

All the News Without Fear or Favor

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OZ Minerals Sells M'kiri Gold Assets

BY SIMON MARKS
THE CAMBODIA DAILY

After more than three years of disappointment in its search for large gold deposits in Mondolkiri province, Australian mining firm OZ Minerals announced yesterday it has decided to sell its Cambodian assets to another Australian company.

In a statement to the Australian stock exchange, OZ Minerals said that it had sold its gold resource in Mondolkiri province for AU\$17.8 million, or \$19.2 million, to Renaissance Minerals Ltd, and that an additional \$24.3 million would be paid to OZ Minerals in the event that Renaissance Minerals actually extracts gold.

As part of the deal, OZ Minerals will also purchase \$5.4 million worth of shares in Renaissance Minerals, making it the company's largest shareholder.

The decision comes after OZ Minerals conducted a string of recent exploration activities in an attempt to add to an initial resource of 605,000 ounces of gold that was announced in early 2010. Shin Ha Mining Co, a former partner of OZ Minerals, is also considering legal action against OZ Minerals for allegedly withholding mining data from its explorations in Mondolkiri before buying Shin Ha out of the operation in 2009.

OZ Minerals said yesterday that the reason for the sale was due to the lack of gold discovered at its Okvau-Ochhung concession in Mondolkiri as well as a strategic

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Mao Kimseng

Debris litters the Manhattan Special Economic Zone in Svay Rieng province yesterday in the aftermath of a violent strike that saw three garment factory workers shot and injured, one critically, by a man identified by witnesses as a security guard.

Three Shot During Violence in Economic Zone

BY KHUON NARIM
AND DENE-HERN CHEN
THE CAMBODIA DAILY

A security guard shot three female shoe factory workers yesterday, leaving one in critical condition, after violence erupted during a protest for higher wages at a Svay Rieng province special economic zone (SEZ), local authorities and factory workers said.

The women were shot in front of the Taiwanese-owned Kaoway Sports factory, which supplies shoes to German sportswear brand Puma, when some 4,000 workers from three different factories at the SEZ joined together and began to riot during their

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Adhoc

Garment worker Nuth Sokhorn, 23, lies in a private clinic recovering after she was shot through her back yesterday at the Manhattan SEZ.

Egypt's Islamists Look West to Revive Economy

BY CHARLES LEVINSON
THE WALL STREET JOURNAL

CAIRO - Last month, the Muslim Brotherhood received a phone call from the International Monetary Fund. Egypt was hurtling toward economic collapse, and IMF officials had decided they couldn't push ahead with a \$3.2 billion loan without buy-in from the country's new political heavyweights.

After 80 years as an underground movement with many

members in jail, the Brotherhood found itself at a historic moment. Its decision would likely make or break a loan package believed vital by many Western officials and by Egypt's own business community.

There has been deep distrust in Egypt of the IMF, fueled by a general suspicion of Western meddling and foreign invasions in the 18th and 19th centuries to collect debts. Many Egyptians believe that the Western-style economic reforms of recent years enriched a

handful of wealthy regime cronies and did little for regular people.

Yet the Brotherhood recently ended up giving tentative approval to the \$3.2 billion IMF loan. "All of a sudden, we found ourselves for the first time and after a very, very short learning process, asked to take a position that would affect everybody's lives," said Essam al-Haddad, the Brotherhood's new senior adviser on foreign affairs.

Since the Brotherhood was

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Business

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For Indie Filmmakers, China Trade Accord a 'Breakthrough'

BY RICHARD VERRIER
LOS ANGELES TIMES

LOS ANGELES - Independent filmmakers are joining Hollywood's major studios in praising a new trade agreement that eases restrictions on distributing movies in China.

"We do think it's a breakthrough," said Jean Prewitt, president and chief executive of the Independent Film and Television Alliance, a trade association representing independent production, distribution and sales companies. "For the first time we really have the building blocks to begin to work competitively in that marketplace."

The accord reached Friday increases the number of foreign movies allowed into China under its current quota system and gives foreign studios a larger slice of box-office revenue. But the biggest beneficiaries of the deal could be independent film producers and distributors.

About 40 independently produced foreign movies are distributed in China each year outside of the quota system. Instead of sharing in box-office revenue, filmmakers and sales agents negotiate through third parties to receive a license fee, 2 percent to 3 percent of the film's budget. That's well

below the 6 percent to 10 percent fee that is standard in other countries such as France and Germany. Under the new rules, filmmakers and distributors would be able to negotiate license fees closer to what they get in other countries.

"For independents whose lifeblood is negotiation, that's significant," Prewitt said.

Brad Kembel, head of international distribution for Summit Entertainment, the Santa Monica-based producer of the hit "Twilight" movies, called the agreement "a really important step forward for independent studios and producers to get a fairer share of what is potentially the largest audience in the world."

The agreement was finalized Friday in down-to-the-wire negotiations between US Vice President Joe Biden and Chinese Vice President Xi Jinping, who was visiting Los Angeles on a trip to promote more trade between the countries.

The deal for now resolves a bitter trade dispute that began in 2007, when the US filed a complaint with the World Trade Organization, alleging China was unfairly restricting access to its market. The WTO ruled that China had violated international trade rules, but China had

disagreed with the ruling.

