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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)

**MAJOR TRANSACTION
ACQUISITION OF ANGLO AMERICAN PLC'S
NIOBIUM AND PHOSPHATES BUSINESSES
AND
RESUMPTION OF TRADING IN H SHARES**

TRANSACTION

On 27 April 2016, the Purchaser, a wholly owned subsidiary of the Company, and the Company entered into the Sale and Purchase Agreement with, among others, the Vendors, pursuant to which, Ambras and AA Luxembourg have agreed to sell, and the Purchaser has agreed to purchase, the whole issued share capitals of AAFB and AANB, as well as their related subsidiaries and associated marketing functions (collectively, the “**Niobium and Phosphates Businesses**”). The Aggregate Consideration is USD1.5 billion (equivalent to approximately HKD11.625 billion) (subject to adjustments).

IMPLICATIONS UNDER LISTING RULES

Based on the information available as at the date of this announcement, as one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules with respect to the Transaction exceed 25% but are less than 100%, the Transaction constitutes a major transaction of the Company for the purposes of the Listing Rules, and is therefore subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

A circular containing, among others, further details of the Transaction, the financial information of the Niobium and Phosphates Businesses, competent person's report on the ore reserves and mineral resources of the Niobium and Phosphates Businesses in accordance with Chapter 18 of the Listing Rules and a valuation report on the mineral assets of the Niobium and Phosphates Businesses prepared in accordance with the requirements under Chapter 18 of the Listing Rules will be despatched to the Shareholders in due course. As time is required to prepare the foregoing financial and other information to be included in the circular in relation to the Transaction, the circular is expected to be despatched to the Shareholders on or before 29 July 2016.

RESUMPTION OF TRADING IN H SHARES

At the request of the Company, trading in the H Shares was suspended with effect from 9:00 a.m. on 28 April 2016 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 3 May 2016.

CONTINUED SUSPENSION OF TRADING IN A SHARES

Trading in A Shares remains suspended as the Transaction constitutes a material assets reorganisation of the Company and the Company is in the process of preparing the material assets reorganisation proposal to ensure fair information disclosure, protect the interest of investors and avoid unusual fluctuations in price of A Shares.

SHAREHOLDERS AND POTENTIAL INVESTORS SHOULD NOTE THAT THE TRANSACTION IS SUBJECT TO VARIOUS CONDITIONS PRECEDENT AND MAY OR MAY NOT BECOME UNCONDITIONAL OR BE COMPLETED. THERE IS THEREFORE NO ASSURANCE THAT THE TRANSACTION WILL PROCEED. SHAREHOLDERS AND POTENTIAL INVESTORS ARE REMINDED TO EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY.

BACKGROUND

Reference is made to the announcements of the Company dated 28 April 2016.

On 27 April 2016, the Purchaser, a wholly owned subsidiary of the Company, and the Company entered into a Sale and Purchase Agreement with, among others, the Vendors, pursuant to which, (i) Ambras and AA Luxembourg have agreed to sell and the Purchaser has agreed to purchase the whole issued share capitals of AAFB and AANB; (ii) AAML has agreed to sell and the Purchaser has agreed to purchase the Niobium Sales Function; (iii) Capital PLC agrees to assign the benefit of the Capital PLC Loans to the Purchaser and the Purchaser agrees to assume the rights in respect of the Capital PLC Loans; (iv) Capital Luxembourg and the Purchaser agree to enter into the Capital Luxembourg Loans Closing Agreement at Completion; (v) the Company, as guarantor, has agreed to guarantee the due and punctual performance of the Purchaser with its obligations under the Sale and Purchase Agreement; and (vi) the Vendors' Guarantor, as guarantor, has agreed to guarantee the due and punctual performance of the Vendors with their obligations under, among others, the Sale and Purchase Agreement.

Upon completion of the Transaction: (i) AAFB and AANB will become wholly owned subsidiaries of the Company; (ii) the Niobium Sales Function will be owned by the Purchaser; and (iii) the Purchaser will have all the interests in the Capital Loans.

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

SALE AND PURCHASE AGREEMENT

Effective Date

27 April 2016

Parties

- (i) the Vendors;
- (ii) the Vendors' Guarantor;
- (iii) the Purchaser (the Company may incorporate a company in Brazil to act as a purchasing entity); and
- (iv) the Company.

To the best of the Directors' knowledge, information, and belief after having made all reasonable enquiries, the Vendors and the Vendors' Guarantor and their 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 Vendors, the Vendors' Guarantor or their ultimate beneficial owners which is required to be aggregated with the Transaction pursuant to Rule 14.22 of the Listing Rules.

