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洛陽樂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)

PROPOSED NON-PUBLIC ISSUANCE OF A SHARES

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On 20 May 2016, the Board approved the proposed issuance of not more than 5,678,233,438 new A Shares (including 5,678,233,438 A Shares) to the subscribers that meet the relevant requirements and terms at the Issuance Price.

It is expected that the gross proceeds to be raised from the proposed Non-public Issuance of A Shares will not exceed RMB18 billion. The Issuance Price of the new A Shares under the Non-public Issuance of A Shares will be not less than RMB3.17 per A Share, which is 90% of the average trading price of the A Shares during the twenty (20) trading days preceding the Price Determination Date.

CIRCULAR

A circular containing, among others, further details regarding, the proposed Non-public Issuance of A Shares and use of proceeds to be raised from the Non-public Issuance of A Shares together with notices of the extraordinary general meeting, H Shareholders' Class Meeting and A Shareholders' Class Meeting will be despatched to the Shareholders in due course.

The Company advises its Shareholders and potential investors to note that the proposed Non-public Issuance of A Shares is subject to certain conditions being satisfied, and consequently the proposed Non-public Issuance of A Shares may or may not proceed. Accordingly, they are advised to exercise caution when dealing in the securities of the Company.

A. PROPOSED NON-PUBLIC ISSUANCE OF A SHARES

The Board announces that on 20 May 2016, the Board resolved to propose the Non-public Issuance of A Shares.

1. Structure of the Non-public Issuance of A Shares

Class of shares to be issued and the nominal value: A Shares with a par value of RMB0.20 each.

Subscribers: The new A Shares under the Non-public Issuance of A Shares are proposed to be issued to not more than ten investors, including securities investment fund management companies, securities companies, trust investment companies, finance companies, insurance institutional investors, qualified foreign institutional investors and other qualified investors including domestic institutional investors and individual investors that meet the requirements of the CSRC.

A securities investment fund management company subscribing through over two funds managed by it will be regarded as one subscriber. Trust investment companies may only pay the subscription price with their own funds.

After the Company obtains the approval in respect of the Non-public Issuance of A Shares from the CSRC, the Board and the sponsor (lead underwriter) will decide the ultimate subscribers based on the relevant requirements of Detailed Implementation Rules for the Non-Public Issuance of Stocks by Listed Companies (《上市公司非公开发行股票实施细则》) and the price offered by the subscribers.

All subscribers shall subscribe the new A Shares under the Non-public Issuance of A Shares in cash.

Number of A Shares to be issued: The number of A Shares to be issued under the Non-public Issuance of A Shares will not be more than 5,678,233,438 A Shares (including 5,678,233,438 A Shares).

To the extent of the issuance above, the Board and its authorized representative(s) shall determine the number of the A Shares to be issued in accordance with the authorization granted by the Shareholders at the EGM, the Class Meetings and the relevant requirements of Detailed Implementation Rules for the Non-Public Issuance of Stocks by Listed Companies (《上市公司非公开发行股票实施细则》), based on the bid prices offered by the subscribers and after consultation with the sponsor (lead underwriter). Gross proceeds to be raised will not exceed RMB18 billion.

Number of A Shares to be issued will be adjusted according to the gross proceeds to be raised, ex-rights or ex-dividend Issuance Price in cases of ex-rights or ex-dividend matters such as distribution of dividend, dividend payout, and placement of shares, bonus issuance and conversion of capital reserve into share capital during the period from the Price Determinate Date to the date of the completion of the Non-public Issuance A Shares.

An individual subscriber and its persons acting in concert may not subscribe more than 50% of the total number of new A Shares to be issued.

Method of issuance: Non-public offering. The new A Shares will be issued within 6 months following the approval of the CSRC.

Price Determination Date, Issuance Price and pricing principle: The Price Determination Date of the Non-public Issuance of A Shares is the date of the announcement of the Board's resolutions passed at the eighth extraordinary meeting of the fourth session of the Board in 2016 (i.e. 20 May 2016).

The Issuance Price under the Non-public Issuance of A Shares shall not be less than RMB3.17 per share, which is 90% of the average trading price of A Shares during the twenty (20) trading days preceding the Price Determination Date.

The Issuance Price will be adjusted accordingly in cases of ex-rights or ex-dividend matters such as distribution of dividend, dividend payout, and placement of shares, bonus issuance and conversion of capital reserve into share capital during the period from the Price Determination Date to the date of the completion of the Non-public Issuance of A Shares.

After obtaining the relevant approvals, the Board shall determine the final Issuance Price based on the authorization granted by the Shareholders at the EGM and the Class Meetings, after consultation with the sponsor (lead underwriter), having regard to the price offered by subscribers, following the price priority principle.

