

CRONIMET's crowning achievements

CRONIMET is reaping the dividends of an Armenian acquisition as it eyes growth

CRONIMET, a family-owned business established in 1980 by Günter Pilarsky in Karlsruhe, Germany, is today a leading supplier of raw materials for industrial stainless-steel producers.

With 56 subsidiaries on four continents, the group has global presence in all important economic zones. Today its key clients are such giants as ThyssenKrupp, ArcelorMittal, Acerinox, Outocumpu, YUSCO, TISCO and others.

Since its inception CRONIMET has always looked for fresh and interesting investment projects in mining, metallurgy, recycling and metal trading. So it has ensured the full vertical integration of the value chain.

CRONIMET started its activities in Armenia in mid-1990s. By 1998, it had formed a joint venture with 'Plant of Pure Iron', which produces molybdenum and ferromolybdenum.

In 2004, CRONIMET started negotiating the acquisition of Zangezur Copper Molybdenum Combine (ZCMC) shares and, in early 2005, the final transaction to buy 60% of shares was implemented.

ZCMC is the largest producer of molybdenum and copper in the South Caucasus region. ZCMC is one of the largest employers in Armenia having more than 3,000 employees and the largest taxpayer as per Q1 2011 results.

The open-pit mine holds about 6% of world molybdenum reserves and extracts copper and molybdenum-rich ore, which is then processed into two separate concentrates.

As the main shareholder, Cronimet Mining has undertaken the obligations to modernise the company and increase the production volumes. Since 2005, a major expansion and modernisation programme has been under way. Production has risen by 75% since 2005, resulting in the annual production

volumes rising to 14Mt of ore.

The total amount invested to date exceeds US\$350 million. The production facilities of the ZCMC have been fully revamped. Both open-pit operation and processing plant are now equipped with modern and efficient machinery. The main infrastructure is also at its final upgrade stage: a large water dam, in-house power-transforming station and others.

Furthermore, all of ZCMC's molybdenum concentrates are processed in Armenia, by partner companies, namely the 'Plant of Pure Iron' OJSC (51% of shares belong to CRONIMET) and Armenian Molybdenum Production LLC. These companies produce the final product: ferromolybdenum and molybdenum, used mainly as a fusion element in steel production.

Besides the profitability factor, CRONIMET's investment policy defines criteria such as sustainable development and environmental protection and the possibility of the implementation of the project in the country.

Environmental management is a corporate priority and CRONIMET is fully committed to integrating environmental and social considerations at all levels of project development and operations. The CRONI-



MET Group of Companies and its subsidiaries are committed to economically-sustainable business development, ensuring the ability to provide long-term benefits to all stakeholders, shareholders, employees, the communities that support operations, affected communities and others. CRONIMET co-operates with a number of well-known Western companies, offering new technologies and carrying out projects on alternative solutions.

Like many other transnational companies, CRONIMET makes its own contribution to develop the country. Within the framework of the Good Neighborhood concept actively promoted by CRONIMET worldwide, a new project has been launched with Armenian partners. Since 2008 CRONIMET has invested about US\$25 million in a production of starter lead-acid batteries in Yerevan. The plant is fully operational, with state-of-the-art production facilities compliant to current ISO standards on technology and environmental tolerance. The production capacity is 300,000 batteries per year with a potential for up to 500,000 and currently employs about 150 people.

CRONIMET is tied to Armenia not only through business. Following successful economic co-operation in 2006, Günter Pilarsky, founder of CRONIMET, was named the Honorary Consul of the Republic of Armenia in Baden-Württemberg for his major contribution to economic co-operation between two countries. As such, the dynamic growth of CRONIMET's activities in Armenia is constantly recorded.



CONTACTS

Head office:

CRONIMET Holding GmbH

Südbeckenstraße 22

D - 76189 Karlsruhe, Germany

Tel: +49 0 721 952250

Fax: +49 0 721 591086

E-mail: mail@cronimet.de

Website: www.cronimet-mining.com

Armenian representation:

5 Aigestan Str., Villa 15, 0070 Yerevan, Armenia

Tel: +374 10 55 43 05

Fax: +374 10 55 43 35

E-mail: info@cronimet-mining.am

Website: www.cronimet-mining.am

