

Weatherly to acquire Zambian copper project

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This announcement includes release of insider information

Weatherly International plc (AIM:WTI)
("Weatherly" or "the Company")

Weatherly enters into agreement to acquire Zambian copper development project

Weatherly is pleased to announce that it has entered into a binding agreement to purchase 100% of the Kitumba copper project in Zambia from ASX-listed Intrepid Mines Limited ("Intrepid").

The key terms of the transaction are up-front consideration of AU\$ 4.75 million in cash upon transaction completion, plus deferred consideration of AU\$ 0.5 million upon a Decision to Mine and a further AU\$ 0.5 million upon achieving Commercial Production. The transaction is subject to certain Conditions Precedent including Intrepid shareholder approval and any regulatory approvals required in Zambia and Australia. Weatherly has obtained a waiver from Orion Mine Finance to use part of the uncommitted US\$10m loan announced on 28 July 2017 to fund the transaction to the extent that the Company is unable to fund it through operating cash flows.

The advanced Kitumba copper development project hosts a JORC-compliant measured and indicated resource of 24.9Mt at a copper grade of 2.32% containing 578,000 tonnes of copper. Included within this resource is a JORC-compliant reserve of 21.9Mt at a copper grade of 2.20%Cu containing 492,000 tonnes of copper.

The Kitumba deposit is contained within a granted mining license valid until 2029, while the wider project area also includes four exploration licenses, with a combined current mining and exploration tenure area covering more than 900 square kilometres.

To date an estimated US\$30 million or more has been spent on exploration, drilling, metallurgical testwork and other studies for Kitumba, and the purchase includes a fully established exploration camp on site. The development of the Kitumba mine is also already environmentally permitted based on the development plan proposed by Intrepid.

This transaction is consistent with the Company's stated strategy of pursuing growth through developing and operating profitable medium-scale base metals mines in lower-risk parts of Africa.

The Kitumba project is an excellent fit for the project development and operational mining capabilities of Weatherly in the Southern African region, and the Company is confident in its ability to rapidly advance the project towards construction and production in the near term.

Zambia is a well-established mining jurisdiction and is the second-largest producer of copper in Africa. Weatherly has solid capabilities built up while operating in adjacent Namibia for over ten years, and members of the Board and senior management team have extensive experience working in the Zambian mining sector. As a result, Weatherly is well placed to work constructively and transparently with the Zambian authorities to maximise the benefits of the Kitumba deposit for all stakeholders.

Further announcements regarding the transaction progress and Weatherly's Kitumba project development plans will be made in the near term.

The Company and its subsidiaries are unlikely to generate sufficient surplus cash to meet all loan repayments when due, particularly in the near term. The Company continues to positively engage with Orion on the subject.

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About Weatherly

Weatherly is an AIM listed copper mining company operating in Namibia in southern Africa. Its principal assets are one operating open pit copper mine called Tschudi and two underground copper projects called Otjihase and Matchless.

This information is provided by RNS
The company news service from the London Stock Exchange

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