

Agreement to purchase additional 65% of Berg Aukas

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Weatherly International PLC

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This announcement includes release of insider information

Weatherly International plc (AIM:WTI)

("Weatherly" or "the Company")

Agreement to purchase additional 65% of Berg Aukas

Weatherly is pleased to announce that it has entered into a binding agreement to increase its ownership of China Africa Resources Namibia Limited (CARN) from 25% to 90%. CARN is a private Namibian company which owns 100% of the high-grade Berg Aukas underground zinc-lead-vanadium project near Grootfontein.

CARN share purchase

CARN was previously held 100% by China Africa Resources plc (CAR), formerly listed on AIM, and now known as Pembridge Resources, listed on the standard list of the LSE.

In December 2016, 100% of the shares in CARN were distributed via a dividend to existing shareholders of CAR. The two largest shareholders of CAR at that stage were Weatherly with 25% and Hong Kong East China Non-Ferrous Mineral Resources Co Ltd (ECE) with 65%.

As a result, Weatherly owns 25% of CARN, ECE owns 65% of CARN, and the remaining 10% of CARN is held by the remaining minority shareholders of CAR at the time of the dividend.

Weatherly and ECE have now entered into a binding agreement whereby Weatherly will purchase all of ECE's shares in CARN for cash consideration of US\$600,000 in order to increase Weatherly's ownership of CARN to 90%. The transaction is subject to regulatory approval in Namibia, following which the full consideration will be paid to ECE immediately. The Company expects to fund the transaction through operating cash flow but in the event that it cannot, 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.

Berg Aukas Project

In 2014, CAR published a PFS for Berg Aukas which indicated the following key parameters.

- JORC-compliant Mineral Resource Estimate of 1.23Mt @ 15.47% Zn, 3.84% Pb and 0.33% V₂O₅ (Indicated classification) using a cut-off grade of 3.0% Zn
- JORC-compliant Ore Reserve Estimate of 1.7Mt @ 11.16% Zn, 2.76% Pb and 0.23% V₂O₅ (Probable classification) at a 5% Zn equivalent cut-off
- Post-Tax NPV10 of US\$29m
- Post-Tax IRR of 25%

The 2014 PFS was based on assumed prices of US\$2,000/tonne for zinc and lead. The vanadium is present in the mineral descloisite which has a limited market and the PFS assumed no credit was received for the vanadium content.

Prices for all three of these commodities have improved markedly since that time, and Weatherly has initiated an update of the

PFS to examine the impact of these improved prices and updated capital and operating cost estimates on the Project's key financial metrics.

Further announcements on the progress of the share purchase and the PFS update will be made in due course.

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.

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 Ambrian Limited +44 (0) 20 3440 6800

(Nominated Advisor & Broker)

Nominated Advisor Contact: Stephen Allen / Bhavesh Patel

Broker Contact: Charlie Cryer

About Weatherly

Weatherly is an AIM listed copper mining company operating in Namibia in southern Africa. Its principal assets are the Tschudi Mine and the Otjihase Project. The Tschudi Mine is an operating open pit mine producing refined copper cathode on site. The key assets of the Otjihase Project are the Otjihase underground copper mine and concentrator and the Matchless West underground copper mine. The Otjihase Project assets are currently under care & maintenance while in the Project Development stage. Weatherly also owns 25% of China Africa Resources Namibia (CARN), a private Namibian company which owns the high-grade Berg Aukas underground zinc-lead-vanadium project. On 12 December 2017, Weatherly announced that it had entered into an agreement to purchase the Kitumba copper development project in Zambia, subject to regulator and vendor shareholder approvals. That vendor shareholder approval was obtained on 2 February 2018.

This information is provided by RNS
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