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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)

**CONNECTED AND MAJOR TRANSACTION RELATING
TO ACQUISITION OF INDIRECT INTEREST IN
WORLD-CLASS COPPER AND COBALT MINE**

BACKGROUND

References are made to the Announcement and the circular dated 8 September 2016 of the Company in relation to, among others, the acquisition of Freeport-McMoRan Inc.'s copper and cobalt businesses in the DRC. As disclosed in the Announcement, the Company has acquired all the issued shares in FMDRC, which holds a 56% indirect interest in TFM, which holds the Tenke Fungurume Mining Complex.

Pursuant to the Stock Purchase Agreement, BHR agreed to acquire all the issued share capital of Lundin DRC, which will hold a 24% indirect interest in TFM, which holds the Tenke Fungurume Mining Complex.

COOPERATION ARRANGEMENT

1. Framework Cooperation Agreement

On 20 January 2017, the Company and BHR entered into the Framework Cooperation Agreement pursuant to which the Company agreed to cooperate with BHR on the following:

A. *Fund raising*

In the event that BHR fails to obtain all the funding required to settle the Lundin Consideration for the completion of the Stock Purchase Agreement, the Company undertakes to assist and cooperate with BHR to raise the shortfall (including but not limited to introducing investors to BHR and/or BHR Shareholders) to allow BHR to obtain sufficient funding to effect the acquisition in accordance with the Stock Purchase Agreement.

B. *Assistance to BHR to effect the completion of the Stock Purchase Agreement*

Prior to the completion of the Stock Purchase Agreement, potential investors may invest in BHR and/or BHR Shareholders. As part of the Cooperation Arrangement, the Company may make recommendations to such Investors on issues pertaining to the injection of capital into BHR.

The Company undertakes to negotiate with the Investors in relation to the payment of Subscription Money. The Company may negotiate individually with each of the Investors on the conditions precedent to their respective payment terms for the Subscription Money, depending on the needs of the Investor concerned.

In addition, the Company undertakes to assist BHR in securing the Syndicated Loans, which will be used to fund approximately 60% of the Lundin Consideration (not to exceed USD690 million). The Company and/or its designee, if requested, would provide the relevant security in support of the Syndicated Loans, including a guarantee.

C. *Acceptance of the Call Option by the Company*

According to the Framework Cooperation Agreement, BHR granted, and the Company accepted, the Call Option, pursuant to which the Company will have the right to acquire a 24% indirect interest in TFM, which holds the Tenke Fungurume Mining Complex, by either acquiring shares in BHR, BHR's subsidiary or BHR Shareholders.

D. Grant of the Put Option by the Company

Pursuant to the Framework Cooperation Agreement, the Company granted the Put Option to (i) BHR, (ii) BHR Shareholders, and (iii) Shareholders of BHR Shareholders, pursuant to which the Company will have the obligation to acquire a 24% indirect interest in TFM, which holds the Tenke Fungurume Mining Complex, through either acquiring the shares in BHR, BHR's subsidiary or BHR Shareholders.

2. BHR Shareholders Cooperation Agreement and Shareholders of BHR Shareholders Cooperation Agreement

In addition, with a view to giving effect to the Framework Cooperation Agreement, on 20 January 2017, the Company entered into the BHR Shareholders Cooperation Agreement and the Shareholders of BHR Shareholders Cooperation Agreement, covering terms similar to those stipulated in the Framework Cooperation Agreement, including (a) fund raising, (b) assistance to BHR to effect the completion of the Stock Purchase Agreement; (c) acceptance of the Call Option; and (d) grant of the Put Option.

LISTING RULES IMPLICATIONS

Connected transactions

As at the date of this announcement, BHR has entered into the Stock Purchase Agreement to acquire all the issued share capital in Lundin DRC, which holds 30% interest in TFHL (an indirect non-wholly owned subsidiary of the Company). Although as at the date of this announcement BHR has yet to own any shares in TFHL, BHR would become a connected person (as defined in the Listing Rules) of the Company following completion of the Stock Purchase Agreement. Therefore, the provision of assistance in securing the Syndicated Loans (including a guarantee), the grant of the Put Option by the Company to (i) BHR, (ii) BHR Shareholders, (iii) Shareholders of BHR Shareholders, and the acceptance of the Call Option by the Company from (i) BHR, (ii) BHR Shareholders, (iii) Shareholders of BHR Shareholders would constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.101 of the Listing Rules, a connected transaction between the listed issuer's group and a connected person at the subsidiary level on normal commercial terms or better is exempt from the circular, independent financial advice and shareholders' approval requirements if: (1) the listed issuer's board of directors have approved the transactions; and (2) the independent non-executive directors have confirmed that the terms of the transaction are fair and reasonable, the transaction is on normal commercial terms or better and in the interests of the listed issuer and its shareholders as a whole.

