



**洛陽樂川鉬業集團股份有限公司**  
**China Molybdenum Co., Ltd. \***

*(a joint stock company incorporated in the People's Republic of China with limited liability)*

(Stock Code: 3993)

**PROPOSED ACQUISITION OF THREE GOLD MINES IN  
THE PEOPLE'S REPUBLIC OF CHINA**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

On 16 January 2008, China Molybdenum Co., Ltd. (the "Company") entered into a legally binding framework agreement (the "Framework Agreement") with the People's Government of Luoning County and Luoning County Funiu Mining Development Center ("Funiu Mining Center"). Pursuant to the Framework Agreement, Funiu Mining Center agreed to acquire all the fixed assets, land use rights and mining rights of Henan Luoning Shanggong Gold Mine, Luoning County Hugou Gold Mine and Luoning County Ganshu Gold Mine (collectively, the "Gold Mines"). As the Gold Mines are currently undergoing liquidation procedures in the People's Republic of China (the "PRC"), Funiu Mining Center will acquire the fixed assets through public auction in accordance with the PRC laws and regulations.

Upon acquisition of the fixed assets, land use rights and mining rights of the Gold Mines by Funiu Mining Center, Funiu Mining Center will contribute a portion of such assets in an aggregate sum of not more than RMB150 million (subject to valuation) into the registered capital of Luoyang Kunyu Mining Co., Ltd. ("Kunyu Mining"). Pursuant to the Framework Agreement, the Company will contribute an aggregate amount of not more than RMB350 million in the registered capital of Kunyu Mining which will be paid in cash.

Following the completion of the capital contribution to be made by the Company and Funiu Mining Center, Kunyu Mining will use its own internal funds to acquire the remaining fixed assets, land use rights and mining rights of the Gold Mines from Funiu Mining Center.

If the proposed acquisition materializes, Kunyu Mining will become the legal and beneficial owner of the fixed assets, land use rights and the mining rights of the Gold Mines. The Company and Funiu Mining Center will continue to hold 70% and 30% equity interest in Kunyu Mining, respectively.

The proposed acquisition contemplated under the Framework Agreement is subject to the parties entering into a formal agreement. Upon Funiu Mining Centre, through the auction process, acquired the fixed assets in the Gold Mines, the Company and Funiu Mining Center will enter into a formal agreement.

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

## **Introduction**

The board of directors of the Company (the “Board”) announces that on 16 January 2008, the Company entered into the Framework Agreement with the People’s Government of Luoning County and Funiu Mining Center. Pursuant to the Framework Agreement, Funiu Mining Center agreed to acquire all the fixed assets, land use rights and mining rights of the Gold Mines. Given that the Gold Mines are currently undergoing liquidation procedures, Funiu Mining Center will acquire the fixed assets through public auction in accordance with PRC laws and regulations.

Upon acquisition of the fixed assets, land use rights and mining rights of the Gold Mines by Funiu Mining Center, Funiu Mining Center will contribute a portion of such assets in an aggregate sum of not more than RMB150 million (subject to valuation) into the registered capital of Kunyu Mining. The Company will contribute an aggregate amount of not more than RMB350 million in the registered capital of Kunyu Mining which will be paid in cash. Subsequent to the proposed capital contribution, the Company and Funiu Mining Center will continue to hold 70% and 30% equity interest in Kunyu Mining, respectively.

Following the completion of the capital contribution made by the Company and Funiu Mining Center, Kunyu Mining will use its own internal funds to acquire the remaining fixed assets, land use rights and mining rights of the Gold Mines from Funiu Mining Center.

## Framework Agreement

Date: 16 January 2008

Parties: (i) the Company;

(ii) the People's Government of Luoning County, the ultimate beneficiary of Funiu Mining Center; and

(iii) Funiu Mining Center, owns a 30% equity interest in Kunyu Mining, a subsidiary of the Company.

To the best knowledge, information and belief of the Board and having made all reasonable enquiries, save for being the ultimate beneficiary of Funiu Mining Center, the People's Government of Luoning County is an independent third party of the Company and its connected person (as defined in the Listing Rules).

