

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



洛陽欒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: 03993)

DISCLOSEABLE TRANSACTIONS

DISPOSAL OF 50% OF THE EQUITY INTEREST IN A WHOLLY-OWNED SUBSIDIARY AND FORMATION OF A JOINT VENTURE

RESUMPTION OF TRADING

Reference is made to the Announcements in respect of the Term Sheet regarding the proposed disposal by the Company of a 50% of its equity interest in Luoyang High Tech to Molymet Corporation or its subsidiaries.

The Board announces that the Company and ESM, a company wholly owned by Molymet, entered into certain definitive agreements including the Equity Transfer Agreement, the Joint Venture Contract and the Trademark Licence Agreement, pursuant to which the Company has conditionally agreed to (i) dispose its 50% equity interest in Luoyang High Tech to ESM at RMB258,241,050 subject to adjustment based on the Closing P&L; (ii) convert Luoyang High Tech into a Sino-foreign equity joint venture in accordance with the terms of the Joint Venture Contract and the New Articles; (iii) offer to sell all or 50% of its equity interest in Luoyang Dachuan to the EJV or ESM respectively within one (1) year of the Closing Date; and (iv) grant to the EJV a royalty-free, non-exclusive, irrevocable, non-transferrable and worldwide licence to use certain registered trademarks owned by the Company.

As certain percentage ratios for the Disposal and the Further Disposal Obligation are more than 5% but less than 25%, the Disposal and the Further Disposal Obligation together constitute discloseable transactions for the Company under Rule 14.06 of the Listing Rules. Accordingly, it is not necessary to despatch a circular, or obtain shareholders' approval, in respect of the Disposal and the Further Disposal Obligation.

If (a) the Closing P&L is positive resulting in a significant increase in the consideration for the Disposal, and (b) the adjusted consideration ratio calculated using the final adjusted Transfer Price will lead to an increase in classification of the Disposal, the Company will comply with the applicable requirements under Chapter 14 of the Listing Rules.

The Company will make further announcement upon the transfer of equity interest in Luoyang Dachuan in compliance with the Further Disposal Obligation. If, at the time of such transfer, the transaction becomes a major transaction or a very substantial disposal, the Company will comply with the applicable requirements under Chapter 14 of the Listing Rules. Pursuant to the Joint Venture Contract, ESM or Molymet shall offer all or 50% of the equity interest in a subsidiary of Molymet to the EJV or the Company respectively within one (1) year of the Closing Date. The Company will also make further announcement and comply with the relevant Listing Rules requirements if the Board resolves to accept the offer from ESM or Molymet in relation to the Potential Acquisition Opportunity.

As the completion of the Disposal is subject to the fulfillment of a number of conditions precedent, the Disposal may or may not proceed. Shareholders and investors of the Company should exercise caution when dealing in the H Shares.

Trading in the H Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on Monday, 22 March 2010 at the request of the Company pending the publication of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the H Shares on the Stock Exchange with effect from 9:30 a.m. on Thursday, 25 March 2010.

Reference is made to the Announcements in respect of the Term Sheet regarding the proposed disposal by the Company of a 50% of its equity interest in Luoyang High Tech to Molymet Corporation or its subsidiaries.

The Board announces that on 22 March 2010, the Company and ESM, a company wholly owned by Molymet, entered into the definitive agreements including (a) the Equity Transfer Agreement, (b) the Joint Venture Contract and (c) the Trademark Licence Agreement.

EQUITY TRANSFER AGREEMENT

Date

22 March 2010 (the Equity Transfer Agreement shall become effective on 6 April 2010)

Parties

(a) the Company (as seller)

(b) ESM (as buyer)

The Disposal

The Company has agreed to sell, and ESM has agreed to buy, the Transfer Equity Interest in accordance with the terms and conditions set out in the Equity Transfer Agreement.

As at the date of this announcement, the Company owns 100% of the equity interest in Luoyang High Tech. After the Completion, each of the Company and ESM will hold 50% of the equity interest in Luoyang High Tech which will be converted into a Sino-foreign equity joint venture enterprise.