The Company has obtained the approval from the Board regarding the provision of assistance in securing the Syndicated Loans (including a guarantee), grant of the Put Option and the acceptance of the Call Option and the independent non-executive Directors have confirmed that the terms of the transaction in relation to the provision of assistance in securing the Syndicated Loans (including a guarantee), grant of the Put Option and acceptance of the Call Option are fair and reasonable, such transactions are on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole. As such, the provision of assistance in securing the Syndicated Loans (including a guarantee), the grant of the Put Option and acceptance of the Call Option are exempted from the circular, independent financial advice and shareholders' approval requirements by virtue of Rule 14A.101 of the Listing Rules.

Notifiable transactions

Pursuant to Rule 14.74(1) of the Listing Rules, the grant of the Put Option (the exercise of which is not at the Company's discretion) will be classified as if the Put Option had been exercised. As one or more of the applicable percentage ratios (as defined under the Listing Rules) when aggregated under Rule 14.22 of the Listing Rules in respect of the exercise of the Put Option and the provision of assistance in securing the Syndicated Loans (including a guarantee) would be more than 25% but less than 100%, the exercise of the Put Option and the provision of assistance in securing the Syndicated Loans (including a guarantee) constitute a major transaction for the Company under Chapter 14 of the Listing Rules.

In respect of the Call Option granted to the Company, since the exercise of which is at the discretion of the Company and for which no premium is required to be paid by the Company, the acceptance of the Call Option granted to the Company does not constitute a notifiable transaction of the Company under the Listing Rules. However, as the Directors consider that it would be prudent for the Company to have received all necessary approvals to exercise the Call Option, the Company proposed to comply with the relevant requirements under the Listing Rules at the time of accepting the Call Option, as if the Call Option had been exercised. Consequently, given the maximum exercise price payable by the Company, the value of the underlying assets, and the profits and revenue attributable to such assets as at the date of this announcement, the exercise of the Call Option, when aggregated under Rule 14.22 of the Listing Rules with the provision of assistance in securing the Syndicated Loans (including a guarantee), will also constitute a major transaction for the Company under the Listing Rules. If, in the future, the Company does in fact decide to exercise of the Call Option, and such aggregation results in a higher classification than major transaction, the Company will comply with all other relevant requirements of the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, Shareholders' approval may be obtained by way of written Shareholders' approval in lieu of holding a general meeting if (1) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the provision of assistance in securing the Syndicated Loans (including a guarantee), the grant or acceptance of and the exercise of the Put Option and the Call Option; and (2) written Shareholder's approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% in nominal value of the issued share capital of the Company giving the right to attend and vote at that general meeting to approve such transactions.

So far as the Company is aware having made all reasonable enquiries, no Shareholder is required to abstain from voting in the general meeting of the Company for approving the entering into the Cooperation Arrangement (including the entering into of the Framework Agreement, BHR Shareholders Cooperation Agreement, Shareholders of BHR Shareholders Cooperation Agreement), as the connected person in the transaction concerned, namely BHR, BHR Shareholders and Shareholders of BHR Shareholders are connected persons solely by virtue of BHR's interest in TFHL, an indirect non-wholly owned subsidiary of the Company, and not in the Company itself. The Company has obtained approvals in writing from CFC and LMG, the controlling shareholders of the Company who as at the date of this announcement in aggregate hold approximately 63.14% equity interest in the Company, in lieu of an approval from the Shareholders at the general meeting of the Company pursuant to Rule 14.44 of the Listing Rules.