Rights attached to
the new A Shares:

The new A Shares to be issued under the Non-public Issuance of A Shares will rank pari passu with the existing A Shares and H Shares in all respects, provided that the new A Shares to be issued under the Non-public Issuance of A Shares shall be subject to the lock-up period for 12 months from the completion of the issuance of these A Shares.

Conditions for the
Non-public Issuance
of A Shares:

The Non-public Issuance of A Shares is subject to:

- (1) the approvals by the Shareholders at the EGM and the Class Meetings, respectively;
- (2) the approval by the CSRC; and
- (3) the approval(s) by any other relevant regulatory authorities.

Gross Proceeds from the Non-public Issuance of A Shares:

Gross proceeds to be raised from the Non-public Issuance of A Shares will not exceed RMB18 billion before deduction of the fees and expenses relating to the Non-public Issuance of A Shares.

Use of proceeds:

After deducting all applicable costs and expenses in association with the Non-public Issuance of A Shares, net proceeds from the Non-public Issuance of A Shares are proposed to be used to replenish the self-raised funds which were applied by the Company for acquiring the following businesses:

No.	Name of Business	Proceeds to be utilized (RMB in million)
(1)	Brazil Niobium and Phosphates Businesses	9,500
(2)	Congo Copper and Cobalt Businesses	8,500
Total	–	18,000

(1) Brazil Niobium and Phosphates Businesses

This acquisition is implemented by the Purchaser, or a company to be incorporated in Brazil by the Company. Upon Completion of this acquisition, the Brazil Niobium and Phosphates Businesses will become wholly owned by the Group. Please refer to the announcement of the Company dated 2 May 2016 for details.

(2) Congo Copper and Cobalt Business

This acquisition is implemented by the Purchaser. Upon Completion of this acquisition, FMDRC will become a wholly owned subsidiary of the Group, and the Group will indirectly own 56% interest in Tenke. Please refer to the announcement of the Company dated 15 May 2016 for details.

In order to facilitate the completion of the two acquisitions, the Purchaser will satisfy the consideration for the acquisitions of the Brazil Niobium and Phosphates Businesses and the Congo Copper and Cobalt Business through the Group's self-raised funds. Proceeds raised from the Non-public Issuance of A Shares will be used to replenish the self-raised funds which were applied by the Company for the two acquisitions.

The acquisitions of the Brazil Niobium and Phosphates Businesses and the Congo Copper and Cobalt Business are not dependent on the Non-public Issuance of A Shares. If the Non-public Issuance of A Shares does not complete, the Purchaser will satisfy the consideration for the acquisitions of the Brazil Niobium and Phosphates Businesses and the Congo Copper and Cobalt Business through the Group's self-raised funds.

- Lock-up Arrangement: The new A Shares to be subscribed by the subscribers shall not be transferred within 12 months from the date of the completion of the issuance of the new A Shares and subject to the requirements of the CSRC and the Shanghai Stock Exchange upon expiry.
- Validity Period of the resolution: The resolution with respect to the Non-public Issuance of A Shares shall be valid for 12 months from the date of consideration and approval at the EGM and the Class Meetings.
- Listing Application: The Company will make an application to the Shanghai Stock Exchange for the granting of the listing of, and permission to deal in, all new A Shares to be issued under the Non-public Issuance of A Shares. Upon expiry of the lock-up period, the new A Shares can be traded on the Shanghai Stock Exchange.

Arrangement relating to the accumulated undistributed profits of the Company prior to the Non-public Issuance of A Shares: To safeguard the interest of the existing and new Shareholders after completion of the Issuance, all the existing and new Shareholders after the Issuance will be entitled to the accumulated but undistributed profits of the Company proportionate to their shareholding in the Company after completion of the Non-public Issuance of A Shares.

2. Effects of the Non-public Issuance of A Shares on the Shareholding Structure of the Company

The following table sets out the shareholding structure of the Company as at the date of this announcement and immediately after the completion of the Non-public Issuance of A Shares, assuming that 5,678,233,438 new A Shares will be issued under the Non-public Issuance of A Shares and no other change to the shareholding structure:

	As at the date of this announcement		Immediately after the completion of the Non-public Issuance of A Shares	
	<i>Number of Shares in issuance</i>	<i>%¹ (approx.)</i>	<i>Number of Shares in issuance</i>	<i>%¹ (approx.)</i>
A Shares				
– Existing A Shares	12,953,730,699	76.71	12,953,730,699	57.41
– New A Shares to be issued	–	–	5,678,233,438	25.16
H Shares	<u>3,933,468,000</u>	<u>23.29</u>	<u>3,933,468,000</u>	<u>17.43</u>
Total	<u><u>16,887,198,699</u></u>	<u><u>100.00</u></u>	<u><u>22,565,432,137</u></u>	<u><u>100.00</u></u>

Note: (1) The percentages shown are rounded to the nearest 2 decimal places.

