



PRESS RELEASE

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USG-Boral pact positions Zawawi Minerals for strong growth

MUSCAT – A landmark joint venture agreement announced recently by two of the world’s largest gypsum board manufacturers augurs well for local Omani mining firm Zawawi Minerals’ ambitions to become a major player in the region’s booming cement and construction sector.

Zawawi Minerals’ partner, USG Corporation of the United States, recently inked a 50:50 joint venture pact with Australian-based Boral Limited, a leading building and construction materials manufacturing firm in Asia. The JV effectively creates a world-leading gypsum board and ceilings partnership in Asia, Australasia and the Middle East, positioning Zawawi Minerals – as a constituent of this formidable alliance – for strong growth across this promising market.

“The USG-Boral Joint Venture provides us with an ideal opportunity to further strengthen our foothold across the booming cement and construction markets of the GCC and the Indian sub-continent,” commented Alawi bin Qais Al Zawawi, Chairman of Zawawi Minerals LLC.

“We are now part of a transcontinental partnership with an estimated asset value of \$1.6 billion boasting a combined gypsum board manufacturing capacity of 6.8 billion sq feet per year. This surpasses the combined capacities in this region of the next two global players, Saint-Gobain and Knauf. The outlook for our gypsum mining and gypsum board manufacturing operations in the Sultanate has considerably brightened as a result of this partnership,” added by Ramachandran, Chief Executive Officer, Zawawi Minerals LLC.

The USG-Boral pact comes less than a year since Zawawi Minerals announced the establishment of two joint ventures with USG Corporation – one for gypsum mining and the other for Gypsum board and Plaster of Paris manufacturing projects in Salalah. Under the terms of JV, USG Corporation – a major American-based multinational corporation with revenues of

over \$3.2 billion in 2012 – is committed to providing its world-class expertise and technological know-how in the fields of gypsum mining and gypsum board manufacturing.

Both JVs involving Zawawi Minerals and USG Corporation have made significant strides in their development, according to the Chief Executive Officer. The first JV, centring on the mining of gypsum from a site in Thamrait in Dhofar Governorate, was brought into operation in October. More than \$15 million has been invested in a modern crushing facility along with other project infrastructure, he said.

The second JV, which is setting up a low cost gypsum board manufacturing plant at Salalah Free Zone, has also reported good headway in the project's implementation. The facility will be designed to achieve a capacity of 10 million square metres of gypsum board per year in the first phase, with the potential to double this capacity in the second phase depending upon market demand.

Construction work on the estimated \$37 million project is due to commence in December 2013, with trial production slated for December 2014. The plant will be primed for full production in the first quarter of 2015. When operational, the JV will enjoy the right to produce and market USG's world-renowned Gypsum board brand 'Sheetrock' for the next 20 years on a renewable basis, said Alawi bin Qais Al Zawawi.

Importantly, the JVs exemplify the strength of investment and economic opportunities associated with the commercialisation of Oman's vast mineral resources. "With a combined investment of over \$52 million, the two JVs represent the largest investment made by a private company to date in industrial mineral mining and value addition activities in the Sultanate. In addition to generating valuable foreign exchange earnings for the country, the projects will also enable the transfer of USG technology and skills to Oman. Our gypsum board, while imprinted with the prestigious 'Sheetrock' brand', will also carry the 'Made in Oman' label, thereby enhancing the Sultanate's image as an emerging manufacturer of world-class goods," Ramachandran added in comments to the *Observer*.

Employment generation and skills development are other important benefits associated with the ventures. "Our JVs will pursue a strategy for training/skills development and employing local people to the maximum extent possible, while also supporting social and community development," the Chairman added.