RNS Number : 1206T
BMR Group PLC
24 March 2016

BMR Group PLC

("BMR" or the "Company")

Interim results for the six months ended 31 December 2015

Chairman's statement

I am pleased to present below the unaudited interim results of the Company for the six months ended 31 December 2015.

The loss before taxation for the six months ended 31 December 2015 before exchange translation differences was £17,000 (2014: £951,000). The loss for the period of £17,000 (2014: £951,000) represents administrative expenses of £550,000 net of a foreign exchange gain of £533,000. This gain has arisen from the movements between the sterling and dollar exchange rates as the subsidiary companies are now accounted for in US dollars. Loss per ordinary share was 0.01p (2014: 0.07p). Total net assets at 31 December 2015 amounted to £8.77 million (2014: £8.20 million).

Kabwe pilot plant

On 18 December 2015, the Company submitted its Final Report into the Zambian Environmental Management Agency ("ZEMA") in respect of the definitive Environmental Social Impact Assessment ("ESIA") for its tailings retreatment process and construction of the planned Pilot and Main Treatment Plants in Kabwe. This represents a milestone in the development of BMR under the new management team. The Final Report was completed after approval by ZEMA of the Terms of Reference and Scoping Study for the ESIA and holding public consultations with interested and affected parties and other stakeholders.

The Company worked closely on the ESIA with Dr Geoff Casson, BMR's General Manager at Kabwe, and with our consultants, JA Consultancy, an environmental specialist organisation based in Lusaka, Zambia, led by Dr Jewette Masinja and assisted by Edward Musonda, an experienced metallurgist, for the process design of the pilot plant.

On 22 September 2015, the Company announced that Tony Francis BSc Eng. Metallurgy, ARSM, FIMMM, CEng, of Francis Minerals Consulting Limited had been engaged to undertake a peer review of our acid/brine leaching process for the recovery of lead and zinc from the tailings is suitable and had concluded its suitability.

The metallurgical processes that have been developed to achieve the recoveries and final products, certain of which are being incorporated into the design of the Kabwe pilot plant, are proprietary to BMR and your Directors have initiated steps to protect this intellectual property.

We are currently expecting formal approval from ZEMA for the ESIA following the successful conclusion of a public hearing in Kabwe held on 26 February 2016. The ESIA was completed after the Company had received a formal 'No Objection' notice to submit the report to ZEMA. As we have not yet received ZEMA approval, our current target is to complete the construction of the pilot plant during 2016 and to commence production thereafter.

We continue to focus on a thorough assessment of the costings of the pilot plant, in terms of both operational and capital expenditure, for our planned treatment rate of a minimum of five tonnes per hour operating on a 24/7 basis, initially processing the Wash Plant Tailings, which are of higher grade and with higher recovery rates of metals than the Leach Plant Residues. We are seeking to acquire new and second-hand equipment from a variety of sources, both locally and from a wider geographical basis including Europe, in order to be able to complete the construction of the pilot plant in the most cost-effective and timely manner. Tony Francis has been engaged to undertake a peer review of the costings assessment before the Board announces the findings, to enable shareholders to be able to formulate an appropriate valuation of the Company on the basis of potential revenue generation.

Waelz Kiln Slag ("WKS")

We believe that the WKS, comprising approximately 1.1 million tonnes, could be applied in the construction of building blocks and road construction. The Company has manufactured and tested a batch of concrete blocks, using an 80:20 ratio of WKS to building sand, for which there was no evidence of leaching of lead or zinc.

A draft submission for approval was made to ZEMA in December 2015 in the form of an Environmental Project Brief ("EPB"), a separate and less onerous application process than an Environmental Impact Study, to sell the WKS for incorporation in block and concrete making. We are in continued discussions with ZEMA and expect to submit a final EPB during the current financial year and, in the event that ZEMA approval is given, BMR intends to commence local sales of WKS.

Imperial Smelting Furnace Slag ("ISF Slag")

The Company continues to investigate the potential of achieving higher levels of recovery of zinc from the ISF Slag and, if this further work concludes positively, the Company will commission a full JORC compliant survey of the ISF Slag.

Fund raisings and share capital

On 28 October 2015, the Company announced the successful raising of £750,000, before expenses, by way of a placing of 18,750,000 new ordinary shares at 4.0p per share. For each new share subscribed, a warrant was issued entitling the holder, on exercise, to subscribe for a further new ordinary share at 7.0p per share in the 42 days following the publication of the Company's results for the year ending 30 June 2016.

