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BMR Group PLC
29 March 2018

BMR Group PLC
("BMR" or the "Company")

Interim results for the six months ended 31 December 2017

Chairman's statement

I present below the unaudited interim results of the Company for the six months ended 31 December 2017.

This announcement contains inside information for the purposes of Article 7 of Regulation 596/2014.

Kabwe mining licence

The Company has recently committed significant time and resources to dealing with unwarranted issues leading to the withdrawal of the Small Scale Licence 7081-HQ-SML ("Small Scale Mining Licence") in Zambia, held since 22 March 2011 by the Company's subsidiary Enviro Processing Ltd ("EPL"). The Company regards this action as unwarranted, and is making extensive efforts in Zambia to achieve rescission of the withdrawal, in tandem with pursuing a formal appeal. The Company continues to receive positive feed-back from its representatives in Zambia, in ongoing direct contact with the relevant Zambian authorities, that the unfortunate circumstances the Company unwittingly finds itself in are nearing resolution.

The Small Scale Mining Licence was granted for a period of 10 years from 20 October 2010, and renewable thereafter. Under that licence BMR holds the stockpiles of tailings at Kabwe, Zambia. In addition, BMR has the surface rights over 703 hectares of contiguous land held under the Large Scale Licence 6990-HQ-LML to November 2021, and renewable thereafter.

The tailings comprise 6.4 million tonnes dry tonnage of which 2.65 million tonnes are JORC-compliant resources. Under the current management team, these stockpiles of tailings have become an increasingly valuable asset for the Company. First, BMR developed in 2015 its proprietary acid/brine leach processing methodology for their conversion into lead sponge, zinc cathodes and zinc sulphate heptahydrate as well as vanadium pentoxide, subject to further approval of the Zambia Environmental Management Agency ("ZEMA"). Secondly, BMR received confirmation from ZEMA in 2016 that its Environmental Social Impact Assessment, in respect of the processing of the tailings and the construction of its planned treatment plants, had been approved.

EPL has an established operation at Kabwe employing a number of local personnel, working closely with local authorities and government bodies, including the Ministry of Mines and Mineral Development and ZEMA. In addition, EPL has complied with Zambia's statutory requirement for mining companies to report annually on the past 12 months' activities and has regularly updated the Ministry on future plans. Such plans include investment by EPL in the

local economy and regeneration of the polluted land at Kabwe leading to a healthy environment, as supported by the independent activities of the World Bank in this area.

Against this background, the Zambian Government has commenced action aimed at filtering out those companies with dormant mining licences in the country and make way for overseas mining companies to invest in Zambia. In January 2017, Zambia's Mines and Mineral Development Minister announced the commencement of the revocation of more than 600 dormant mining licences. It is my understanding that reviews of this nature are not infrequent in mineral rich African countries and, from time to time following a change of Government, or appointment of a new Minister, are used to reinvigorate their mining sectors and prevent stagnation.

Shareholders should be comforted to know that BMR has complied with Zambia's mining laws (emphasised in the recent appeal letter submitted by the Company) and has also expended an aggregate \$8 million to date in Zambia in relation to its mining licences. Accordingly, BMR management, in consultation with its in-country team and legal advisers, concluded that the review process initiated by the Government was a blanket approach (my understanding is that all holders of mining licences benefitting from overseas investment received the same notice) and was not targeted specifically at BMR's operations. Similarly, BMR determined in consultation with its local team and legal advisers that there was no justification for the notice by letter dated 24 August 2017 ("Default Notice") from Zambia's Director of Mines (for unexplained reasons not delivered to EPL until 26 September, 2017), claiming failure by EPL to commence mining operations in accordance with the approved plan. EPL consequently submitted a comprehensive response to the Default Notice detailing its past, current and future operations, and planned processing of its stockpiles of tailings.

BMR has recently received unwelcome comment in relation to its dealings on these matters. The Directors believe that comment to be mis-placed. BMR's independent director has formally reviewed the actions of the executive management and concluded that actions taken on and following 26 September 2017 were reasonable, with the knowledge and advice the executive management then had.

Thereafter, BMR has come to understand that rogue factors within the Zambian mining sector had colluded, leading the Mining Licencing Committee to terminate the Small Scale Mining Licence by letter dated 19 December 2017. This letter was initially not delivered (mirroring the unexplained situation with the Default Notice referred to above) and was not received until the occasion of a meeting requested by EPL at the Mining Cadastre on 6 February 2018. The letter was immediately discussed with BMR's advisers, and announced in accordance with the AIM Rules for Companies, leading to the temporary suspension of the Company's share trading on AIM.

