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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)

**DISCLOSEABLE TRANSACTION
DISPOSAL OF EQUITY INTEREST IN LUOYANG KUNYU
AND
RESUMPTION OF TRADING**

On 15 April 2014, the Company entered into the Agreement with the Purchaser pursuant to which the Purchaser agreed to purchase and the Company agreed to sell the Sale Interest to the Purchaser for a consideration of RMB700 million.

As one or more of the applicable percentage ratios (as set out and calculated under Rule 14.07 of the Listing Rules) with respect to the Disposal exceeds 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

At the request of the Company, trading in the H Shares has been halted with effect from 9:00 a.m. on Tuesday, 15 April 2014 pending the release of this announcement. An application has been made by the Company to the Hong Kong Stock Exchange for the resumption of trading in the H Shares with effect from 9:00 a.m. on Wednesday, 16 April 2014.

BACKGROUND

Reference is made to the announcement of the Company dated 22 August 2013 in relation to, among others, the Company's intention to dispose of its interests in Luoyang Kunyu. On 15 April 2014, the Company and the Purchaser entered into the Agreement. The principal terms of the Agreement are set out below.

THE AGREEMENT

Date: 15 April 2014

Parties: Vendor: the Company

Purchaser: Zijin Mining

Save for a non-wholly owned subsidiary of Zijin Mining holding an 9.8% equity interest in Luoyang Yongning (a non-wholly owned subsidiary of the Company), to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Zijin Mining and its ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company.

Pursuant to the Agreement, the Purchaser agreed to purchase and the Vendor agreed to sell the Sale Interest to the Purchaser, for a consideration of RMB700 million.

Sale Interest

The Sale Interest represents 70% of the registered capital of Luoyang Kunyu.

Consideration

The consideration for the Sale Interest is RMB700 million which shall be payable in the following manner:

- (a) RMB450 million, within 10 business days after entering into the Agreement; and
- (b) RMB250 million, within 10 business days following completion of the registration procedures in relation to the Disposal with the relevant Administration for Industry and Commerce.

The consideration was determined after arm's length negotiations between the parties with reference to, among others, (i) the net asset value of Luoyang Kunyu; (ii) the historical financial position and performance of Luoyang Kunyu; and (iii) the operations and the future prospectus of the gold mines held by Luoyang Kunyu.

Completion of the Disposal shall take place upon completion of the registration procedures in relation to the Disposal with the relevant Administration for Industry and Commerce. Upon completion of the Disposal, the Company will not hold any interest in Luoyang Kunyu and Luoyang Kunyu will cease to be a subsidiary of the Company.

Management Members

The Purchaser may choose to retain the individuals assigned or nominated by the Company as directors, supervisors and members of senior management of Luoyang Kunyu. Within 10 business days following the receipt of the first instalment, the Company shall recall those individuals who would not be continued to be retained by the Purchaser and procure such individuals to terminate their employment with Luoyang Kunyu. The Company shall be responsible for the economic compensation or damages with respect to the termination of employment, if any.

Termination

Unless otherwise agreed between the Vendor and the Purchaser, if the terms and provisions of the Agreement cannot be fully implemented within 120 days after entering into the Agreement, the Agreement shall be automatically terminated. Within 10 business days of termination, the Company shall refund all the monies received in relation to the Disposal together with interests, without prejudice to any of the parties' rights to claim for any other losses.

If any party breaches its undertakings or warranties under the Agreement, or delays for more than 30 days in providing the materials to implement the Agreement, the defaulting party shall pay the non-defaulting party a break fee in the sum of RMB50 million and compensate the non-defaulting party for all the losses and expenses suffered (if the break fee is not adequate to cover the economic losses suffered by the non-defaulting party). The non-defaulting party is entitled to terminate the Agreement.