Following this placing, the Company committed to make a similar amount of new shares available to shareholders. Subsequent to the period end, the Company announced on 15 January 2016 an open offer to shareholders of one new share for every six shares held on 14 January 2016 at 3p per share, in addition to a matching warrant at 7.0p per share. I was pleased to announce that the Company had successfully raised approximately £415,000 through the open offer, as announced on 18 February 2016, and in which I had subscribed £20,000 for 666,666 new ordinary shares.

These fund raisings have enabled the Company to strengthen its cash resources and will be applied in the construction of the planned pilot plant at Kabwe and bring forward the assembly of the main plant.

Following the fundraisings and issue of warrants, the Company now has in issue 164,532,905 ordinary shares and 39,710,310 warrants, in addition to 13,196,546 options.

Head office, overheads and cash flow considerations
The Directors have successfully reduced the Company's ongoing monthly expenditure in the UK with effect from 1 January 2016, aligning the cost base more closely to our considerations of operational requirements to approximately £65,000 per month (assuming no foreign exchange losses).

On 9 November 2015, the Company announced that it had entered into an agreement for the surrender of the lease of premises at 6 Derby Street, London W1J 7AD, which had served as the Company's former registered office, to the landlord with a settlement for the cost of dilapidations and no further rental obligations from the end of the lease period on 24 December 2015.

Since July 2015, the Company has been operating from a small serviced office at 35 Piccadilly, London W1J 0DW, which now also serves as the registered office.

While our principal focus is on the Kabwe pilot plant, we continue to address legacy issues at the Company. In respect of the investigation we conducted into financial irregularities at the Company, resulting in the write-downs and provisions of £10.3 million in respect of prior years and announced with the results for the year ended 30 June 2014, the Company has now submitted particulars of claim against certain entities, not being party to the settlement agreement entered into in February 2015, where the Directors are confident of success. This action is being undertaken with a fee basis aligned to success.

As previously announced, the Company was in continued discussions with HMRC, having received notice that BMR is to be de-registered together with an assessment for back VAT and interest thereon amounting to £268,491 at 30 June 2014 (such sum now exceeding £374,000 after taking into account recent VAT recoveries following our submission of VAT returns). Together with our advisers, we have reviewed recent case law on VAT recoveries and the Directors are confident, following advice the Company has received, that our case has certain merits justifying our position for seeking an appeal.

Change of name and new website
Approval for the change in the Company's name to BMR Group PLC was given at the Annual General Meeting held on 10 February 2016 to reflect the on-going evolution of the Company's activities from mining to concentration on the processing of tailings and recycling of metals.

We are pleased to have launched a revised website www.bmrplc.com which we believe will be of appeal to our shareholders and on which the interim results for the six months ended 31 December 2015 will shortly be available.

Outlook
I believe that the Company has advanced significantly in substantiating value for shareholders with the imminent approval expected from ZEMA for our planned pilot and main treatment plants at Kabwe.

Following this approval, we expect to provide shareholders with summary details of our assessment of the costings of the pilot plant, in terms of both operational and capital expenditure, for our planned treatment rate of a minimum of five tonnes per hour operating on a 24/7 basis, which will first be subject to a peer review.

As we have not yet received ZEMA approval, our current target is to complete the construction of the pilot plant during 2016 and to commence production as soon as possible thereafter.

We also expect to submit to ZEMA the final Environmental Project Brief for approval for the sale of the WKS in the near future which we expect to generate modest revenues commencing this year.

I am pleased to be able to present to shareholders an increasingly positive landscape. While we are focusing on the finalisation of costings for the pilot plant and are cautious on possible cash outflows, I am confident that we can deliver value to shareholders.

Alex Borrelli
Chairman

23 March 2016

BMR GROUP PLC
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six month period ended 31 December 2015

		Un-audited Period ended 31 December 2015 £	**Un-audited Period ended 31 December 2014 £**
Continuing operations			
Administrative expenses		(16,933)	(950,505)
		————	————
Total administrative expenses		(16,933)	(950,505)
Other income		-	-
Finance expense		(1,017)	(945)
Finance income		1,444	625
		————	————
Loss before tax		**(16,506)**	**(950,825)**
Taxation		-	-
		————	————
Loss for the period after taxation attributable to equity holders of the parent company		**(16,506)**	**(950,825)**
Other comprehensive loss:			
Exchange translation differences on foreign operations		(143,068)	114,848
		————	————
Total comprehensive loss for the period attributable to equity holders of the parent company		**(159,574)**	**(835,977)**
		————	————
Loss per ordinary share			
Basic and diluted (pence)		**(0.01 p)**	**(0.07p)**
		————	————

