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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)

**VERY SUBSTANTIAL ACQUISITION
ACQUISITION OF INTEREST
IN NORTHPARKES JOINT VENTURE AND
CERTAIN ASSOCIATED ASSETS OF THE BUSINESS
AND
RESUMPTION OF TRADING**

PROPOSED ACQUISITION

On 26 July 2013, the Purchaser, an indirect wholly owned subsidiary of the Company, and the Company entered into the Asset Sale and Purchase Agreement with the Vendor, pursuant to which: (i) the Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Interest of the Business for a consideration of USD820 million (equivalent to approximately HKD6.936 billion); and (ii) the Company, as guarantor, has agreed to guarantee the due and punctual performance of the Purchaser with its obligations under the Asset Sale and Purchase and Agreement.

IRREVOCABLE UNDERTAKINGS BY CONTROLLING SHAREHOLDERS

Luoyang Mining Group Co., Ltd. and Cathay Fortune Corporation, the controlling shareholders of the Company who in aggregate hold approximately 69% equity interest in the Company, have irrevocably undertaken to vote in favour of the resolutions to approve the Proposed Acquisition.

IMPLICATIONS UNDER LISTING RULES

As the profits ratio calculated under Rule 14.07 of the Listing Rules with respect to the Proposed Acquisition exceeds 100%, the Proposed Acquisition constitutes a very substantial acquisition of the Company for the purposes of the Listing Rules, and is subject to the notification, publication and shareholders' approval requirements under the Listing Rules.

A circular containing, among other things, further details of the Proposed Acquisition will be dispatched to the Shareholders in compliance with the Listing Rules. As time is required to prepare the financial and other information to be included in the circular in relation to the Proposed Acquisition, the circular is expected to be dispatched to the Shareholders on or before 31 October 2013.

RESUMPTION OF TRADING

At the request of the Company, trading in the H Shares was suspended with effect from 9:00 a.m. on 29 July 2013 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the H Shares with effect from 9:00 a.m. on 31 July 2013.

Shareholders and potential investors should note that the Proposed Acquisition is subject to various conditions which may or may not be fulfilled. There is therefore no assurance that the Proposed Acquisition will proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

PROPOSED ACQUISITION

On 26 July 2013, the Purchaser, an indirect wholly owned subsidiary of the Company, and the Company entered into the Asset Sale and Purchase Agreement with the Vendor, pursuant to which: (i) the Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Interest of the Business; and (ii) the Company, as guarantor, has agreed to guarantee the due and punctual performance of the Purchaser with its obligations under the Asset Sale and Purchase Agreement.

Upon completion of the Proposed Acquisition, the Purchaser will hold the Sale Interest of the Business. Further information on Sale Interest and the Business are set out below in the section headed “Information on the Sale Interest and the Business”.

The principal terms and conditions of the Asset Sale and Purchase Agreement are as follows:

ASSET SALE AND PURCHASE AGREEMENT

Effective Date

26 July 2013

Parties

- (i) the Vendor
- (ii) the Purchaser
- (iii) the Company

To the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are third party independent of the Company, and are not connected persons of the Company or its connected persons (as defined in the Listing Rules). The Directors also confirm that to the best of their knowledge, information and belief after having made all reasonable enquiries, there is no prior transaction with each of the Vendor or its ultimate beneficial owners which is required to be aggregated with the Proposed Acquisition pursuant to Rule 14.22 of the Listing Rules.

Business to be acquired

The Purchaser will acquire the Sale Interest of the Business free from all encumbrances and together with all rights attaching and accruing thereto from the Completion Date.

Consideration

The consideration for the Proposed Acquisition in the amount of USD820 million (equivalent to approximately HKD6.936 billion), subject to standard adjustments for a transaction of this nature, including working capital adjustment, will be paid to the Vendor on the Completion Date.

The Purchaser will satisfy the consideration through a combination of its existing cash resources, debt financing or such other means as the Company considers appropriate.