INFORMATION OF THE PARTIES

The Company

The Company is primarily engaged in the mining, processing, smelting, deep processing, trade, research and development of molybdenum, tungsten, copper and other precious and base metals. It possesses a complete industry chain which integrates upstream and downstream processes including the molybdenum mining, processing, roasting, molybdenum chemical products and molybdenum metal processing. As one of the largest molybdenum producers in the PRC with a leading position in the world, the Company has the highest production capacity in ferromolybdenum and molybdenum oxides in the PRC. The Company is also one of the largest tungsten concentrates producers in the PRC and the fourth largest copper producer in Australia.

The Purchaser

The Purchaser and its subsidiaries are a comprehensive mining conglomerate primarily engage in exploration, mining, processing, refining and sale of gold and non-ferrous metals and other mineral resources.

Luoyang Kunyu

Luoyang Kunyu is a company established in the PRC with limited liability. The principal assets of Luoyang Kunyu is the Luoning Gold Mine (洛寧金礦) which comprises five gold mines namely, (i) Shanggong Gold Mine (上宮金礦) (covering 4.9961 square kilometers with the mining right expiring in October 2027), (ii) Sanguanmiao Gold Mine (三官廟金礦) (covering 5.6767 square kilometers with the mining right expiring in April 2020), (iii) Qiliping Gold Mine (七裡坪金礦) (covering 22.318 square kilometers with the mining right expiring in May 2020), (iv) Ganshu Gold Mine (幹樹金礦) (covering 9.6729 square kilometers with the mining right expiring in May 2014), and (v) Hugou Gold Mine (虎溝金礦) (covering 7.9976 square kilometers with the mining right expiring in April 2022). Luoyang Kunyu has obtained a PRC Mineral Resources Exploration Permit (No. T01120100602040841) issued by the Ministry of Land and Resources of the PRC dated 15 July 2013. The name of the exploration project is Luoning County Shanggong Gold Mine Deep Exploration (covering an area of 5.04 square kilometers with the exploration right expiring on 3 June 2015).

Set out below is a summary of the estimated resources and reserves of the Luoning Gold Mine as at 31 December 2013:

Estimated mineral resources reserves under the PRC standards

Mineral resources reserves	Gold metal	Average grade	Mineral resources reserves	Average grade	Mineral resources reserves	Average grade	Mineral resources reserves	Average grade
<i>(0'000 tonnes)</i>	<i>(tonne)</i>	<i>(t/g)</i>	<i>(111b)</i> <i>(0'000 tonnes)</i>	<i>(t/g)</i>	<i>(112b)</i> <i>(0'000 tonnes)</i>	<i>(t/g)</i>	<i>(333)</i> <i>(0'000 tonnes)</i>	<i>(t/g)</i>
1,323.16	56.92	4.3	25.04	3.98	71.66	3.89	1,226.46	4.33

Estimated mineral reserves under the PRC standards

Mineral reserves	Gold metal	Average grade	Gold metal	Average grade	Gold metal	Average grade
<i>(0'000 tonnes)</i>	<i>(Kg)</i>	<i>(t/g)</i>	<i>(111b)</i> <i>(Kg)</i>	<i>(t/g)</i>	<i>(122b)</i> <i>(Kg)</i>	<i>(t/g)</i>
96.70	3,787.33	3.92	997.10	3.98	2,790.24	3.89

The above resources and reserves were estimated by the Group's internal experts with reference to: the Opinions on the Examination of Mineral Resources and Reserves in Survey (General Prospecting and Exploration) Report on Handover Resources of Shanggong Gold Mine, Luoning County, Henan Province* (《〈河南省洛寧縣上宮金礦接替資源勘查(普查)報告〉礦產資源儲量評審意見書》) (Zhong Kuang Yu Chu Ping Zi [2011] No. 024) issued by Beijing Mineral Assessment Centre (北京中礦聯諮詢中心) on 23 June 2011; Geological survey report on Sanguanmiao, Qiliping, Ganshu and Hugou Gold Mines of Luoyang Kunyu (《洛陽坤宇礦業有限公司三官廟、七裡坪、幹樹、虎溝金礦地質勘查報告》) prepared by No. 2 Geological Team of Henan Provincial Bureau of Geo-exploration (河南省地勘局第二地質隊).

