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BMR Group PLC
02 May 2018

BMR Group PLC

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

Kabwe joint venture (the "Joint Venture") with Jubilee Metals Group PLC ("Jubilee" or "Jubilee Group")

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

Join Venture formalisation

BMR announces that, further to its announcement (the "Announcement") on 23 October 2017 (a relevant extract of which is re-produced below), it formalised today its joint venture with Jubilee in respect of its plant to process tailings at Kabwe by executing the following agreements:

- A shareholders agreement between (i) Kabwe Operations Limited ("KOL") (referred to as the joint venture company in the Announcement and to be owned as to 85% by BMR and 15% by Jubilee), (ii) BMR and (iii) Jubilee; and
- An operating agreement between (i) KOL, (ii) Enviro Processing Limited ("EPL", a wholly owned subsidiary of BMR), (iii) BMR and (iv) Jubilee.

On 23 October 2017, when the Announcement was released, Jubilee did not have an equity interest in BMR. As Jubilee now has an equity interest of approximately 29% in BMR, the formalisation of the Joint Venture, whilst not a fundamental change of business in accordance with AIM Rule 15, does represent a related party transaction in accordance with AIM Rule 13. The key terms of the Joint Venture remain as summarised in the Announcement, save as described below.

As a result of delays caused by the temporary termination of BMR's Kabwe mining licence, announced on 7 February 2018 and which was re-instated as announced on 5 April 2018, Jubilee will prepare the initial design, work programme and budget for the construction phase of the Kabwe project by 14 June 2018 at which point it will make a decision whether to proceed with the plant development. In the intervening period Jubilee, as operator, will also hold discussions with the Zambian authorities regarding the proposed timing of construction and commissioning of the plant in light of the conditions attached to the mining licence at the time of it being reinstated.

Subject to Jubilee notifying BMR of a positive decision, BMR will announce the expected timing and total cost of construction of the plant by 14 June 2018. Upon Jubilee determining to proceed, both BMR and Jubilee will have the right to appoint two directors to the board of directors of KOL, with the Chairman, an appointee of BMR, having a deciding vote where necessary.

In the event that the total outstanding construction costs exceed the available funds from Jubilee's aggregate investment in KOL of up to £2.3 million, it is anticipated that any excess will be borne by BMR and Jubilee in proportion to their then expected respective equity interests of 60% and 40%, respectively.

Finally, EPL and KOL have agreed to indemnify Jubilee in respect primarily of its past operations at Kabwe, any non-compliance with environmental or regulatory requirements and breach or non-compliance with any laws or mining licence terms and conditions, save in respect of the terms and conditions of the restoration of the licence announced on 6 April 2018.

The Independent Directors of BMR, excluding Colin Bird by reason of his interests in Jubilee, consider, having consulted with BMR's nominated adviser, that the terms of the Joint Venture are fair and reasonable insofar as its shareholders are concerned.

African Compass International ("ACI")

In light of the formalisation of the Joint Venture with Jubilee, BMR terminated yesterday the facility and off-take agreements with ACI and initiated steps to recover the USD109,000 transferred to ACI for securing a bank guarantee.

Proposed subscription

Finally, the Directors anticipate that the £1.0 million subscription, first announced on 6 April 2018, will be delayed until Jubilee has notified BMR of a positive decision by 14 June 2018, whereupon BMR will apply for trading in its shares on AIM to be restored.

For further information:

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Extract from BMR announcement of 23 October 2017:

"BMR Group PLC

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

Proposed financing of Kabwe Zinc-Lead tailings re-processing operation and Corporate update

Highlights

- The Company entered into a new arrangement for the proposed funding, construction and operation of the Kabwe zinc-lead tailings re-processing plant ("Kabwe Plant") with Jubilee Platinum Plc ("Jubilee");
- The arrangement is subject to technical review by Jubilee and final agreement of work programme and legal documentation by no later than 28 February 2018;
- Under the proposed arrangement, Jubilee would provide up to GBP2.3m for construction of the Kabwe Plant;
- BMR would retain 100% ownership of the Kabwe Large Scale Mining Licence, tailings and infrastructure (the "Kabwe Assets"), and a minimum of 60% of the economic interest in the long term post-tax profits of Kabwe operations;
- BMR and Jubilee targeting completion of the construction and commissioning of the Kabwe Plant by 30 June 2018 and commencement of operations and revenue generation thereafter;
- BMR has undertaken to terminate the financing arrangements with African Compass International Limited ("ACI") by 28 February 2018.