The agreement gives each side something it wants: China gets to import more movies and feed its expanding theater business, which is amid a multiplex boom. And for major US studios, the new rules could significantly expand business in a potentially vast market while lessening the spread of widespread piracy in China by providing more legitimate access to popular American movies.

The accord doesn't eliminate China's film quota—a long-sought goal of the studios—but increases the number of foreign films allowed into China each year by 14 under a revenue-sharing agreement, at least for films shown in IMAX or 3-D. Currently, China allows only about 20 foreign films to be imported each year in a revenue-sharing arrangement with the state's film distributor. The pact, however, increases the amount of revenue foreign studios can receive under the quota from an average of 13 percent to 25 percent of ticket sales.

It also establishes practices that are standard elsewhere, including the right to audit box-office ticket sales, review marketing materials, and it sets up a more transparent

system for appealing decisions by government censors.

Some US movies now gross well over \$100 million in China, so the change in the revenue-sharing formula will make a substantial difference to studios' bottom lines. Last year's "Transformers: Dark of the Moon" grossed more than \$159 million in the country. Under the new policy, Paramount Pictures would have taken home an additional \$11.9 million from the film.

"I'm not sure I'd call this a big win, but it's definitely a win," said Andrew Cripps, a former president of Paramount Pictures International. "Given how many blockbuster films are made in 3-D nowadays, this means the industry will be able to get a lot more movies into China and earn more money on each one."

But the trade deal also gives independent filmmakers something they've long coveted: the ability to negotiate license deals on commercial terms comparable with other markets. China has agreed to allow other commercial distribution companies—not just China Film Group—to distribute movies, creating the ability of independent producers to negotiate more competitive rates.

OZ Minerals...

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decision to concentrate more on mining copper elsewhere.

"OZ Minerals sought to develop and operate a mid-tier gold mine in Cambodia and to this end took its Cambodian interests from a grassroots project to an identified gold resource," Terry Burgess, CEO of OZ Minerals said in a statement. "However after review, we have concluded that this project does not fit within OZ Minerals strategy with regard to scale in relation to the commodity and our overall preference for mid-tier copper projects."

Since its creation in a 2008 merger between Oxiana Ltd and Zinifex Ltd, OZ Minerals has been beset by ups and downs. In 2010, the firm offered the market much to ponder when it announced it was expecting 2 million ounces of gold resources from its Mondolkiri explorations. But a year later, the company had changed its tone and was informing the market about its "disappointing" results from activities in the province.

Midway through 2011, it was reported that OZ Minerals had paid hundreds of thousands of dollars to family members of government officials inside the Ministry of Industry, Mines and Energy. Both the government and OZ Minerals denied that any wrongdoing was involved in the payments, and police in Australia have declined to confirm whether or not an investigation is taking place in the country.

OZ Minerals declined to comment as to whether the sale was linked to an investigation of its operation in Cambodia by Australian authorities.

In buying OZ Minerals' assets, Renaissance Minerals said in a statement to the Australian bourse yesterday that it had acquired an initial gold resource of 729,000 ounces.

Justin Tremain, managing director for Renaissance Minerals, said the size of the resource in Okvau had been revised upward thanks to the discovery of a "new independent resource" that had been recently identified by OZ Minerals.

In a telephone interview from Perth, Mr. Tremain said that the investment had been made with the

aim of increasing its gold discoveries in Mondolkiri to between 1.5 and 2 million ounces. But extraction could go ahead even if the resource does not reach that size. "That's the potential which would justify a large operation," he said, referring to a resource of 1.5 million ounces and above. "We need to look at the economics of mining the existing resource."

Analysts said that OZ Minerals' decision to leave Cambodia was not likely to have a negative impact on how investors perceive the potential of the extractive industries here, as OZ Minerals had bought so many shares in Renaissance Minerals.

While the resource proved too small for OZ Minerals, it could still prove to be a successful purchase for a smaller mining firm such as Renaissance Minerals.

Since coming to Cambodia, OZ Minerals has spent millions on exploration. In January 2011, the company announced it had reached an agreement with an unnamed company in an area called Mesam in Mondolkiri province in order to conduct more exploration. But results from the area were unable to convince OZ Minerals that it was worth pursuing its Cambodian project.

"I don't think this decision [to sell] is really relevant to the overall gold prospectivity of Cambodia; it would have to be considered more relevant to the gold prospectivity of [OZ Minerals'] tenement package," said Jo Battershill, an analyst at UBS Bank in Australia.

Still, by selling its assets, OZ Minerals has dampened expectations that Cambodia would one day have a recognized global company in charge of operating a large-scale gold mine.

Richard Stanger, president of the Cambodian Association of Mining and Exploration Companies and managing director of Liberty Mining International, said the move should not be seen as a hit to the potential of Cambodia's wider mining industry.

"It says nothing about the size of possible resources in Cambodia. It is simply a strategic decision of OZ Minerals to sell to a company with the capability to further explore and develop the project," he said. "OZ Minerals have a number of focus areas globally and only so many people to explore and develop them. Most importantly, the focus of OZ is copper."