



5 January 2012

## **Eurasian Natural Resources Corporation PLC**

**Agreement signed with First Quantum Minerals Ltd. to acquire their residual assets and settle all claims in relation to their Democratic Republic of Congo operations**

**Provides framework for both Companies to move forward in pursuit of their respective strategies**

**Agreement conditional on the completion of certain conditions and legal releases with an expected closing by end February 2012**

London - Eurasian Natural Resources Corporation PLC ('ENRC' or, together with its subsidiaries, the 'Group'), today announces that it has reached an agreement with First Quantum Minerals Ltd. ('FQM') to acquire their residual claims and assets in respect of the Kolwezi Tailings project, and the Frontier and Lonshi mines and related exploration interests, all located in the Katanga Province of the Democratic Republic of Congo ("DRC"), and to settle all current legal matters relating to these interests for total consideration of US\$1.25 billion.

The transaction encompasses a resolution relating to the Kolwezi Tailings project and the transfer of the Kolwezi processing plant to ENRC, enabling ENRC to commence the development of these operations. The transaction also provides for the release of any claims that FQM may have in relation to Frontier and Lonshi. This will provide ENRC with an opportunity to acquire the underlying licences and ultimately to develop these projects and discussions are currently underway. However, there can be no assurance as to the outcome of the licence discussions.

The total consideration comprises US\$750 million payable on closing, together with a deferred consideration of US\$500 million in the form of a 3-year Promissory Note with an interest coupon of 3% which is payable annually in arrears.

Under the terms of the transaction, ENRC will acquire, with certain limited exceptions, all of FQM's assets and property either physically located within the DRC or relating to the operations formerly carried out by FQM and its subsidiaries in the DRC, through the acquisition of:

- Kolwezi Investments Limited and its subsidiary Congo Mineral Developments Limited (a 65% shareholder in KMT (in liquidation), the former developer of the Kolwezi Tailings project);
- Frontier SPRL (the former owner/operator of the Frontier Mine);
- Compagnie Minière de Sakania SPRL (the former owner/operator of the Lonshi Mine); and
- Roan Prospecting & Mining SPRL (the holder of certain assets relating to the Kolwezi Tailings Project).

The processing facility at the Kolwezi Tailings project (which is under construction) is expected to be transferred to ENRC at closing.



In connection with the transaction, and as a condition of closing, it is expected that FQM, ENRC and the DRC Government (and relevant affiliated entities) will settle all disputes relating to the companies being sold and their assets and operations in the DRC. Additionally, as part of such settlement, it is expected that ENRC, FQM and the DRC Government will be releasing one another (and relevant affiliated entities) in respect of all claims and judgments relating to the foregoing or to any other matter arising in the DRC on or before the date of closing.

Closing of the transaction is expected to occur on or before February 29, 2012. Closing of the transaction is subject to certain conditions, including the receipt of any required third party consents and approvals, and settlement of the current international arbitrations in Washington and Paris together with FQM's civil action in the British Virgin Islands against the Highwind Group, which is comprised of a number of indirect subsidiaries of ENRC.

Further details will be announced upon closing of the transaction.

BMO Capital Markets is acting as ENRC's exclusive financial advisor for this transaction.

Felix Vulis, CEO of ENRC said, *"We are pleased to have secured agreement on these significant issues for our company. We have gained material assets and clarified the ownership structures in order to facilitate maximum value creation for ENRC's shareholders, the DRC and its people."*

### **Strategic Rationale for the Transaction**

Since the acquisition of CAMEC PLC in 2009, ENRC has accelerated its commodity diversification strategy and international expansion plans, and in doing so, built a solid platform for future growth as an international natural resources group. One of the key aspects of ENRC's diversification strategy has been the acquisition, consolidation and development of copper and cobalt licences within the African copperbelt. The settlement paves the way for fast track development of the Kolwezi Tailings project and for ENRC to become a significant global copper producer.

ENRC has an experienced copper and cobalt management team within the Company's Other Non-ferrous Division, who will provide the necessary expertise to develop and manage the Kolwezi and Frontier assets. Based on initial analysis this transaction is expected to be cash flow accretive within two full years of closing.

### **Asset Details**

#### **Kolwezi Tailings Project**

The current operator of the Kolwezi Tailings project is Camrose Resources Limited ('Camrose'), which holds a 70% interest in the underlying licence. Gecamines and the DRC Government hold the remaining 25% and 5% interests in the licence respectively. ENRC owns 50.5% of Camrose in a joint-venture with the Gertler Family Trust. The processing facility at the Kolwezi Tailings project, which is approximately 75% complete, is expected to be transferred to ENRC at closing.



