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Natural Resources

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LME 'RING' TO REMAIN OPEN BEYOND 2015

On 23 June 2014, following a six month review and consultation period, the London Metal Exchange (**LME**) announced it plans to maintain and further invest in its 137 year old open-outcry trading "Ring". The Ring is a physical price formation venue that provides a transparent price discovery process and supports a unique prompt date structure.

In order to meet global standards for transparency, integrity and governance, the LME has proposed to improve the Ring system by aligning it with the LME's electronic trading platform, LMEselect. As part of the LME's GBP£1 million investment in Ring-based technology in 2014, new wallboards will be fitted on the trading floor to help integrate electronic and open-outcry trading. In 2014, the LME pledged to conduct ongoing internal and external audits on all trading operations and concluded that the Ring meets the Principles for Financial Benchmarks set out by the International Organisation of Securities Commissions. Since 2010, the LME has introduced over 20 new rules to ensure the efficiency of its price discovery process while servicing members and clients in an evolving trading landscape. In 2013 the LME doubled the seating capacity for Ring-dealing members to cater for expanded floor teams. (Source: www.lme.com 23 June 2014)

ALCOA TO SELL JAMAICA MINING INTERESTS TO NOBLE

On 13 June 2014, New York based Alcoa Inc. (**Alcoa**) and the Jamaican Government announced that Alcoa will sell its Jamaican mining interests to the Hong Kong headquartered

Noble Group Ltd (**Noble**). Alcoa stated that the decision is part of a global strategy to reshape its upstream portfolio and lower the cost base of its commodity business.

Alcoa Minerals of Jamaica (**AMJ**), a wholly owned subsidiary of Alcoa, and the Jamaican Government are joint venture partners in 'Jamalco', a bauxite mining and alumina refining operation. AMJ holds a 55% stake in Jamalco with the Jamaican Government holding the remainder through its holding company, Clarendon Alumina Production Ltd.

Alcoa will retain an 11% minority interest in Jamalco and serve as its managing operator for at least two years. Alcoa has signed a non-binding letter of intent with Noble Resources UK Ltd, a subsidiary of Noble, to pursue a sale of its ownership stake in AMJ. (Source: www.miningweekly.com 16 June 2014)

DRILLSEARCH ANNOUNCES INCREASED OFFER FOR AMBASSADOR OIL AND GAS

On 17 June 2014, ASX-listed Drillsearch Energy Ltd (**Drillsearch**) announced an increased offer (**Offer**) by its wholly owned subsidiary Drillsearch (Central) Pty Ltd to acquire all of the ordinary shares in ASX-listed Ambassador Oil and Gas Ltd (**Ambassador**) that it does not already own. In response to a competing takeover bid from Magnum Hunter Resources Corporation (**Magnum Hunter**), Drillsearch's increased their offer price to 1 Drillsearch share for every 5.4 Ambassador shares *plus* AUS\$ 0.05 in cash per Ambassador share. Drillsearch also declared the Offer unconditional and accelerated the payment terms such that Ambassador's shareholders will receive the consideration within 10 business days of acceptance.

Drillsearch's scrip and cash offer for Ambassador represents a premium to New York listed Magnum Hunter's competing offer. If accepted, Drillsearch's revised offer will allow Ambassador's shareholders to hold shares in an ASX-listed domestic company and avoid exposure to foreign exchange risk and cross-border tax complexities. (Source: www.youroilandgasnews.com 17 June 2014)

BULLABULLING GOLD DIRECTORS REJECT REVISED NORTON GOLD OFFER

ASX-listed Bullabulling Gold Limited (**BGL**) has rejected the best and final takeover offer (**Offer**) by ASX-listed Norton Gold Fields Limited (**Norton**), claiming that the offer is inadequate and opportunistic. Norton, majority-owned by China's largest gold producer Zijin Mining Group, had increased its cash offer from AUS\$ 0.07 to AUS\$ 0.08 per share, conditional upon the acquisition of a relevant interest in 30% or more of BGL by 30 June 2014. The board of directors of BGL unanimously recommended that shareholders reject the Offer and promised to complete the BGL definitive feasibility study for the benefit of all shareholders. (Source: www.proactiveinvestors.co.uk 17 June 2014)



BEACH ESTABLISHES JOINT VENTURE WITH 3D OIL

ASX-listed Beach Energy Ltd (**Beach**) and 3D Oil Ltd (**3D Oil**) have established a new joint venture following the execution of a joint operating agreement (**JOA**). Additionally, Beach has executed a binding sale and purchase agreement (**SPA**) for the purchase of a 20% interest in the T/49P offshore exploration

permit in the Otway Basin from 3D Oil. Under the terms of the SPA, the interest will be acquired for AUS\$3 million in cash and 3D Oil will remain as operator under the JOA.