The consideration was determined on an arm's length basis following due diligence and financial analysis by the Company and its professional advisers on information provided by the Vendor and negotiations with the management and professional advisors of the Vendor as part of a very competitive auction process, and by reference to, among others, the resources and reserves of Northparkes, its low cost position on the industry cost-curve, market comparables, and the Company's assessment of the prospects of the assets (in particular great potential from a large mineralized inventory and future exploration) and strategic benefits from a more diversified cash flow and earning as well as potential synergy as part of the enlarged Group. The Vendor conducted a two-stage strictly-confidential bidding process which involved non-binding indicative proposals required at the end of the first stage, and final bids capable of being executed by each selected bidder required at the end of the second stage. The Vendor negotiated the asset sale and purchase agreement with selected bidders in stage two until signing.

Adjustment to Consideration

The consideration is subject to a working capital adjustment, to ensure that, at Completion, the Business has an adequate level of working capital as pre-agreed between the Vendor and the Purchaser. The agreed adequate working capital for the Business is USD50 million (equivalent to approximately HKD390 million) less AUD14 million (equivalent to approximately HKD100.8 million) at the exchange rate used by the Vendor at the final calendar date of the month preceding the Completion Date. To the extent that the working capital is different to that at Completion, an adjustment to the purchase price will be made for 80% of the difference.

Condition Precedents

Completion is conditional upon the fulfillment or waiver (as the case may be) of a number of conditions, including but not limited to the following:

- (a) Sumitomo Pre-emption: SMM and SCM waive, or do not exercise, their pre-emptive rights under the Northparkes Joint Venture Agreement within the 60 day period for pre-emption;
- (b) Sumitomo Consent: SMM and SCM provide their written consents to the assignment of the Vendor's interest in the Northparkes Joint Venture to the Purchaser as required pursuant to the Northparkes Joint Venture Agreement;
- (c) PRC regulatory approvals: the receipt of all PRC regulatory approvals, including:
 - (1) approval of outbound investment from the National Development and Reform Commission;
 - (2) Enterprise Overseas Investment Certificate from MOFCOM;
 - (3) Foreign Exchange Registration Certificate from State Administration of Foreign Exchange; and
 - (4) merger control approval from MOFCOM.
- (d) Shareholder approval: the Shareholders approve the Proposed Acquisition;
- (e) NSW regulatory approvals:
 - (1) the assignment to the Purchaser of the Northparkes Joint Venture tenements issued pursuant to the Mining Act 1992 (NSW) and any regulations made under the Act, is approved by the minister on acceptable conditions; and
 - (2) all necessary consents and approvals have been received from the relevant governmental agencies in relation to the transfer to the Purchaser of the Vendor's interest in the Environmental Protection Licence No 4784 on acceptable conditions; and

- (f) **Material adverse change:** no material adverse change has occurred since the date of the Asset Sale and Purchase Agreement.

The above conditions (except conditions (d) and (f)) may be waived by mutual consent of each of the Vendor and the Purchaser. Conditions (d) and (f) are conditions for the Company's benefit only. As at the date of this announcement, the Company has no intention to waive condition (d). If the conditions precedent (save for the condition (c) which the Vendor may extend by an additional 185 days) have not been satisfied or waived (as the case may be) on or before the Longstop Date, the Asset Sale and Purchase Agreement may be terminated by notice given by the Purchaser or the Vendor.

As at the date of this announcement, the Company has received an unconditional statement of no objection for the Proposed Acquisition from the Australian Foreign Investment Review Board.

Guarantee

The Company unconditionally and irrevocably guarantees to the Vendor the due and punctual compliance of the Purchaser of all its obligations under the Asset Sale and Purchase Agreement.

Completion

Completion of the Proposed Acquisition shall take place on the Completion Date or such other date as the Vendor and the Purchaser may agree.

Employees

The Purchaser has covenanted and agreed that the Vendor Employees shall be provided with employment on terms and conditions substantially similar to and, considered on an overall basis, no less favourable than those provided to such Vendor Employees immediately prior to the Completion Date.

Deposit and Break Fee

The Company has arranged a deposit of USD40 million (equivalent to approximately HKD312 million) to the Vendor, by way of bank guarantee.