General

Despite having obtained written Shareholders' approval in lieu of holding a general meeting, the Board proposed to put forward the entering into of the Cooperation Arrangement together with the transactions contemplated thereunder for approval by the Shareholders at an extraordinary general meeting. A circular containing, among other things, further details of the Cooperation Arrangement, and other information required under the Listing Rules will be despatched to the Shareholders on or before 10 February 2017 as additional time is required to prepare the information to be included in the circular.

BACKGROUND

References are made to the Announcement and the circular dated 8 September 2016 of the Company in relation to, among others, the acquisition of Freeport-McMoRan Inc.'s copper and cobalt businesses in the DRC. As disclosed in the Announcement, the Company has acquired all the issued shares in FMDRC, which holds 70% interest in TFHL, which in turn holds 80% interest in TFM, which in turn holds the Tenke Fungurume Mining Complex. As at the date of this announcement, the Company effectively holds a 56% indirect interest in the Tenke Fungurume Mining Complex.

Pursuant to the Stock Purchase Agreement, BHR agreed to acquire all the issued share capital of Lundin DRC, which holds a 30% interest in TFHL, which in turn holds an 80% interest in TFM, which in turn holds the Tenke Fungurume Mining Complex. Upon Completion, BHR will hold a 24% indirect interest in the Tenke Fungurume Mining Complex.

On 20 January 2017, the Company entered into the Cooperation Arrangement with BHR and the Investors. Under the Cooperation Arrangement, the Company will assist BHR to effect the completion of the Stock Purchase Agreement. In the event that the Company decides to exercise the Call Option, or is required by BHR and/or the Investors to purchase the 24% indirect interest in TFM, as the case may be, the Company will own an 80% indirect interest in aggregate in the Tenke Fungurume Mining Complex.

COOPERATION ARRANGEMENT

(i) Framework Cooperation Agreement

Date

20 January 2017

Parties

- (i) the Company; and
- (ii) BHR.

The principal terms and conditions of the Framework Cooperation Agreement are as follows:

A. *Fund raising*

If any Investor is unable to make timely capital contributions to BHR in accordance with the payment notice issued by the Company for the payment of the Subscription Money to satisfy the Lundin Consideration, the Company undertakes to assist BHR in financing the shortfall, if any, including by introducing additional investor(s) to BHR and/or to BHR Shareholders. If the Company is unable to procure sufficient financing to meet any shortfall: 1) the Company will compensate BHR for the losses it suffers as a result of any breaches of the terms and conditions of the Stock Purchase Agreement; and 2) the Company will also indemnify those Investors who have paid the Subscription Money in accordance with a payment notice for all direct losses suffered (excluding losses arising from expected gain). The Company will have the right to recourse against those Investor(s) who fail to pay Subscription Money pursuant to a payment notice.

B. *Assistance to BHR to effect the completion of the Stock Purchase Agreement*

Prior to the completion of the Stock Purchase Agreement, potential investors may invest in the share capital of BHR and/or BHR Shareholders. To facilitate the investment process by such investor(s), the Company may make recommendations to BHR Shareholders on issues pertaining to the injection of capital into BHR and/or BHR Shareholders, and the Company will enter into cooperation agreement(s) with such investors, if necessary, to facilitate the investment process.

In addition, the Company may also enter into separate cooperation agreement with each of the Investors, depending on the needs of the respective Investors. The respective cooperation agreements will stipulate the conditions precedent (unless waived by the relevant Investors) to the payment of Subscription Money. Upon receiving a payment notice from the Company, the Investors will make payment in the form of Subscription Money under the respective cooperation agreements such that BHR will be able to pay the Lundin Consideration and acquire a 30% interest in TFHL, which in turn holds an 80% interest in TFM, which in turn holds the Tenke Fungurume Mining Complex.

In addition, the Company undertakes to assist BHR in securing the Syndicated Loans, the maximum amount of which will not exceed USD690 million, which represents approximately 60% of the Lundin Consideration. The Company and/or its designee, if requested, would provide the relevant security to the relevant financial institutions for the Syndicated Loans, including a guarantee.

C. Acceptance of the Call Option

Subject matter : BHR granted the Call Option to the Company, pursuant to which the Company or its nominee will have the right to purchase a 24% indirect interest in TFM, whether through acquiring all the issued share capital in BHR, BHR's subsidiary or Shareholder of BHR.

Premium and exercise price : No premium is payable for accepting the Call Option.

