

Tricor PLC

New Investment in Iron Sand Production

RNS Number : 8098F

Tricor PLC

29 May 2013

29 May 2013

Tricor PLC ("Tricor" or the "Company")

New Investment in Iron Sand Production

Tricor (AIM: TRIC), the investment company focused on the natural resources sector, announces that it has made investments in Tricor Minerals Pte Ltd ("TM") and Tricor Resources Trading Pte Ltd ("TRT"). Both invested companies are newly incorporated in Singapore and Tricor's shareholding in both companies is 72 per cent.

Tricor announced on 18 March 2013 that it has invested in Tricor Environmental Pte Ltd ("TEPL"). TEPL had entered into two contracts to purchase sand (and its by-products) with Bluemax Tradelink Inc. ("Bluemax") and CST-Bluemax, Subic Inc. ("CST") respectively. The contract with Bluemax is in relation to a site on the Bucao River, Province of Zambales, Philippines and the contract with CST is in relation to a site on the Maloma River, Province of Zambales, Philippines (collectively, the "Sites").

Recent testing carried out by TEPL indicates that sand at the Sites contains commercially viable proportions of iron sand, a type of sand with heavy concentrations of iron. The iron sand contained in the sand can be separated and used by steel mills for steel making, amongst other things.

After discussions with various parties, Tricor has agreed to establish TM and TRT with KGGD Pte Ltd ("KGGD") and Dunamis Mining Pte Ltd ("Dunamis"), both new Singapore companies, further details of which are set out below. TM and TRT shall be solely managed by KGGD and Dunamis. KGGD shall provide financing, and is expected to provide industry expertise, to TM and TRT (please see below for more details). Further, KGGD has agreed to purchase all the iron sand by-product contained in the Sites from TM.

In return for facilitating the new ventures and a nominal investment, Tricor holds 72% in each of TM and TRT, with KGGD holding 18% in each and Dunamis 10%. Both KGGD and Dunamis are wholly owned entities of Mr. Chong Seow Meng, a veteran in the steel business. Established in 1995, KGGD is engaged in the steel supply and distribution business. Please see

www.kggd.biz for further information.

Tricor Minerals Pte Ltd ("TM")

TM's business model is to build, own and operate iron separation and concentration plants on the Sites in order to extract the iron sand. The extracted iron sand will then be sold to KGGD (see *Long Term Supply Contract* below). TM expects its first plant to be in production by September 2013 subject to it obtaining the necessary licenses and permits.

KGGD has agreed to provide TM with a shareholder loan of US\$250,000 (approximately £165,000) to build a plant capable of separating up to 20,000 metric tonnes per month of magnetic iron sand to a purity level of at least 58 per cent. Further, any financing that TM may require from time to time, shall be raised by KGGD and Dunamis from third parties.

Tricor Resources Trading Pte Ltd ("TRT")

The Philippines is a country rich in natural resources. It is located within close proximity of China, which is one of the largest consumers of commodity products. Due to its close proximity, the transportation costs of natural resources from the Philippines to China is low providing Philippines mine suppliers with a logistics competitive advantage.

The directors of TEPL have developed a network of supply-side natural resources contacts in the Philippines which it has introduced to TRT. The business of TRT shall be to purchase resources, starting with iron sand from their network in the Philippines and sell them to third parties connected to the China market.

KGGD has agreed to provide TRT with a credit facility of at least US\$500,000 (approximately £320,000) for working capital requirements. The terms of the credit facility is on reasonable market rate terms. Further, any financing that TM may require from time to time shall be raised by KGGD and Dunamis from third parties.

Long Term Supply Contract

Both TM and TRT have entered into an agreement with KGGD (the "Supply Agreement") in which TM and TRT shall sell, and KGGD shall purchase, all iron sand that TM and TRT produces, processes or wishes to sell. The Supply Agreement is for a term of five years and the first sale is expected by September 2013.

Enquiries:

Tricor plc
Chan Fook Meng, Chairman and CEO
+65 62362985

Blythe Weigh Communications
Paul Weigh / Robert Kellner

+44 (0)20 7138 3204

Allenby Capital (Nominated Adviser and Broker)

Jeremy Porter / Nick Naylor / James Reeve

+44 (0)20 3328 5656