The Purchaser has agreed that the deposit of USD40 million (equivalent to approximately HKD312 million) will be forfeited if Completion of the Proposed Acquisition does not occur as a result of a default by the Company under the Asset Sale and Purchase Agreement, or if the Company fails to obtain the PRC regulatory approvals or the Shareholders' approval on or prior to the Longstop Date. The deposit was determined after an arm's length negotiation between the Company and the Vendor as part of a very competitive auction process, and by reference to, among others, the amount involved (representing less than 5% of the consideration payable), the irrevocable undertakings given by the controlling shareholders of the Company to vote in favour of the resolutions to approve the Proposed Acquisition, the Company's confidence in obtaining the PRC regulatory approvals and the benefits of the Proposed Acquisition to the Group and the Shareholders as a whole.

The Vendor has separately agreed under a process deed entered into with the Company on 26 July 2013, to pay the Company a break fee of USD5 million (equivalent to approximately HKD39 million), if SMM or SCM elects to exercise its pre-emptive rights prescribed in accordance with the Northparkes Joint Venture Agreement.

IRREVOCABLE UNDERTAKINGS BY CONTROLLING SHAREHOLDERS

Luoyang Mining Group Co., Ltd. and Cathay Fortune Corporation, the controlling shareholders of the Company who in aggregate hold approximately 69% equity interest in the Company, have irrevocably undertaken to vote in favour of the resolutions to approve the Proposed Acquisition.

INFORMATION ON THE VENDOR

The Vendor is a wholly owned subsidiary of Rio Tinto Limited. The Vendor holds an 80% interest in Northparkes Joint Venture. Northparkes operates as an unincorporated joint venture between the Vendor (80%), SMM (13.3%) and SCM (6.7%).

Rio Tinto Limited and its subsidiaries are a leading international mining group. Their business is finding, mining, and processing mineral resources. Major products are aluminum, copper, diamonds, thermal and metallurgical coal, uranium, gold, industrial minerals (borax, titanium dioxide and salt) and iron ore.

INFORMATION ON THE PURCHASER AND THE COMPANY

The Purchaser is a limited liability company incorporated in Australia and is indirectly wholly owned by the Company. The principal business activity of the Purchaser is investment holding.

The Company is primarily engaged in the mining, processing, smelting, downstream processing, trade, research and development of molybdenum, tungsten and precious metals. The Company is the fourth largest molybdenum producer and second largest tungsten concentrate producer in the world. The key assets of the Company include the Sandaozhuang molybdenum-tungsten mine located in Luoyang Luanchuan, the East Gobi molybdenum project located in Xinjiang Hami and the Shangfanggou molybdenum-iron ore mine in Luoyang Luanchuan.

INFORMATION ON THE SALE INTEREST AND THE BUSINESS

As part of the Proposed Acquisition, the Company will acquire the Vendor's 80% interest in the Northparkes Joint Venture, its right to manage the Northparkes Joint Venture, its interest in certain freehold properties associated with Northparkes and various other rights and assets.

Northparkes is a high quality, copper-gold block caving underground operation in Goonumbla, situated 27 kilometres north west of the town of Parkes in Central West New South Wales, Australia. In 2012, Northparkes produced 5.65 million tonnes of ore for a total of 54 thousand tonnes of contained copper in concentrate and 72 thousand ounces of gold (100% basis). Northparkes has been operating since 1993, and has a remaining life in excess of 20 years.

Information relation to the JORC ore reserves of Northparkes (100% basis) as at 31 December 2012

	Proved Ore Reserve			Probable Ore Reserve			Total Ore Reserve		
	Mt	% Cu	g/t Au	Mt	% Cu	g/t Au	Mt	% Cu	g/t Au
Open pit and stockpiles	8.2	0.40	0.24	–	–	–	8.2	0.40	0.24
Underground	–	–	–	66	0.80	0.28	66	0.80	0.28

Information relation to the JORC additional mineral resources of Northparkes (100% basis), as at 31 December 2012

	Measured Resources			Indicated Resources			Inferred Resources			Total Resources		
	Mt	% Cu	g/t Au	Mt	% Cu	g/t Au	Mt	% Cu	g/t Au	Mt	% Cu	g/t Au
Underground	14	0.91	0.30	3.7	0.71	0.13	271	0.55	0.26	289	0.57	0.26