Consideration for the Disposal

Pursuant to the Term Sheet, the consideration for the Disposal shall be determined according to the value of Luoyang High Tech based on the shareholders' equity in the audited balance sheet statement of Luoyang High Tech on the Base Date and the consideration shall be approximately 50% of the aforesaid valuation.

Pursuant to the Appraisal Report, the value of Luoyang High Tech as at the Base Date was RMB516,482,100. The Company and ESM have agreed that the consideration for the Disposal shall be RMB258,241,050, subject to adjustment based on the Closing P&L.

Immediately after the Condition Fulfillment Date, an accounting firm recommended by the Company and agreed upon by ESM shall conduct the Closing Audit. If the Closing P&L is positive, the consideration for the Disposal shall be increased by 50% of the Closing P&L. If the Closing P&L is negative, the consideration for the Disposal shall be decreased by 50% of the Closing P&L. The final adjusted purchase price shall be referred to as the “**Transfer Price**”. The profit and loss of the Company between the date of the Closing Audit and the Closing Date shall not be taken into account in the adjustment of the Transfer Price.

ESM shall pay the Transfer Price in one lump sum to a foreign currency settlement account designated by the Exchange Centre within five (5) Business Days after completion of the Closing Audit. If ESM fails to fulfill its obligations to effect the relevant payments for more than thirty (30) days from the prescribed due date, ESM shall pay the Company liquidated damages of RMB5,000,000 which shall be the total and only compensation that the Company shall be entitled to as a result of ESM’s failure to perform the Equity Transfer Agreement.

Conditions precedent

(1) ESM Closing Conditions

The obligations of ESM to complete the purchase of the Transfer Equity Interest and pay the Transfer Price under the Equity Transfer Agreement are subject to the fulfillment to the reasonable satisfaction of ESM (or waiver by ESM in writing) prior to or at Completion of each of the following conditions (the “**ESM Closing Conditions**”):

- (a) *Execution of documents.* The Company has duly executed the Equity Transfer Agreement, the Joint Venture Contract, and the New Articles.
- (b) *Board/shareholder approval.* Each of the Board and the board of directors of Luoyang High Tech has adopted unanimous resolutions approving (i) the Disposal, (ii) the execution of necessary documents for Completion; and (iii) the Joint Venture Contract and the New Articles, to be effective upon Completion.

- (c) *Approval and registration.* The Company shall have obtained from the relevant PRC approval authorities all licences required for the entry into, and enforceability and performance of, the Equity Transfer Agreement, each such licence having been, and remaining, in full force and effect, and no such approval requires the alteration of the terms of the Equity Transfer Agreement, its appendices, the Joint Venture Contract or the New Articles including without limitation those approvals, registrations and filings set out below:
- (i) receipt of the approval letter issued by Luoyang Municipal Government approving the Disposal;
 - (ii) receipt of the approval letter issued by the local counterpart of the State-owned Assets Supervision and Administration Commission in Luoyang Municipality (洛陽市人民政府國有資產監督管理委員會) in approving the Disposal and the appraised value of Luoyang High Tech as determined pursuant to the Equity Transfer Agreement;
 - (iii) receipt of the deal confirmation letter (成交確認書) or deal notification letter (成交通知書) issued by the Exchange Centre confirming that the Disposal has properly gone through all legally required public bidding procedure, if applicable;
 - (iv) receipt of the approval letter issued by the local counterpart of the National Development and Reform Commission of the PRC in Luoyang Municipality (洛陽市發展與改革委員會) approving the Disposal;
 - (v) receipt of the approval letter and approval certificate issued by the local counterpart of the Ministry of Commerce of the PRC in Luoyang Municipality (洛陽市商務局) approving the terms of the Equity Transfer Agreement, its appendices, the Joint Venture Contract and the New Articles;
 - (vi) receipt of the approval letter issued by the trade union or employee representatives' meeting of Luoyang High Tech confirming its approval of the Disposal; and
 - (vii) any of the above approvals or registration or any documents or forms signed by either party to the Equity Transfer Agreement as required by the relevant PRC approval authorities (including a standard equity transfer agreement required by Exchange Centre, if applicable) shall not have, in any way, varied the terms or conditions of the Equity Transfer Agreement, the Joint Venture Contract or the New Articles or imposing any additional terms or conditions.