As a significant measure of the potential success of the Kabwe plant construction and of its zinc and lead processing capability, BMR was able to reach agreement with Jubilee Metals Group plc ("Jubilee"), announced on 23 October 2017, which is expected to lead to the conclusion of a formal joint venture agreement upon resolution of the current licence issues. The conclusion of that joint venture agreement will secure further investment into Kabwe with up to £2.3 million of conditional debt finance for the construction of the plant.

We have lodged our appeal against the licence cancellation and are now lobbying extensively in Zambia, with significant support from Jubilee, for right to prevail and for the consequential

return of the licence. BMR's representatives in Zambia have brought to the Government's attention procedural errors and unexplained reasons for the cancellation of EPL's licence. We made a full presentation to representatives from the President's Office earlier this week and a senior engineer from the office of the Minister of Mines has carried out a site inspection at Kabwe to confirm our significant investment and operations to date. As a result, we are confident that our position will be properly recognised and that the licence will therefore be restored shortly.

African Compass International Limited ("ACI")

We continue to be severely disappointed with the lack of performance by ACI under the terms of the facility agreement it entered into with BMR on 23 September 2016. At the same time, we continue in discussions with ACI as we believe there still remains a prospect that ACI will comply with the requirements. As a result, and while we are in discussions for the return of the licence, we have decided not at the present time to terminate the facility agreement and the off-take agreement with ACI. That position remains under constant review.

BMR's intention is that, in the event ACI continues not to comply with the terms of the facility agreement at the time the licence is returned, we will terminate the agreements with ACI and seek recovery of the fee of \$109,800 paid to ACI.

BMR reserves all rights against ACI for its significant breach of the terms of the facility agreement.

Jubilee Metals Group plc ("Jubilee")

We entered into agreements with Jubilee for up to £2.3 million conditional debt funding for the construction of the plant at Kabwe, a subscription of £500,000 into BMR and a share for share exchange resulting in Jubilee holding 29% of BMR and BMR holding 4.83% in Jubilee. The detailed terms of the operating and joint venture agreements with Jubilee and their debt funding facility are being negotiated and can only be concluded once the EPL licence has been returned.

We believe that Jubilee's positive involvement with BMR substantiates and adds credibility to the potential at Kabwe as well as bringing a high degree of technical, operational and managerial experience to the project.

Star Zinc and Galileo Resources Plc ("Galileo")

We have completed the acquisition of Large Scale Prospecting Licence 19653 - HQ - LPL ("Star Zinc") together with agreements over financing from Galileo and now hold a 15% interest in the project. We are in discussions with Galileo for an off-take agreement for the processing of ore from Star Zinc at Kabwe, which has the potential to enhance the zinc head grade to the plant and quantity of zinc products to be produced at BMR's own Kabwe plant.

Board changes

We have previously stated that, for good corporate governance, we would look to appoint an additional non-executive director and to split the roles of Chairman and CEO. We also recognise the importance of satisfying the corporate governance requirements under which AIM companies will have to operate with effect from 28 September 2018. While BMR has been evolving through a phase of relatively high risk until its platform for plant construction and revenue generation can be realised which is now expected later this year, it has been

difficult to attract good candidates as the Company has not been in a position to allocate its scarce cash resources to appointing new directors.

As entitled under the terms of its investment in BMR, Jubilee has proposed the appointment of Colin Bird, Jubilee's non-executive chairman, to the BMR board, whilst its interests in the Company exceed 15%. Colin is a seasoned mining engineer who has developed and managed a number of listed mining companies involved in diverse countries and commodities. We believe his experience will be of significant benefit to the Company in developing our asset base and assisting us in enhancing value for shareholders. We look forward to Colin joining the Board, subject to completion of the necessary due diligence.

We are also in discussion with a number of other excellent candidates and expect to be able to satisfy the required level of corporate governance in advance of 28 September 2018, including the separation of the roles of Chairman and CEO.

Shareholders

I am warmly encouraged by significant support from our shareholders and, in particular, from a small group who have expressed interest to invest further in the Company.

Litigation pursuit and VAT appeal

We continue to pursue the legacy issues from the former management. These issues include the claims against certain entities arising from the investigation into financial irregularities and from our appeal against the decision of HMRC to de-register the Company for VAT with an assessment for back VAT.

Interim results

The loss before taxation for the six months ended 31 December 2017 before exchange translation differences was £539,000 (2016: £702,000). The loss for the period includes administrative expenses which amounted to £530,000 (2016: £617,000). Loss per ordinary share was 0.26p (2016: 0.40p). Total net assets at 31 December 2017 amounted to £10.17 million (2016: £11.03 million).

Outlook

The return of the licence at Kabwe is critical to the Company and our key focus is on achieving this in the near future. We believe that the reasons purportedly behind the cancellation, which was outside our control, are false.

