

# Global Alumina Announces Agreement to Purchase Additional Interest in Project

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TORONTO, Nov. 1, 2012 /CNW/ - [Global Alumina Corporation](#) (TSX: GLA.U) (the "Company" or "Global Alumina"), a corporation participating in a joint venture to develop an alumina refinery, mine and associated infrastructure in the bauxite-rich region of the Republic of Guinea (the "Project"), announced today that it has entered into a sale and purchase agreement ("SPA") with the Broken Hill Proprietary Company Limited ("BHP Billiton"), one of the joint venture partners in the Project, for the acquisition of BHP Billiton's one-third interest in the Project. Under the existing Project shareholders' agreement, each of Dubai Aluminium Company Limited ("DUBAL") and MCD Industry Holding Company LLC ("Mubadala"), the other two Project joint venture partners, has the right to purchase its proportionate share of the interests to be sold under the SPA. Global Alumina's ownership interest in the Project will increase from its current 33.3% to a level between 50.0% and 66.7% depending on whether each of DUBAL and Mubadala either exercises or waives its right to purchase its proportionate share of the interests to be sold under the SPA.

Including amounts invested by Global Alumina prior to the May 2007 completion of the joint venture, the Project's owners have invested over \$800 million into the Project, each partner contributing its pro-rata share.

Pursuant to the SPA, on closing Global Alumina will pay BHP Billiton (a) a cash payment of US\$1.00, (b) reimburse BHP Billiton for its Project funding obligations from the date of the SPA to closing, (c) waive the final contingent \$20 million subscription payment payable to the Company on financial close of the Project and (d) assume BHP Billiton's Project obligations. Global Alumina has agreed to indemnify BHP Billiton and its officers and directors against any Project liabilities. Closing is conditional on the following being satisfied by the earlier of 63 business days after notice of the transaction is provided to the Government of Guinea and 95 days after the date of the SPA:

(a) Within 30 days, DUBAL and Mubadala shall have either waived or exercised their pre-emptive rights to purchase their pro rata share of BHP Billiton's interests in the Project or their pre-emptive rights shall have expired. If DUBAL and Mubadala purchase their pro rata share of BHP Billiton's interests, they would assume their pro rata share of BHP Billiton's contingent \$20 million subscription payment payable to the Company on financial close of the Project, in addition to their own, pre-existing subscription payments of \$8.3 million due from DUBAL and \$5.0 million due from Mubadala.

(b) No objection to the transaction shall have been raised by the Government of Guinea within 60 business days of notice being provided.

(c) The Company shall have completed a capital raise and shall deposit the greater of US\$5 million and 25% of the capital raise in an escrow account to fund its obligations to indemnify BHP Billiton against any Project liabilities and costs incurred in the event of a Project wind-up. The Company is obligated to continue to fund the escrow account with 25% of any proceeds it receives in any subsequent capital raise up to a maximum of US\$10 million.

(d) The technical services agreement between BHP Billiton and the Project company shall have terminated.

Closing will occur three business days after all conditions precedent to the transaction have been satisfied or waived.

In connection with the proposed purchase of BHP Billiton's interest in the Project and to fund future Project development and its operating costs, the Company plans to seek to raise additional capital through the private placement of its securities. Any offering of the securities of Global Alumina will be subject to the prior approval of the Toronto Stock Exchange and is expected to require the approval of the shareholders of Global Alumina. The Company expects to provide additional details regarding the offering in a management information circular that will be sent to its shareholders in due course.

Bruce Wrobel, CEO, said, "BHP Billiton's willingness to sell its one-third interest in the Project to its partners represents a significant, positive milestone for Global Alumina and the Project, as the remaining owners' development interests are closely aligned. Furthermore, the rights to sell the additional alumina that is associated with the additional ownership interest will enhance the Company's value. Global Alumina has

retained RK Capital as its financial advisor in connection with raising the additional capital necessary to complete the acquisition and carry on co-development of the Project with our partners, DUBAL and Mubadala."

There can be no assurances that the Company's efforts to raise capital will be successful, and that the acquisition of [BHP Billiton](#)'s interests will be completed.

### **About Global Alumina**

[Global Alumina](#) is in a joint venture through its wholly owned subsidiary, Global Alumina International, Ltd., with BHP Billiton, Dubai Aluminum Company Limited and Mubadala Development Company PJSC, to develop an alumina refinery in the bauxite-rich region of the Republic of Guinea. Global Alumina is headquartered in Saint John, New Brunswick and has administrative offices in New York, London and Montreal. For further information visit the Company's website at [www.globalalumina.com](http://www.globalalumina.com).

### **Forward Looking Information**

*Certain information in this press release is "forward looking information", which reflects management's expectations regarding the Company's future growth, results of operations, performance and business prospects and opportunities. In this release, the words "may", "would", "could", "should", "will", "intend", "plan", "anticipate", "believe", "seek", "propose", "estimate" and "expect" and similar expressions, as they relate to the Company and its assets and interests, are often, but not always, used to identify forward looking information. Such forward looking information reflects management's current beliefs and is based on information currently available to management. Forward looking information involves significant risks and uncertainties, should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of whether or not or the times at, or by which, such performance or results will be achieved. In particular, this release contains forward looking information pertaining to the following: the decision to purchase additional interests in the Project and negotiations regarding such a purchase; the adequacy of the Company's cash resources and its ability to continue to fund the Project or any additional purchase of interests in the Project; expectations regarding the financing of the Project. A number of factors could cause actual results to differ materially from the results discussed in the forward looking information, including, but not limited to: the inability of the Company to fund a purchase of additional interests in the Project; ongoing political events in Guinea and the decision of the Government of Guinea not to approve a transfer of Project interests; the current political and economic risks of investing in a developing country; a decision by the joint venture partners not to proceed with the Project; unanticipated liabilities of Global Alumina at the corporate level and the inability of the Company to obtain additional financing to fund corporate expenses; the accuracy of the assumptions used to determine the fair value of the Project; the possibility that the value of the Company's assets could deteriorate; the limited control by the Company of the assets and operations of the Project and its inability to make major decisions with respect to the Project without agreement from the other joint venture partners; the inability of the Company to raise additional financing to fund the Project to complete development; the inability of the Company to raise sufficient financing to fund its share of the development costs of the Project; the Company's dependence on an interest in a single asset; the possible forfeiture of the 690 square kilometre mining concession area near Sangaredi in certain circumstances and certain other factors related to the Project and the factors related to the business of the Company discussed under the heading "Risk Factors" in the Company's Annual Information Form.*

*The forward looking information contained in this release is based on the following principal assumptions: that market conditions will not be materially adverse to the Company raising additional capital prior to the completion of any financing and the Project will remain a viable asset. Although the forward looking information contained in this release is based upon what management of the Company believes are reasonable assumptions, Global Alumina cannot assure investors that actual results will be consistent with this forward looking information. If the assumptions underlying forward looking information prove incorrect or if other risks or uncertainties materialize, actual results may vary materially from those anticipated in this release. This forward looking information is made as of the date of this release, and Global Alumina assumes no obligation to update or revise it to reflect new events or circumstances, except as required by applicable law.*

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