



## UPDATED AGREEMENT TO ACQUIRE QUICKLIME PROJECT

### [FIRERING STRATEGIC MINERALS PLC](#)

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Firering Strategic Minerals plc / EPIC: FRG / Market: AIM / Sector: Mining

28 May 2024

**Firering Strategic Minerals Plc**  
("Firering", the "Company" or the "Group")

### **Updated agreement to acquire up to 45% interest in Advanced Quicklime Project**

*Expected to be delivering operating cashflow within 12-24 months*

Firering Strategic Minerals plc, an exploration company focusing on critical minerals, is pleased to announce that, further to the announcement dated 17 August 2023, it has entered into a share purchase agreement dated 28 May 2024 ("SPA") to acquire an initial 20.5% of Limeco Resources Limited ("Limeco"), the owner of an advanced limestone project ("the Project") located 22km west of Lusaka in Zambia for an aggregate consideration of US\$3,550,000. Pursuant to the SPA, Firering shall also be granted an option to acquire an additional 24.5% interest in Limeco for an aggregate consideration of US\$4,650,000 ("New Option").

The Project, formerly owned by Glencore plc, has an historical spend of c.\$US104m and comprises of a limestone quarry with an estimated mineral resource of more than 73 million tonnes ("Mt") (source: Golder Associates, October 2017) and a quicklime production facility with the potential to produce 600-800 tonnes of quicklime per day. Notably, Limeco is expected

to be delivering operating cashflow within 12-24 months with the view of paying dividends to shareholders as soon as possible.

#### HIGHLIGHTS

- The SPA replaces the option agreement entered into by the Company in respect of Limeco on 16 August 2023 ("Prior Option") and has been entered into by Firering, Clearglass Investments Limited ("Clearglass") and Kai Group Ltd, the current sole shareholder of Limeco ("Vendor").
- The consideration pursuant to the SPA for the 20.5% interest to be acquired shall be payable to the Vendor in 3 instalments over the next 12 months as follows:
  - US\$1,500,000 being payable no later than 30 June 2024 to acquire an initial 10% interest;
  - US\$1,016,667 payable no later than 31 December 2024 to acquire a further 6.7% interest; and
  - US\$1,033,333 payable no later than 30 April 2025 to acquire an additional 3.9% interest.
- Clearglass will receive 2.5% of the issued shares of Limeco upon completion of the final payment due under the SPA, as a result of the previous non-refundable US\$500k fee paid under the Prior Option.
- The New Option over 24.5% of Limeco shall be exercisable in 5 tranches between July 2025 and July 2026 as follows:
  - an option to acquire a 6.4% interest no later than 31 July 2025 for a payment of US\$1,033,333;
  - an option to acquire a 3.8% interest no later than 30 October 2025 for a payment of US\$620,000;
  - an option to acquire a 5.5% interest no later than 30 January 2026 for a payment of US\$981,667;
  - an option to acquire a 5.5% interest no later than 30 April 2026 for a payment of US\$981,667; and
  - an option to acquire a 3.3% interest no later than 31 July 2026 for a payment of US\$1,033,333.
- Exercises of each tranche of the New Option will fall to be assessed under the "class tests" of the AIM Rules for Companies.
- Firering shall be entitled to accelerate any payment/acquisition under the SPA and New Option, in which circumstance the applicable payment shall be reduced by reference to a discount rate of 10% per annum, calculated daily, up to a maximum discount equal to what would be applied if a payment is made 4 months early.
- Clearglass will receive a further 2.5% of the issued shares of Limeco upon completion of the final payment due under the New Option as a result of the previous non-refundable US\$500k fee paid under the Prior Option (in addition to the 2.5% settled on completion of the final payment under the SPA).
- In the event that Firering does not complete any payment due under the SPA, or otherwise fails to exercise any tranche of the New Option, Clearglass has agreed that it shall be responsible for making the relevant payment due to the Vendor, or if applicable exercise the New Option. If this occurs Clearglass will acquire the applicable Limeco shares in respect of each respective payment.
- Strong market dynamics are driven by the versatility of Quicklime, which has multiple uses and is an essential reagent widely used during flotation of copper sulphide minerals.
- Limeco is in the process of commissioning a Lime Plant in Zambia of which over US\$100m has been invested to date. The Lime Plant is ready for immediate commission and includes:
  - Existing limestone quarry with an estimated resource\* of 73.7Mt @ 95.3% CaCO<sub>3</sub>.
  - Two stage crushing circuit with an installed primary throughput of 500tph of limestone, and a lime plant comprising of eight kilns for burning crushed limestone to produce between 600 and 800 tonnes of quicklime per day.
  - A limestone stockpile of 150,000 tonnes to be used for immediate production.
  - Existing infrastructure of main access roads, power and water.
  - Advanced discussions ongoing for lime offtake with major copper producers.
- Vendor to make up to US\$4 million of the consideration paid to it under the SPA and New Option available to Limeco as a shareholder loan to renovate the 8 kilns at the Project.
- Limeco is expected to be profitable and delivering operating cashflow within 12-24 months with the view of paying dividends to shareholders as soon as possible.
- A new shareholders' agreement will be entered into between Firering, Clearglass and the Vendor over the coming weeks to replace the existing shareholders' agreement (as previously notified by Firering on 17 August 2023).

