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Black Mountain to sell Uganda mine as part of strategic restructuring

19TH FEBRUARY 2018 BY: SIMONE LIEDTKE - WRITER

JOHANNESBURG (miningweekly.com) - Vermiculite miner Black Mountain Resources on Monday updated shareholders on restructure initiatives that have been agreed to by the company and its major lender Richmond Partners Masters.

These initiatives, which are subject to shareholder approvals, formal documentation and regulatory sign off, include Black Mountain disposing of its interest in the Namekara vermiculite mine, in Uganda, in exchange for the retirement of about A\$5.5-million of debt, which will reduce the company's debt levels to about A\$600 000.

Black Mountain will retain a 75% interest in its existing Busumbu phosphate project (subject to minimum expenditure obligations), as well as all other non-vermiculite minerals currently held by its subsidiary company Namekara Mining Company.

Interim chairperson **Simon Grant-Rennick** said that the Busumbu project was an attractive exploration and development asset, which would allow Black Mountain to move forward with a large portion of its existing project base, while at the same time

extinguishing a significant debt burden, which was potentially going to have major repercussions for the company in early 2018.

"The board looks forward to presenting this opportunity to shareholders for their vote, and will advise on the timing of an extraordinary general meeting following the completion of the requisite independent experts report and other necessary documentation," he stated.

Black Mountain is proposing to complete detailed exploration work at the Busumbi phosphate project, and will start a pre-feasibility study in the third quarter of this year. Upon completion of the initial resource drilling programme in the first quarter, the company anticipates the study to be completed in late 2018.

The company will further renegotiate existing investment agreement with Investmet to facilitate an equity injection to begin phosphate, copper and rare earths exploration programme on the existing tenement. Other forms of financing are also being considered to ensure that Black Mountain's exploration programmes are adequately funded.

Richmond Partners Masters board representative **Luca Bechis** intends to step down from the board as part of the transaction, as it progresses through to completion. Upon Bechis' resignation, **Sam Jarvis** will join the board as non-executive director. 

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