- (d) *Ancillary contracts.* The Trademark Licence Agreement has been duly executed by the parties thereto.
- (e) *Compliance with environmental law.* Luoyang High Tech shall have obtained and maintained in full force and effect all the environmental permits listed in the Equity Transfer Agreement issued by the respective competent authority, and have taken all the actions to correct the environmental and safety non-compliance, omission and defects listed in the Equity Transfer Agreement to the satisfaction of ESM and shall have completed all steps necessary to operate in compliance with all applicable environmental law.
- (f) *Local tax registration.* Luoyang High Tech shall have properly obtained the local tax registration certificate (地方稅務登記證).
- (g) *No-ownership buildings.* Luoyang High Tech shall have registered as the lawful owner of those buildings listed in the Appraisal Report and have obtained real property ownership certificate (房屋所有權證) for each of the buildings.
- (h) *Patents.* ESM shall have received a certified copy of the original registration certificates or application certificates of all patents listed in the Equity Transfer Agreement that are owned or jointly owned by Luoyang High Tech (the “**Patents**”); and ESM shall have received a certified copy of the original agreements regarding each of the jointly owned Patents between Luoyang High Tech and each of the joint owners in connection with the rights and obligation of such joint ownership.
- (i) *Stock investment.* Luoyang High Tech shall have sold out all its investment in any public stock market.
- (j) *Powers of attorney.* Any and all powers of attorney granted by Luoyang High Tech before the Closing Date shall have been revoked in writing.
- (k) *No material change.* There shall have been no material adverse change to the financial condition or business operation of Luoyang High Tech since the Base Date except for any effect on Luoyang High Tech due to changes in general economic conditions in the molybdenum metal products industry which effect shall not have any disproportionate impact on Luoyang High Tech due to its site or products.

- (l) *Independent company.* Subject to paragraph (k) above, all actions and agreements that are necessary to ensure that Luoyang High Tech is independent from the Company shall have been taken or signed and the Company shall have issued a statement in writing confirming the same.
- (m) *Senior management employees employment contracts.* ESM shall have received a copy of the existing employment contract of each of the current senior management employees of Luoyang High Tech.
- (n) *Representations and covenants.* Each of the representations and warranties of the Company contained in the Equity Transfer Agreement and its appendices shall be true, accurate, and complete on and as of the Closing Date with the same force and effect as though made on and as of the Closing Date. The Company shall have performed and complied with all of its covenants and obligations under the Equity Transfer Agreement to be performed or complied with on or prior to the Closing Date.
- (o) *Change of address.* The registered address of Luoyang High Tech shall have been duly changed to Jinxin Road, Xindian Village, Xindian County, Gaoxin District, Luoyang (洛陽市高新區辛店鎮辛店村金鑫路) and Luoyang High Tech shall have duly signed a rental-free lease agreement for a term of twenty (20) years in respect of the new address.
- (p) *Branch.* Luoyang High Tech shall have duly registered its operational plant as of the date of the Equity Transfer Agreement located at the Premises as a branch of the Company.

(2) **Company Closing Conditions**

The obligations of the Company to complete the Disposal under the Equity Transfer Agreement are subject to the fulfillment to the reasonable satisfaction of the Company (or waiver by the Company in writing) prior to or at the Completion of each of the following conditions (the “**Company Closing Conditions**”):

- (a) *Execution of documents.* ESM has duly executed the Equity Transfer Agreement, the Joint Venture Contract and the New Articles.
- (b) *Board/shareholders approval.* The board of directors of ESM has duly approved (i) the purchase of the Transfer Equity Interest, (ii) the execution of necessary documents for completion of the purchase of the Transfer Equity Interest; and (iii) the Joint Venture Contract and the New Articles, to be effective upon Completion.

- (c) *Representations and covenants.* Each of the representations and warranties of ESM contained in the Equity Transfer Agreement and its appendices shall be true, accurate, and complete on and as of the Closing Date with the same force and effect as though made on and as of the Closing Date. ESM shall have performed and complied with all of its covenants and obligations under the Equity Transfer Agreement to be performed or complied with on or prior to the Closing Date.