**Yuval Cohen, Chief Executive Officer of Firering, said:** *"We are delighted to announce the updated agreement to acquire an initial 20.5% stake in Limeco Resources Limited, with an option to acquire an additional 24.5%. This acquisition marks a significant step forward in our strategic plan to enhance our portfolio with high-value assets. The Project, with its vast limestone resources and quicklime production capabilities, positions Firering to capitalise on the growing demand for quicklime, particularly within the copper mining industry.*

*"With the first payment due by the end of June 2024, we aim to expedite the ramp-up to production quickly. The*

*existing infrastructure, including eight kilns and a substantial limestone stockpile, allows for immediate commencement of quicklime production, enabling us to take advantage of the extremely strong market dynamics given quicklime's essential role during the flotation of copper sulphide minerals. We are confident that our phased investment strategy, supported by robust market fundamentals and the Vendor's commitment to reinvest up to US\$4 million of the consideration into Limeco for kiln renovations, will generate significant cash flow and, ultimately, shareholder value.*

*"We look forward to updating the market on our progress and the exciting developments at Limeco as we continue to execute our growth strategy."*

## **DETAILS**

### **Proposed Transaction and main terms of the SPA**

Firering has entered into the SPA alongside Clearglass with the Vendor (Kai Group Ltd), pursuant to which Firering will acquire a 20.5% interest in Limeco for US\$3,550,000. The consideration pursuant to the SPA for the 20.5% interest to be acquired shall be payable to the Vendor in 3 instalments over the next 12 months as follows:

- US\$1,500,000 being payable no later than 30 June 2024 to acquire an initial 10% interest;
- US\$1,016,667 payable no later than 31 December 2024 to acquire a further 6.7% interest; and
- US\$1,033,333 payable no later than 30 April 2025 to acquire an additional 3.9% interest.

Clearglass will receive 2.5% of the issued shares of Limeco upon completion of the final payment due under the SPA as a result of the previous non-refundable US\$500k fee paid under the Prior Option.

The SPA includes the terms of the New Option, pursuant to which Firering will be granted an option to acquire up to 24.5% of Limeco for an aggregate consideration of US\$4,650,000 shall be exercisable in 5 tranches between July 2025 and July 2026 as follows:

- an option to acquire a 6.4% interest no later than 31 July 2025 for a consideration of US\$1,033,333;
- an option to acquire a 3.8% interest no later than 30 October 2025 for a consideration of US\$620,000;
- an option to acquire a 5.5% interest no later than 30 January 2026 for a consideration of US\$981,667;
- an option to acquire a 5.5% interest no later than 30 April 2026 for a consideration of US\$981,667; and
- an option to acquire a 3.3% interest no later than 31 July 2026 for a consideration of US\$1,033,333.

Clearglass will receive 2.5% of the issued shares of Limeco upon completion of the final payment due under the New Option as a result of the previous non-refundable US\$500k fee paid under the Prior Option.

The New Option shall not be exercisable prior to the date falling 12 months after the date of the SPA.

Firering shall be entitled to accelerate any payment/acquisition under the SPA and New Option, in which circumstance the applicable payment shall be reduced by reference to a discount rate of 10% per annum, calculated daily, up to a maximum discount equal to what would be applied if a payment is made 4 months early.

In the event that Firering does not complete any payment due under the SPA, or otherwise fails to exercise any tranche of the New Option, Clearglass has agreed that it shall be responsible for making the relevant payment due to the Vendor, or, if applicable, exercise the New Option, and acquire the applicable Limeco shares in respect of that payment.

