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中國鎳資源控股有限公司
CHINA NICKEL RESOURCES
HOLDINGS COMPANY LIMITED

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 2889)

PROGRESS OF PROJECT AND RECENT BUSINESS DEVELOPMENT

This announcement is made by China Nickel Resources Holdings Company Limited (the “**Company**”) pursuant to Rule 13.09 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

(I) New technology of the integrated efficient and clean processing of limonitic lateritic nickel ore project (formerly known as “Ore Separation Project”, currently known as “Integrated Processing of Limonitic Lateritic Nickel Ore Project”)

The Company is pleased to announce that Henan Yongtong Nickel Co., Ltd. (“**Yongtong Nickel**”), a wholly-owned subsidiary of the Company located in Gongyi, Zhengzhou, Henan Province, the PRC, has successfully completed the Integrated Processing of Limonitic Lateritic Nickel Ore Project. The Project was accredited by eight renowned experts in the industry in the PRC at an accreditation meeting organised by China Nonferrous Metals Industry Association in Gongyi, Henan Province on 16 January 2010. The Project was granted a certificate of accreditation by China Nonferrous Metals Industry Association on 20 January 2010. The technology was thereby officially registered as an innovative and applicable technology of an internationally leading level.

Background of the Project

To fully capitalise on its abundant limonitic lateritic nickel ore resources, the Company started the Project in November 2007. The study on the “new technology of the integrated efficient and clean processing of limonitic lateritic nickel ore” was jointly conducted by Henan Yongtong Nickel Co., Ltd., a wholly-owned subsidiary of the Company, Beijing General Research Institute of Mining and Metallurgy and the Institute of Process Engineering, Chinese Academy of Sciences (hereinafter collectively referred to as the “**Project Research Unit**”). Self-developed technologies, such as selective extraction of chromium and aluminium by alkaline solution method, production of chromium oxide by liquid reduction process, selective extraction of nickel and cobalt by unconventional media, recycling of leaching agent and

production of calcium sulphate whisker, were used to directly produce refined iron ore which contains more than 62% of iron thereby facilitating the efficient use of valuable components of lateritic nickel ores such as chromium, aluminium, nickel, cobalt and iron in lateritic ore in an integrated process.

Applications and technological principles

Among the world’s nickel sulphide ores, approximately 65% are lateritic nickel ores while 35% are sulphide ores. Approximately 70% of nickel is currently extracted from sulphide ores. In the face of the gradual decrease in nickel sulphide ores and high grade lateritic nickel ores, attentions are drawn to the economic exploitation of the abundant lateritic nickel ores with grading around 1%. Limonitic lateritic nickel ore is of low nickel contents but high iron contents and features the characteristics of chromium and aluminium. With extensive distribution and massive reserves, it is a typical mineral ore of rich quantities but complicated to process.

To breakthrough the existing technological bottlenecks and achieve the economic and efficient utilisation of limonitic lateritic nickel ores which are of high iron contents but low nickel contents, the Project Research Unit successfully developed the first-ever acid-alkaline double loop clean production technology. This technology results in the highly-efficient integrated processing of the substantial contents, including chromium, aluminium, nickel, cobalt, iron and magnesium, in limonitic lateritic nickel ores and basically achieves an almost “zero discharge” of waste water and residues and clean utilisation of resources.

Performance index upon accredited

Project name	Target index/%	Actual index/%
Total recovery rate of chromium	>90	>94
Total recovery rate of aluminium	>70	>90
Recovery rate of nickel	>90	>93
Recovery rate of cobalt	>90	>90
Recovery rate of iron	>95	>97
Recovery rate of iron concentrate	>60	>62

Innovation and advancement:

- (1) This is a brand-new production technology, acid-alkaline double loop clean production, for processing limonitic lateritic nickel ores in both domestic and international markets. With a recovery rate of over 90%, the acid-alkaline recycling double loop technology greatly reduces production costs and controls the production and discharge of waste residues;

- (2) This is the first technology to realise the comprehensive extraction of all the contents in limonitic lateritic nickel ores and substantially increases the utilisation rates of lateritic nickel ores. Recovery rates of major valuable metals, such as chromium, aluminium, nickel, cobalt and iron, exceed 90%. Through product engineering design and industry chain extension, this technology greatly enhances product values, economic synergies as well as social and environmental effects;
- (3) This Project basically accomplishes a “zero discharge” of solid and liquid wastages and clean production as well as reduces energy consumption and emission;
- (4) The technology is applicable to a wide range of materials. Upon industrial application, this Project will substantially alleviate the supply and demand tension of strategic metal resources, such as chromium, aluminium, nickel, cobalt and iron, in the PRC and will play a vital role in the exploitation and utilisation of the world’s lateritic nickel ores.

