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**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)

**CHANGE OF USE OF PROCEEDS  
IN CONNECTION WITH A SHARE ISSUE**

According to the Company's development strategy and the progress of the projects, and to develop the product chain of the Company's tungsten business and further enhance the contribution of the tungsten business to the Company, the Board proposed to change the use of proceeds to be raised in connection with the A Share Issue.

Special resolution to approve, among other matters, the change of use of proceeds in connection with A Share Issue will be proposed at the extraordinary general meeting.

A circular containing, among other things, (i) details on the change of use of proceeds in connection with A Share Issue; (ii) the extraordinary general meeting; (iii) recommendations from the Board; and (iv) notice of the extraordinary general meeting, will be despatched by the Company to the Shareholders.

References are made to the announcement of the Company dated 10 December 2010 and the circular of the Company dated 6 January 2011. Unless otherwise indicated, capitalised terms used herein shall have the same meanings as those defined in the circular of the Company dated 6 January 2011.

## **CHANGE OF USE OF PROCEEDS IN CONNECTION WITH A SHARE ISSUE**

The A Share Issue, including the intended use of proceeds in connection with the A Share Issue, was approved by the Shareholders on 26 January 2011.

According to the Company's development strategy and the progress of the projects, and to develop the product chain of the Company's tungsten business and further enhance the contribution of the tungsten business to the Company, the Board proposed to change the use of proceeds in connection of the A Share Issue as follows:

- (1) Constructing clean, efficient and resource-utilizing project to process 42,000 tons per year of low-grade and complex scheelite concentrates, with an estimated investment amount of approximately RMB438 million (equivalent to approximately HK\$517 million);
- (2) Constructing efficient, energy-saving and automatic ammonium molybdate project, with an estimated investment amount of approximately RMB350 million (equivalent to approximately HK\$413 million);
- (3) Constructing high-performance cemented carbide project, with an estimated investment amount of approximately RMB1.8 billion (equivalent to approximately HK\$2.1 billion); and
- (4) Constructing tungsten metal products and tungsten alloy material downstream processing project, with an estimated amount of approximately RMB1.0 billion (equivalent to approximately HK\$1.2 billion).

The Company may invest in the above projects through utilizing its internal resources before the proceeds from the A Share Issue are made available to the Company. When the proceeds are available and subject to having carried out the relevant regulatory procedures, the Company is authorised to apply the proceeds to any injected capital in relation to the above projects which is incurred before the completion of the A Share Issue.

In the event that the proceeds from the A Share Issue are not sufficient to finance the above projects, the shortfall, after deducting offering expenses, in the proposed capital injection into the above projects will be covered by the Group's internal resources or bank loans. If there is any surplus, after deducting offering expenses, it will be applied to supplement the working capital of the Company.

The intended use of proceeds as mentioned above shall supersede the use of proceeds in connection with the A Share Issue approved by the Shareholders on 26 January 2011.

Save as above, the terms of the A Share Issue as approved by the Shareholders on 26 January 2011 remain unchanged.

## **DESPATCH OF CIRCULAR**

Special resolution to approve the change of use of proceeds in connection with the A Share Issue will be proposed at the extraordinary general meeting. A circular containing, among other things, (i) details on the change of use of proceeds in connection with A Share Issue; (ii) the extraordinary general meeting; (iii) recommendations from the Board; and (iv) notice of the extraordinary general meeting, will be despatched to the Shareholders as soon as practicable.

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

Luoyang, the PRC, 18 March 2011

*As at 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. Shu Hedong and Zhang Yufeng; and the independent non-executive Directors are Messrs. Gao Dezhu, Zeng Shaojin, Gu Desheng and Ng Ming Wah, Charles.*

*In this announcement, where an equivalent Hong Kong dollars is stated in respect of an RMB figure, it has been translated at the rate of RMB1.00 = HK\$1.18 for illustrative purposes only. Such translation should not be construed as a representation that any amounts in RMB have been, could have been or could be converted at the above rate or at any other rates or at all.*

*\* For identification purposes only*