The comparative figures are for the six month period ended 31 December 2014.
BMR GROUP PLC

CONDENSED CONSOLIDATED STATEMENT OF FINANCIALPOSITION
As at 31 December 2015

	Un-audited 31 December 2015 £	Un-audited 31 December 2014 £	Audited 30 June 2015 £
Assets			
Non-current assets			
Intangible exploration and evaluation assets	10,383,201	9,811,133	9,811,527
Property, Plant and Equipment	53,258	115,678	65,924
	10,436,459	**9,926,811**	**9,877,451**
Current assets			
Trade and other receivables	41,743	132,807	199,911
Cash and cash equivalents	838,120	494,516	785,881
	879,863	**627,323**	**985,792**
Total assets	**11,316,322**	**10,554,134**	**10,863,243**
Liabilities			
Current liabilities			
Trade and other payables	530,126	497,726	752,136
Total current liabilities	**530,126**	**497,726**	**752,136**
Non current liabilities			
Deferred tax	2,013,688	1,855,145	1,906,525
Total non current liabilities	**2,013,688**	**1,855,145**	**1,906,525**
Total liabilities	**2,543,814**	**2,352,871**	**2,658,661**
Net assets	**8,772,508**	**8,201,263**	**8,204,582**
Equity			
Share capital	21,079,788	20,892,288	20,892,288
Share premium	21,237,815	20,697,815	20,697,815
Share based payment reserve	52,786	-	52,786
Merger reserve	1,824,000	1,824,000	1,824,000
Translation reserve	(406,554)	(853,856)	(263,486)
Retained earnings	(35,015,327)	(34,358,984)	(34,998,821)
Total equity	**8,772,508**	**8,201,263**	**8,204,582**

BMR GROUP PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six month period ended 31 December 2015

	Share capital	Share premium	Share based payment reserve	Merger reserve	Translation reserve	Retained earnings	Total equity
	£	£	£	£	£	£	£
As at 30 June 2014	**20,178,002**	**20,462,101**	**-**	**1,824,000**	**(968,704)**	**(33,408,159)**	**8,087,240**
Total comprehensive loss for the period	-	-	-	-	114,848	(950,825)	(835,977)
Issue of shares	714,286	285,714	-	-	-	-	1,000,000
Share issue costs		(50,000)					(50,000)
As at 31 December 2014	**20,892,288**	**20,697,815**	**-**	**1,824,000**	**(853,856)**	**(34,358,984)**	**8,201,263**
As at 30 June 2015	**20,892,288**	**20,697,815**	**52,786**	**1,824,000**	**(263,486)**	**(34,998,821)**	**8,204,582**
Total comprehensive loss for the period	-	-	-	-	(143,068)	(16,506)	(159,574)
Issue of shares	187,500	562,500	-	-	-	-	750,000
Share issue costs	-	(22,500)	-	-	-	-	(22,500)
As at 31 December 2015	**21,079,788**	**21,237,815**	**52,786**	**1,824,000**	**(406,554)**	**(35,015,327)**	**8,772,508**

BMR GROUP PLC
CONDENSED CONSOLIDATED CASH FLOW STATEMENT
for the six month period ended 31 December 2015

		Un-audited Period ended 31 December 2015 £	Un-audited Period ended 31 December 2014 £
Cash flows from operating activities			
Loss before tax		(16,506)	(950,825)
Adjustments to reconcile net losses to cash utilised :			
Amortisation of exploration and evaluation assets		16,813	139,058
Depreciation of property, plant and equipment		21,502	22,152
Finance income		(1,444)	(625)
Operating cash outflows before movements in working capital		**20,365**	**(790,240)**
Changes in:			
Trade and other receivables		158,168	(15,474)
Trade and other payables		(368,878)	(392,755)
Net cash outflow from operating activities		**(190,345)**	**(1,198,469)**
Investing activities			
Interest received		1,444	-
Purchase of property, plant and equipment		(8,836)	(4,490)
Purchase of intangible exploration and evaluation assets		(481,324)	(24,664)
Net cash outflow from investing activities:		**(488,716)**	**(29,154)**
Financing activities			
Proceeds from issue of shares		750,000	1,000,000
Share issue costs		(22,500)	(50,000)
Net cash from financing activities		**727,500**	**950,000**
Net increase / (decrease) in cash and cash equivalents		48,439	(277,623)
Effect of foreign exchange rate changes		3,800	21,444

Cash and cash equivalents at beginning of period		785,881	750,695
Cash and cash equivalents at end of period		**838,120**	**494,516**

Notes to the interim results:

1. **General information and accounting policies**

   This announcement is for the unaudited interim results for the period ended 31 December 2015. The Registered Office of the Company is at 35 Piccadilly, London W1J 0DW.