Summary of arrangement with Jubilee

The Board is delighted to report that BMR has executed a binding term sheet (the "Binding Term Sheet") with Jubilee with the potential to provide financing for the completion of the construction of the Kabwe Plant subject to a review and further negotiations that will then determine a Joint Venture Agreement to be entered into by no later than 28 February 2018.

Background on Jubilee

Jubilee is admitted to trading on AIM with a market capitalisation of c.GBP48 million. It is a mining exploration and development company with a strategy to create an integrated mine-to-metals company with a primary focus on platinum. This is based on modern and thoroughly proven smelting technology to process the Company's own and others' high-chrome PGE concentrates and, importantly, to improve mining environments by reprocessing mine tailings dumped by other miners. Jubilee is developing and has successfully completed a number of joint venture projects in Africa and elsewhere.

Further details regarding Jubilee are available on its website at www.jubileeplatinum.com.

Overview of the Binding Term Sheet

- Jubilee to immediately make available a GBP300,000 facility to a subsidiary of BMR (that holds the Kabwe Assets) by way of a non-interest bearing unsecured limited recourse loan facility;
- New joint venture operating company to be incorporated and appointed as operator of the Kabwe Plant;
- Jubilee to be issued with preference shares ("Preference Shares") representing 15% of the voting rights in the joint venture company;
- Jubilee will determine by no later than 28 February 2018 whether to enter into a definitive joint venture agreement (the "Joint Venture Agreement") with the Group, following a review of the Kabwe operations;
- Jubilee, subject to entering into the Joint Venture Agreement, to advance up to a further GBP2.0 million of debt finance, to be granted security on the total debt and earn up to 40% interest in the enlarged voting rights of the joint venture company; and
- The Preferred Shares would have preferred right to receive 100% of distributed profits from Kabwe Operations until preferred shareholders have received distributions equal to a 30 per cent. premium on the debts then advanced by Jubilee (the "Jubilee Distribution"), whereupon the Preferred Shares will convert into ordinary shares of the joint venture operating company.

Details of the Binding Term Sheet

The Binding Term Sheet between BMR and Jubilee provides unconditionally as follows:

- BMR to incorporate Kabwe Operations Limited ("Kabwe Operations"), a new wholly-owned subsidiary which shall have immediate access to a GBP300,000 facility from Jubilee ("Initial Payment") as a non-interest bearing (except as described below) unsecured limited recourse loan facility repayable out of Kabwe cash-flow only (the "Jubilee Debt Finance");
- The Initial Payment will be back-to-back advanced by Kabwe Operations to BMR's wholly owned subsidiary Enviro Processing Limited ("EPL") to cover the cost of the review by Jubilee of BMR's technology and engineering plans for the Kabwe Plant and the projected cost to completion, and its strategy to increase future plant capacity to treat the Star Zinc ore. Also, the review will take into account the intended production of vanadium pentoxide for which additional processing capability will be needed once ZEMA approval has been obtained;
- In light of its review, Jubilee will determine by 28 February 2018 whether to enter into the Joint Venture Agreement and operating agreement (the "Operating Agreement") with the Group, both detailed below, and to agree with the Group detailed plans for completion and commissioning of the Kabwe Plant, targeted by 30 June 2018; and
- Jubilee shall immediately be issued with preference shares ("Preference Shares") representing 15% of the enlarged voting share capital of Kabwe Operations, the joint venture company.

