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CHINALCO-CMC

Chinalco Mining Corporation International
中鋁礦業國際

(incorporated under the laws of the Cayman Islands with limited liability)

(Stock Code: 3668)

CONTINUING CONNECTED TRANSACTION
COPPER CONCENTRATES SALES AGREEMENT

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On 12 May 2015, the Company and Yunnan Copper entered into the Copper Concentrates Sales Agreement for the purpose of governing the sale and purchase of copper concentrates produced from the Mine from time to time for three years commencing from 1 January 2016.

IMPLICATIONS UNDER THE LISTING RULES

Yunnan Copper is an indirect subsidiary of Chinalco, the indirect controlling shareholder of the Company. Pursuant to Chapter 14A of the Listing Rules, Yunnan Copper is therefore a connected person of the Company and the Copper Concentrates Sales Agreement constitutes a continuing connected transaction. As the highest of the applicable percentage ratios under Chapter 14A of the Listing Rules in respect of the Copper Concentrates Sales Agreement is more than 5% but less than 25%, the Copper Concentrates Sales Agreement is subject to the reporting, announcement, annual review and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules. The Company will seek the Independent Shareholders' approval for the Copper Concentrates Sales Agreement and the transactions contemplated thereunder (including the Annual Caps) at the AGM.

The Independent Board Committee comprising all of the independent non-executive Directors will be established to advise and provide recommendation to the Independent Shareholders on the Copper Concentrates Sales Agreement and the transactions contemplated thereunder including the Annual Caps and to advise the Independent Shareholders on how to vote.

First Shanghai Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Copper Concentrates Sales Agreement and the transactions contemplated thereunder (together with the Annual Caps).

A circular containing, among other things, (i) details of the Copper Concentrates Sales Agreement; (ii) a letter from the Independent Board Committee in respect of the Copper Concentrates Sales Agreement; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Copper Concentrates Sales Agreement; (iv) a notice to convene the AGM or another general meeting of the Company to approve, among other things, the Copper Concentrates Sales Agreement and the Annual Caps will be despatched to the shareholders of the Company in accordance with the Listing Rules on or before 2 June 2015.

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Date: 12 May 2015

Parties:

- (1) the Company (the “**Seller**”)
- (2) Yunnan Copper Corporation Ltd. (the “**Buyer**”)

Subject matter: The Seller agrees to sell to the Buyer and the Buyer agrees to buy from the Seller Annual Quantities of no more than 100,000 (one hundred thousand) dmt of Materials per year, provided that the Seller will not be under any obligation to sell any Material to the Buyer in breach of the Listing Rules or other regulatory rules and regulations of the Stock Exchange applicable to the Seller.

Term: Three consecutive Calendar Years commencing from 1 January 2016

Pricing: The price will be:

- determined by the final assay;
- for copper, calculated by reference to the official LME Cash Settlement Price for Grade A Copper as quoted on the London Metal Bulletin and averaged over the Quotational Period applying a specific discount, less refining charges;

- for silver, if the final silver content is equal to or exceeds 30 grams per dmt, calculated by reference to the official LBMA Spot Price for silver as quoted on the London Metal Bulletin and averaged over the Quotational Period applying a specific discount, less refining charges;
- for gold, if the final gold content is equal to or greater than 1 gram per dmt, calculated by reference to the official LBMA morning/afternoon prices for gold as quoted on the London Metal Bulletin and averaged over the Quotational Period applying a specific discount, less refining charges; and
- if certain impurities are found in the Materials, a further adjustment will be made in accordance with the Copper Concentrates Sales Agreement.

The sale of Materials by the Seller and the purchase of Materials by the Buyer under the Copper Concentrates Sales Agreement will at all times be conducted subject to and in accordance with the Listing Rules and the applicable guidelines, rules and regulations of the Stock Exchange.

The terms agreed between the Seller and the Buyer in the Copper Concentrates Sales Agreement will be on normal commercial terms and will be no less favourable to the Seller than such terms available to the Seller when the Seller contracts with independent parties for the sale of copper concentrates similar to the Materials.

Quotational Period:

Quotational period for all payable metals will be the 3rd (third) calendar month following month of shipment as evidenced by the Bill of Lading date.

Payment terms:

For each shipment under the Copper Concentrates Sales Agreement, Buyer will open an irrevocable letter of credit through a bank nominated by the Buyer and in form and substance fully acceptable to the Seller.

THE PROPOSED ANNUAL CAPS

The proposed Annual Caps for the transactions contemplated under the Copper Concentrates Sales Agreement for each of the financial years ending 31 December 2016, 2017 and 2018 are respectively as follows:

	For the financial year ending 31 December		
	2016	2017	2018
US\$ million	205.3	205.3	205.3
(approximately HK\$ million)	1,591.1	1,591.1	1,591.1

The proposed Annual Caps are determined by reference to the sales volumes for each of the year ending 31 December 2016, 2017 and 2018, being the Annual Quantity under the Copper Concentrates Sales Agreement, estimated assay results and the currently estimated commodity prices for copper, silver and gold based on the information available to the Company.

