

Quarterly Operations and Production Update

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Weatherly International PLC
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Weatherly International plc
("Weatherly" or "the Company")
Quarterly Operations and Production Update

Weatherly International plc (AIM: WTI) announces its update for the quarter ended 31 March 2017.

Summary

- Tschudi production for the quarter was 3,236 tonnes of copper cathode, 24% below nameplate
- C1 costs for the quarter increased to US\$5,907 per tonne
- Financial year to June 2017 production is expected to be 14,500-15,000 tonnes of copper cathode produced at C1 costs of US\$5,250-5,350 per tonne
- Agreement in principle reached for deferral of loan repayment due on 30th April 2017

Tschudi Production Performance

Production results for the quarter ended 31 March 2017

	Quarter ended Jun-16	Quarter ended Sep-16	Quarter ended Dec-16	Quarter ended Mar-17
Total (Ore + Waste) Mined (000 tonnes)	6,826	5,703	5,546	5,117
Ore Tonnes stacked (000 tonnes)	556	670	702	563
Ore Stacked grade (per cent)	0.88	0.89	0.88	0.86
Copper Cathode Produced (tonnes)	3,812	3,641	4,496	3,236
C1 Cost (US\$/t)	4,689	5,073	4,222	5,907

On 6 April 2017, the Company provided an update for copper cathode production during the March 2017 quarter. Weatherly advised that cathode production had fallen to 24% below nameplate due to slower than anticipated leach rates for mixed oxide / sulphide ore stacked during latter parts of 2016 and early 2017, and that the Company had been unable to compensate due to above average seasonal rainfall during the quarter which prevented short-term acceleration of mining and stacking.

Mixed oxide / sulphide ore stacked earlier in 2016 had leached at rates as predicted in the 2012 Bankable Feasibility Study (BFS). However mixed ore stacked later in 2016 showed slower leaching characteristics over time, leading to the current production shortfalls. Investigations continue with appropriate external assistance and advice to determine how site operating parameters may be changed to ensure that optimal conditions for bacterial leaching of sulphide minerals are maintained in the heap in order to maximize leach rates and ultimate overall recoveries of copper from stacked ore. The changes currently under investigation include changes to solution chemistry, potential for forced aeration of the heap, modified irrigation strategies, and possible changes to lift heights.

In the meantime capital construction of the stage two heap leach pad area has commenced to provide additional time for the leaching of copper from mixed ore currently under irrigation, and also for implementation of changed operating parameters for this ore prior to sealing and over-stacking.

Groundwater management in the open pits had no adverse effect on mining during the quarter, with groundwater inflows managed using the in-pit pumping systems. Detailed investigations continue into opportunities to reduce operating costs and production delay risks via capital expenditure to enable removal of groundwater before it enters the pits.

During April, rates of stacking contained copper metal tonnes onto the heap have improved and the rate of leaching copper metal tonnes into solution is expected to improve during the June quarter. However April's cathode production tonnage will

remain weak.

Full financial year production to June 2017, as previously advised, is now forecast to be 14,500 to 15,000 tonnes.

The poor production result in the March quarter has caused C1 quarterly operating costs to increase to US\$5,907/t. Full financial year C1 costs are now forecast to be US\$5,250-5,350 per tonne.

During the quarter, Orion assisted the company to secure some further hedging of production revenue, with 550 tonnes per month of cathode sales hedged at US\$6,000 per tonne for April to December 2017 in addition to the existing hedging positions reported on 26 January 2017.

Rescheduling of repayments

As announced on 23 February 2017, the first repayment of Facility B and the repayments of Facility C and Facility D due to Orion Mine Finance (Master) Fund I LP ("Orion") are all due on 30 April 2017.

Following discussions between the Company and Orion, which is also the Company's largest shareholder, Orion and the Company have agreed in principle to defer the payment of these installments and, as a loan rescheduling fee, effect an offtake agreement amendment. Finalisation of definitive documentation for these arrangements is underway and is expected to be concluded within a short period.

Further announcements on these arrangements will be made in due course.

If copper prices remain at current levels it is unlikely that the Company and its subsidiaries will generate sufficient surplus cash to meet all loan repayments when due and planned capital expenditure to support achieving production and operating cost targets. The Company continues to positively engage with Orion on the subject.

For further information please contact:

Weatherly International plc +44 (0) 1707 800 774
Craig Thomas, Chief Executive Officer
Kevin Ellis, CFO and Company Secretary

RFC Ambrion Limited +44 (0) 20 3440 6800
(Nominated Adviser & Broker)
Nominated adviser contact: Stephen Allen / Bhavesh Patel
Broker contact: Kim Eckhof

Blytheweigh +44 (0) 20 7138 3204
(Financial PR) Tim Blythe / Camilla Horsfall / Nick Elwes

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
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