The exercise price for the Call Option is calculated as follows:

$$\text{Subscription Money} \times (1 + \text{exclusive return rate for the Call Option (specific for each individual investor)}) \times \text{Call Payment Period} \div 360 - \text{return received by the Investors} - \text{dividend or the like indirectly derived from TFM (excluding the return received by the Investors)}.$$

- Exercise date : Any time following the date falling on the first anniversary of the receipt of all the Subscription Money by BHR.
- Other terms and conditions : Upon the exercise of the Call Option, the Investors will be also be entitled to an exclusive return rate (specific to each individual Investor) for their direct or indirect investment in the share capital of BHR.

D. Grant of the Put Option

- Subject matter : BHR and/ or the Investors will have the right to sell the 24% indirect interest in TFM to the Company upon the exercise date.
- Premium and exercise price : No premium is payable for the grant of the Put Option.

The exercise price is for the Put Option is calculated as follows:

$$\text{Subscription Money} \times (1 + \text{exclusive return rate for the Put Option (specific for each individual investor)}) \times \text{Put Payment Period} \div 360) - \text{return received by the Investors} - \text{dividend or the like indirectly derived from TFM (excluding the return received by the Investors)}.$$

- Exercise date : Any time after 90 days immediately prior to the date falling on the third anniversary of the receipt of all the Subscription Money by BHR.
- Other terms and conditions : The Investors will also be entitled to an exclusive annual rate of return (specific to each individual Investor) for their direct or indirect investment in the share capital of BHR.

E. Undertakings

- (a) Pursuant to the Framework Cooperation Agreement, BHR undertakes to the Company, among others, that:
1. BHR will not directly or indirectly transfer, dispose of or create any encumbrance (other than the Syndicated Loans) on any interest in Lundin DRC, TFHL and its subsidiary, without the prior written approval from the Company;
 2. Written approval will be sought from the Company prior to the appointment of any directors, supervisors and members of the senior management at Lundin DRC, TFHL and any of the subsidiary of BHR;
 3. BHR will procure the directors and senior management of its subsidiary (if any) and Lundin DRC to act in accordance with the instructions reasonably given by the Company;
 4. Written approval will be sought from the Company prior to shareholders and/or investors at Lundin DRC, TFHL and any of the subsidiary of BHR exercising any of its/his/her powers; and
 5. No change will be made to the constitutional documents of Lundin DRC, TFHL and any of the subsidiary of BHR without the prior written approval of the Company.
- (b) Pursuant to the Framework Cooperation Agreement, the Company undertakes to Lundin DRC, BHR and BHR's subsidiary, among others, that:
1. in exercising the rights conferred by BHR as mentioned above, the Company undertakes not to misuse the rights given that would materially affect BHR's interests;
 2. The Company will compensate BHR if Lundin DRC institutes legal actions against the BHR for breach of certain representations and warranties pursuant to the Stock Purchase Agreement; and
 3. Except for losses incurred as a result of material breach of the obligations of BHR pursuant to the Framework Cooperation Agreement, the Company undertakes to be held responsible for, among others, material assets disposal, overseas investment, provision of guarantee, corporate reorganisation, dissolution, amalgamation involving BHR, Lundin DRC, TFHL and BHR's subsidiary.

(ii) BHR Shareholders Cooperation Agreement

To facilitate the implementation of the Framework Cooperation Agreement, the Company entered into the BHR Shareholders Cooperation Agreement.

Date

20 January 2017

Parties

- (i) the Company;
- (ii) KAIFEI; and
- (iii) BHR.

The principal terms and conditions of the BHR Shareholders Cooperation Agreement mainly reflect the terms and conditions stipulated in the Framework Cooperation Agreement. Please refer to the section headed Framework Cooperation Agreement for details. The following additional principal terms and conditions were stipulated in the BHR Shareholders Cooperation Agreement:

(1) Amount of Subscription Money payable

KAIFEI shall pay a sum of USD 150 million (subject to adjustments) by way of cash to BHR.

