

# Global Alumina Corporation Releases Third Quarter 2012 Results

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TORONTO, Nov. 13, 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 its financial and operating results for the three and nine month periods ended September 30, 2012. The text of the quarterly unaudited financial statements and management's discussion and analysis can be viewed or printed from the Company's SEDAR reference page at [www.sedar.com](http://www.sedar.com). All dollar amounts are in U.S. dollars.

## Third Quarter 2012 Financial Highlights

- In the first nine months of 2012 the joint venture partners contributed capital of \$40.2 million towards the approved Project budget with the Company contributing its \$13.4 million one-third share.
- At September 30, 2012, Guinea Alumina Corporation, Ltd. ("Guinea Alumina", the joint venture company) had capitalized into construction in progress approximately \$729.5 million, of which approximately \$9.6 million relates to the third quarter of 2012.
- As of September 30, 2012, the Company had unrestricted cash of \$3.4 million and escrowed cash totalling \$3.3 million in its escrow account to fund future Project capital calls.
- During the third quarter, Guinea Alumina's board of directors approved additional Project funding of \$15.2 million for the period from October 2012 through March 2013. Global Alumina will be responsible for its one-third share.
- As announced on November 1, 2012, the Company and the Broken Hill Proprietary Company Limited ("[BHP Billiton](#)") entered into a sale and purchase agreement (the "SPA") which is described in the Subsequent Events section below. The Company considers the BHP Billiton transaction to be a unique opportunity for it to reacquire additional Project interests for nominal consideration and to continue developing the Project with the other joint venture partners whose strategic interests in forwarding the Project remain closely aligned with that of the Company. As a result of the nominal consideration agreed to in the SPA for BHP Billiton's interests, accounting standards require the Company to record a non-cash impairment charge of \$132.1 million in the third quarter of 2012 and reduce the carrying value of its one-third interest in Guinea Alumina to \$20.0 million, to reflect the amount contractually agreed between the Company and BHP Billiton for BHP Billiton's one-third share of Guinea Alumina.
- For the three and nine months ended September 30, 2012, respectively, the Company reported a net loss of \$95,526,060 million (\$0.50 per share) and \$98,826,992 (\$0.54 per share), compared to a net loss of \$10,750,757 (\$0.06 per share) and \$25,716,539 (\$0.14 per share) for the same periods in 2011.
- Excluding the non-cash impacts of the impairment charge and the changes to the derivative valuation, the Company would have reported a net loss for the three and nine months ended September 30, 2012 of \$0.4 million (\$0.00 per share) and \$2.8 million (\$0.02 per share), respectively, compared to a net loss of \$1.1 million (\$0.01 per share) and \$3.3 million (\$0.02 per share) for the same periods in 2011.

At usage rates that the Company currently expects in 2012, funds in escrow will be sufficient to meet its one-third share of Project equity requirements through November 2012, and unrestricted funds will be sufficient to enable it to meet its corporate operating expense requirements through August 2013.

Bruce Wrobel, CEO, commented, "Subsequent to the close of our third quarter, we entered into a transformational agreement to purchase BHP Billiton's stake in the Project, setting the stage for a more efficient Project ownership structure and for accelerated development of one of the world's largest low-cost alumina refineries. Along with our remaining partners, DUBAL and Mubadala, we remain firmly focused on advancing the Project, aiming to capitalize on the expected long-term global supply-demand gap in alumina, while providing economic and social benefits to the people of Guinea and enhanced value for our

shareholders."

### **Subsequent Events**

On November 1, 2012 the Company announced it had entered into the SPA with BHP Billiton for the acquisition of its 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 in the Project, 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.

The purpose of the SPA is to facilitate the exit of BHP Billiton from the ownership of GAC and to consolidate ownership of GAC among the remaining owners. The SPA is expected to enhance the Company's shareholder value as it: (1) removes an owner whose strategic focus has shifted away from development of the Project; and (2) will result in an increase in both the Company's ownership interest in the Project and associated rights to the Project's alumina production, by 50% to 100%.

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 raise additional capital through the private placement of its securities. The Company has retained RK Equity Capital Markets as its financial advisor in connection with the financing. Any offering of the securities of Global Alumina will be subject to the prior approval of the Toronto Stock Exchange (the "TSX") 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.

### **Other Corporate Developments**

On September 6, 2012 the Company adopted a share compensation plan (the "SCP"). Pursuant to the SCP, directors and key employees and consultants of the Company ("Key Employees") are eligible to participate in the SCP while such persons are employed by, provide services to, or hold an office with, the Company. The SCP provides that participants may elect to receive all or a portion of their quarterly board retainer, bonus, salary or consulting fees in shares of the Company issued from treasury. The number of shares issued is determined by the applicable elected compensation being divided by the closing trading price of the shares on the TSX on the date of issue. The SCP will (a) increase the shareholdings of participating directors and Key Employees to further align their interest with those of the Company and its shareholders and (b) preserve the cash of the Company by providing non-cash compensation to participants.

### **About Global Alumina**

[Global Alumina](http://www.globalalumina.com) is in a joint venture through its wholly owned subsidiary, Global Alumina International, Ltd., with BHP Billiton, Dubai Aluminium 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 agreement to purchase additional interests in the Project; the adequacy of the Company's cash resources and its ability to continue to fund the Project or and purchase of interests in the Project; the decision to proceed with the Project and the ability of the joint venture partners to agree on timing of development of the*

*Project; the decisions of the joint venture with respect to conduct of the Project; fair value estimates of the Project; expectations regarding the financing of the Project, the amount, nature and timing of capital expenditures to complete the Project; future production levels; expectations regarding the negotiation of contractual rights; prices for alumina and aluminium; operating and other costs; political developments in Guinea and recognition by the new political regime in Guinea of historical agreements negotiated by the previous government, general business strategies and plans of management with respect to 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 source new funding for the purchase of interests in the Project or to fund its on-going expenses pending a sale of the Company and continue as a going concern; ongoing political events in Guinea and the transition to a new government and the policies of such new government; 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; material changes to the cost estimates and time estimates for development of 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; operational risks such as access to infrastructure and skilled labour; the inability of the Company to raise additional financing to fund its share of future 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 Sangarédi in certain circumstances; construction risks such as cost overruns, delays and shortages of labour, materials or equipment; currency fluctuations; price volatility of alumina, aluminium or raw materials 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 completing financing of the Project and the Project will remain a viable asset; that the data, estimates and projections in the bankable feasibility study of the Project are within the range of accuracy suggested therein and the conclusions reached therein are still valid as of the date of this release; that general economic and political conditions will not be adverse to proceeding with and completing financing for the Project and will have no material adverse impact on the Project; that the negotiations with prospective Project lenders and between the prospective Project lenders and the Guinean government will resume and be successfully concluded; that the bidding process for contracted work in connection with the Project will be completed in a competitive manner and that actual costs to complete work will be within the range of quotes provided by contractors to date; that the joint venture will be able to acquire necessary labour at currently assumed labour costs and productivity rates; that once approved the development plan for the Project is conducted according to schedule; that general economic factors and trends relating to construction costs remain constant or improve and that the future political and economic climate in Guinea has no material adverse effect on the Project and the new political regime arising from the transition to a new government continues to recognize agreements negotiated by the previous government. 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.*

**For further information, please contact:**

[Global Alumina Corporation](#)

Michael Cella  
212 351 0010  
cella@globalalumina.com  
www.globalalumina.com

Susan Borinelli  
Breakstone Group  
646 330 5907  
sborinelli@breakstone-group.com

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