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The Manager
Company Announcements Platform
Australian Securities Exchange
Level 4, 20 Bridge Street
SYDNEY NSW 2000

ASX Code: CII

CI RESOURCES LIMITED – ACQUISITION OF SWISS LOGISTICS COMPANY

CI Resources Limited ACN 006 788 754 (CIRL) (ASX Code: CII) is pleased to announce that its wholly owned subsidiary, PRL Global Pty Ltd 650 517 623 (PRLG), has entered into a Share Purchase Agreement (SPA) with Singapore-based Mekatrade Asia Pte Ltd (Mekatrade), to acquire a 50% stake in Swiss-based Kemoil SA (Kemoil) for a commitment totalling approximately AU\$7.9 million.

Based in Geneva, Switzerland, Kemoil operates a supply chain logistics business, enabling the efficient flow of commodities – particularly refined oils – between major producers and large customers throughout West Africa. Kemoil has expanded rapidly in this developing growth market, recording over US\$100 million in revenue in the Financial Year ending 31 December 2020, with growth opportunities projected in 2021.

Kemoil is currently majority owned by Mekatrade – a global fertilizer trading business which CIRL has built a strong partnership with over recent years. As previously disclosed to the market, CIRL recently entered into a separate joint venture with Mekatrade for the supply of fertilizers to customers in the Asian region. With the Kemoil acquisition, this partnership is further strengthened with the potential to unlock significant joint value.

Pursuant to the terms of the transaction, PRLG will acquire a 50% shareholding in Kemoil (being 5,000 ordinary shares) for approximately AU\$7.9 million, comprising of:

- the payment to Mekatrade of 1,033,574 Swiss Francs; and
- the provision of US\$5,000,000 to Kemoil for working capital and security for its banking lines of credit.

CIRL will fund this transaction from cash reserves without raising debt or equity. The acquisition is subject to standard conditions precedent for transactions of this nature, including the completion of due diligence (which has now been satisfied), obtaining any necessary third-party approvals (which CIRL considers are not required) and there being no material adverse change in the business prior to completion. Completion is expected on 1 July 2021 in Geneva, Switzerland.

PRLG has also entered into a Shareholders Agreement with Mekatrade relating to the governance of Kemoil. Under the terms of the Shareholders Agreement, PRLG has the right to appoint a majority of directors to the Kemoil board, including the Chair, which will deliver control of Kemoil to CIRL.

The Chair of CIRL, David Somerville, has stated:

“This acquisition continues the diversification of the Company’s revenue mix, which has been ongoing for the past several years, and bolsters the Company’s supply chain logistics capabilities, incorporating the trading operations of the Mekatrade joint venture in Asia and Kemoil’s African logistics business, together with our existing shipping logistics business servicing Asia Pacific. This marks another milestone in the Company’s diversification path, to strategically broaden exposure to new and growing markets, while leveraging the significant strengths the company has on Christmas Island and in the Asia-Pacific region.”

This ASX announcement was approved and authorised for release by the Board of CI Resources Ltd.

ABOUT CI RESOURCES LTD

CI Resources Ltd is a diversified industrial ASX-listed company, with a strong foundation on Christmas Island together with an increasingly global footprint.

The business, underpinned by wholly owned subsidiary PRL Group, has interests across Fertilizers, Global Supply Chain Logistics, Energy, Agri-Business, Facilities Management Services, and Island Development.

For more information refer to our website at www.ciresources.com.au .

CONTACTS

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