We believe that Jubilee has added a significant strong dimension to the Company and welcome their involvement to secure the Kabwe plant construction

We are optimistic about the Company's prospects once we secure the return of the licence.

Alex Borrelli
Chairman

BMR GROUP PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six month period ended 31 December 2017

	Unaudited Period ended 31 December 2017 £	Unaudited Period ended 31 December 2016 £	Audited Year ended 30 June 2017 £
Continuing operations			
Administrative expenses	(530,433)	(616,693)	(1,515,868)
Total administrative expenses	(530,433)	(616,693)	(1,515,618)
Finance expense	(8,697)	(85,789)	(86,753)
Finance income	8	425	430
Loss before tax	(539,122)	(702,057)	(1,602,191)
Taxation	-	-	-
Loss for the period after taxation attributable to equity holders of the parent company	(539,122)	(702,057)	(1,602,191)
Other comprehensive loss:			
Exchange translation differences on foreign operations	(273,946)	786,303	158,061
Total comprehensive income/(loss) for the period attributable to equity holders of the parent company	(813,068)	84,246	(1,444,130)
Loss per ordinary share			
Basic and diluted (pence)	(0.26p)	(0.40p)	(0.88p)

The comparative figures are for the six month period ended 31 December 2016 and the year ended 30 June 2017.

BMR GROUP PLC
CONSOLIDATED STATEMENT OF FINANCIAL
POSITION
As at 31 December 2017

	Unaudited 31 December 2017 £	Unaudited 31 December 2016 £	Audited 30 June 2017 £
Assets			
Non-current assets			
Intangible assets	1,309,030	13,270,528	1,390,267
Development assets	11,100,785	-	11,003,391
Property, plant and equipment	506,313	524,282	491,553
	<u>12,916,128</u>	<u>13,794,810</u>	<u>12,885,211</u>
Current assets			
Trade and other receivables	42,921	44,189	417,078
Cash and cash equivalents	179,131	230,679	154,969
	<u>222,052</u>	<u>274,868</u>	<u>572,047</u>
Total assets	13,138,180	14,069,678	13,457,258
Liabilities			
Current liabilities			
Trade and other payables	763,530	628,073	947,860
	<u>763,530</u>	<u>628,073</u>	<u>947,860</u>
Total current liabilities	763,530	628,073	947,860
Non current liabilities			
Deferred tax	2,209,534	2,416,230	2,275,314
Total non current liabilities	2,209,534	2,416,230	2,275,314
Total liabilities	2,973,064	3,044,303	3,223,174
Net assets	10,165,116	11,025,375	10,234,084
Equity			
Share capital	21,956,030	21,403,488	21,556,030
Share premium	23,185,109	22,256,466	22,841,009
Share based payment reserve	84,500	84,500	84,500
Merger reserve	1,824,000	1,824,000	1,824,000
Translation reserve	1,383,302	2,285,490	1,657,248
Retained earnings	(38,267,825)	(36,828,569)	(37,728,703)
	<u>10,165,116</u>	<u>11,025,375</u>	<u>10,234,084</u>
Total equity	10,165,116	11,025,375	10,234,084

BMR GROUP PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six month period ended 31 December 2017

	Share capital	Share premium	Share based payment reserve	Merger reserve	Translation reserve	Retained earnings	Total equity
	£	£	£	£	£	£	£
As at 30 June 2016	21,310,951	21,759,953	84,500	1,824,000	1,499,187	(36,126,512)	10,352,079
Total comprehensive income for the period	-	-	-	-	786,303	(702,057)	84,246
Issue of shares	92,537	527,463	-	-	-	-	620,000
Share issue costs	-	(30,950)	-	-	-	-	(30,950)
As at 31 December 2016	21,403,488	22,256,466	84,500	1,824,000	2,285,490	(36,828,569)	11,025,375
As at 30 June 2017	21,556,030	22,841,009	84,500	1,824,000	1,657,248	(37,728,703)	10,234,084
Total comprehensive Loss for the period	-	-	-	-	(273,946)	(539,122)	(813,068)
Issue of shares	400,000	400,000	-	-	-	-	800,000
Share issue costs	-	(55,900)	-	-	-	-	(55,900)
As at 31 December 2017	21,956,030	23,185,109	84,500	1,824,000	1,383,302	(38,267,825)	10,165,116

BMR GROUP PLC
CONSOLIDATED CASH FLOW STATEMENT
for the six month period ended 31 December 2017

