

# African Copper Plc: Review of Operations and ZCI Loan Facility

04.02.2015 | [Marketwired](#)

LONDON, UNITED KINGDOM -- (Marketwired - Feb. 4, 2015) - [African Copper plc](#) ("African Copper" or "the Company" or together with its subsidiaries "the Group") (AIM:ACU) (BOTSWANA:AFRICAN COPPER) today announces that it has signed a further secured loan facility of US\$4.5 million from its controlling shareholder, ZCI Limited ("ZCI") (the "ZCI Loan Facility"). The purpose of the ZCI Loan Facility is to provide the Company with additional working capital as a result of difficult prevailing market conditions and associated cash flow shortfalls caused primarily by lower than planned production levels at Thakadu mine.

## Review of Operations

In light of the prevailing market conditions and more specifically the recent fall in copper price, the Board of African Copper is currently conducting a review of the Company's operations, in order to consider various short and long term strategies to address the Group's current and future funding requirements. As part of this ongoing review, the Board is implementing efficiency and cost optimisation measures to improve its liquidity position and has taken the decision to suspend waste stripping activities at Mowana open pit, with a strategy in the short term to focus on the remaining extraction of ore from the Thakadu mine. The Company intends to mine ore at Mowana open pit that is substantially exposed from recent waste stripping activities, which will allow for copper production beyond July 2015 which is the current estimated date at which the reserves at Thakadu mine are estimated to be depleted.

These actions give the business the highest prospects of getting through the current difficult market conditions and also a limited window of opportunity for restructuring the business for long term sustainability. The Board recognizes the significant mineral resources the Company owns at Mowana and Thakadu, on which the basis of a new life of mine plan is currently being prepared.

## ZCI Loan Facility

The ZCI Loan Facility is a US\$4.5 million secured loan facility with an interest rate of 9 per cent. per annum with the principal and accrued interest repayable in instalments from 30 April 2015 and repaid in full by 31 July 2015.

As announced in the Company's half year results on 19 December 2014, ZCI agreed to defer all principal and interest payments arising from African Copper debt obligations until December 2015, and confirmed to the Company it will continue to make sufficient financial resources available to African Copper, up to a maximum of US\$7 million to allow it to continue meeting its liabilities as they fell due in the course of normal operations. As part of this ZCI financial support, on 19 December 2014 the Group received additional financing from ZCI in the form of a term facility with a principal value of US\$2.5 million. The ZCI Loan Facility, together with the US\$2.5 million term facility announced on 19 December 2014 equates to the US\$7 million maximum amount able to be currently drawn by African Copper from ZCI.

As ZCI owns 73.44 per cent of African Copper's total issued ordinary share capital at the date of this announcement, the ZCI Loan Facility is deemed a related party transaction under Rule 13 of the AIM Rules for Companies. The independent directors of the Company consider, having consulted with its nominated adviser Canaccord Genuity Limited, that the terms of the transaction are fair and reasonable insofar as the Company's shareholders are concerned.

## Working capital

As at 31 December 2014 the Group owes ZCI approximately US\$100.5 million. The Board believes that following receipt of the US\$4.5 million from the ZCI Loan Facility, based on its internal forecasts, the Group will have sufficient cash resources to continue operations for approximately 6 months while reviewing its long term operational strategy. The Company is taking steps to commence the process of securing additional long term funding for the new life of mine plan with an expectation of resuming Mowana waste stripping and increasing the level of ore throughput to the plant. Should the Group not secure additional funds and if

current market conditions prevail, the Board believes that the Company may not then be able to continue as a going concern.

As more information becomes available, the Company shall provide further updates.

For further information please visit [www.africancopper.com](http://www.africancopper.com).

#### **Notes to Editors:**

African Copper is an AIM and Botswana listed copper producer and exploration company, currently focused on Botswana.

#### **Contact**

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Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/191258--African-Copper-Plc--Review-of-Operations-and-ZCI-Loan-Facility.html>

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