The date of fulfillment of all the conditions precedents (the “**Condition Fulfillment Date**”) shall be the later of the following:

- (i) The Company receives the letter from ESM confirming its satisfaction to the fulfillment of all the ESM Closing Conditions.
- (ii) ESM receives the letter from the Company confirming its satisfaction to the fulfillment of all the Company Closing Conditions.

As soon as practicable, and in any event, prior to the date that falls two (2) months from the date of the Equity Transfer Agreement (the “**Drop-Dead Date**”), the Company shall, and shall cause Luoyang High Tech to, use its best efforts to satisfy all ESM Closing Conditions and ESM shall use its best efforts to satisfy all the Company Closing Conditions.

If any of the ESM Closing Conditions is not either satisfied or waived before the Drop-Dead Date due to the Company’s failure to perform any of its obligations under the Equity Transfer Agreement, the Company shall pay to ESM liquidated damages in USD with an amount equivalent to RMB5,000,000. If any of the Company Closing Conditions is not either satisfied or waived before the Drop-Dead Date due to ESM’s failure to perform any of its obligations under the Equity Transfer Agreement, ESM shall pay to the Company liquidated damages in USD with an amount equivalent to RMB5,000,000.

Completion

Completion shall take place within ten (10) Business Days after fulfillment and satisfaction of all the conditions precedent or waiver thereof and the completion of the registration with the local counterpart of the State Administration for Industry and Commerce of the PRC in Luoyang Municipality (洛陽市工商行政管理局) .

Guarantee

Molymet has agreed to guarantee ESM's performance of the Equity Transfer Agreement and be liable for the obligations of ESM under the Equity Transfer Agreement in the event of failure in performance by ESM. Molymet has acknowledged and agreed to be bound by the obligations as described in the section headed "Joint Venture Contract — Principal terms — Non-competition" below.

JOINT VENTURE CONTRACT

Date

22 March 2010

Parties

- (a) the Company
- (b) ESM

Principal terms

(1) Establishment and duration of the EJV

The Company and ESM have agreed to convert Luoyang High Tech into a Sino-foreign equity joint venture upon Completion in accordance with the terms of the Joint Venture Contract and the New Articles. The duration of the EJV shall be twenty (20) years, commencing from the establishment date, subject to extension which shall be agreed by both parties.

(2) Name of the EJV

The corporate name of the EJV in Chinese shall be 洛陽高科鉬鎢材料有限公司 and the corporate name of the EJV in English shall be Luoyang Hi-tech Metals Co. Ltd.

(3) Purpose of the EJV

The purpose of the EJV shall be to strengthen the economic and technological co-operation between the Company and ESM, to bring into play the respective strengths of the parties and to enable the parties to achieve satisfactory economic benefits. It is the objective of the parties to develop the EJV into a manufacturer of molybdenum metal products of a quality that is competitive in the PRC and global market.

(4) Scope of business

The business scope of the EJV shall be production, processing, sale, import and export of molybdenum metal products and the provision of related ancillary service.

(5) Joint venture products

The Company and ESM have agreed that the products to be manufactured by the EJV shall be limited to such products as indicated in the Business Plan (the “**JV Products**”). Upon unanimous approval by the board of directors of the EJV, the EJV may engage in the development or manufacturing of products that are not indicated in the Business Plan.

(6) Total Investment, registered capital and additional funds

The total investment of the EJV shall be RMB1,590,000,000. The registered capital of the EJV shall be RMB530,000,000.

Each of the Company and ESM has contributed RMB265,000,000 into the registered capital of the EJV, representing 50% of the registered capital respectively.

The difference between the total investment and the registered capital of the EJV may, if approved by the board of the EJV in accordance with the Joint Venture Contract, be financed by loans raised in the name of the EJV.

(7) Increase or Reduction of Registered Capital

Any increase or reduction in the registered capital of the EJV must be (i) approved by all members of the board of directors of the EJV and (ii) submitted to the relevant PRC approval authority for approval. Except as otherwise provided in the Joint Venture Contract, each of the Company and ESM shall contribute to any increase or bear its proportionate share of such reduction in proportion to its then current percentage interest in the registered capital of the EJV at the time of such increase or reduction.