	Unaudited Period ended 31 December 2017	Unaudited Period ended 31

	£	December 2016 £
Cash flows from operating activities		
Loss before tax	(539,122)	(702,057)
Adjustments to reconcile net losses to cash utilised :		
Amortisation of exploration and evaluation assets	49,677	50,922
Depreciation of property, plant and equipment	13,887	21,517
Finance income	(8)	(425)
	—————	—————
Operating cash outflows before movements in working capital	(475,566)	(630,043)
Changes in:		
Trade and other receivables	375,189	148,242
Trade and other payables	(183,840)	92,005
	—————	—————
Net cash outflow from operating activities	(284,217)	(389,796)
	—————	—————
Investing activities		
Interest received	8	425
Purchase of property, plant and equipment	(33,507)	(464,657)
Purchase of intangible exploration and evaluation assets	(52,928)	-
Purchase of development assets	(350,217)	(504,810)
	—————	—————
Net cash outflow from investing activities:	(436,644)	(969,042)
	—————	—————
Financing activities		
Proceeds from issue of shares	800,000	620,000
Share issue costs	(55,900)	(30,950)
	—————	—————
Net cash generated from financing activities	744,100	589,050
	-	-
Net increase/(decrease) in cash and cash equivalents	23,239	(769,788)
Effect of foreign exchange rate changes	923	(13,887)
Cash and cash equivalents at beginning of period	154,969	1,014,354
	—————	—————
Cash and cash equivalents at end of period	179,131	230,679
	—————	—————

Notes to the interim results:

1. General information and accounting policies

This announcement is for the unaudited interim results for the period ended 31 December 2017. The Registered Office of the Company is at 35 Piccadilly, London W1J 0DW.

2. Basis of preparation

The consolidated interim financial information has been prepared using policies based on International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB") as adopted by the European Union, which are expected to be applied in the Group's financial statements for the year ending 30 June 2018 and are materially consistent with the accounting policies applied in respect of the year ended 30 June 2017.

The consolidated interim results for the period 1 July 2017 to 31 December 2017 is unaudited, does not include all the information required for full financial statements and should be read in conjunction with the Group's consolidated financial statements for the year ended 30 June 2017. In the opinion of the Directors, the consolidated financial information for the period represents fairly the financial position, results from operations and cash flows for the period in conformity with generally accepted accounting principles consistently applied.

The annual financial statements of BMR Group PLC are prepared in accordance with International Financial Reporting Standards ('IFRSs') as issued by the International Accounting Standards Board ('IASB') and as adopted by the European Union. The Group's consolidated annual financial statements for the year ended 30 June 2017, have been filed with the Registrar of Companies and are available on the Company's website www.bmrplc.com.

As permitted, the Group has chosen not to adopt IAS 34 "Interim Financial Reporting". The Financial Statements are presented in £ Sterling. For the reference period end, the exchange rate from GBP to US\$ was £1.00: \$1.349 (2016: £1.00: \$1.2336).

3. Going concern

After making enquiries, the Directors have a reasonable expectation that the Company will achieve restoration of the EPL licence in Zambia and complete the operating and joint venture agreements with Jubilee to secure the £2.3 million debt funding. However, the Group's ability to continue as a going concern is reliant upon successfully obtaining funds as it moves towards production and to finance its ongoing working capital requirements. The Directors have therefore considered this to be an uncertainty which may cast doubt about the Group's ability to continue as a going concern.

4. Share capital and warrants

On 20 November 2017, the Company issued 40,000,000 ordinary shares of 1p each at a price of 2p per share raising £800,000 before expenses.

As at 31 December 2017, the Company had in issue 238,339,566 ordinary shares and no warrants.

5. Intangible assets

Additions of intangible assets amounted to £52,000 for the six month period ended 31 December 2017 incorporating the expenditure on the exploration and testing programme for the Ester Project.

6. Development assets

Additions of development assets amounted to £350,000 incorporating the Kabwe project (£122,000) and the investment in Star Zinc (£228,000). Impairment was considered in relation to the operating licence issues but no impairment has been made at this stage as the Directors consider that the licence is expected to be reinstated.

7. Loss per share

The loss per share of 0.26 pence (2016: loss 0.40 pence) has been calculated on the basis of the loss of £539,000 (2016: loss £702,000) and on 205,078,695 (2016: 177,050,416) ordinary shares, being the weighted average number of ordinary shares in issue during the period ended 31 December 2017.

8. Events after the reporting date

On 19 January 2018, the Company has issued 25,000,000 ordinary shares of 1p each at a price of 2p per share to Jubilee Metals Group Plc raising approximately £500,000 before expenses and in addition 72,371,298 of subscription shares were issued in exchange for 63,166,969 new ordinary shares of 1p each in the capital of Jubilee.

Ends

For further information:

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For further information, please see the Company's website at <http://www.bmrplc.com>

The Directors of BMR Group PLC accept responsibility for this announcement.

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