REASONS FOR ENTERING INTO THE COPPER CONCENTRATES SALES AGREEMENT

The Company's principal activities include the production and sale of metal products, including copper concentrates. As part of its ordinary and usual course of business, the Company sells some of its products to Yunnan Copper at prices and on terms which are consistent with prevailing market rates and qualities of the relevant products. Entering into the Copper Concentrates Sales Agreement will allow the Company to secure an additional sales channel in advance which will enable the Company to arrange its production in a more reasonable manner.

The Directors (excluding independent non-executive Directors whose view will be given after taking into account the advice from the Independent Financial Adviser) consider that it is in the best interests of the Company and the shareholders as a whole to enter into the Copper Concentrates Sales Agreement (and the transactions contemplated thereunder) and the terms of the Copper Concentrates Sales Agreement are fair and reasonable and the transactions contemplated by the Copper Concentrates Sales Agreement are on normal commercial terms or better and in the ordinary and usual course of business of the Company.

Dr. Zhang Chengzhong, who is a senior management of Chinalco (the indirect controlling shareholders of the Company), Dr. Li Bohan, Dr. Liu Hongjun and Dr. Wang Dongbo, who are senior management of China Copper Corporation Limited (中國銅業有限公司), the controlling shareholder of Yunnan Copper, have abstained from voting on the Board resolutions to approve the Copper Concentrates Sales Agreement.

INFORMATION OF THE COMPANY

The Company is a resource development company acting as the core platform of Chinalco for the future acquisition, investment, development and operation of non-ferrous and non-aluminum mineral resources and projects outside the PRC.

INFORMATION OF THE BUYER

Yunnan Copper is a non-wholly owned subsidiary of Chinalco, the controlling shareholder of the Company. Yunnan Copper is principally engaged in copper exploration, mining, dressing and smelting, resources development of zinc, titanium, molybdenum and phosphorus, and comprehensive recycling of precious rare metal. Its business includes non-ferrous metals business, geological exploration, engineering consulting, chemical production, futures brokerage, logistics and transportation and international trade.

IMPLICATIONS UNDER THE LISTING RULES

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DEFINITIONS

“AGM”	the annual general meeting of the Company to be held on 18 June 2015 to consider and approve, among other things, the Copper Concentrates Sales Agreement and the transactions contemplated thereunder (including the Annual Caps)
“Annual Caps”	the proposed maximum aggregate annual amount for the transactions contemplated under the Copper Concentrates Sales Agreement for each of the financial years commencing on 1 January 2016, 2017 and 2018
“Annual Quantity”	the quantity of Material to be delivered to Buyer in any Calendar Year as determined in accordance with the Copper Concentrates Sales Agreement
“Board”	the board of Directors
“Calendar Year”	a period of 12 consecutive months commencing 1 January and ending 31 December
“Chinalco”	Aluminum Corporation of China (中國鋁業公司), a state-owned enterprise incorporated under the laws of the PRC and the indirect Controlling Shareholder of the Company
“Company”	Chinalco Mining Corporation International (中鋁礦業國際), an exempted company incorporated under the laws of the Cayman Islands with limited liability on 24 April 2003
“Copper Concentrates Sales Agreement”	the agreement between the Company and Yunnan Copper in relation to sales of copper concentrates dated 12 May 2015
“Director(s)”	the director(s) of the Company
“dmt”	dry metric tonne
“Group”	the Company and its subsidiaries
“Independent Financial Adviser”	First Shanghai Capital Limited, the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Copper Concentrates Sales Agreement

“Independent Board Committee”	an independent committee of the Board (which comprises all the independent non-executive Directors) established to advise the Independent Shareholders with regard to the Copper Concentrates Sales Agreement and the transactions contemplated thereunder (including the Annual Caps)
“Independent Shareholders”	shareholders of the Company who do not have any material interests in the Copper Concentrates Sales Agreement other than by virtue of their respective shareholdings in the Company
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“LME”	the London Metal Exchange
“LBMA”	the London Bullion Market Association
“Material”	the copper concentrates as described in the Copper Concentrates Sales Agreement, which may be (i) copper concentrates from the Mine; or (ii) blended copper concentrates
“Mine”	the Toromocho Project, located in central Peru in the core of the Morococha mining district, which is developed and operated by a wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$” or “US Dollars”	United States dollars, the lawful currency of the United States

“Yunnan Copper”

Yunnan Copper Corporation Ltd. (雲南銅業(集團)有限公司), a company incorporated under PRC law, which is a non-wholly owned subsidiary of Chinalco

“%”

per cent

By order of the Board
Chinalco Mining Corporation International
Zhang Chengzhong
Chairman

Beijing, the PRC, 13 May 2015

As at the date of this announcement, the Company’s non-executive directors are Dr. Li Bohan, Dr. Liu Hongjun and Dr. Wang Dongbo, the Company’s executive directors are Dr. Zhang Chengzhong, Mr. Huang Shanfu and Mr. Jin Yanbing, and the Company’s independent non-executive directors are Mr. Scott McKee Hand, Mr. Ronald Ashley Hall, Mr. Lai Yat Kwong Fred and Mr. Francisco Augusto Baertl Montori.