(2) Conditions precedent to the payment of the Subscription Money

Payment of the Subscription Money payable by KAIFEI is conditional upon the fulfillment or waiver thereof (as the case may be) of a number of conditions, including, among others, the following:

1. the Shareholders having approved entering into the BHR Shareholders Cooperation Agreement;
2. all conditions precedent pursuant to the Stock Purchase Agreement having been fulfilled (except for conditions precedent that can only be fulfilled at completion of the Stock Purchase Agreement) or otherwise validly waived;

3. the agreement(s) in relation to the Syndicated Loans having been executed and the terms of which are not prejudicial to the interest of KAIFEI; and
4. the drawdown conditions under the Syndicated Loans (except for payment of the Subscription Money) having been fulfilled or otherwise validly waived.

(3) *Exclusive return rates for the Call Option and the Put Option*

As KAIFEI will be paying the Subscription Money denominated in USD, KAIFEI will be entitled to an exclusive return rate at 6% for each of the Call Option and the Put Option (as the case may be). Accordingly, the exercise price for the Call Option and Put Option would be adjusted as follow:

Call Option:

Exercise price : The exercise price is for the Call Option is calculated as follows:

$\text{Subscription Money} \times (1 + 6\% \times \text{Call Payment Period} \div 360) - \text{return received by the Investors} - \text{dividend or the like indirectly derived from TFM (excluding the return received by the Investors)}.$

Put Option:

Exercise price : The exercise price is for the Put Option is calculated as follows:

$\text{Subscription Money} \times (1 + 6\% \times \text{Put Payment Period} \div 360) - \text{return received by the Investors} - \text{dividend or the like indirectly derived from TFM (excluding the return received by the Investors)}.$

(4) *Annual rate of return prior to the exercise of Call Option or Put Option, whichever is earlier*

As KAIFEI will be paying the Subscription Money denominated in USD, KAIFEI will be entitled to a 6% of the amount of the Subscription Money paid per annum, being the annual rate of return prior to the exercise of the Call Option or the Put Option, whichever is earlier.

(iii) Shareholders of BHR Shareholders Cooperation Agreement

To facilitate the implementation of the Framework Cooperation Agreement, the Company entered into the Shareholders of BHR Shareholders Cooperation Agreement.

Date

20 January 2017

Parties

- (i) the Company;
- (ii) BHR;
- (iii) CMB;
- (iv) Dingyuan (a limited partnership); and
- (v) Bohai (as the general partner of Dingyuan).

The principal terms and conditions of the Shareholders of BHR Shareholders Cooperation Agreement mainly reflect the terms and conditions stipulated in the Framework Cooperation Agreement. Please refer to the section headed Framework Cooperation Agreement for details. The following additional principal terms and conditions were stipulated in the Shareholders of BHR Shareholders Cooperation Agreement:

(1) Amount of Subscription Money payable

Dingyuan shall pay in RMB the equivalent to the sum of USD470 million (subject to adjustment) by way of cash to BHR.

(2) Conditions precedent to the payment of the Subscription Money

1. The Plan having paid its subscription price for its interests in Dingyuan;
2. Payment of the subscription price payable by the Plan to Dingyuan for subscription of the partnership interests in Dingyuan is conditional upon the fulfillment or waiver thereof (as the case may be) of a number of conditions, including, among others, the following:
 - a. the Shareholders having approved entering into the Shareholders of BHR Shareholders Cooperation Agreement;

- b. all conditions precedent pursuant to the Stock Purchase Agreement having been fulfilled (except for conditions precedent that can only be fulfilled at completion of the Stock Purchase Agreement) or otherwise validly waived;
- c. Dingyuan having obtained all the regulatory approvals on outbound investment from the National Development and Reform Commission of PRC and the Ministry of Commerce of PRC;
- d. the agreement(s) in relation to the Syndicated Loans having been executed and the terms of which are not prejudicial to the interests of CMB; and
- e. the drawdown conditions under the Syndicated Loans (except for payment of the Subscription Money) having been fulfilled or otherwise validly waived.

In the event that Dingyuan is not able to pay the Subscription Money to BHR due to foreign exchange control policy, the parties would negotiate an alternative payment structure. And in the event that the parties agree to arrange for offshore financing as the alternative, the regulatory approvals on the outbound investment will cease to be a condition precedent to the payment of the Subscription Money.

