



[Jubilee Metals Group PLC](#) - JLP

Jubilee gains full control of the Kabwe Project

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Jubilee Metals Group PLC
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("Jubilee" or "the Company")
Jubilee gains full control of the Kabwe Project
Jubilee Live Interactive Webcast

Project Highlights

- Jubilee gains full control of the Kabwe Project increasing its interest to 87,5%
- Option to acquire 100% of the Kabwe Project while BMR retains a maximum of 12,5% of generated earnings
- Jubilee retains its 29,01% shareholding in BMR and therefore a total effective beneficial interest of approximate 91,5% in the Kabwe Project

Leon Coetzer, Chief Executive Officer, says: "

I am delighted by the execution of the updated shareholders' and operating agreements with BMR. The agreements ensure that Jubilee takes full control of the funding requirements and execution of the Kabwe Project.

We have been able to ensure that the success of the Kabwe Project remains independent of the financial position of BMR with the option to acquire 100% of the Kabwe Project.

The expertise of our technical and project execution teams have led to the development of an enhanced process flowsheet for the recovery of both zinc and lead. As previously discussed, the enhanced flowsheet allows us to implement the zinc recovery circuit independently of the lead recovery circuit which provides our technical team with the opportunity to continue refining the lead circuit design without delaying the construction of the zinc circuit.

I am confident that the team will conclude the enhanced circuit design and project financial parameters by the end of Q3 2018. "

Kabwe zinc, lead and vanadium project overview (Zambia)

The initial detailed technical and engineering review by Jubilee of the Kabwe Project ("Project") highlighted certain shortcomings in the process methodology as originally presented by BMR. Our process development teams have been able to determine a more suitable process solution for the recovery of lead and zinc in the surface material than the originally contemplated acid and brine solution. The enhanced process flowsheet offers the potential to both improved capital efficiency as well as reduced circuit complexity.

The enhanced process flowsheet targets the recovery of the zinc ahead and independent of the lead recovery circuit. The construction of the zinc recovery circuit has been prioritised and is expected to commission well in advance of the lead recovery circuit. This approach allows the continued construction of the zinc recovery circuit to progress while the development and design of the lead and vanadium recovery circuits are further refined.

The recovery circuit's development by Jubilee's research and development teams includes work to evaluate the optimal product purity specifications to improve the capital efficiency of the Project. It is anticipated that the process flowsheet design will be completed during Q3 2018 targeting commissioning of the zinc recovery circuit by mid-2019.

The current shareholders' and operating agreements for the Project have been updated ("Updated Agreements") to better align with Jubilee's role to deliver a successful project. The Updated Agreements will place Jubilee in full control of the execution methodology and funding requirements to bring the project to account. In return Jubilee will hold a minimum of 87,5% shareholding in Kabwe Operations Limited, a company incorporated as a Joint Venture Company ("Kabwe Operations") assigned with all intellectual property developed for the execution of the Project as well as the right to fund and execute the Project.

Jubilee will hold a further option, at its sole election, to acquire 100% of the issued shares of Enviro Mining Limited ("EML"), a subsidiary of BMR and the company that owns the Project through BMR's Zambian based Enviro Processing Limited ("EPL"). BMR will hold either the remaining 12,5% shareholding in Kabwe Operations or should Jubilee acquire EML outright a 12,5% share of earnings generated by the Project ("Royalty"). Such Royalty payments will only be due and payable by the Project once Jubilee has secured a minimum of a 20% return on the investment made into the Project and only once EPL or Kabwe Operations have received all generated earnings in cash.

Salient terms of Updated Agreements

In terms of the Updated Agreements, Jubilee has been appointed as the sole operator of the Project giving it full control of the Project execution methodology. BMR has further agreed to grant to Jubilee an effective 87,5% fully paid-up shareholding in Kabwe Operations, with all the rights, entitlements and/or interests associated with such a shareholding, including majority voting rights.

In return Jubilee has agreed that, with effect from the effective date of the Updated Agreements, Jubilee shall fund the Project by way of debt finance to the extent that Jubilee deems it necessary without dilution of BMR's 12.5% shareholding. Should the total capital investment of Jubilee to fully execute Project exceed US\$15 million BMR's shareholding shall immediately dilute to a fixed 11% shareholding.

In terms of the Updated Agreements Jubilee is further granted, for a period of 24 months from the effective date of the Updated Agreements, an irrevocable free option to acquire 100% of the issued Shares in EML (the "Acquisition"). Following the Acquisition Jubilee's equity interest in Kabwe Operations and EML will increase to 100%.

The implementation of the Acquisition following such option being exercised by Jubilee will be subject to the following key conditions:

- (a) receipt of all regulatory consents required in Zambia for the change of control of the Project;
- (b) payment by Jubilee of all relevant taxes in Zambia in relation to the Acquisition.

In the event that the Acquisition is implemented, BMR will be granted a 12.5% Royalty interest in the distributable earnings generated by the Project, but only after Jubilee has secured at minimum a 20% return on its investment into the Project and all costs, taxes, liabilities and depreciation of the Project have been accounted for, save that the aforementioned Royalty shall be reduced to 11% of earnings in the event that Jubilee's capital investment into the Project exceeds US\$ 15 million.

Apart from an agreed initial 5% Royalty on distributable earnings, BMR will only be entitled to a Royalty payment once:

- (a) the Project is fully operational and has generated distributable earnings;

(b) Jubilee (or its nominee) has been repaid in full its capital investment and its agreed capital rate of return of 30% on the first GBP 2,3 million invested and 20% on any further capital invested.

The information communicated in this announcement contains inside information for the purposes of Article 7 of Regulation 596/2014.

Jubilee Live interactive webcast

The Jubilee Board also invites shareholders to participate in a LIVE interactive webcast, scheduled to commence at 09:00am UK time (10:00am SA time), on Tuesday 7 August 2018.

The webcast offers Jubilee shareholders the opportunity to engage with the Jubilee board for an update on its projects. To participate, please follow the link provided:

<http://webcasting.brrmedia.co.uk/broadcast/5b6452137e92fe237b0e261d>

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