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Burwill Holdings Limited

寶威控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 24)

INVESTMENT IN SHARES OF THE COBALT, COPPER PROJECT COMPANY IN DRC

THE SUBSCRIPTION

On 8 June 2018, Burwill Cobalt (as subscriber) and Optimal (as issuer) entered into the Agreement pursuant to which Optimal has agreed to issue, and Burwill Cobalt has agreed to subscribe, or procure its nominee to subscribe, the 47,000,000 New Shares at a total consideration of AUD14,100,000.

On 8 June 2018, Burwill Cobalt (as subscriber), a wholly-owned subsidiary of the Company, and Optimal (as issuer) entered into the Agreement pursuant to which Optimal has agreed to issue, and Burwill Cobalt has agreed to subscribe, or procure its nominee to subscribe, the 47,000,000 New Shares at a total consideration of AUD14,100,000.

THE AGREEMENT

Details of the Agreement are set out below:

Date

8 June 2018

Parties involved

- (1) Subscriber: Burwill Cobalt
- (2) Issuer: Optimal

To the best of the directors' knowledge, information and believe having made all reasonable enquiry, Optimal is neither a connected person of the Company nor an associate of any connected person of the Company.

New Shares

Subject to the terms and conditions of the Agreement, the New Shares represent approximately 24.5% of the issued share capital of Optimal as at the date of the Agreement and are expected to represent approximately 19.67% of the issued share capital of Optimal as enlarged by the New Shares.

The New Shares shall be issued and allotted by Optimal to Burwill Cobalt (and/or its nominees) free from all claims, charges, liens and other encumbrances whatsoever and the New Shares, shall be freely transferable and rank pari passu in all respects with and carry all rights similar to existing shares of Optimal.

The Consideration

The total consideration for the Subscription of the 47,000,000 New Shares is AUD14,100,000 at the Subscription Price of AUD0.30 per New Share, and is payable as follows:

- (a) AUD2,100,000 within 5 Business Days of executing the Agreement; and
- (b) AUD12,000,000 at Completion.

The Subscription Price of AUD0.30 per New Share was arrived at after arm's length negotiation between Burwill Cobalt and Optimal.

The payment for the consideration for the Subscription will be funded by internal resources of the Company.

Conditions

Completion, among others, is subject to the satisfaction or waiver (where applicable) of the following conditions:

- (a) Optimal, itself or through its subsidiary(ies), of which Optimal owns at least 80% of the issued share capital, possessing the Mining Titles, and the areas in which exploitation is entitled under the Mining Titles should contain JORC compliant resources of cobalt and copper;
- (b) Burwill Cobalt and Optimal entering into the Offtake Agreement for cobalt and copper;
- (c) the obtaining by the parties to the Agreement of all other necessary consents, authorization or other approvals in connection with the issue of the New Shares and the entering into and performance by the parties of the Agreement, including but not limited to, consents, authorization or approvals of the Stock Exchange, any regulatory or any government authorities as may be required under the Listing Rules or the applicable laws;
- (d) Burwill Cobalt having performed and completed to its satisfaction due diligence review of business, operations and financial position of Optimal and its subsidiaries as at Completion;
- (e) there having occurred no any material adverse change during the period between the date of the Agreement and Completion; and
- (f) the warranties of Optimal as set out in the Agreement remaining to be true and accurate in material respects subsequent to the date of this Agreement up to and including the Completion Date as if repeated on each day immediately prior to Completion.

Offtake Agreement

As one of the conditions, Burwill Cobalt and Optimal will enter into the Offtake Agreement before Completion which shall provide Burwill Cobalt with the right to purchase cobalt and copper exploited by subsidiaries of Optimal on the following terms:

- (a) Burwill Cobalt will be offered a discounted price of the Metal Bulletin market and LME spot price at the time of purchase;
- (b) Burwill Cobalt will be offered at least 40% of the total cobalt and copper product during the term of the Offtake Agreement; and
- (c) The Offtake Agreement will be for a term of 5 years with an option to renew for a further 5 years.

Other Terms

Burwill Cobalt will have the right to appoint a director to the board of Optimal.

Optimal agrees that the percentage ownership of Optimal by Burwill Cobalt is to remain fixed for 12 months and that any additional share issues must include an issue to Burwill Cobalt to ensure its percentage ownership remains unchanged. Without prejudice to the foregoing, Optimal shall not, issue any shares, securities that carry right to convert into or to subscribe for its shares at a price less than the Subscription Price after Completion unless prior written consent has been obtained from Burwill Cobalt.

Completion

Completion will take place on the Completion Date.

INFORMATION OF THE GROUP

The Company is an investment holding company. The Group is principally engaged in lithium concentrate investment, processing and distributions; international metal trading and mineral resources investment. Burwill Cobalt, a wholly-owned subsidiary of the Company, is principally engaged in investments in cobalt and copper.