(3) *Exclusive return rates for the Call Option and the Put Option*

As Dingyuan will be paying the Subscription Money denominated in RMB, the Plan (through Dingyuan) will be entitled to an exclusive return rate at 8.5% for each of the Call Option and the Put Option (as the case may be). Accordingly, the exercise price for the Call Option and Put Option would be adjusted as follow:

Call Option:

Exercise price : The exercise price is for the Call Option is calculated as follows:

$\text{Subscription Money} \times (1 + 8.5\% \times \text{Call Payment Period} \div 360) - \text{return received by the Investors} - \text{dividend or the like indirectly derived from TFM (excluding the return received by the Investors)}.$

Put Option:

Exercise price : The exercise price is for the Put Option is calculated as follows:

$\text{Subscription Money} \times (1 + 8.5\% \times \text{Put Payment Period} \div 360) - \text{return received by the Investors} - \text{dividend or the like indirectly derived from TFM (excluding the return received by the Investors)}$.

(4) Annual rate of return prior to the exercise of Call Option or Put Option, whichever is earlier

As Dingyuan will be paying the Subscription Money denominated in RMB, the Plan (through Dingyuan) and Dingyuan will be entitled to a 8.5% of the amount of the Subscription Money paid per annum, being the annual rate of return prior to the exercise of the Call Option or the Put Option, whichever is earlier.

REASONS AND BENEFITS OF ENTERING INTO THE COOPERATION ARRANGEMENT

- The Cooperation Arrangement offers a compelling opportunity for the Group to maintain the stability of the ownership of the Target Group and to have the option to increase the size of its interest in the Tenke Fungurume Mining Complex;
- It is consistent with the strategy of acquiring high-quality growth assets that provide earnings and commodity;
- Strengthen the Group's portfolio in high-quality growth assets;
- Strengthen the Group's position as a leading copper producer and one of the largest cobalt producers globally;
- Position the Group to benefit from growing demand for cobalt, particularly from electric vehicles; and
- Further enhance the Group's earnings and cash flow, given Tenke's lowest-quartile cost position in the industry.

Taking into account the reasons and benefits underlying in the Cooperation Arrangement, the Board is of the unanimous view that the terms of the transactions contemplated under the Cooperation Arrangement are fair and reasonable and are in the best interest of the Company and the Shareholders as a whole.

The Company intends to satisfy the consideration payable for exercising the Call Option or the Put Option through a combination of the Group's existing cash reserves and undrawn credit facilities.

The terms and conditions of the Cooperation Arrangement were determined on an arm's length basis following the financial analysis by the Company and its professional advisors of information on the Tenke Fungurume Mining Complex, and by reference to, among others, the reserves and resources, mine plan and projected cash flows of the Tenke Fungurume Mining Complex, financial terms of certain other transactions involving producing copper assets, and the Company's assessment of the benefits of the Tenke Fungurume Mining Complex to the future earnings per share of the Company and cash flow per share of the Company.

INFORMATION ON 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, PRC, the Northparkes copper-gold mine located near Parkes, New South Wales, Australia as well as the Tenke copper-cobalt mine located in the southeast region in the DRC. The Group is dual-listed on the Hong Kong Stock Exchange (HK3993) and the SSE (SH603993).

INFORMATION ON THE COUNTERPARTIES

CMB

The Shanghai branch of China Merchants Bank Co., Ltd. is a branch of China Merchants Bank Co., Ltd. China Merchants Bank Co., Ltd., is a joint stock company established in PRC with limited liability. China Merchants Bank Co., Ltd., is principally engaged in the provision of banking and other related financial services.

BHR

BHR is an investment holding company with limited liability incorporated in the British Virgin Islands. BHR is a subsidiary of Dingyuan.

Dingyuan

Dingyuan is a limited liability partnership registered in PRC. Dingyuan is principally engaged in the provision of investment management. Bohai is the general partner of Dingyuan.

Bohai

Bohai is a limited company incorporated in PRC. Bohai is principally engaged in the provision of investment management, investment advisory and asset management.

KAIFEI

KAIFEI is an investment holding company with limited liability incorporated in Hong Kong, and an affiliate of China-Africa Fund for Industrial Cooperation.

The Directors 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 BHR, KAIFEI, CMB, the Plan, Bohai, Dingyuan and their respective ultimate beneficial owners which is required to be aggregated with the participation of the Cooperation Arrangement and the transactions contemplated thereunder pursuant to Rule 14.22 of the Listing Rules.