Assets And Businesses To Be Acquired

The Purchaser will (i) acquire the whole issued share capitals of AAFB and AANB from Ambras and AA Luxembourg, free from Encumbrances and together with all rights and advantages attaching to them as at Completion (including, without limitation, the right to receive all dividends and distributions declared, made, or paid on or after Closing); (ii) acquire the Niobium Sales Function from AAML; (iii) assume the rights of the Capital PLC Loans; and (iv) enter into the Capital Luxembourg Loans Closing Agreement with Capital Luxembourg.

Consideration

The aggregate consideration for the Transaction (the "**Aggregate Consideration**") is USD1.5 billion (equivalent to approximately HKD11.625 billion), subject to standard adjustments for a transaction of this nature, including working capital adjustment, will be paid to the Vendors at Completion.

The Purchaser will satisfy the consideration through a combination of the Group's existing cash reserves and undrawn credit facilities.

The consideration was determined on an arm's length basis following due diligence and financial analysis by the Company and its professional advisors on information provided by the Vendors and negotiations with the management and professional advisors of the Vendors as part of a competitive auction process, and by reference to, among others, the resources and reserves, mine plan and operations for the Niobium and Phosphates Businesses, stable market dynamics, competitive cost structure, synergies between the Niobium and Phosphates Businesses, and the Company's assessment of the prospects of the assets and strategic benefits from a more diversified cash flow and earnings base.

Adjustments To Consideration

At Completion, the consideration shall be adjusted as below:

- (i) USD1.5 billion; plus
- (ii) the Estimated Closing Cash Balance; minus
- (iii) the Estimated Closing Indebtedness; plus/minus
- (iv) the Estimated Closing Working Capital Adjustment.

If the Estimated Closing Working Capital exceeds USD114,400,000 (the “**Base Working Capital**”), the absolute difference shall be added to the Aggregate Consideration. If the Estimated Closing Working Capital is less than the Base Working Capital, the absolute difference shall be deducted from the Aggregate Consideration.

Condition Precedents

Completion is conditional upon the fulfilment of a number of conditions, including but not limited to the following:

- (a) PRC regulatory approvals: the receipt of all PRC regulatory approvals, including:
 - (1) a filing acceptance notification from the NDRC;
 - (2) Outbound Investment Certificate from MOFCOM;
 - (3) Foreign Exchange Registration Certificate from the State Administration of Foreign Exchange or the relevant handling bank; and
 - (4) merger control approval from MOFCOM.
- (b) Shareholder approval: the Shareholders approve the Transaction;

If the conditions precedent have not been satisfied on or before the Long Stop Date, the Sale and Purchase Agreement may be terminated by notice given by the Purchaser or the Vendors.

Guarantee

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

The Vendors' Guarantor, as guarantor, unconditionally and irrevocably guarantees to the Purchaser the due and punctual compliance of the Vendors of all their obligations under the Sale and Purchase Agreement.

Completion

Completion shall take place on the 10th (tenth) business day following notification of the satisfaction or dismissal of the conditions precedent (or, if such date falls within five business days of a month end for AAFB and AANB, at the election of Ambras, on the date that constitutes such month end), or at such other date as may be agreed between the Purchaser and Ambras.

UNDERTAKINGS BY CONTROLLING SHAREHOLDERS

Cathay Fortune Corporation* (鴻商產業控股集團有限公司) and Luoyang Mining Group Co., Ltd.* (洛陽礦業集團有限公司), the controlling shareholders of the Company who in aggregate hold approximately 63% equity interest in the Company, have undertaken to vote in favour of the resolutions to approve the Transaction.

INFORMATION ON THE NIOBIUM AND PHOSPHATES BUSINESSES

The Niobium Business is an important strategic addition to the Company's existing core molybdenum and tungsten business as it is a critical value-added input for specialised alloys and steel production.

The Niobium Business produces and exports ferroniobium and has recently completed a capacity expansion. It is expected to become the second-largest producer of niobium in the world upon completing its ongoing capacity ramp-up. Principally, the niobium business consists of the Boa Vista Mine, Area Leste, Mina I/II and Morro do Padre deposits. Processing operations include the newly-built Boa Vista Fresh Rock ("BVFR") plant, the BV plant and the Tailings Plant which recovers niobium from processing phosphate tailings from the Chapadão concentration plant. The Niobium Business also includes a marketing function located in London and Singapore. The BVFR plant reached commercial production as of March 2016 and with the completion of the ramp-up it will support the niobium business to reach overall total annual capacity of 9,000 tonnes. The Niobium Business recorded sales volume of 4,600 tonnes and 5,100 tonnes in 2014 and 2015, respectively.