The Vendor will make up to US\$4 million of the consideration paid to it under the SPA and New Option available to Limeco as a shareholder loan to renovate the 8 kilns at the Project.

Upon completion of the SPA and New Option and assuming Firering settles all the consideration under the SPA and the New Option, Firering will hold a 45% interest in Limeco, Clearglass will hold a 5% interest and the Vendor will hold a 50% interest. However, if any payment is not paid when due under the SPA (or under the terms of the New Option for the latest date by which the various tranches are exercisable), there shall be a 21-day cure period to remedy the missed payment, or the Vendor shall be entitled to terminate the SPA and the New Option. Additionally, in such circumstance the Vendor shall have the option to buy Limeco shares from Clearglass, up to a limit of a 5% interest in Limeco (to the extent that such Limeco shares are held by Clearglass). Additionally, in the event of a change of control of both Firering and Clearglass, Clearglass will transfer 1 of the issued shares of the Company to the Vendor such that upon completion of the SPA and New Option, the Vendor holds a majority interest in Limeco.

### **Main terms of the shareholders' agreement**

In August 2023, as previously notified, Firering, Clearglass and the vendors (which at that point comprised Kai Group Ltd and Samfuel Limited) entered into a shareholders' agreement (the "Shareholders' Agreement") to regulate the operation of the business and affairs of the Company and each of the parties' rights in relation to Limeco. The main terms of the Shareholders' Agreement, which remain extant, are:

- Each of the vendors and Firering (the "Major Shareholders") are entitled to appoint one director to the board of directors of Limeco with effect from the date of the Prior Option;
- the board of directors of Limeco shall determine the overall policies, objectives, operations, business and management of Limeco. However, certain critical business matters require the consent of either (i) whilst any part of the Prior Option remains to be exercised, all of the Major Shareholders, or after exercise of the Prior Option in full, shareholder approval of shareholders holding at least 70% of Limeco Shares, or (ii) approval of at least one director appointed by Firering and one director appointed by the vendors;
- Firering shall have the right to nominate either the Chief Executive Officer or Chief Financial Officer to the Limeco board with effect from the grant of the Prior Option;
- the Shareholders' Agreement contains other standard provisions such as pre-emption rights in respect of the issue and transfer of shares, drag along and tag along rights, and restrictive covenants relating to competing businesses and solicitation of staff and customers.

Kai Group Ltd has acquired Samfuel Ltd's shareholding in Limeco since the Prior Option was granted to Firering and is the sole Vendor under the SPA. It is expected that the shareholders' agreement will be updated in the coming weeks, primarily to reflect the fact that Samfuel is not a counterparty. This aside, it is not expected that there will be any material changes to the original agreement.

### **Limeco**

Limeco was initially established by Glencore plc due to the shortage of quicklime in Zambia and the need for quicklime at its Mopane operations in Zambia. In total, over \$US100m has been invested in establishing the limestone quarry and constructing the current lime plant. The lime plant consists of a two stage crushing circuit with an installed primary throughput of 500tph of limestone, and a quicklime production unit comprising eight kilns for burning crushed limestone to produce between 500 and 600 tonnes of quicklime per day.

In October 2017, Golder Associates visited Limeco and produced an in-situ mineral resource estimate of 73.7Mt @ 95.3% CaCO<sub>3</sub> (Source: Golder Associates, report 1776596-002-R-Rev0, 05 October 2017).

First geological mapping and diamond drilling were completed in 2012 when 37 drill holes were drilled with an average depth of 66m for a total of 2,517m. This was followed by the development of a resource model in 2013. A further drilling programme (23 drillholes totalling 1,610m) was then completed southeast of the drilling done in 2012. This was followed in 2017 with an infill drilling programme comprising another 65 drillholes totalling 4,022m.

Limestone production from the quarry commenced in March 2016 and ceased in January 2017. Crushed limestone (-90mm +60mm) was fed to only two kilns during that time. The majority of the blasted limestone was stockpiled adjacent to the primary crusher and will serve as initial feedstock when the kilns are being commissioned. The circa US\$100 million investment was made via a shareholders' loan into Limeco. This loan (see Limeco Financials section below) remains outstanding to the current Vendors of Limeco, in proportion to their shareholdings.

### **Pictures of the project from May 2023**



Figure 1: View of plant from primary crusher



Figure 2: View of kilns

### Quicklime Market

Global [quicklime](#) market is forecast to gain significant growth for the period 2022 to 2029. According to a report by Data Bridge Market Research, the market would grow at a CAGR of 4.2% in the forecast period from 2022 to 2029 and is expected to reach US\$9.8 billion by 2029.

