

# Eurasia Mining PLC

## Statement re formal sale process

RNS Number : 7033R  
Eurasia Mining PLC  
01 July 2020

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01 July 2020

### Eurasia Mining Plc

#### Appointment of UBS to run formal sale process under the Takeover Code

Eurasia Mining Plc ("Eurasia" or the "Company"), the palladium, platinum, rhodium, iridium and gold producing company, operating the established West Kytlim Mine in the Urals, and also the operator of the Monchetundra Project comprising two predominantly palladium open pit deposits, today announces that further to previously announced strategic review of its business in order to maximise value for its shareholders it is launching a Formal Sale Process under the UK Takeover Code.

Eurasia owns and operates several open pit mines. West Kytlim is one of the lowest cost PGM producers with a significant palladium and rhodium content, and is the largest soft rock PGM mine in production globally. Monchetundra with flanks, the Company's area of exclusivity to which Eurasia is entitled pursuant to Russian sub-soil licensing laws, is a world class open pit deposit that has a palladium-rich PGM resource base of 15Moz (including the flanks) with a potential to increase to 40Moz (as announced on 4 December 2019), and is on track to start mining as one of the lowest cost open-pit miners in the world. Monchetundra is located 3km away from Severonickel, one of Norilsk Nickel's largest base metals and PGM processing facilities, near the town of Monchegorsk on the Kola Peninsula and is fully financed through to production via agreement with Sinosteel.

Further details of the Monchetundra Project resource base and the flanks are set out below and in the Company's announcements of 4 December 2019 and 17 December 2019. In relation to the additional 25Moz of PGMs (those resources in addition to the 15Moz contained in the Monchetundra Project and its flanks) it should be noted that there is no guarantee that all these additional 25Moz of resources will prove to be economic or that Eurasia will be granted a licence over all of these 25Moz of PGM resources.

In recent months, Eurasia has received a number of inbound expressions of interest from multiple parties interested in acquiring all of or a stake in its assets. The Board has therefore decided to appoint UBS Investment Bank in London ("UBS") as its leading financial adviser to assist in a review of its strategic options including asset sales or a sale of the Company.

The Takeover Panel has agreed that any discussions with third parties about an offer for Eurasia may be conducted within the context of a "formal sale process" as defined in the City Code on Takeovers and Mergers (the "Takeover Code") to enable conversations with parties interested in making a proposal to take place on a confidential basis.

Parties with a potential interest in making a proposal should contact UBS (contact details as set out below).

The interested parties shall be invited to submit their proposals to UBS. It is currently expected that any interested party wishing to participate in the formal sale process will, at the appropriate time, be required to enter into a non-disclosure agreement with Eurasia on terms satisfactory to the Board and on the same terms, in all material respects, as other

interested parties participating in the formal sale process, before being permitted to participate in the process. All existing non-disclosure agreements interested parties have already signed with the Company in relation to the potential acquisition of the Monchetundra asset remain valid.

The Takeover Panel has granted a dispensation from the requirements of Rules 2.4(a), 2.4(b) and 2.6(a) of the Takeover Code such that any interested party participating in the formal sale process will not be required to be publicly identified as a result of this announcement and will not be subject to the 28 day deadline referred to in Rule 2.6(a) of the Takeover Code for so long as it is participating in the formal sale process. Following this announcement, the Company is now considered to be in an "offer period" as defined in the Takeover Code, and the dealing disclosure requirements listed below will apply.

There can be no certainty that an offer will be made, nor as to the terms on which any offer will be made. Eurasia reserves the right to alter or terminate the process at any time and in such cases will make an announcement as appropriate. Eurasia also reserves the right to reject any approach or terminate discussions with any interested party at any time.

A copy of this announcement is also available on Eurasia's website at <https://www.eurasiamining.co.uk/investors/news-announcements>.

Further announcements will be made in due course when appropriate.

Christian Schaffalitzky, Executive Chairman of Eurasia, commented: "The Board remains focused on maximising shareholder value, and, after receiving approaches from multiple parties interested in acquiring Company's assets, has decided that launching a formal sale process under the Takeover Code is in the best interests of shareholders, which could result in a sale of assets or the Company. The Company will work with UBS and its other advisers to execute the process."

For further information, please contact:

**Eurasia Mining Plc**

+44 (0) 20 7932 0418

Christian Schaffalitzky / Keith Byrne

**UBS Investment Bank (Financial adviser to Eurasia Mining Plc)**

+44 (0) 20 7567 8000

Jason Hutchings

Ian Hart

Sandip Dhillon

**Rule 2.9 of the Takeover Code**

For the purposes of Rule 2.9 of the Takeover Code, Eurasia confirms that it has in issue 2,724,774,624 ordinary shares of 0.1 pence each. The ISIN for the shares is GB0003230421.