The unaudited net profits (both before and after taxation) attributable to the Business prepared under Australian equivalent to International Financial Reporting Standards (“AIFRS”), for the two years ended 31 December 2012, and the unaudited net asset value attributable to the Business as at 31 December 2012 prepared under AIFRS are as follows:

For the financial year ended 31 December (in millions):

	2011		2012	
	AUD	HKD equivalent	AUD	HKD equivalent
Net profits before taxation	179.6	1,293.1	203.0	1,461.6
Net profits after taxation	127.4	917.3	144.9	1,043.0
Net asset value	283.6	2,042.2	428.5	3,085.2

Set out below is a summary of the mining tenements of Northparkes:

Tenement	Expiry date	Type of tenement	Area (hectare)	Status
EL5323	17 July 2013	Exploration Licence	21,840	Renewal pending
EL5800	8 January 2015	Exploration Licence	–	–
EL5801	7 January 2014	Exploration Licence	49,550	–
ML1247	26 November 2012	Mining Lease	1,629.6	Renewal pending
ML1367	26 November 2012	Mining Lease	826.2	Renewal pending
ML1641	25 March 2031	Mining Lease	24.42	–

As at the date of this announcement, applications have been submitted to the authorities for the renewals of tenements EL5323, ML1247 and ML1367. Based on its due diligence investigations, the Company has no reason to believe that the renewals would not be granted in the ordinary course. Furthermore, the Vendor has warranted that the tenements are in force and effect as at the effective date of the Asset Sale and Purchase Agreement and at Completion (whether the tenements have been granted or the renewals are pending).

REASONS AND BENEFITS OF THE PROPOSED ACQUISITION

The Proposed Acquisition will provide the Company with an international platform for growth and to build a portfolio of high-quality base, specialty and precious metals businesses. The addition of a high quality, low cost, long-life producing copper mine in a stable mining jurisdiction to the Group's existing businesses through the Proposed Acquisition will support and enhance the Group's prospects while diversifying its earnings and geographic base and enhancing value from significant opportunities for future growth.

In addition, the Proposed Acquisition diversifies the Group's business portfolio and cash flow base with immediate and significant exposure to copper and gold, which the Board believes to have attractive long-term fundamentals.

The Board views the Proposed Acquisition as a compelling strategic opportunity and expects to grow the business of Northparkes through the Group's financial strength, resources, operating experience, infrastructure and by leveraging its leading market position in the PRC.

Although the Group does not own any copper mine at as the date of this announcement, the operations of molybdenum mines and copper mines are very similar in terms of mining and flotation processes. The Group and its members of senior management have extensive mining and exploration experience in similar speciality and precious metals mines in the PRC, which share many common characteristics with copper mines. In addition, the overseas executives of the Company have extensive experience in operating copper mines and other base metals globally.

Taking into account the reasons and benefits of the Proposed Acquisition, the Board is of the view that the terms of the Proposed Acquisition (including the break fees) are fair and reasonable and the Proposed Acquisition is in the best interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER LISTING RULES

As the profits ratio calculated under Rule 14.07 of the Listing Rules with respect to the Proposed Acquisition exceeds 100%, the Proposed Acquisition constitutes a very substantial acquisition of the Company for the purposes of the Listing Rule, and is subject to the notification, publication and shareholders' approval requirements under the Listing Rules.

A circular containing, among other things, further details of the Proposed Acquisition will be dispatched to the Shareholders in compliance with the Listing Rules. As time is required to prepare the financial and other information to be included in the circular in relation to the Proposed Acquisition, the circular is expected to be dispatched to the Shareholders on or before 31 October 2013.

RESUMPTION OF TRADING

At the request of the Company, trading in the H Shares was suspended with effect from 9:00 a.m. on 29 July 2013 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the H Shares with effect from 9:00 a.m. on 31 July 2013.