2. **Basis of preparation**

   The condensed consolidated financial information has been prepared using policies based on International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB") as adopted by the European Union, which are expected to be applied in the Group's financial statements for the year ending 30 June 2016 as applied further thereon:

   The consolidated interim results for the period 1 July 2015 to 31 December 2015 is unaudited, does not include all the information required for full financial statements and should be read in conjunction with the Group's consolidated financial statements for the year ended 30 June 2015. In the opinion of the Directors the consolidated financial information for the period represents fairly the financial position, results from operations and cash flows for the period in conformity with generally accepted accounting principles consistently applied.

   The annual financial statements of BMR Group PLC are prepared in accordance with International Financial Reporting Standards ('IFRSs') as issued by the International Accounting Standards Board ('IASB') and as adopted by the European Union. The Group's consolidated annual financial statements for the year ended 30 June 2015, have been filed with the Registrar of Companies and are available on the Company's website www.bmrplc.com.

   As permitted, the Group has chosen not to adopt IAS 34 'Interim Financial Reporting'.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources with its cash balances to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

As previously reported the operational requirements of the Company comprise maintaining a Head Office in the UK with a Board comprising two executive directors and one non-executive Director with two consultants for, amongst other things, determining and implementing strategy and managing operations. In addition, the

Company has a team in Kabwe, Zambia for establishing facilities for the processing of the Company's tailings into zinc and lead concentrates under the direction of the Board.

The Directors have considered the current level of cash balances and the operational requirements of the Company in both the UK and Zambia over the next 12 months and the commencement of the establishment of a pilot plant, subject to the approval of a final report, expected in the near future, from the Zambian Environmental Management Agency ("ZEMA"). The Directors believe that the process methodology being developed by the Company working with technical partners is capable of being patented. The Directors expect the plant to be capable of processing at the rate of five tonnes per hour and operating on a 24/7 basis once fully operational.

In addition, the Directors expect the Company to generate revenues from the sale locally of its Waelz kiln slag for building blocks in the construction sector, subject to the approval of ZEMA for which an application is currently being drafted.

The Directors therefore believe that the current cash resources which include the net proceeds of the recent open offer in February raising £414,524 are sufficient for the Group's current operations and, with the proceeds of the open offer and revenues from the sale of the Waelz kiln slag, for establishing the pilot plant in order to be able to commence production.

Foreign currencies

The individual financial statements of each Group company are presented in the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in upon GBP, which is the functional currency of the Company, and the presentation currency of the consolidated financial statements.

At the beginning of the current accounting period, the Group has reassessed its functional currencies in each jurisdiction and has assessed the local subsidiary entities to have a US Dollar functional currency. This is due to the fact that much of the dealings of the Zambian entities are in US Dollars in terms of many of the services provided are invoiced in US Dollars and early sundry sales and future sales prices of the extracted materials will be in US Dollars. Added to this the functional currency of Enviro Mining Limited the immediate parent company in Mauritius is US Dollars. Management considers that the change in functional currency most faithfully reflects the underlying transactions, events and conditions of the business.

3. Dividend

The Directors do not recommend the payment of an interim dividend.

4. Share capital and warrants

On 28 October 2015, the Company issued 18,750,000 ordinary shares of 1p each at a price of 4p per share raising £750,000. In addition for each share a warrant was issued to subscribe for a further new ordinary share at 7p per share in the 42 days following publication of BMR's results for the year ending 30 June 2016.

5. Loss per share

The loss per share of 0.01 pence (2014: loss 0.07 pence) has been calculated on the basis of the loss of £16,506 (2014: loss £950,825) and on 138,487,191 (2014:133,631,260 - restated to allow for the share consolidation) ordinary shares, being the weighted average number of ordinary shares in issue during the period ended 31 December 2015.

As at 31 December 2015 the Company had in issue 150,715,452 ordinary shares and 25,892,857 warrants.

6. Events after the reporting date

On 18 February 2016, as a result of an open offer the Company issued 13,817,453 ordinary shares of 1p each at a price of 3p per share raising £414,524. In addition, for each share issued, a warrant was issued to subscribe for a further new ordinary share at 7p per share in the 42 days following publication of BMR's results for the year ending 30 June 2016.

Ends

For further information:

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For further information, please see the Company's website at http://www.bmrplc.com

The Directors of BMR Group PLC accept responsibility for this announcement.