



Arc Minerals Limited - Sale of Casa Mining

3/18/2020

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Arc Minerals Limited

18 March 2020

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Arc Minerals Ltd
('Arc' or 'Arc Minerals' or the 'Company')
Sale of Casa Mining

Arc Minerals is pleased to announce that it has today entered into a binding Sale and Purchase Agreement to sell Arc's entire 99.43% interest in Casa Mining Limited ("Casa") to Golden Square Equity Partners Limited ("Golden Square" or the "Purchaser") for a consideration payable of up to \$US50m. The transaction will close on 19 March 2020 (the "Completion Date"). An amount of US\$5m of consideration will be paid to Arc on the Completion Date in the form of a loan note which will mature on 19 March 2021 (the "Maturity Date"). In the event that the share capital of Casa is acquired by a publicly traded company, the Purchaser may, at its option, discharge the



US\$5m liability by delivering shares of the public company with a market value of US\$5m to Arc.

In addition, the Purchaser has a binding obligation to enter into a royalty payment agreement with Arc Minerals of up to US\$45m within 20 Business Days of the transaction closing on 19 March 2020, based on potential gold production of the projects and interests that are held by Casa as at the Completion Date ("Royalty").

The Purchaser also assumes all existing liabilities pertaining to Casa (£1.95m as at 30 September 2019), capped at US\$3m.

Arc has ensured that it has security over 100% of the Casa shares being sold in the event of non-payment of the loan note. While the Purchaser has provided certain documentation to Arc in respect of underlying investments there can be no guarantee that the loan note will be repaid.

The payment of any Royalty will depend upon Casa becoming a gold producer and this in turn will depend upon Casa raising significant amounts of additional funding, the successful completion of studies and the granting of the required permits. There can be no guarantee that any Royalty payments will flow to Arc or the timing of such payments.

Substantial Transaction

Casa is a private company which owns a 73.84% interest in the 3-million-ounce inferred Resource Akyanga gold deposit in the DRC.

The sale of Casa constitutes a substantial transaction under AIM Rule 12. As at 30 September 2019, the reported net book value of Arc's interest in Casa Mining Ltd and its subsidiary, which own the Misisi gold assets was GBP 4.7m. The cost to Arc of the shares being sold is £5.7 (\$6.9m) against the gross consideration of up to \$50m. Valuation of future consideration which directly impacts the profit on disposal of Casa is under consideration. As at 30 September 2019, the loss attributable to Casa was £6,250. The net proceeds of the disposal will be applied to exploration and development

activities in Zambia and for general working capital purposes.

Nick von Schirnding, chairman of Arc commented: "This transaction is a major step forward for Arc. Following the disposal of our interests in Slovakia and Eritrea, the sale of Casa turns Arc into a pure play copper company with our exciting Zambian copper development where we intend to recommence our drilling programme in Q2 of this year. Given the extremely challenging market conditions we are experiencing with Covid-19 this transaction is attractive to Arc with a potential \$5m cash payment upon the maturity of the loan note in March 2021 and a potential royalty of up to \$45m going forward, allowing us to share some of the future upside at Casa.

Jonathan de Thierry, an Arc non-executive director and one of the founders of Casa, has informed the board that he intends to resign from the Arc board on March 31 2020, following the disposal of Casa. Jonathan has been a valued member of our board and I thank him for his contributions to the company and in particular his insights into Casa and wish him well going forward."

****ENDS****

Contacts

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Market Abuse Regulation (MAR) Disclosure

Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.

Notes to the Editors

Arc Minerals is an AIM listed exploration company focused on its exciting Zambian copper exploration projects.

Arc Minerals current holdings in Zambia include:

- A 66% equity interest in Zamsort Limited ("Zamsort"), a private company focused on a prospective copper licence in the Zambia Copperbelt, together with a convertible loan to Zamsort which converts into approximately a five percent additional equity interest in Zamsort.
- A 52.5% equity interest in Zaco Limited ("Zaco"), a private company focussed on a prospective copper and cobalt license adjacent to Zamsort.

For more information visit www.arcminerals.com

Forward-looking Statements

This news release contains forward-looking statements that are based on the Company's current expectations and estimates. Forward-looking statements are frequently characterised by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "suggest", "indicate" and other similar words or statements that certain events or conditions "may" or "will" occur. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual events or results to differ materially from estimated or anticipated events or results implied or expressed in such forward-looking statements. Such factors include, among others: the actual results of current exploration activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; possible variations in ore grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing; and fluctuations in metal prices. There may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Forward-looking statements are not guarantees of future performance and accordingly undue

reliance should not be put on such statements due to the inherent uncertainty therein.

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