INFORMATION ON THE TENKE FUNGURUME MINING COMPLEX

Tenke is a world-class, producing copper-cobalt mine located in the DRC within the prolific Central African Copperbelt. In 2015, Tenke produced 204 kt of copper and 16 kt of cobalt (100% basis) at a net cash cost of approximately US\$1.21 per pound of copper. As of 31 March 2016, Tenke had proved and probable ore reserves of approximately 4.7 Mt of contained copper and 0.6 Mt of contained cobalt contained within 183.1 Mt of Ore which support a reserve life of approximately 35 years. The ore Reserves are contained within measured and indicated resources of 14.9 Mt of contained copper and 1.4 Mt of contained cobalt, and inferred resources of 9.4 Mt of contained copper and 0.9 Mt of contained cobalt (100% basis), which represent substantial upside potential. In addition to the insitu Mineral Resources, a total of 46.2 Mt at 1.3% TCu, 1.2% AsCu, 0.31% TCo and 0.26% AsCo occurs in stockpiles for a total of 0.6 Mt of contained copper and 0.1 Mt of contained cobalt.

The following are noted in reference to the tables below:

- TCu/TCo – Refers to Total Cu-Co which is contained within the material. This Total is inclusive and not additional to AsCu/AsCo (see below).
- AsCu/ AsCo – Refer to grade of the Cu-Co which is acid soluble by the test method used, which is critical for the leach processing used for the Oxide material. The difference between the AsCu and TCu is not expected to be recovered through leaching.
- It is noted the underground potential outlined below will utilise a different method as outlined in the Competent Person's Report in Appendix IV to the circular of the Company dated 8 September 2016.

Statement of Ore Reserves as at 31 March 2016

Area	Quantity (Mt)	TCu (%)	AsCu (%)	TCo (%)	AsCo (%)	TCu (Mt)	TCo (Mt)
All Open Pits							
Proved	79.7	3.2	2.8	0.32	0.25	2.5	0.3
Probable	57.3	2.7	2.4	0.30	0.24	1.6	0.2
Sub Total	<u>136.9</u>	<u>3.0</u>	<u>2.7</u>	<u>0.31</u>	<u>0.25</u>	<u>4.1</u>	<u>0.4</u>
Ore Stockpiles							
Proved	46.2	1.3	1.2	0.31	0.26	0.6	0.1
Probable							
Sub Total	<u>46.2</u>	<u>1.3</u>	<u>1.2</u>	<u>0.31</u>	<u>0.26</u>	<u>0.6</u>	<u>0.1</u>
All Areas							
Proved	125.8	2.5	2.2	0.32	0.26	3.1	0.4
Probable	57.3	2.7	2.4	0.30	0.24	1.6	0.2
Grand Total	<u>183.1</u>	<u>2.6</u>	<u>2.3</u>	<u>0.31</u>	<u>0.25</u>	<u>4.7</u>	<u>0.6</u>

1. All Mineral Resources figures reported in the table above represent estimates at 31st March, 2016. Mineral Resource estimates are not precise calculations, being dependent on the interpretation of limited information on the location, shape and continuity of the occurrence and on the available sampling results. The totals contained in the above table have been rounded to reflect the relative uncertainty of the estimate. Rounding may cause some computational discrepancies.
2. The reported Mineral Resource are based on a cashflow profit cut-off grade basis, which is based on the Ore Reserve parameters and a price of 3.25/lb Cu and 11.49/lb Co as detailed in the Competent Person's Report in Appendix V to the circular of the Company dated 8 September 2016.

Statement of Mineral Resources as at 31 March 2016

Area	Classification	Quantity (Mt)	Tcu (%)	Tco (%)	AsCu (%)	AsCo (%)	Cu Metal (Mt)	Co Metal (Mt)
Stockpile	Measured	46.2	1.3	0.31	1.2	0.26	0.6	0.1
Open Cut	Measured	171.1	3.3	0.36	2.3	0.28	5.5	0.5
	Indicated	205.6	2.5	0.34	1.8	0.27	5.7	0.5
	Inferred	64.3	2.0	0.34	1.5	0.29	1.5	0.1
Underground	Measured	10.4	3.2	0.26	1.9	0.16	0.3	0.0
	Indicated	111.2	3.1	0.27	1.9	0.17	3.4	0.3
	Inferred	260.9	3.1	0.28	1.8	0.16	7.9	0.7

1. Tonnages are metric tonnes reported on a dry basis
2. Copper price: \$2.75/lb and Cobalt price: \$10.00/lb
3. Ore stockpiles include working-in-progress stockpiles balance as in the 31 March 2016
4. Figures reported are rounded which may result in small tabulation errors. Ore Reserves have been estimated under the 2012 Edition of the JORC Code.