Information relation to the JORC ore reserves of the Niobium Business as at 31 December 2015

	Proved Ore Reserve		Probable Ore Reserve		Total Ore Reserve	
	Mt	%Nb2O5	Mt	%Nb2O5	Mt	%Nb2O5
BV Oxide (Operation)	0.4	0.94%	0.2	0.72%	0.6	0.87%
Tailings (Operation)	–	–	17.7	0.69%	17.7	0.69%
BV Fresh Rock (Projects)	0.1	0.96%	25.8	0.89%	26.0	0.89%

Information relation to the JORC additional mineral resources of the Niobium Business as at 31 December 2015

	Measured Resources		Indicated Resources		Inferred Resources		Total Resources	
	Mt	%Nb2O5	Mt	%Nb2O5	Mt	%Nb2O5	Mt	%Nb2O5
BV Oxide (Operation)	–	–	–	–	1.3	0.83%	1.3	0.83%
Ares Leste Oxide (Projects)	–	–	–	–	2.7	1.07%	2.7	1.07%
Ares Leste Fresh Rock (Projects)	–	–	–	–	13.0	1.22%	13.0	1.22%
BV Fresh Rock (Projects)	–	–	1.8	0.91%	13.3	1.05%	15.1	1.03%
Mina I (Projects)	–	–	7.9	0.97%	5.5	0.92%	13.4	0.95%
Mina II (Projects)	0.1	1.19%	3.2	1.19%	2.6	1.06%	5.9	1.13%
Morro do Padre (Projects)	–	–	–	–	11.5	1.48%	11.5	1.48%

The Phosphates Business provides strategically important diversification benefits to the Company's metals portfolio. The phosphate sector has attractive long-term fundamentals and positive outlook due to robust demand and supply dynamics in Brazil. The country represents the third largest phosphate consumer for the production of agricultural products including soybeans, coffee and sugarcane; Brazil has the largest potential arable land in the world.

The Phosphates Business operations consist of the Chapadão mine, Ouvidor beneficiation plant, Catalão and Cubatão chemical plants, and two high-grade undeveloped deposits (Coqueiros and Morro Preto) situated in Goiás state, Brazil. The Phosphates Business is an integrated operation that covers mining of phosphate ore, refining operations to produce P₂O₅ concentrate, and processing intermediate and final products. In 2015, the Chapadão mine produced 1.1 million tonnes of fertiliser and has the highest P₂O₅ grade in Brazil with a remaining mine life in excess of 46 years.

Information relation to the JORC ore reserves of the Phosphates Business as at 31 December 2015

	Proved Ore Reserve		Probable Ore Reserve		Total Ore Reserve	
	Mt	% P2O5	Mt	% P2O5	Mt	% P2O5
Chapadão Oxide	55.1	13.0%	159.0	12.3%	214.1	12.5%

Information relation to the JORC additional mineral resources of the Phosphates Business as at 31 December 2015

	Measured Resources		Indicated Resources		Inferred Resources		Total Resources	
	Mt	% P2O5	Mt	% P2O5	Mt	% P2O5	Mt	% P2O5
Chapadão Oxide	0.3	13.4%	29.8	13.2%	105.6	10.4%	135.7	11.0%
Coqueiros Oxide	1.8	10.5%	16.5	12.9%	26.2	11.2%	44.5	11.8%
Coqueiros Fresh Rock	1.2	7.3%	34.0	8.5%	16.2	7.6%	51.4	8.2%

The audited financials attributable to the Niobium and Phosphates Businesses, prepared under International Financial Reporting Standards and as disclosed by Anglo in its annual report for the two years ended 31 December 2014 and 31 December 2015, are as follows:

	2014		2015	
	<i>USD (million)</i>	<i>HKD (million)</i>	<i>USD (million)</i>	<i>HKD (million)</i>
Revenue	666	5,162	544	4,216
EBITDA	152	1,178	163 ^(a)	1,263 ^(a)

(a) Includes Underlying EBIT of USD17 million from BVFR which was capitalised in 2015, as the project had not reached commercial production

EMPLOYEES

The Purchaser has agreed that the employees who are employed by AAFB, AANB and the Niobium Sales Function 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 employees immediately prior to the Completion.