3. Reasons for and benefit of the proposed Non-public Issuance of A Shares

The Directors (including the independent non-executive Directors) believe that the Non-public Issuance of A Shares will benefit the Group in respect of its business operation and financial position.

With respect to the business operation, the proceeds from the issuance will be used to replenish the self-raised funds which were applied by the Company for the acquisitions of the Brazil Niobium and Phosphates Businesses and the Congo Copper and Cobalt Business. Upon acquisition of the Brazil Niobium and Phosphates Businesses, the Group will become the second largest supplier of phosphates in Brazil and the second largest niobium supplier globally. Upon acquisition of the Congo Copper and Cobalt Business, the Group will become a leading copper producer and one of the largest cobalt producers globally.

With respect to the financial position, in order to facilitate the completion of the two acquisitions, the Purchaser will satisfy the consideration for the acquisitions of the Brazil Niobium and Phosphates Businesses and the Congo Copper and Cobalt Business through the Group's self-raised funds. Proceeds raised from the Non-public Issuance of A Shares will be used to replenish the self-raised funds which were applied by the Company for the two acquisitions, which in turn may further strengthen the profitability and improve the overall financial position of the Company.

Accordingly, the Directors (including the independent non-executive Directors) consider that the Non-public Issuance of A Shares is fair and reasonable and in the interest of the Company and its Shareholders as a whole.

B. CIRCULAR

A circular containing, among others, further details regarding, the proposed Non-public Issuance of A Shares and use of proceeds to be raised from the Non-public Issuance of A Shares together with notices of the EGM and the Class Meetings will be despatched to the Shareholders in due course.

The Company advises its Shareholders and potential investors to note that the proposed Non-public Issuance of A Shares is subject to certain conditions being satisfied, and consequently the proposed Non-public Issuance of A Shares may or may not proceed. Accordingly, they are advised 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 Shareholders”	holders of A Shares;
“A Shareholders’ Class Meeting”	the class meeting of A Shareholders to be convened by the Company to consider and, if thought fit, approve, among other things, the Non-public Issuance of A Shares;
“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;
“AANB”	Anglo American Nióbio Brasil Limitada, a company incorporated in Brazil;
“Articles of Association”	the articles of association of the Company;
“Board”	the board of directors of the Company;
“Brazil Niobium and Phosphates Businesses”	all the businesses of AAFB and AANB, and their related subsidiaries and associated marketing functions;
“Class Meetings”	the A Shareholders’ Class Meeting and the H Shareholders’ Class Meeting to be convened by the Company to consider and, if thought fit, approve, among other things, the Non-public Issuance of A Shares;
“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;
“Congo Copper and Cobalt Business”	all the business of FMDRC;

“CSRC”	the China Securities Regulatory Commission;
“Directors”	the directors of the Company;
“EGM”	the extraordinary meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Non-public Issuance of A Shares;
“FMDRC”	Freeport-McMoRan DRC Holdings Ltd., a Bermuda exempted company;
“Group”	the Company and its subsidiaries;
“H Shareholders”	holders of the H Shares;
“H Shareholders’ Class Meeting”	the class meeting of H Shareholders to be convened by the Company to consider and, if thought fit, approve, among other things, the Non-public Issuance of A Shares;
“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 PRC;
“Hong Kong Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Issuance Price”	the issuance price of not less than RMB3.17 per A Share under the Non-public Issuance of A Shares;
“Non-public Issuance of A Shares”	the proposed issuance of not more than 5,678,233,438 new A Shares (including 5,678,233,438 A Shares) to the subscribers by the Company at the Issuance Price;
“PDKC”	Phelps Dodge Katanga Corporation, a Delaware corporation, an indirect wholly owned subsidiary of Freeport-McMoRan Inc., a Delaware corporation;

“PRC” or “China”	the People’s Republic of China, excluding, for the purpose of this announcement only, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;
“Price Determination Date”	the date of the announcement of the Board’s resolutions passed at the eighth extraordinary meeting of the fourth session of the Board in 2016 (i.e. 20 May 2016);
“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 of the PRC;
“Share(s)”	A Share(s) and H Share(s);
“Shareholders”	holders of A Shares and H Shares;
“Tenke”	Tenke Fungurume copper-cobalt mine;
“trading day”	a day on which the Shanghai Stock Exchange is open for dealing or trading in securities; and
“%”	per cent.

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

Luoyang City, Henan Province, PRC, 20 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*