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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)

## **HOLDING ANNOUNCEMENT**

Reference is made to the announcement of China Molybdenum Co., Ltd.\* (“**CMOC**” or the “**Company**”, together with its subsidiaries, the “**Group**”) dated 9 May 2016 in respect of trading halt in the H shares of the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) relating to possible inside information.

The board of directors of the Company (the “**Board**”) wishes to inform its shareholders that on 9 May 2016, CMOC Limited, a wholly owned subsidiary of the Company, entered into a definitive agreement with Freeport-McMoRan Inc. (“**Freeport**”) to acquire its 100% interest in Freeport-McMoRan DRC Holdings Ltd., which holds Freeport’s indirect 56% interest in the Tenke Fungurume copper-cobalt mine (“**Tenke**”), located in the Democratic Republic of the Congo (“**DRC**”) (the “**Transaction**”). The agreed purchase price is US\$2.65 billion in cash (subject to customary adjustments) plus contingent consideration of up to US\$120 million, which consists of a US\$60 million payment if the average realized copper price exceeds US\$3.50 per pound, and a US\$60 million payment if the average realized cobalt price exceeds US\$20 per pound, both during the two-year period ending 31 December 2019. The consideration will be funded in cash and undrawn credit facilities from the Group’s existing financial resources. CMOC anticipates that the Transaction will be completed in the fourth quarter of 2016.

In addition, Freeport has granted CMOC with an exclusive option (exercisable at the discretion of CMOC) (the “**Option**”) to acquire Freeport’s interests in the Kokkola Cobalt Refinery, located in Finland, for US\$100 million and the Kisanfu exploration project, located in the DRC, for US\$50 million, subject to the parties’ entering into definitive agreements with respect to such separate transactions before 31 December 2016.

## **TRANSACTION HIGHLIGHTS**

The Transaction represents a compelling fit with CMOC’s strategy of acquiring high-quality growth assets that provide earnings, commodity and geographic diversification:

- Adds to the Group’s portfolio a scarce, world-class producing copper-cobalt mine with substantial upside;
- Establishes the Group as a leading copper producer and one of the largest cobalt producers globally;
- Diversifies the Group’s portfolio geographically with a strategic position in the Central African Copperbelt;
- Positions the Group to benefit from growing demand for cobalt, particularly from electric vehicles; and
- Enhances the Group’s earnings and cash flow, given Tenke’s lowest-quartile cost position in the industry.

## **TENKE FUNGURUME**

Tenke is a world-class producing copper-cobalt mine located in the DRC within the prolific Central African Copperbelt. In 2015, Tenke produced 204 thousand tonnes of copper and 16 thousand tonnes of cobalt (100% basis) at a net cash cost of approximately US\$1.21 per pound of copper. As of 31 December 2015, Tenke had proven and probable mineral reserves of 3.8 million tonnes of contained copper and 0.5 million tonnes of contained cobalt, which support a reserve life of approximately 25 years, and, in addition, measured and indicated resources of 13.1 million tonnes of contained copper and 1.3 million tonnes of contained cobalt, and inferred resources of 11.6 million tonnes of contained copper and 1.3 million tonnes of contained cobalt (100% basis), which represent substantial upside potential.

The financial results attributable to Tenke (100% basis) for the two years ended 31 December 2014 and 31 December 2015, are as follows:

	2014		2015	
	US\$ (millions)	HK\$ (million) <sup>(2)</sup>	US\$ (million)	HK\$ (million) <sup>(2)</sup>
Revenue	1,558	12,075	<b>1,384</b>	<b>10,726</b>
EBITDA <sup>(1)</sup>	776	6,014	<b>513</b>	<b>3,976</b>

<sup>(1)</sup> Based on Operating Income plus Depreciation, Depletion and Amortization.

<sup>(2)</sup> US\$ to HK\$ exchange rate of 1.00 to 7.75.

## TRANSACTION DETAILS

The Transaction is subject to:

- i. Freeport's joint venture partner Lundin Mining Corporation not exercising its preemptive right;
- ii. Regulatory approvals from the People's Republic of China (the "PRC");
- iii. Approval from CMOC's shareholders; and
- iv. Customary closing conditions.

Cathay Fortune Corporation\* and Luoyang Mining Group Co., Ltd.\*, the controlling shareholders of the CMOC, who in aggregate hold approximately 63% equity interest in CMOC, have undertaken to vote in favor of the resolutions to approve the Transaction.

## IMPLICATIONS UNDER THE HONG KONG LISTING RULES

Based on the information available as at the date of this announcement, as one or more of the applicable percentage ratios under Rule 14.07 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") in respect of the Transaction exceeds 100%, the Transaction constitutes a very substantial acquisition 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.

**SHAREHOLDERS AND POTENTIAL INVESTORS SHOULD NOTE THAT THE TRANSACTION AND THE OPTION ARE SUBJECT TO VARIOUS CONDITIONS PRECEDENT AND MAY OR MAY NOT BECOME UNCONDITIONAL OR BE COMPLETED. SHAREHOLDERS AND POTENTIAL INVESTORS SHOULD THEREFORE EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY.**

**CONTINUED SUSPENSION OF TRADING IN H SHARES OF THE COMPANY**

As at the date of this announcement, the Company is in the process of preparing the detailed announcement in relation to the Transaction pursuant to the Listing Rules (the “**Full Announcement**”). The Full Announcement will be published as soon as possible.

At the request of the Company, trading in the H shares of the Company was suspended with effect from 1:00 p.m. on 9 May 2016, and will remain suspended pending the publication of the Full Announcement.

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

Luoyang City, Henan Province, PRC, 9 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*