Pursuant to the Framework Agreement, the total value of the fixed assets, land use rights and the mining rights of the Gold Mines is agreed to be about RMB326 million. Following the acquisition of the assets of the Gold Mines by Funiu Mining Center, the People's Government of Luoning County will coordinate with the relevant government authorities to obtain the relevant certificates to allow Kunyu Mining to commence exploitation and exploration activities at the Gold Mines.

Under the Framework Agreement, the total amount of capital contribution to be made by Funiu Mining Center and the Company will not exceed RMB500 million. Funiu Mining Center will contribute an aggregate amount of not more than RMB150 million to the registered capital of Kunyu Mining which will be contributed by way of fixed assets, land use rights and mining rights of the Gold Mines. The Company will contribute an aggregate amount of not more than RMB350 million in the registered capital of Kunyu Mining which will be paid in cash.

The above terms shall be prescribed in a formal agreement to be entered into between the parties. Upon Funiu Mining Centre, through the auction process, acquired the fixed assets in the Gold Mines, the Company and Funiu Mining Center will enter into a formal agreement.

The value of the fixed assets, land use rights and mining rights of the Gold Mines will be subject to valuation prior to entering into a formal agreement between the parties. The Board considers that the terms of the Framework Agreement are on normal commercial terms and that the entering into the Framework Agreement is in the interests of the shareholders of the Company as a whole.

The aggregate amount of capital contribution to be made by the Company will be funded by the net proceeds from the initial public offering of the Company in April 2007.

## **The Gold Mines**

### *Henan Luoning Shanggong Gold Mine*

Henan Luoning Shanggong Gold Mine, having a site area of approximately 27 sq. km, is located in Luoning County of Henan Province. With reference to the information of “Detection report of resources and reserves in mines” (《礦區資源儲量核查報告》) provided by Mineral Resources and Reserves Evaluation Center of Henan Province (河南省礦產資源儲量評估中心) and “Annual Report of Dynamic Detection of Resources and Reserves” (《礦產資源儲量動態檢測年度報告》) provided by Henan Luoning Shanggong Gold Mine, the estimated gold reserves of the mine were approximately 6.50 tonnes as at 31 December 2007.

### *Luoning County Hugou Gold Mine*

Luoning County Hugou Gold Mine, having a site area of 8 sq. km, is located in Luoning County of Henan Province. With reference to the information of “Annual Report of Dynamic Detection of Resources and Reserves” (《礦產資源儲量動態檢測年度報告》) provided by Luoning County Hugou Gold Mine, the estimated gold reserves of the mine were approximately 0.83 tonnes as at 31 December 2007.

### *Luoning County Ganshu Gold Mine*

Luoning County Ganshu Gold Mine, having a site area of approximately 16 sq. km, is located in Luoning County of Henan Province. With reference to the information of “Detection report of resources and reserves in mines” (《礦區資源儲量核查報告》) provided by Mineral Resources and Reserves Evaluation Center of Henan Province (河南省礦產資源儲量評估中心) and “Annual Report of Dynamic Detection of Resources and Reserves” (《礦產資源儲量動態檢測年度報告》) provided by Luoning County Ganshu Gold Mine, the estimated gold reserves of the mine were approximately 1.58 tonnes as at 31 December 2007.

## **Reasons for the acquisition**

The Company is a leading producer of molybdenum in the PRC. The primary business operations of the Company involve molybdenum mining, flotation, roasting and smelting, and downstream processing. In order to seek for more business opportunities and to maximize the return to the Company and its shareholders, the Company has decided to enter into the Framework Agreement. The Board believes that the proposed acquisition represents opportunities for the Company to acquire properties with exploration potential at attractive prices. The Board also believes that the proposed acquisition will enhance the Company's development in Luoyang City.

By Order of the Board  
**China Molybdenum Co., Ltd.**  
**Duan Yuxian**  
*Chairman*

Luoyang, the People's Republic of China, 16 January 2008

*As of the date of this announcement, the executive Directors are: Messrs. Duan Yuxian, Li Chaochun, Wu Wenjun, Li Faben and Wang Qinxi; the non-executive Directors are: Messrs. Zhang Yufeng and Xu Jun; and the independent non-executive Directors are: Messrs. Zeng Shaojin, Gao Dezhu, Gu Desheng and Ng Ming Wah, Charles.*

\* *For identification purposes only*