It is anticipated that the joint venture partners will commence a 755b km² seismic acquisition programme within the next 12 months, with timing subject to government and regulatory approvals. It also supports a broader portfolio strategy for both onshore and offshore areas of the Otway Basin. (Source: www.youroilandgasnews.com 17 June 2014)

AQUILA ADVISES SHAREHOLDERS TO ACCEPT BAOSTEEL BID AS MINERAL RESOURCES TALKS FAIL

The Independent Board Committee of takeover target Aquila Resources Limited (**Aquila**) has advised shareholders to accept a joint offer made by China's Baosteel Resources International Co. Ltd. (**Baosteel**) and Australian freight transporter Aurizon Holdings Limited (**Aurizon**) after Aquila's failure to negotiate a deal with ASX-listed Mineral Resources Limited (**Mineral Resources**).

Baosteel and Aurizon made a cash offer of AUS\$3.40 for every Aquila share, valuing Aquila at approximately AUS\$1.4 billion. Aquila's executive chairman, Tony Poli, who holds a 28.92% stake in Aquila, intends to accept the offer in the absence of a superior proposal.

Aquila also received a conditional off-market takeover offer from Mineral Resources, valuing Aquila's shares at AUS\$3.75 but for consideration consisting solely of Mineral Resources shares. Mineral Resources terminated the takeover discussions after the two companies failed to agree on specific terms. (Source: www.miningweekly.com 18 June 2014)

SHELL COMPLETE SELL DOWN IN WOODSIDE PETROLEUM

ASX-listed Woodside Petroleum Ltd. (**Woodside**) has been advised by Shell Energy Holdings Australia Ltd, a subsidiary of Royal Dutch Shell plc (**Shell**), that Shell has sold 78.3 million shares, representing 9.5% of Woodside's issued share capital, via an underwritten institutional sell-down at a price of AUS\$41.35 per share.

According to the buy-back agreement entered into between Woodside and Shell on 17 June 2014, Woodside intends to buy-back 78.3 million shares currently held by Shell for US\$ 2,680 million. The selective buy-back is subject to approval by Woodside's shareholders at an EGM scheduled to take place in August 2014, and the provision of an independent expert opinion that the transaction is fair and reasonable to all of Woodside's shareholders, and consent under Woodside's facility agreements. Pursuant to the sell-down Shell's share of Woodside's issued capital will be reduced from 23.1% to 4.5%. (Source: www.reuters.com 17 June 2014 and www.youoilandgasnews.com 19 June 2014)

strong demand for graphene oxide from the battery, solar and high-end electronics industries. Subject to BBR making a potential commercially viable graphite discovery, the HoA also requires RSM to process any potential ore supplied by BBR from its other Sri Lankan graphite operations through its facilities on an arm's length toll treatment basis. (Source: www.proactiveinvestors.com 25 June 2014)



BORA BORA RESOURCES ACQUIRES STAKE IN GRAPHITE MINE IN SRI LANKA

Bora Bora Resources Limited (**BBR**), an Australian graphite exploration company, has entered into a binding Heads of Agreement (**HoA**) with RS Mines Ltd (**RSM**) in relation to the acquisition of a 50% interest in RSM's Queens Graphite Mine that adjoins BBR's exploration areas in Sri Lanka. The acquisition, if successful, will accelerate BBR's mine production to commercial levels. It will also advance BBR's strategy to develop a pipeline of ultra-high-grade graphite and graphene assets.

Under the terms of the HoA, BBR paid RSM a non-refundable deposit of AUS\$100,000 in order to exclusively conduct due diligence over the producing Queens Graphite Mine and its associated grapheme oxide production facilities. BBR has agreed to earn-in to RSM by funding the commercial development of the Queens Graphite Mine and scale-up of graphene oxide production facilities to meet the expected

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