If a party (“**Declining Party**”) for any reason declines to contribute its proportionate share of any required increase in capital as approved by the board of directors of the EJV, then such Declining Party hereby irrevocably agrees that the other party may contribute the full amount of such increase in the registered capital unilaterally. The resulting changes in the parties’ relative interest in the registered capital shall be handled in accordance with the PRC laws.

(8) Transfer of equity interest

Each of the Company and ESM has the right of first refusal to purchase all or part of the equity interest proposed to be transferred by either party to a third party purchaser on the same terms and conditions. Each of the Company and ESM has a tag-along right to participate in the proposed transfer and to sell to the third party purchaser all or part of its equity interest on the same terms and conditions of the proposed transfer.

(9) Board of directors and supervisors

The board of directors of the EJV shall comprise four (4) members. Each of the Company and ESM shall have the right to nominate two (2) persons as directors of Luoyang High Tech. The Chairman shall be appointed by the Company, and the vice-chairman to be appointed by ESM.

The EJV shall have two (2) supervisors, and each of the Company and ESM shall appoint one (1) supervisor.

(10) Products trademark

Any brand of the JV Products shall be determined by the board of directors of the EJV. The Company shall grant to the EJV a worldwide and royalty-free licence to use certain trademarks of the Company pursuant to the Trademark Licence Agreement.

(11) Termination of the Joint Venture Contract

The Joint Venture Contract shall terminate in certain circumstances including the following:

- (a) at any time by a written agreement of the parties;
- (b) by either party for cause by giving three (3) month's written notice to the other party if (i) there has been a termination due to a breach of contract; (ii) the defaulting party shall have entered into voluntary or involuntary liquidation or dissolution proceedings, whether in bankruptcy or otherwise; or (iii) ownership in the defaulting party changes to the extent that any competitor of the non-defaulting party and/or its Affiliates acquires more than 10% of the equity interest in the defaulting party; and
- (c) by either party by written notice to the other party upon the occurrence of certain specified events including the circumstances where all or any material part of the assets of the EJV has been expropriated, confiscated, or otherwise taken by any government authority.

If the Joint Venture Contract is terminated pursuant to paragraph (11)(b), the non-defaulting party shall have the option to purchase or cause any of its Affiliates to purchase the defaulting party's equity interest in the EJV for a price equal to its fair value as determined in accordance with the terms of the Joint Venture Contract.

(12) Non-competition

- (a) Non-Competition. For the duration of the Joint Venture Contract, none of the Company or ESM, any of their respective Affiliates (other than the EJV) or any successors shall, directly or indirectly, on a worldwide basis, engage or participate in the Competitive Business.
- (b) Exception. Nothing in the Joint Venture Contract shall have any restriction or effect on the operation and development of the following business of either the Company or ESM or their respective Affiliates existing as of the date of the Joint Venture Contract:
 - (i) CM Chemiemetall GmbH, a subsidiary of Molymet;
 - (ii) Luoyang Dachuan, a subsidiary of the Company,

provided that, within one (1) year of the Closing Date, each of the Company and ESM shall offer to sell (i) to the EJV its above existing business or (ii) to the other party or its designated Affiliate 50% of its above existing business, at the price of book value of such existing business. If the EJV or the other party, as the case may be, does not accept the offer within six (6) months after receipt thereof, then the offering party may operate or dispose of such business. In this regard, the Company shall offer all or 50% of its equity interest in Luoyang Dachuan to the EJV or ESM respectively within one (1) year of the Closing Date (the “**Further Disposal Obligation**”). Conversely, ESM or Molymet shall offer all or 50% equity interest in CM Chemiemetall GmbH to the EJV or the Company respectively within one (1) year of the Closing Date (the “**Potential Acquisition Opportunity**”).

Notwithstanding the foregoing, neither party or its Affiliates shall be prohibited from entering into any acquisition (through merger or acquisition) of any business or person containing any Competitive Business, provided that within one (1) year of the completion of any such acquisition, the acquiring party shall offer to sell (i) to the EJV the portion of the acquired business that constitutes Competitive Business or (ii) to the other party or its designated Affiliate 50% of the portion of the acquired business that constitutes Competitive Business, at the price equal on a proportional basis to the price paid by the acquiring party for such business. If the EJV or other party, as the case may be, does not accept the offer within six (6) months after receipt thereof, then acquiring party may operate or dispose of the acquired entity or business.