Shareholders and potential investors should note that the Proposed Acquisition is subject to various conditions which may or may not be fulfilled. There is therefore no assurance that the Proposed Acquisition will proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“A Share(s)”	domestic share(s) with a nominal value of RMB0.20 each issued by the Company which are listed on the Shanghai Stock Exchange and traded in Renminbi (stock code: 603993)
“Asset Sale and Purchase Agreement”	the asset sale and purchase agreement effective date 26 July 2013 entered into between the Vendor, the Purchaser and the Company in relation to the Proposed Acquisition
“AUD”	Australian dollars, the lawful currency of Australia
“Board”	the board of directors of the Company
“Business”	the mining, product transportation, product sales and related businesses and operations conducted by or on behalf of the Vendor in connection with the Northparkes Joint Venture, including but not limited to the Vendor’s interest in Northparkes Joint Venture
“Company”	China Molybdenum Co., Ltd.*, a joint stock company established in the PRC with limited liability, the H Shares and A Shares of which are listed and traded on the main board of the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively
“Completion”	the completion of the Asset Sale and Purchase Agreement
“Completion Date”	the date of Completion, a date which is the first business day of the month following the date on which all of the conditions precedents have been satisfied or waived or such other date as the Vendor and the Purchaser may agree

“controlling shareholder(s)”	has the meaning given to it under the Listing Rules
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign share(s) with a nominal value of RMB0.20 each in the share capital of the Company which are listed on the main board of the Hong Kong Stock Exchange and are traded in Hong Kong dollars
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“JORC”	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, December 2004
“Listing Rules”	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Longstop Date”	22 January 2014 or such later day as agreed in writing by the Vendor and the Purchaser (the Vendor may elect to extend to 26 July 2014, if it relates to obtaining the relevant PRC regulatory approvals)
“MOFCOM”	the People’s Republic of China Ministry of Commerce
“Northparkes”	a copper-gold operation situated in Goonumbla, situated 27 kilometres north west of the town of Parkes in Central West New South Wales, Australia
“Northparkes Joint Venture”	the unincorporated joint venture established between the Vendor, SMM and SCM in respect of the Northparkes mines pursuant to the terms of the Northparkes Joint Venture Agreement

“Northparkes Joint Venture Agreement”	the joint venture agreement entered into between the Vendor, SMM and SCM dated 22 July 1993
“PRC” or “China”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong and the Macau Special Administrative Region of the PRC and Taiwan)
“Proposed Acquisition”	the proposed acquisition of the Sale Interest by the Purchaser from the Vendor pursuant to the Asset Sale and Purchase Agreement
“Purchaser”	CMOC Mining Pty Limited, a company incorporated in Australia with limited liability and indirect wholly owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency in the PRC
“Sale Interest”	the Vendor’s 80% interest in the Northparkes, its right to manage the Northparkes Joint Venture, its interests in certain freehold properties associated with Northparkes and various other rights and assets
“SCM”	SC Mineral Resources Pty Ltd, a company incorporated in Australia, and has an 6.7% interest in the Northparkes Joint Venture as at the date of this announcement
“Share(s)”	A Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of the Shares
“SMM”	Sumitomo Metal Mining Oceania Pty Ltd, a company incorporated in Australia, and has an 13.3% interest in the Northparkes Joint Venture as at the date of this announcement
“USD”	United States dollars, the lawful currency of the United States of America

“Vendor” North Mining Limited, a company incorporated in Australia, and has an 80% interest in the Northparkes Joint Venture as at the date of this announcement

“Vendor Employees” officers and employees of the Vendor

“%” per cent.

The translations of AUD into HKD and USD into HKD throughout this announcement are based on the exchange rate of AUD1.00 to HKD7.2 and USD1.00 to HKD7.8, respectively and are provided for information purposes only.

By Order of the Board
China Molybdenum Co., Ltd.*
Wu Wenjun
Chairman

Luoyang City, Henan Province, the People’s Republic of China, 30 July 2013

As at the date of this announcement, the executive Directors are Mr. Wu Wenjun, Mr. Li Chaochun, Mr. Li Faben, Mr. Wang Qinxi and Ms. Gu Meifeng; the non-executive Directors are Messrs. Shu Hedong and Zhang Yufeng; and the independent non-executive Directors are Messrs. Bai Yanchun, Xu Shan, Cheng Gordon and Xu Xu.

* *for identification purposes only*