INFORMATION OF OPTIMAL

About Optimal

Optimal is an unlisted public company incorporated in Australia and its head office is located in Sydney. Optimal is principally engaged in exploration and development of mineral resources in Africa. Its management team has extensive mining experience. After acquiring the assets in DRC cobalt project, Optimal is intended to be listed on the Australian Stock Exchange in the near future becoming one of the few mining companies in Australia that owns high-grade cobalt mineral assets and will commence production shortly.

About Cobalt

Cobalt is a rare metal used in traditional high-tech industry such as superalloys. With the rapid development of the global new energy vehicle industry in recent years, demand for cobalt as a raw material for lithium battery has skyrocketed. According to data from Antaike, battery manufacturing accounted for 49% and 80% of the global and China cobalt consumption in 2016 respectively. Global cobalt consumption is expected to increase from 104,000 tonnes in 2016 to 161,000 tonnes in 2020.

Global cobalt resources are extremely scarce. According to data from the United States Geological Survey, global cobalt reserves were approximately 7 million tonnes as of 2016. DRC's reserves were as high as 3.4 million tonnes, accounted for 49% of the total reserves. China's reserves were 80,000 tonnes only, accounted for 1% of the total reserves. Global supply of cobalt highly relies on DRC, its cobalt production accounted for 56% of the world's total output.

About DRC Cobalt Project

Optimal's cobalt project is located in the famous copper-cobalt belt in the southern part of the DRC, which is also currently the main production area for more than half of the world's cobalt. The project is adjacent to the world-class cobalt mines such as Tenke. The mining system in the area is relatively mature.

There is several years of exploration for the project. Since the grade of DRC cobalt project's mine is significantly higher than other similar projects, its endowment only requires simple mining and mineral processing. The project is expected to put into operation within a short period of time. In view of the global production and sales volume of cobalt in 2016 amounted to 100,000 tonnes per year, Optimal will become one of the largest cobalt supplier.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

After transformation and in-depth participation in the investment, processing and sales of lithium mineral resources, the Company further invested in cobalt project. By tapping into this sector, the Company, as Optimal's substantial shareholder and underwriter of 40% of its cobalt and copper, will become the only listed company in Hong Kong, as well as one of the few PRC companies in the industry that span across both lithium and cobalt in the new energy materials industry and participate in lithium battery material industry. Indeed, the Subscription is in line with the Company's business strategy development in the upstream lithium battery business.

The Directors consider that the Agreement has been entered into under normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Agreement”	the agreement dated 8 June 2018 entered into between Burwill Cobalt and Optimal in relation to the Subscription
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“AUD”	Australian Dollars, the lawful currency of Australia
“Burwill Cobalt”	Burwill Cobalt Company Limited, a company incorporated in Hong Kong with limited liability, which is a wholly-owned subsidiary of the Company
“Business Day”	any day (excluding Saturday and Sunday, public holidays and any day on which a tropical cyclone warning signal no.8 or above is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m. or on which a “black rainstorm” warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are open for business

“Company”	Burwill Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 24)
“Completion”	the completion of the Subscription pursuant to the Agreement
“Completion Date”	the date within 10 Business Days following the satisfaction or waiver (where applicable) of the last condition (or such later date as may be agreed between Optimal and Burwill Cobalt)
“condition(s)”	the condition(s) precedent to the Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“DRC”	The Democratic Republic of the Congo
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“JORC”	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves sets out minimum standards, recommendations and guidelines for Public Reporting in Australasia of Exploration Results, Mineral Resources and Ore Reserves
“Listing Rules”	the Rules Governing the Listing of the Securities on the Stock Exchange
“Mining Titles”	the exploitation permit(s) granted by the DRC government to Optimal or its DRC branch(es) or subsidiary(ies) in relation to the mining rights in a DRC cobalt and copper mine
“New Shares”	47,000,000 fully paid ordinary shares in the share capital of Optimal
“Offtake Agreement”	the offtake agreement to be entered into between Burwill Cobalt and Optimal as one of the conditions
“Optimal”	Optimal Mining Ltd, an unlisted public company incorporated in Australia with limited liability
“PRC” or “China”	the People's Republic of China, for the purpose of this announcement excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company

“Shareholder(s)”	holder(s) of the Share(s)
“sq.km.”	square kilometer
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription for the New Shares by Burwill Cobalt pursuant to the terms and conditions of the Agreement
“Subscription Price”	AUD0.30 per New Share
“%”	per cent

By order of the Board
Burwill Holdings Limited
KWOK Wai Lam
Director

Hong Kong, 8 June 2018

As at the date of this announcement, the Board of the Company comprises Mr. Chan Shing, Mr. Sit Hoi Tung, Mr. Kwok Wai Lam and Mr. Sham Kai Man as executive directors; Mr. Cui Shu Ming, Mr. Chan Ming Fai, Mr. Tsang Kwok Wa and Mr. Cheung Sing Din as independent non-executive directors; and Mr. Huang Shenglan as non-executive director.