TRADEMARK LICENCE AGREEMENT

Date

22 March 2010

Parties

- (a) the Company (as licensor)
- (b) Luoyang High Tech (as licensee)

Principal terms

(1) Grant of licence

The Company has agreed to grant to Luoyang High Tech a royalty-free, non-exclusive, irrevocable, non-transferable and worldwide licence to use certain registered trademarks in the names of “Ming Hua(鳴華)”, “Luo Mu(洛鉬)” and “Xuan Yuan(軒轅)” (the “**Licensed Trademarks**”) in connection with the products manufactured by Luoyang High Tech.

(2) Use of trademarks

Luoyang High Tech shall use the Licensed Trademarks only on or in connection with products manufactured by Luoyang High Tech, including without limitation advertising, manufacturing, testing and selling the JV Products.

Luoyang High Tech shall at all times use the Licensed Trademarks in a way that will not harm the reputation and/or image of the Licensed Trademarks.

(3) Term

The Trademark Licence Agreement shall come into force on the date of the agreement until the termination of the Joint Venture Contract.

INFORMATION ON THE GROUP, ESM, LUOYANG HIGH TECH AND LUOYANG DACHUAN

The Group

The Group is a leading producer of molybdenum in the PRC with world-class integrated mining and processing facilities. The Group's primary business operations involve molybdenum mining, flotation, roasting, smelting and downstream processing. In addition, the Group is a fast-growing producer of tungsten concentrates and an emerging producer of precious metals.

ESM

ESM is an investment holding company, wholly owned subsidiary of Molymet. Molymet is a leading producer of molybdenum products and its by-products. Molymet owns pyrometallurgical, hydrometallurgical, chemical and commercial facilities in Chile, Belgium, Mexico and Germany, and has representative and commercial offices in the PRC, the United States and the United Kingdom.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, ESM and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Luoyang High Tech

The business of Luoyang High Tech includes the manufacturing of molybdenum powder, tungsten powder and related products.

The audited net asset value of Luoyang High Tech as at 31 December 2009 was approximately RMB505.6 million. The attributable audited net losses before and after taxation of Luoyang High Tech for the year ended 31 December 2009 were approximately RMB0.8 million and RMB2.7 million, respectively. The attributable audited net losses before and after taxation of Luoyang High Tech for the year ended 31 December 2008 were approximately RMB36.22 million and RMB35.50 million, respectively.

Luoyang Dachuan

The business of Luoyang Dachuan includes the manufacturing of ammonium molybdate, and molybdenum powder.

The audited net asset value of Luoyang Dachuan as at 31 December 2009 was approximately RMB133.7 million. The attributable audited net profits before and after taxation of Luoyang Dachuan for the year ended 31 December 2009 were approximately RMB4.8 million and RMB3.6 million, respectively. The attributable audited net profits before and after taxation of Luoyang Dachuan for the year ended 31 December 2008 were approximately RMB9.3 million and RMB11.1 million, respectively.

REASONS FOR THE DISPOSAL AND THE FURTHER DISPOSAL OBLIGATION

The Directors considered that the Disposal would convert Luoyang High Tech into a joint venture enterprise which focuses on the production and sale of molybdenum metal products, and benefit Luoyang High Tech from Molymet's strengths in technology, brand name, marketing and management, so as to further improve Luoyang High Tech's product quality, market share and management standards.

The Directors believe that the mutual commitment to non-competition with the EJV by both parties and the mutual obligations of both parties to offer to transfer the existing competing business to the EJV or the other party in accordance with the Joint Venture Contract will further enhance the alliance and the cooperation between the Company and Molymet on the molybdenum metal and other molybdenum downstream businesses.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Equity Transfer Agreement, the Joint Venture Contract, the Trademark Licence Agreement and the Disposal and the Further Disposal Obligation are fair and reasonable and on normal commercial terms, and in the interests of the Company and its shareholders as a whole.