Set out below is the audited financial information of Luoyang Kunyu for each of the two years ended 31 December 2013 prepared in accordance with the PRC GAAP:

	For the year ended 31 December	
	2012	2013
	<i>RMB (million)</i>	
Net profit before taxation	84.86	28.62
Net profit after taxation	61.59	21.97
	As at	As at
	31 December 2012	31 December 2013
	<i>RMB (million)</i>	
Net assets	656.69	591.19

Set out below is the unaudited financial information of Luoyang Kunyu for the three months ended 31 March 2014 prepared in accordance with the PRC GAAP:

	For the three months ended 31 March 2014	
	<i>RMB (million)</i>	
Net profit		6.27
	As at 31 March 2014	
	<i>RMB (million)</i>	
Net assets		598.41

USE OF PROCEEDS

It is estimated that the Company would record a gain of approximately RMB281 million from the Disposal, which is calculated based on the consideration of RMB700 million less the carrying value of the Sale Interest as at 31 March 2014. The actual amount of gain or loss on Disposal to be recognised by the Company will be determined based on the carrying value of the Sale Interest and the fair value of the consideration at completion date, and may therefore be different from the amount mentioned above.

The Company intends to apply the net proceeds from the Disposal as general working capital of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

As disclosed in the announcement of the Company dated 22 August 2013, to improve the structure and quality of the Group's assets, and to enhance profitability of the Group, the Company intended to dispose of its interest in Luoyang Kunyu.

The Disposal would enable the Group to, reorganise and optimise its balance sheet through divestiture of non-core and inefficient assets; consolidate its financial resources to acquire and invest in matured resources projects with positive cash flow in politically stable jurisdictions to improve return on capital and expand the scale of operations; and enhance its risk resistance capacity whilst continue to provide better returns to the Shareholders. Based on the above, the Board is of the view that the Disposal is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as set out and calculated under Rule 14.07 of the Listing Rules) with respect to the Disposal exceeds 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

RESUMPTION OF TRADING

At the request of the Company, trading in the H Shares on the Hong Kong Stock Exchange has been halted with effect from 9:00 a.m. on Tuesday, 15 April 2014 pending the release of this announcement. An application has been made by the Company to the Hong Kong Stock Exchange for resumption of trading in the H Shares on the Hong Kong Stock Exchange with effect from 9:00 a.m. on Wednesday, 16 April 2014.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms 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)
“Agreement”	the equity transfer agreement dated 15 April 2014 entered into between the Company and the Purchaser in relation to the sale and purchase of the Sale Interest
“Board”	the board of directors of the Company
“Company” or “Vendor”	China Molybdenum Co., Ltd.* (洛陽欒川鉬業集團股份有限公司), 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
“connected person”	has the meaning ascribed to this term under the Listing Rules
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Interest by the Company to the Purchaser pursuant to the terms and conditions of the Agreement
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Luoyang Kunyu”	Luoyang Kunyu Mining Co., Ltd.* (洛陽坤宇礦業有限公司), a company established in the PRC with limited liability, and is a non-wholly owned subsidiary of the Company
“Luoyang Yongning”	Luoyang Yongning Gold & Lead Refining Co., Ltd.* (洛陽永甯金鉛冶煉有限公司), a company established in the PRC with limited liability, and is a non-wholly owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Interest”	the Company’s 70% equity interest in Luoyang Kunyu
“Share(s)”	A Share(s) and H Share(s)
“Shareholders”	holder(s) of the Shares
“Zijin Mining” or “Purchaser”	Zijin Mining Group Co., Ltd.* (紫金礦業集團股份有限公司), a company established in the PRC with limited liability
“%”	per cent.

By Order of the Board
China Molybdenum Co., Ltd.*
Li Chaochun
Chairman

Luoyang City, Henan Province, PRC, 15 April 2014

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

* For identification purposes only