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BMR Group PLC
08 August 2016

BMR Group PLC ("BMR" or the "Company")

Off-take Agreement and General Update

Introduction

The Board is pleased, further to its announcement on 1 August 2016, to announce that on 5 August 2016 it entered into the anticipated off-take agreement (the "Agreement") with African Compass International Limited ("ACI"), a private South African group engaged in mining, energy and agri-business.

It is also pleased to provide an update on other developments at its operations at Kabwe.

Agreement with ACI

The Agreement provides for the off-take by ACI over a minimum five-year period, commencing within six months of commissioning of the Kabwe plant, of a minimum of 500 tpm of agricultural grade zinc sulphate heptahydrate (ZSH), 300 tpm of lead sponge and 300 tpm of LME grade 'A' electrolytic zinc cathodes, each to a specified quality. All products will be supplied on an FOB Kabwe plant gate basis at a price linked to the related LME spot price. It is estimated that sales of the minimum quantities of these three products from the Plant, as it is proposed to be configured, would generate gross revenue of at least US\$750,000 per month at current prices. Upon the minimum quantity having been delivered in a given month, BMR may, subject to the approval of ACI not to be unreasonably withheld, sell any of such products to third parties in that month.

The Agreement also provides that ACI will agree to make available to BMR in September 2016 a trade finance facility of US\$3.5 million, which BMR intends to use to finance in part the construction of the plant at Kabwe. Drawdowns under this facility, which is interest free, can be settled, at BMR's election, by set off against up to 100% of product revenues due from ACI, or, at ACI's election, by set off against up to 50% of such product revenues. BMR anticipates entering into the agreement relating to this facility shortly, at which point a further announcement will be made.

Plant construction

BMR has now finished the civil works to prepare the floor space in the old mine concentrator building, which is now ready for concreting. Orders for all of the leach/precipitation/lead leach mixing tanks and agitators have been placed. In addition, the planned extension and modifications to the test laboratory facility at Kabwe have been completed.

Recent filtration and settling optimisation test work undertaken by our metallurgical consultant Kupfermelt Metal Processing CC., South Africa, in conjunction with the Company's main process equipment supplier, has enabled BMR to standardise on the thickener designs and to reduce the leach and precipitation stage Horizontal Belt Filters and Filter Press sizes by substantially increasing the residue pulp densities. This development will result in various cost savings, which would help to balance out any unforeseen escalation in plant costs.

The Kashitu prospect

Ground conditions in the Kashitu section of the Large Scale Mining Licence have now improved sufficiently to allow the start of the planned pitting and trenching programme. The programme is designed to investigate historical anomalies and to carry out additional exploration to extend our knowledge of this section of our Large Scale Mining Licence.

ZEMA

The programme to establish baseline studies for monitoring air, ground water and personal health in compliance with the conditions set out by ZEMA following their approval to build the plant has been started by J A Consultancy and is expected to be completed by November 2016.

ZEMA has informed the Company that its decision to approve the EPB for selling the Waelz Kiln slag is now expected to be made during August. A further announcement will be made when the decision is released.

Personnel

Finally, the Board is pleased to announce that the Company has recently strengthened its management team with two key appointments.

Ms Steph Wilk has joined the Company as Group Geologist. Steph has an MSc in Earth Sciences from the Royal School of Mines, Imperial College, London. She has six years' field experience, three of which were spent working as an exploration geologist in Australia. She also brings a range of data analysis and computer processing skills that will strengthen the Company's ability to investigate and evaluate any acquisition opportunities.

Mr Luther Banda has joined the Company as a Plant Metallurgist. He has a BSc in Metallurgy and Mineral Processing from the University of Zambia, School of Mines, Lusaka. Luther recently worked for Mopani Copper Mines (Glencore) in the Nkana Leach Plant as Senior Assistant Metallurgical Engineer. His responsibilities will be to manage the metallurgical performance and production of the Plant once in operation. In the meantime he is supervising BMR's ongoing test work programme which is designed to optimise and improve all phases of the metallurgical process and de-risk the plant commissioning phase.

This announcement contains inside information for the purposes of Article 7 of Regulation 596/2014.

Alex Borrelli, Chairman of BMR, commented: "We are delighted to have secured an additional loan facility, now agreed at \$3.5 million, which further substantiates our planned Kabwe operations. Our continuing progress on our schedule of works at Kabwe remains in line for completing the plant construction for commissioning in early 2017."

Ends

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