Quicklime, or CaO, is a white powder with a high melting point of 2,600 degrees Celsius. It forms slaked lime when it interacts with water. Quicklime high [calcium](#) and dolomitic, which are extensively used as a flux in purifying steel. It provides durable mortar and plaster and soil stabilization. It also improves water quality, especially for water softening and arsenic removal. Quicklime can be applied on various applications, such as building and construction materials, metallurgy, chemicals, mining, paper, and pulp production among others.

The major drivers contributing to the growth of the quicklime market include growing usage of precipitated calcium carbonate and high adoption of quicklime in building and construction industry. The major restraints which may impact the global quicklime market growth are volatility in the prices of quicklime raw materials and complicated process for producing quicklime.

Several opportunities associated with the quicklime market include increasing demand for iron and steel from

different industries and rising mining activities. In order to fulfil the growing demand for quicklime products in building and [construction](#) and water treatment industry, some companies are expanding their production capacities and entering in agreement across different regions. Besides, strict government regulations for manufacturing and commercializing of quicklime is challenging the growth of the market.

#### **Limeco Financials**

In its most recent published accounts (financial year ended 31 December 2022) Limeco posted a loss before and after tax of US\$828,052 on turnover of US\$0. As at 31 December 2022 Limeco had net liabilities of US\$104,535,988. Liabilities include US\$104,509,835 due to shareholders ("Shareholders Debt"). Following the execution of the SPA, and if Firering exercises the New Option in its entirety, Firering will acquire the right to 20.5% (cUS\$21.4m) and 24.5% (cUS\$25.6m) respectively of this Shareholder Debt.

#### **Funding of SPA consideration and New Option exercise**

In order to fund the consideration due under the SPA for the initial 20.5% interest to be acquired, Firering intends to shortly complete an equity fundraise and further announcements in respect of this will follow shortly.

Limeco is expected to be profitable and generating cashflow within 24 months. Given the expected cashflow and associated flow of dividends FRG will be assessing debt financing options to fund the New Option exercise.

#### **Effect of the Acquisition on Firering**

The Acquisition allows Firering to diversify its investments and secure a stake in an advanced project which is commission ready with the potential to be in production within 12-24 months. Limeco will continue to manage its operations and the continued investment by Firering will allow it to advance its existing plans to progress to production. If Limeco generates profits, Firering will be entitled to receive a dividend pro rata to its shareholding in Limeco.

Firering will continue to develop its existing portfolio of mines producing critical metals. The Acquisition complements the existing portfolio and is in line with Firering's existing strategy to become a significant global and ethically sourced supplier.

#### **Related Party Transaction**

Clearglass is a party to the SPA and, under the terms of the SPA, will acquire up to 5% of the Shares and 5% of the Shareholder Debt (assuming completion of the SPA and the New Option by Firering). Additionally, in the event that Firering does not complete any payment due under the SPA, or otherwise fails to exercise any tranche of the New Option, Clearglass has agreed that it shall be responsible for making the relevant payment due to the Vendor, or, if applicable, exercise the New Option, and acquire the applicable Limeco shares in respect of that payment.

Clearglass is also party to the Shareholders' Agreement with Firering.

Clearglass is a Cypriot company (Company number HE351995). Firering's Chairman and a substantial shareholder, Youval Rasin, is a director and 40% shareholder in Clearglass. Clearglass's majority shareholder, Eli Rasin, is the uncle of Youval Rasin. Eli Rasin is also the legal and beneficial owner of Rompartner Limited which is a shareholder holding 8.44% of the Company's issued share capital..

Therefore, the proposed transactions - entering into the SPA and the New Option - constitute related party transactions under the AIM Rules. Accordingly, the directors of the Company (other than Youval Rasin), who are independent for the purposes of the transaction, consider, having consulted with the Company's nominated adviser, SPARK Advisory Partners Limited, that the terms of the SPA and the New Option are fair and reasonable insofar as the Company's shareholders are concerned.

For the sake of clarity, given his involvement with Clearglass, Youval Rasin will not participate in the Board decision to exercise the New Option. The updated shareholders' agreement referred to above will fall to be assessed as a related party transaction at the point its new terms are agreed.

\*\*\* ENDS \*\*\*

For further information on the Company, please visit [www.fireringplc.com](http://www.fireringplc.com) or contact:

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