



Chemaf Resources Limited to be acquired by Norin Mining Limited

27 June 2024

Chemaf Resources Limited (**CRL** or **Company**) is pleased to announce that it has agreed terms for the sale of the Company (including its subsidiaries) to a wholly-owned subsidiary of Norin Mining Limited (**Norin Mining**).

The proposed transaction marks the successful completion of a strategic review and subsequent global investor search process which was initiated in September 2023. The Company anticipates that the proposed transaction will be completed in Q4 2024, upon the satisfaction of conditions precedent to completion of the transaction.

The transaction will enable the Company to settle its existing borrowings, address its obligations to its creditors and introduce a new owner with the financial resources and technical capabilities to complete the expansion of Etoile and the development of Mutoshi for the benefit of all stakeholders and the Democratic Republic of the Congo (**DRC**).

Chemaf S.A. (**Chemaf**) which was founded by its Chairman, Shiraz Virji, in 2001, is a proud operator and developer of copper and cobalt projects in the DRC. Over the last two decades Chemaf has produced more than 300,000 tonnes of copper and 55,000 tonnes of cobalt hydroxide from its Etoile Mine. Chemaf's future lies in the expansion of its Etoile Mine (known as Etoile Phase 2) and the construction of a new greenfield mine, Mutoshi, both of which are at an advanced stage of development and have the potential to collectively produce more than 75,000 tonnes of copper and 20,000 tonnes of cobalt hydroxide annually.

Norin Mining is an established mining and trading company with a portfolio of base metals projects across the African continent including two existing operations in the DRC, Comika and Lamikal. In 2023, Norin Mining generated revenues of US\$4.3 billion from its minerals-related activities.

"Following a highly competitive international auction process, we are pleased to have signed a transaction with Norin Mining which will allow CRL and Chemaf to meet their obligations to existing lenders and creditors. Importantly Chemaf has found a new owner, Norin Mining, which has the experience and commitment to build on Shiraz Virji's legacy and deliver the Etoile Phase 2 and Mutoshi projects", commented Jeremy Meynert, advisor to Chairman Shiraz Virji and the Chemaf Group of Companies.

"While Chemaf has faced its share of challenges over the last 12 months, the resilience of our management team, the commitment of our employees and contractors and the support of our suppliers has allowed us to continue to produce at our Etoile Mine while maintaining our Etoile Phase 2 and Mutoshi development projects as we sought new capital. Ongoing production has given us time to pursue the best possible transaction for all of our stakeholders", said Jeremy Meynert.

Chemaf Founder and Chairman, Shiraz Virji, expressed his sincere appreciation to the Chemaf Family for their dedicated service and to Norin Mining for their commitment to concluding a transaction:

"Chemaf has been a proud family-owned company for more than two decades. Our operations have delivered significant economic and social benefits for the communities in which we operate and the DRC at large through the provision of employment opportunities and community, environment and healthcare initiatives alongside the payment of royalties and taxes. I am so very proud and appreciative of the efforts of our team in building Chemaf into a leading DRC copper and cobalt producer. I am pleased to have found a new owner that can invest in completing the development of Etoile Phase 2 and Mutoshi which will be to the benefit of the DRC for decades to come".

"I must also express my gratitude to the Norin Mining team for their professionalism and commitment to the transaction. Norin Mining has a proven track record in mining operations and development, particularly in the DRC, and is ideally poised to bring Etoile Phase 2 and Mutoshi to production. I wish them the best in their endeavours and know that Chemaf will continue to be a major economic and social contributor to the DRC under their stewardship".



Strategic Review and Investment Process

In recent years, Chemaf embarked on a significant expansion at its Etoile mine in the Katanga Province (Lubumbashi) alongside the development of a major new greenfield mine at Mutoshi in the Lualaba Province (Kolwezi). Despite significant investment of over US\$600 million, additional funding was required to complete these projects. This funding shortfall was a function of a decline in copper and cobalt prices which impacted cash flow generated by its existing Etoile mine as well as inflationary pressures across the global mining sector. As a result, in August 2023, a strategic review led by Jeremy Meynert was initiated in respect of CRL.

Following an extensive review of various funding alternatives for the Company, the decision was made to commence an equity investment process to secure direct investment at the CRL-level including the potential sale of the Company.

CRL's focus of the equity investment process, which commenced in September 2023, was to secure an investor with a proven track record in responsible mining operations and project development that could complete the development of Etoile Phase 2 and Mutoshi.

The Company received strong interest from a broad cross-section of investors from across the globe with the process ultimately culminating in the proposed transaction with Norin Mining.

Transaction Overview

Norin Mining Kingco Limited, which is a wholly-owned subsidiary of Norin Mining, has signed a Share Purchase Agreement with CRL's parent company, Chemaf Group Limited, under which it will acquire all of Chemaf Group Limited's shares in CRL. Notwithstanding this transaction, Chemaf will continue to be a subsidiary of CRL.

Norin Mining Kingco Limited has also agreed to acquire Shiraz Virji's direct shareholding in Chemaf.

The DRC Government has provided its approval for the sale of CRL (which will result in an indirect change of control in Chemaf).

The transaction remains subject to customary conditions precedent to close including the approval of Chemaf's respected partner at Mutoshi, Gecamines S.A., and Chinese regulatory approvals.

The transaction consideration will be primarily distributed to CRL's and Chemaf's lenders and creditors.

Settlement agreements have already been signed with CRL's and Chemaf's major lenders.

Over the coming weeks, Chemaf will be in contact with its creditors with settlement terms. Chemaf fully appreciates that its loyal supporters have faced considerable challenges while awaiting payment of outstanding invoices but is pleased to confirm that the successful completion of the CRL investment process will enable obligations to be addressed. Outstanding invoices will be promptly paid on or around transaction close which is expected in Q4 2024 subject to entry into a settlement agreement with Chemaf.

Advisors

The Chemaf Group of Companies have been advised by Jeremy Meynert with Cutfield Freeman & Co Limited acting as financial advisor on the transaction and Simmons & Simmons LLP acting as legal advisor on the transaction.

Contact

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