FINANCIAL EFFECT ON THE DISPOSAL AND THE FURTHER DISPOSAL OBLIGATION

The gain, before transaction costs, arising from the Disposal is estimated to be approximately RMB5.4 million, being the difference between the consideration for the Disposal (excluding any adjustment to be made based on the Closing P&L) and 50% of the audited net asset value of Luoyang High Tech of approximately RMB252.8 million as at 31 December 2009.

The Directors believe that the Disposal and the Further Disposal Obligation will not have any material impact on the Company's financial position as a whole.

The Board intends to apply the proceeds from the Disposal towards the Group's general working capital.

After Completion, the Company will hold 50% of the equity interest in Luoyang High Tech, which will cease to be a subsidiary of the Group and, therefore, after Completion, the financial results of Luoyang High Tech will no longer be consolidated into the Group's accounts.

GENERAL

As certain percentage ratios for the Disposal and the Further Disposal Obligation are more than 5% but less than 25%, the Disposal and the Further Disposal Obligation together constitute discloseable transactions for the Company under Rule 14.06 of the Listing Rules. Accordingly, it is not necessary to despatch a circular, or obtain shareholders' approval, in respect of the Disposal and the Further Disposal Obligation.

If (a) the Closing P&L is positive resulting in a significant increase in the consideration for the Disposal, and (b) the adjusted consideration ratio calculated using the final adjusted Transfer Price will lead to an increase in classification of the Disposal, the Company will comply with the applicable requirements under Chapter 14 of the Listing Rules.

The Company will make further announcement upon the transfer of equity interest in Luoyang Dachuan in compliance with the Further Disposal Obligation. If, at the time of such transfer, the transaction becomes a major transaction or a very substantial disposal, the Company will comply with the applicable requirements under Chapter 14 of the Listing Rules. The Company will also make further announcement and comply with the relevant Listing Rules requirements if the Board resolves to accept the offer from ESM or Molymet in relation to the Potential Acquisition Opportunity.

As the completion of the Disposal is subject to the fulfillment of a number of conditions precedent, the Disposal may or may not proceed. Shareholders and investors of the Company should exercise caution when dealing in the H Shares.

RESUMPTION OF TRADING

Trading in the H Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on Monday, 22 March 2010 at the request of the Company pending the publication of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the H Shares on the Stock Exchange with effect from 9:30 a.m. on Thursday, 25 March 2010.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“Affiliate”	any company or other entity other than the EJV and the other party to the Joint Venture Contract which, through ownership of voting stock or otherwise, directly or indirectly, controls or is controlled by, or under common control with that party
“Announcements”	the announcements made by the Company dated 3 December 2009 and 4 December 2009 in respect of the proposed disposal of a 50% equity interest in Luoyang High Tech
“Appraisal Report”	the Appraisal Report ([2009] No. 761) issued by China United Assets Appraisal Co. Ltd.* (中國聯合資產評估有限公司) dated 31 December 2009 setting forth the value of Luoyang High Tech

“Base Date”	31 May 2009
“Board”	the board of Directors
“Business Day”	a bank working day other than a Saturday, Sunday or a statutory holiday in the PRC or in the Republic of Chile
“Business Plan”	the initial five-year business plan of the EJV agreed upon by the Company and ESM
“Closing Audit”	the audit conducted immediately after the Condition Fulfillment Date for the purpose of determining the Closing P&L
“Closing Date”	the date of Completion
“Closing P&L”	the profit and loss of Luoyang High Tech from the Base Date until the end of the calendar month immediately preceding the date of appointment of the accounting firm recommended by the Company and agreed upon by ESM to conduct the Closing Audit
“Company”	China Molybdenum Co., Ltd.* (洛陽欒川鉬業集團股份有限公司), a joint stock company incorporated in the PRC with limited liability, whose H Shares are listed on the Stock Exchange
“Company Closing Conditions”	shall have the meaning ascribed to it under the section headed “Equity Transfer Agreement — Conditions precedent”
“Competitive Business”	the business of processing or sales of molybdenum metal products that is in competition with the EJV
“Completion”	completion for the Disposal