The Kolwezi Tailings project consists of a tailings dam, with mineral reserve of 1.7 million tonnes of copper and 363 thousand tonnes of cobalt, grading 1.49% and 0.32% respectively. The processing facility to be acquired and completed by ENRC consists of conventional SX/EW circuits for the production of copper cathodes, with a targeted production capacity of 70 thousand tonnes of copper and 10 thousand tonnes of cobalt per annum. ENRC believes that the construction of the processing plant is well advanced and, subject to the results of the pre-closing technical due-diligence, ENRC envisages that first production is possible within the next 18 months. Additional details of the business plan, including estimated capital investment, will be communicated upon completion of pre-closing due diligence and technical studies.

### **Frontier Processing Facility**

The Frontier processing facility comprises a mill and a concentrator, located next to the Zambian border in the south east of the DRC. Peak historical production in 2009 was 92 thousand tonnes of copper concentrate, produced at a cash cost of US\$1.13 per pound of copper. Subject to reaching agreement to acquire the underlying licence for Frontier, ENRC anticipates that Frontier will return to full production within the next 18 months. Additional details of the business plan, including estimated capital investment, will be communicated upon completion of relevant technical studies.

### **Conference call for analysts and investors**

ENRC will host a live conference call for analysts and investors at 13:15 London time today, 5 January 2012. The dial-in number for callers is: +44 (0)20 7136 2056, with the confirmation code '1447216'. A set of slides pertaining to this announcement will be posted on the Investor Relations section of the Group's website, [www.enrc.com](http://www.enrc.com), ahead of the conference call. A recording of the briefing will be posted on the Investor Relations section of the Group's website in due course.

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**About ENRC**

ENRC is a leading diversified natural resources group, performing integrated mining, processing, energy, logistics and marketing operations. The operations comprise: the mining and processing of chrome, manganese and iron ore; the smelting of ferroalloys; the production of iron ore concentrate and pellet; the mining and processing of bauxite for the extraction of alumina and the production of aluminium; the production of copper and cobalt; coal extraction and electricity generation; and the transportation and sales of the Group's products. The Group's production assets are largely located in the Republic of Kazakhstan; other assets, notably the Other Non-ferrous Division, are mainly located in Africa; the Group also has iron ore assets in Brazil. The Group's entities in H1 2011 employed on average 75,050 (H1 2010: 71,090) people. In 2010, the Group accounted for approximately 4% of Kazakhstan's GDP. The Group currently sells the majority of its products to Russia, China, Japan, Western Europe and the United States. For the six months ended June 30 2011, the Group had revenue of US\$4,011 million (H1 2010: US\$3,045 million) and profit attributable to equity holders of the Company of US\$1,166 million (H1 2010: US\$902 million). ENRC has six operating Divisions: Ferroalloys, Iron Ore, Alumina and Aluminium, Other Non-ferrous, Energy and Logistics. ENRC is a UK company with its registered office in London. ENRC's shares are quoted on the London Stock Exchange ('LSE') and the Kazakhstan Stock Exchange ('KASE'). For more information on ENRC visit the Group's website at [www.enrc.com](http://www.enrc.com).

**Forward-looking Statements**

*This announcement includes statements that are, or may be deemed to be, 'forward-looking statements'. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms 'believes', 'estimates', 'plans', 'projects', 'anticipates', 'expects', 'intends', 'may', 'will', or 'should' or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include matters that are not historical facts or are statements regarding the Group's intentions, beliefs or current expectations concerning, among other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies, and the industries in which the Group operates. Forward-looking statements are based on current plans, estimates and projections, and therefore too much reliance should not be placed upon them. Such statements are subject to risks and uncertainties, most of which are difficult to predict and generally beyond the*



*Group's control. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. The Group cautions you that forward-looking statements are not guarantees of future performance and that if risks and uncertainties materialise, or if the assumptions underlying any of these statements prove incorrect, the Group's actual results of operations, financial condition and liquidity and the development of the industry in which the Group operates may materially differ from those made in, or suggested by, the forward-looking statements contained in this announcement. In addition, even if the Group's results of operations, financial condition and liquidity and the development of the industry in which the Group operates are consistent with the forward-looking statements contained in this announcement, those results or developments may not be indicative of results or developments in future periods. A number of factors could cause results and developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation, general economic and business conditions, industry trends, competition, commodity prices, changes in regulation, currency fluctuations, changes in business strategy, political and economic uncertainty. Subject to the requirements of the Prospectus Rules, the Disclosure and Transparency Rules and the Listing Rules or any applicable law or regulation, the Group expressly disclaims any obligation or undertaking publicly to review or confirm analysts expectations or estimates or to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any changes in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. Nothing in this announcement should be construed as a profit forecast. The forward looking statements contained in this document speak only as at the date of this document.*

A copy of this announcement will be available on ENRC's website at [www.enrc.com](http://www.enrc.com).