**Further information on resources**

Eurasia Mining Plc is a long-established palladium, platinum, iridium, rhodium and gold focused production company quoted on the London Stock Exchange AIM market, with an operating PGM mine in the Ural Mountains palladium rich open pit deposit at Monchetundra. According to the Russian State Cadastre of Mines ("State Cadastre"), there are total potential resources within the wider Monchegorsk district, according to the Cadastre, of c.40Moz of PGMs.

The total amount controlled by Eurasia and under flanks exclusivity right application is c.15Moz of PGM as per the State Cadastre with an additional c. 4Moz also within the 5km exclusivity area.

Further potential resources of c.21Moz in established and unlicensed resources and reserves in the district surrounding the town of Monchegorsk, that is located 8km from Monchetundra.

The Pd to Pt ratio in Monchetundra production license varies from 1.7 to 5.8 Pd/Pt ratio, a similar range is observed in the flanks area.

Further breakdowns of the reserves and resources at and near Monchetundra are detailed in a Company RNS released on 4 December 2019.

**Monchetundra flanks application**

As previously announced the application for the flanks areas at Monchetundra received Ministry of Defence approval (see RNS dated 17 December 2019). Approval by the Federal Security Service (FSB), the last remaining federal body, whose approval is required for the flanks licence application, was also subsequently confirmed to the Company by

Sevzapnedra (see RNS dated 9 April 2020). The Directors expect the license to be issued by Sevzapnedra (the regional licensing body) soon as per standard process.

### **Russian State Cadastre of Mines**

Eurasia maintains a drilling and exploration database of proprietary information for the Monchetundra Project some of which is information dating back to the Company's joint venture with Anglo American. This includes the area for which the mining licence was received in late 2018, as well as the surrounding area within a larger exploration license.

The Company and its working partner CKE (CKE works with Eurasia and also Norilsk Nickel, Nord Gold, Barrick and other miners on Kola) also maintain databases on the regional prospectively and projects. In addition, the Company sought further information from the Murmansk Archive for Geological Information, the regional state cadastre of mines, to obtain the current knowledge base of resources and reserves within the 5km perimeter of the mining rights, in what is a well-established mining area with numerous ore bodies occurring in an 'cluster' at the contact between two mafic and ultra-mafic layered massifs. The Company's proprietary information was compiled with the official geological archive, in considering the best area to apply for as a flanks application. The Geological archive is a sub-division of Rosnedra, the Federal Agency for subsoil use, and is mandated by law to maintain the state Cadastre of mining deposits, which is essentially a government inventory of the state resources, according to prescribed procedures, including review by an expert panel of independent resource professionals. The data contained in the official Geological archive forms the basis for this RNS.

The above resources have been compiled by the Murmansk Geological Archive and represents the current database of resources in the immediate area of the Monchetundra production license.

In relation to additional 25Moz (those resources in addition to the 15Moz of PGM in Monchetundra and its flanks) the information contained in the State Cadastre has not been independently verified by Eurasia and it is therefore provided for guidance purposes only. The Company would need to verify the data in the Russian Cadastre through additional work and drilling, if it was to incorporate the data into the defined resources of the Company (as required by the relevant mining standards and the AIM Rules). The Company may undertake such work as and when it is deemed necessary and, in any event, if it determines to progress with expanding the operations of the Company; building upon the data sets already established by previous licence holders.

### **Sinosteel**

The Company also has in place an EPCF (Engineering Procurement Construction and Financing) contract with Sinosteel, a state-owned Chinese corporation. This agreement fully finances the project. This financing can be drawn down at the option of the Company.

### **West Kytlim**

West Kytlim operating mine is the largest soft rock PGM mine in the world. A single enrichment plant was operated on site during 2018 and 2019, with further increases in production planned from multiple enrichment plants. The mine was previously contracted to generate cashflow from which to finance further capitalisation of the asset. Currently Eurasia has fully taken over the production on an owner operated (100% of revenue) basis.

### **Competent Persons Consent**

Christian Schaffalitzky, FIMMM, PGeo, CEng, is a director of the Company and a Competent Person, as defined in the AIM Rules for Companies. He has reviewed the resource information in this announcement and consents to and approves the inclusion of the information in the form and context in which it appears.

### **Disclosure requirements of the Code**

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Takeover Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

#### **Additional information**

UBS AG London Branch is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. It is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority in the United Kingdom. UBS AG London Branch is acting exclusively as financial adviser to Eurasia Mining Plc and no one else in connection with the process. In connection with such matters, UBS AG London Branch will not regard any other person as its client, nor will it be responsible to any other person for providing the protections afforded to its clients or for providing advice in relation to the process, the contents of this announcement or any other matter referred to herein.

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