Upon execution of the proposed Joint Venture Agreement and the Operating Agreement, the Binding Term Sheet further provides as follows:

- Jubilee would have the right to increase its interest in the voting share capital of Kabwe Operations up to 40% through the advance of a further GBP2.0 million of Jubilee Debt Finance as follows:
 - by no later than 28 February 2018 (or such later date as agreed between the parties) (the "Long-stop date"), by an advance of a further GBP1,000,000 of Jubilee Debt Finance to Kabwe Operations (again advanced by Kabwe Operations to EPL) as a result of which it will be issued with further Preference Shares such that its aggregate holding of Preference Shares represents 30% of Kabwe Operations' enlarged voting share capital; and

- by no later than 120 days of the Long-stop date, by an advance of a further GBP1,000,000 of Jubilee Debt Finance to Kabwe Operations (again advanced by Kabwe Operations to EPL) as a result of which it will be issued with further Preference Shares such that its aggregate holding of Preference Shares represents 40% of Kabwe Operations' enlarged voting share capital;
- As security for the Jubilee Debt Finance, the Group would grant security over the whole of its shareholding in EPL upon receipt of the first sum of GBP1,000,000 by the Long-stop date until repayment of the Jubilee Debt Finance;
- Each Preferred Share would have equal voting rights to each ordinary share of Kabwe Operations but would have preferred rights as a class of shares to receive 100% of distributed profits from Kabwe Operations until preferred shareholders have received distributions equal to a 30 per cent. premium on the Jubilee Debt Finance then advanced, whereupon the Preferred Shares will convert into ordinary shares of Kabwe Operations;
- Kabwe Operations would be appointed as operator of the Kabwe project, with responsibility for commissioning, funding and construction of, and operations at, the Kabwe Plant. Kabwe Operations may sub-contract responsibilities to Jubilee and/or BMR on a direct cost plus 10% basis, and would sub-contract operator responsibilities to Jubilee;
- Cash generated by EPL through its Kabwe operations would be used in the following order (i) to pay off outstanding loans from Kabwe Operations, (ii) to pay off existing debt of c.GBP5 million of EPL to other members of the Group (which would be assigned between the Group and Jubilee pro rata to their holding of voting shares of Kabwe Operations at the time of loan repayments) and (iii) as consideration for acting as operator, Kabwe Operations would receive all of EPL's residual cash generated.
- Kabwe Operations would apply funds received from EPL in the following order:
 - Repayment of Jubilee Debt Finance;
 - Payment of the Jubilee Distribution; and
 - Distribution of profits between BMR and Jubilee pro rata to their holding of voting shares of Kabwe Operations at the time of such distributions.
- Finally, in the event that the Joint Venture Agreement referred to above is deemed to be a fundamental change of business in accordance with Rule 15 of the AIM Rules for Companies and is not approved by shareholders of BMR:
 - Kabwe Operations (guaranteed by BMR) shall immediately repay (in cash or new ordinary shares of BMR at the prevailing price) the GBP300,000 Initial Payment together with 100 per cent. interest thereon (reflecting the costs to be incurred by Jubilee);
 - Jubilee shall retain its interest in 15% of Kabwe Operations' voting share capital; and
 - Jubilee shall have a pre-emptive right (by reference to voting rights) to participate in any future equity issue or joint venture relating to BMR's Kabwe project and the right to realise its interest in Kabwe Operations at the future equity issue price or joint venture implied value, as appropriate.
- BMR and Jubilee would, respectively, initially appoint two directors and one director to the board of Kabwe Operations.

Update on African Compass International Limited ("ACI")

As announced on 8 June and on 23 June 2017, ACI has not met the first drawdown request under the facility agreement it entered into with BMR on 23 September 2016. BMR announced that it had therefore started looking for alternative sources of finance. In light of the Binding Term Sheet being entered into with Jubilee, BMR has undertaken to terminate by 28 February 2018 the facility agreement and the off-take agreement with ACI, which were announced on 1 August 2016, and seek recovery of the funds amounting to \$109,000 transferred to ACI for securing a bank guarantee.

BMR reserves all rights against ACI for its significant breach of the terms of the facility agreement."