REASONS AND BENEFITS OF THE TRANSACTION

The Transaction represents a compelling fit with the Group's strategy of acquiring high quality growth assets while achieving earnings, commodity, and geographic diversification:

- Strengthens the Group's international asset portfolio by adding high quality, low cost, and long-life assets with a strong operating track record;
- Enhances the Group's earnings and cash flow through the Niobium and Phosphate Businesses' substantial and stable operating margins;
- Positions the Group as the second-largest supplier of phosphates in Brazil and the second-largest niobium supplier globally;
- Enhances the Group's leadership position in specialised alloys and creates new opportunities to leverage the Group's market positioning and capabilities in China; and
- Increases the Group's commodity diversification with the addition of a fully-integrated phosphate business which enjoys the lowest cost position in the growing and structurally important Brazilian agriculture market.

Taking into account the reasons and benefits of the Transaction, the Board is of the unanimous view that the terms of the Transaction are fair and reasonable and are in the best interest of the Company and the Shareholders as a whole.

INFORMATION ON THE VENDORS AND ANGLO

Anglo indirectly holds 100% interest of the associated Niobium sales and marketing function located in London and Singapore of AANB (together with AANB, the “**Niobium Business**”). Ambras and AA Luxembourg are holding companies wholly-owned by Anglo. Together, they hold a 100% interest of AANB, 100% interest of AAFB and its associated phosphate business (the “**Phosphates Business**”), and certain other assets associated with each business.

Anglo is a globally diversified mining group. Its business includes the planning and development of mines, mining, processing, and marketing of its products to customers globally. Anglo is a leading producer of diamonds (through De Beers), platinum, copper, iron ore, nickel and coal.

INFORMATION ON THE PURCHASER AND THE GROUP

The Purchaser is an investment holding company with limited liability incorporated in Hong Kong. The Purchaser is a wholly owned subsidiary of the Company.

The Group is primarily engaged in the mining, processing and marketing of mineral products. The Group is one of the world’s largest molybdenum and tungsten producers, and Australia’s fourth largest producer of copper. The Group’s key operating assets include Sandaozhuang molybdenum-tungsten mine and facilities located in Luoyang, the PRC as well as the Northparkes copper-gold mine located near Parkes, New South Wales, Australia. The Company is dual-listed on the Hong Kong Stock Exchange (HK3993) and the Shanghai Stock Exchange (SH603993).

IMPLICATIONS UNDER LISTING RULES

Based on the information available as at the date of this announcement, as one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules with respect to the Transaction exceed 25% but are less than 100%, the Transaction constitutes a major transaction of the Company for the purposes of the Listing Rules, and is therefore subject to the notification, announcement and shareholders’ approval requirements under Chapter 14 of the Listing Rules.

A circular containing, among others, further details of the Transaction, the financial information of the Niobium and Phosphates Businesses, competent person's report on the ore reserves and mineral resources of the Niobium and Phosphates Businesses prepared in accordance with Chapter 18 of the Listing Rules and a valuation report on the mineral assets of the Niobium and Phosphates Businesses prepared in accordance with the requirements under Chapter 18 of the Listing Rules will be despatched to the Shareholders in due course. As time is required to prepare the foregoing financial and other information to be included in the circular in relation to the Transaction, the circular is expected to be despatched to the Shareholders on or before 29 July 2016.

RESUMPTION OF TRADING IN H SHARES

At the request of the Company, trading in the H Shares was suspended with effect from 9:00 a.m. on 28 April 2016 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in H Shares with effect from 9:00 a.m. on 3 May 2016.

CONTINUED SUSPENSION OF TRADING IN A SHARES

Trading in A Shares remains suspended as the Transaction constitutes a material assets reorganisation of the Company and the Company is in the process of preparing the material assets reorganisation proposal to ensure fair information disclosure, protect the interest of investors and avoid unusual fluctuations in price of A Shares.

SHAREHOLDERS AND POTENTIAL INVESTORS SHOULD NOTE THAT THE TRANSACTION IS SUBJECT TO VARIOUS CONDITIONS PRECEDENT AND MAY OR MAY NOT BECOME UNCONDITIONAL OR BE COMPLETED. THERE IS THEREFORE NO ASSURANCE THAT THE TRANSACTION 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)
“AAFB”	Anglo American Fosfatos Brasil Limitada, a company incorporated in Brazil

