

African Copper Plc: Operational Update and CDF Loan Facility

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[African Copper plc](#) (AIM:ACU) (BOTSWANA:AFRICAN COPPER) ("African Copper" or the "Company" or together with its subsidiaries the "Group") today provides an operational update and announces that it has signed an unsecured loan facility of US\$1.5 million from the Copperbelt Development Foundation ("CDF"), the ultimate controlling party of African Copper's 73.44 per cent. shareholder ZCI Limited ("ZCI") (the "CDF Loan Facility"). The purpose of the CDF Loan Facility is to provide the Company with additional working capital.

Operational update

As announced on 4 February 2015, the Board of African Copper continues to conduct a review of the Company's operations with the aim of conserving cash and addressing the Group's current and future funding requirements. As part of this review, the Board has continued implementing efficiency and cost optimisation measures in addition to the decision made in February 2015 to suspend waste stripping activities at Mowana open pit.

The Thakadu mine is nearing the end of its scheduled mine life and operations have recently revealed significant variability in ore grades compared to the geological resource model. The Company believes that in order to confirm future grades it would be necessary to conduct medium depth high resolution drilling. However, due to the short remaining mine life, a smaller mining footprint and the cost associated with such a drilling programme, the Company has taken the decision to stop mining at the Thakadu pit by the end of May 2015, with processing from accumulated ore stockpiles continuing until end of June 2015.

The Company has also made an interim mining and processing plan which covers a period of eighteen months following the end of operations at Thakadu in June 2015. This plan envisages mining Mowana ore at a significantly reduced rate, producing copper to cover operating costs while conserving cash through tight cost control. This interim plan provides financial headroom for management to develop the new life of mine (LOM) for refinancing purposes and management has commissioned SGS International to conduct a plant optimisation feasibility study intended to increase crushing capacity and to increase feed grade to the mill through a Dense Media Separation plant. Positive test work results have been received and the full Bankable Feasibility Study is continuing with a final report expected by end of September 2015. Management has also started the process of new LOM planning with Golder & Associates having updated the Mowana resource model, which forms the basis for the optimisation work planned to be completed by end of June 2015. ACU and ZCI, acting together, are in the process of appointing a financial advisor for restructuring of the balance sheet and securing the financing for the long term sustainability of the Group.

As part of the Company's continued focus on cost reduction, the Company has today separately announced the proposed cancellation of its admission to trading on AIM and the Botswana Stock Exchange.

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

CDF Loan Facility

As at 31 March 2015, the Company had US\$107.5m of debt outstanding (including accrued interest) with its majority shareholder ZCI. In light of the Company's current working capital position, ZCI's ultimate controlling party CDF has today provided a US\$1.5 million unsecured loan to the Company. The CDF Loan Facility has an interest rate of 9 per cent. per annum with the principal and accrued interest repayable in three equal monthly instalments of US\$500,000 from 4 September 2015 and repaid in full by 5 November 2015.

As CDF is the ultimate controlling party of ZCI through its 71.56 per cent. shareholding, and ZCI in turn owns 73.44 per cent. of the Company's issued share capital at the date of this announcement, the CDF 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 CDF Loan Facility are fair and reasonable insofar as the Company's shareholders are concerned.

Working capital

The early termination of the Thakadu mine coupled with unforeseen shortfalls in production have resulted in the Company having a current working capital deficit. Following receipt of the US\$1.5 million from the CDF Loan Facility, the Group estimates that it will require further funding in June 2015, and the Company continues to take steps to secure additional long term funding. 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.

Notes to Editors:

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

Contact

[African Copper Plc](#)

Brad Kipp, Chief Financial Officer
+1 (416) 847 4866
bradk@africancopper.com
www.africancopper.com

Canaccord Genuity Limited (NOMAD and Broker)
Henry Fitzgerald O'Connor/Tarica Mpinga
+44 (0) 20 7523 8000

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