Conclusions

The following is an extract of the conclusions of experts made in the accreditation meeting:

On 16 January 2010, China Nonferrous Metals Industry Association organised a technology achievements accreditation meeting for the “new technology of integrated efficient and clean processing of limonitic lateritic nickel ore” project jointly conducted by Henan Yongtong Nickel Co., Ltd., Beijing General Research Institute of Mining & Metallurgy and the Institute of Process Engineering, Chinese Academy of Sciences in Gongyi, Henan Province. After being briefed by the task group, reviewing the evaluation information, investigating the production facilities, making enquiries and having discussions, the accreditation conclusions are as follows:

1. The evaluation information provided was complete and reliable, and satisfied the accreditation requirements.
2. The Project made the complex and complicated limonitic lateritic nickel ore economically viable. With systematic experiments and research methods, the world’s first acid-alkaline double loop clean production technology was developed and pilot production lines of extraction of chromium and aluminium from crude ore/a with a capacity of 10,000 tonnes and extraction of nickel, cobalt and iron from crude ore/a with a capacity of 200,000 tonnes were established. Nickel, iron, chromium and cobalt can be extracted from limonitic lateritic nickel ore through the integrated production process. The discharge of wastes was reduced at the very beginning to allow a clean production process. The key characteristics and innovations of the technology are as follows:
 - (1) A new technology of lateritic nickel ore alkaline heating method for highly-efficient extraction of chromium from sodium chromate solution was developed;
 - (2) New technologies for highly-efficient extraction of nickel-cobalt from limonitic lateritic nickel ore and chromium slag by alkali leaching were developed and research on bioleaching mechanism was completed;

(3) New technologies of homogeneous precipitation for nickel-cobalt hydroxide and regeneration of calcium sulphate whisker using leach agent were developed.

3. The technology was widely applicable to a variety of materials and resources with high yield of extraction. The equipment used was well developed and reliable with low consumption of reagents. Recovery rates of nickel, iron in iron concentrate, iron, chromium and cobalt amounted to over 93%, 62%, 97%, 94% and 90%, respectively while a utilisation rate of over 90% of regeneration and recycle loop of acid and alkali were achieved in the experiments.
4. The new technology of integrated efficient and clean processing of limonitic lateritic nickel ore was a major innovative technology and the acid-alkaline double loop clean production was a new concept. The technical standards of nickel, iron, chromium and cobalt achieved international standards.
5. Recommendation: To further improve the new technologies, the Project Research Unit should seek government support by industrial application through the construction of a 500,000-tonne pilot project.

The accreditations were unanimously passed by the expert committee. The conclusion of the committee was signed and confirmed by the chairman and two vice chairmen of the accreditation committee on 16 January 2010.

Names and positions of members of Accreditation Committee are as follows:

Committee position	Name	Organisation	Area of study	Current profession	Relevant position
Chairman	Yin Ruiyu	China Iron & Steel Research Institute Group	Metallurgy of iron and steel	Metallurgy of iron and steel engineering management	Academician
Vice chairman	Niu Yinjian	China Nonferrous Metals Industry Association	Chemistry	Non-ferrous metallurgy	Senior Engineer
Vice chairman	Zhang Guocheng	General Research Institute for Nonferrous Metals	Non-ferrous metallurgy	Non-ferrous metallurgy	Academician
Member	Qiu Dingfan	Chinese Academy of Engineering	Non-ferrous metallurgy	Non-ferrous metallurgy	Academician
Member	Yu Yongfu	Wuhan University of Technology	Ore processing	Ore processing	Academician
Member	Zhang Yi	Chinese Academy of Engineering	Physiochemistry of metallurgy and environment	Non-ferrous metallurgy	Academician
Member	Yang Tianjun	University of Science & Technology Beijing	Metallurgy of iron and steel	Metallurgy of iron and steel	Professor
Member	Zhang Chuanfu	Central South University	Non-ferrous metallurgy	Non-ferrous metallurgy	Professor

(II) Project of Lianyungang East Harvest Minerals Co., Ltd.

The one-million-tonne ferro-nickel project (the “**Ferro-Nickel Project**”) of Lianyungang East Harvest Minerals Co., Ltd. (“**East Harvest Minerals**”), a wholly-owned subsidiary of the Company in Lianyungang, commenced construction on 28 October 2009. The current site preparation progress is smooth and on schedule. Suppliers of production equipment are ready to commence installation works.

The management of the Company is satisfied with the progress of the Ferro-Nickel Project and believes that the construction will be completed around the middle of this year and that the Project will commence operation in the second half of this year.

(III) Commencement of selling ore to the third parties

Since May 2007, the Company has purchased ores from PT Yiwan Mining in Indonesia for its production base in China at a fixed price according to an exclusive off-take agreement. In view of the increasing demand for and market prices of ore resources, the Company has capitalised on its affluent ore resources to achieve business diversification and growth of revenue by selling part of its ore resources under the exclusive off-take agreement to third parties since January this year. The management of the Company believes that this will generate additional stable income and supplement the Group’s principal businesses.

By Order of the Board of
China Nickel Resources Holdings Company Limited
Dong Shutong
Chairman

Hong Kong, 20 January 2010

As at the date of this announcement, the executive Directors of the Company are Mr. Dong Shutong, Mr. He Weiquan, Mr. Lau Hok Yuk, Mr. Song Wenzhou, Mr. Zhao Ping and Mr. Dong Chengzhe; the non-executive Director is Mr. Yang Tianjun; and the independent non-executive Directors are Mr. Bai Baohua, Mr. Huang Changhuai and Mr. Wong Chi Keung.