



洛阳栾川钼业集团股份有限公司 China Molybdenum Co., Ltd

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Media Release

CMOC to Acquire Anglo American's Niobium and Phosphate Business for US\$1.5 billion

China Molybdenum Co., Ltd ("CMOC" or the "Company") is pleased to announce that its wholly-owned subsidiary CMOC Limited has entered into a Share Purchase Agreement with Anglo American plc ("Anglo American") to acquire all of the issued and outstanding shares of Anglo American Fosfatos Brasil Limitada and Anglo American Nióbio Brasil Limitada, as well as their related subsidiaries and associated marketing functions (together, the "Niobium and Phosphate Business"), for USD1.5 billion, (the "Transaction"). The consideration will be funded in cash and undrawn credit facilities from CMOC's existing financial resources. CMOC anticipates that the Transaction will be completed in the second half of 2016.

Transaction Highlights

The Transaction represents a compelling fit with CMOC's strategy of acquiring high quality growth assets while achieving earnings, commodity, and geographic diversification:

- Strengthens the Company's international asset portfolio by adding high quality, low cost, and long-life assets with a strong operating track record
- Enhances the Company's earnings and cash flow through niobium's and phosphate's substantial and stable operating margins
- Positions CMOC as the second-largest supplier of phosphates in Brazil and the second-largest niobium supplier globally
- Enhances CMOC's leadership position in specialised alloys and creates new opportunities to leverage the Company's market positioning and capabilities in the People's Republic of China ("PRC")
- Increases CMOC's commodity diversification with the addition of a fully-integrated phosphate business which enjoys the lowest cost position in the growing and structurally important Brazilian agriculture market

"This transaction marks another important milestone for the Company's overseas growth consistent with our corporate strategy. By pursuing this transaction, we solidify our leadership position in specialized alloys while establishing a meaningful strategic position in Brazil and South America", CMOC Chairman and Executive Director Mr. Li Chaochun commented.

"CMOC will become stronger and more profitable by diversifying our business both geographically and by product lines. This transaction adds long life, cost-competitive production to our portfolio and gives us a foothold in three leading international mining jurisdictions, Australia, Brazil and China," CMOC International CEO Mr. Kalidas Madhavpeddi said.

Niobium Business

The niobium business is an important strategic addition to CMOC's existing molybdenum and tungsten business as it is a critical value-added input for specialised alloys and steel production.

The niobium business produces and exports ferroniobium and has recently completed a capacity expansion. It is expected to become the second-largest producer of niobium in the world upon completing its ongoing capacity ramp-up. Principally, the niobium business consists of the Boa Vista Mine, Area Leste, Mina I/II and Morro do Padre deposits. Processing operations include the newly-built Boa Vista Fresh Rock ("BVFR") plant, the BV plant and the Tailings Plant which recovers niobium from processing phosphate tailings from the Chapadão concentration plant. The niobium business also includes a marketing function located in London and Singapore. The BVFR plant reached commercial production as of March 2016 and with the completion of the ramp-up it will support the niobium business to reach overall total annual capacity of 9,000 tonnes. The niobium business recorded sales volume of 4,600 tonnes and 5,100 tonnes in 2014 and 2015 respectively.

Phosphate Business

The phosphate business provides strategically important diversification benefits to the Company's metals portfolio. The phosphate sector has attractive long-term fundamentals and positive outlook due to robust demand and supply dynamics in Brazil. The country represents the third largest phosphate consumer for the production of agricultural products including soybeans, coffee and sugarcane; Brazil has the largest potential arable land in the world.

The phosphate business operations consist of the Chapadão mine, Ouvidor beneficiation plant, Catalão and Cubatão chemical plants, and two high-grade undeveloped deposits (Coqueiros and Morro Preto) situated in Goiás state, Brazil. The phosphate business is an integrated operation that covers mining of phosphate ore, refining operations to produce P2O5 concentrate, and processing intermediate and final products. In 2015, the Chapadão mine produced 1.1 million tonnes of fertiliser and has the highest P2O5 grade in Brazil with a remaining mine life in excess of 46 years.

Niobium and Phosphate Financials

The financials attributable to the Niobium and Phosphate Business for the two years ended 31 December 2014 and 31 December 2015, are as follows:

	2014		2015	
	USDm	HKDm	USDm	HKDm
Revenue	666	5,162	544	4,216
EBITDA	152	1,178	163 ^(a)	1,132 ^(a)

Note: For the financial year ended 31 December; USD to HKD exchange rate 7.75

(a) Includes Underlying EBIT of USD 17 million from BVFR which was capitalised in 2015, as the project had not reached commercial production.

Transaction Details

The Transaction is subject to regulatory approvals from the PRC and the approval of CMOC's shareholders. Cathay Fortune Corporation and Luoyang Mining Group Co., Ltd., the two major shareholders of the Company who in aggregate hold approximately 63% equity interest in the Company, have undertaken to vote in favour of the resolutions to approve the Transaction.

Further details of the Transaction will be disclosed timely in compliance with the listing rules of Shanghai Stock Exchange and Hong Kong Stock Exchange.

CMOC retained Barclays and Deutsche Bank as financial advisors. Osler, Hoskin & Harcourt was retained as lead legal counsel assisted by Pinheiro Neto in Brazil and King & Wood Mallesons in the U.K., China and Australia.

About Anglo American

Anglo American is a globally diversified mining group. Its business includes the planning and development of mines, mining, processing, and marketing of its products to customers globally. Anglo American is a leading producer of diamonds (through De Beers), platinum, copper, iron ore, nickel and coal.