“AAML”	Anglo American Marketing Limited, a company incorporated in England and Wales
“AANB”	Anglo American Nióbio Brasil Limitada, a company incorporated in Brazil
“AA Luxembourg”	Anglo American Luxembourg SÁRL, a company incorporated in Luxembourg
“Ambras”	Ambras Holdings SÁRL, a company incorporated in Luxembourg
“Anglo”	Anglo American plc, a company incorporated in England and Wales and has a primary listing on the London Stock Exchange, and a secondary listing on the Johannesburg Stock Exchange
“Anglo Group”	Anglo and its subsidiaries
“Board”	the board of directors of the Company
“Capital Loans”	Capital Luxembourg Loans and the Capital PLC Loans
“Capital Luxembourg”	Anglo American Capital Luxembourg SÁRL, a company incorporated in Luxembourg
“Capital Luxembourg Loans”	any loan made to AAFB pursuant to a revolving cash advance facility agreement dated 24 May 2012 between AAFB and Capital Luxembourg
“Capital Luxembourg Loans Closing Agreement”	the total return swap agreement to be entered into at Completion between Capital Luxembourg and the Purchaser in relation to the Capital Luxembourg Loans
“Capital PLC”	Anglo American Capital plc, a company incorporated in England and Wales

“Capital PLC Loans”	any loan made to AANB pursuant to a revolving cash advance facility agreement dated 2 January 2012 and a revolving cash advance facility agreement dated 2 January 2014 between AANB and Capital Luxembourg, each of which has been assigned to Capital PLC
“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 Sale and Purchase Agreement
“Encumbrance”	any claim, charge, mortgage, lien, option, equitable right, power of sale, pledge, hypothecation, usufruct, retention of title, right of pre-emption, right of first refusal or other third party right or security interest of any kind or an agreement, arrangement or obligation to create any of the foregoing
“Estimated Closing Cash Balance”	the estimated closing AAFB cash balance plus the estimated closing AANB cash balance, as derived from the Estimated Closing Statement
“Estimated Closing Indebtedness”	the estimated closing AAFB indebtedness plus the estimated closing AANB indebtedness, as derived from the Estimated Closing Statement
“Estimated Closing Statement”	the statement to be prepared by Ambras and as agreed by the Purchaser pursuant to the Sale and Purchase Agreement
“Estimated Closing Working Capital”	the estimated closing AAFB working capital plus the estimated closing AANB working capital, as derived from the Estimated Closing Statement
“Group”	the Company and its subsidiaries
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“JORC”	Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Long Stop Date”	the date falling six months after the date of executing the Sale and Purchase Agreement or such later date as Ambras may notify the Purchaser as being the Long Stop Date provided that such new Long Stop Date as notified by Ambras may be no later than 12 months after the date of the Sale and Purchase Agreement
“MOFCOM”	the Ministry of Commerce of the PRC
“NDRC”	the National Development and Reform Commission of the PRC
“Niobium and Phosphates Businesses”	all the businesses of AAFB and AANB, including their related subsidiaries and associated marketing functions
“Niobium Sales Function”	the niobium marketing and sales function of AAML, comprising (i) the aggregate amount of ferroniobium owned by AAML as at Closing; (ii) all contracts, undertakings, arrangements and agreements entered into by AAML to sell niobium; and (iii) certain employees of AAML
“PRC” or “China”	the People’s Republic of China (for the purposes of this announcement, excluding Hong Kong and the Macau Special Administrative Region of the PRC and Taiwan)
“Purchaser”	CMOC Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency in the PRC

“Sale and Purchase Agreement”	the sale and purchase agreement effective date 27 April 2016 entered into between the Vendors, the Vendors’ Guarantor, the Purchaser, the Company in relation to the Transaction
“Share(s)”	A Share(s) and H Share(s)
“Transaction”	the proposed acquisition of the whole issued share capitals of AAFB and AANB, the Niobium Sales Function, and the assumption of the rights in respect of the Capital Loans
“USD”	United States dollars, the lawful currency of the United States of America
“Vendors”	Ambras, AA Luxembourg, AAML, Capital PLC and Capital Luxembourg
“Vendors’ Guarantor”	Anglo American Services (UK) Limited, a company incorporated in England and Wales
“%”	per cent.

The translation of USD into HKD throughout this announcement is based on the exchange rate of USD1.00 to HKD7.75 and is provided for information purposes only.

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

Luoyang City, Henan Province, the People’s Republic of China, 2 May 2016

As at the date of this announcement, the Company’s executive directors are Messrs. Li Chaochun and Li Faben; the Company’s non-executive directors are Messrs. Ma Hui, Yuan Honglin and Cheng Yunlei; and the Company’s independent non-executive directors are Messrs. Bai Yanchun, Xu Shan and Cheng Gordon.

* *for identification purposes only*