“Condition Fulfillment Date”	shall have the meaning ascribed to it under the section headed “Equity Transfer Agreement — Conditions precedent”
“Declining Party”	shall have the meaning ascribed to it under the section headed “Joint Venture Contract — Principal terms”
“Directors”	the directors of the Company
“Disposal”	the disposal of the Transfer Equity Interest by the Company to ESM
“Drop-Dead Date”	shall have the meaning ascribed to it under the section headed “Equity Transfer Agreement — Conditions precedent”
“EJV”	the Sino-foreign equity joint venture enterprise to be converted from Luoyang High Tech in accordance with the Joint Venture Contract
“Equity Transfer Agreement”	the equity transfer agreement dated 22 March 2010 entered into between the Company and ESM in relation to the Disposal
“ESM”	Eastern Special Metals Hong Kong Limited (東方特金香港有限公司), a company incorporated under the laws of Hong Kong, and wholly owned by Molymet
“ESM Closing Conditions”	shall have the meaning ascribed to it under the section headed “Equity Transfer Agreement — Conditions precedent”
“Exchange Centre”	Luoyang Municipal Assets & Equity Exchange Centre* (洛陽市產權交易中心)
“Further Disposal Obligation”	shall have the meaning ascribed to it under the section headed “Joint Venture Contract - Principal terms”
“Group”	the Company and its subsidiaries

“H Shares”	overseas listed foreign shares in the ordinary share capital of the Company with nominal value of RMB0.20 each, which are listed on the Stock Exchange
“Joint Venture Contract”	the joint venture contract dated 22 March 2010 entered into between the Company and ESM in relation to the conversion of Luoyang High Tech into a Sino-foreign joint venture enterprise
“JV Products”	shall have the meaning ascribed to it under the section headed “Joint Venture Contract — Principal terms”
“Licensed Trademarks”	shall have the meaning ascribed to it under the section headed “Trademark Licence Agreement — Principal terms”
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Luoyang Dachuan”	Luoyang Dachuan Molybdenum Tungsten Science & Technology Co., Ltd.* (洛陽大川鉬鎢科技有限責任公司), a company established under the laws of the PRC with limited liability, and a 75% owned subsidiary of the Company
“Luoyang High Tech”	Luoyang High Tech Molybdenum & Tungsten Materials Co., Ltd.* (洛陽高科鉬鎢材料有限公), a company established under the laws of the PRC with limited liability, and a wholly-owned subsidiary of the Company
“Molymet”	Molibdenos y Metales S.A., a corporation established in Santiago, Republic of Chile
“Molymet Corporation”	Molymet Corporation, a corporation incorporated in Delaware, the United States of America

“New Articles”	the new articles of association of Luoyang High Tech to be signed by ESM and the Company before the Completion
“Patents”	shall have the meaning ascribed to it under the section headed “Equity Transfer Agreement - Conditions precedent”
“Potential Acquisition Opportunity”	shall have the meaning ascribed to it under the section headed “Joint Venture Contract - Principal terms”
“PRC”	the People’s Republic of China
“Premises”	the land located at South to Lichun West Road, Jianxi District, Luoyang, Henan (河南省洛陽市澗西區麗春西路以南) with an area of 103,658.3 square metres and all the buildings, structures and fixtures located on such land (together with all buildings, structures and fixtures comprised in such properties)
“RMB”	Renminbi yuan, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Term Sheet”	the term sheet dated 3 December 2009 entered into between the Company and Molymet Corporation in relation to the Disposal
“Trademark Licence Agreement”	the trademark licence agreement dated 22 March 2010 entered into between the Company and Luoyang High Tech in relation to the granting by the Company to Luoyang High Tech a royalty-free licence to use the Licensed Trademarks
“Transfer Equity Interest”	50% of the equity interest in Luoyang High Tech owned by the Company

“Transfer Price” shall have the meaning ascribed to it under the section headed “Equity Transfer Agreement — Consideration for the Disposal”

“USD” United States dollar, the lawful currency of the United States of America

By Order of the Board of
China Molybdenum Co., Ltd.

Duan Yuxian

Chairman

Luoyang, the People’s Republic of China, 24 March 2010

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

* *For identification purposes only*