 million shares outstanding.