The financial results attributable to the Target Group (100% basis) for the three years ended 31 December 2015 and three months ended 31 March 2016, are as follows:

	2013		2014		2015		31 March 2016	
	US\$ (million)	HK\$ (million) ⁽²⁾	US\$ (million)	HK\$ (million) ⁽²⁾	US\$ (million)	HK\$ (million) ⁽²⁾	US\$ (million)	HK\$ (million) ⁽²⁾
Revenue	1,637	12,687	1,558	12,075	1,385	10,734	317	2,457
EBITDA ⁽¹⁾	821	6,363	749	5,805	481	3,728	91	705

1. Based on Profit before Tax plus Depreciation, Depletion and Amortization and Interest expense.
2. US\$ to HK\$ exchange rate of 1.00 to 7.75.

LISTING RULES IMPLICATIONS

Connected transactions

As at the date of this announcement, BHR has entered into the Stock Purchase Agreement to acquire all the issued share capital in Lundin DRC, which holds 30% interest in TFHL (an indirect non-wholly owned subsidiary of the Company). Although as at the date of this announcement BHR has yet to own any shares in TFHL, BHR would become a connected person (as defined in the Listing Rules) of the Company following completion of the Stock Purchase Agreement. Therefore, the provision of assistance in securing the Syndicated Loans (including a guarantee), the grant of the Put Option by the Company to (i) BHR, (ii) BHR Shareholders, (iii) Shareholders of BHR Shareholders, and the acceptance of the Call Option by the Company from (i) BHR, (ii) BHR Shareholders, (iii) Shareholders of BHR Shareholders would constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.101 of the Listing Rules, a connected transaction between the listed issuer's group and a connected person at the subsidiary level on normal commercial terms or better is exempt from the circular, independent financial advice and shareholders' approval requirements if: (1) the listed issuer's board of directors have approved the transactions; and (2) the independent non-executive directors have confirmed that the terms of the transaction are fair and reasonable, the transaction is on normal commercial terms or better and in the interests of the listed issuer and its shareholders as a whole.

The Company has obtained the approval from the Board regarding the provision of assistance in securing the Syndicated Loans (including a guarantee), grant of the Put Option and the acceptance of the Call Option and the independent non-executive Directors have confirmed that the terms of the transaction in relation to the provision of assistance in securing the Syndicated Loans (including a guarantee), grant of the Put Option and acceptance of the Call Option are fair and reasonable, such transactions are on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole. As such, the provision of assistance in securing the Syndicated Loans (including a guarantee), the grant of the Put Option and acceptance of the Call Option are exempted from the circular, independent financial advice and shareholders' approval requirements by virtue of Rule 14A.101 of the Listing Rules.

Notifiable transactions

Pursuant to Rule 14.74(1) of the Listing Rules, the grant of the Put Option (the exercise of which is not at the Company's discretion) will be classified as if the Put Option had been exercised. As one or more of the applicable percentage ratios (as defined under the Listing Rules) when aggregated under Rule 14.22 of the Listing Rules in respect of the exercise of the Put Option and the provision of assistance in securing the Syndicated Loans (including a guarantee) would be more than 25% but less than 100%, the exercise of the Put Option and the provision of assistance in securing the Syndicated Loans (including a guarantee) constitute a major transaction for the Company under Chapter 14 of the Listing Rules.

In respect of the Call Option granted to the Company, since the exercise of which is at the discretion of the Company and for which no premium is required to be paid by the Company, the acceptance of the Call Option granted to the Company does not constitute a notifiable transaction of the Company under the Listing Rules. However, as the Directors consider that it would be prudent for the Company to have received all necessary approvals to exercise the Call Option, the Company proposed to comply with the relevant requirements under the Listing Rules at the time of accepting the Call Option, as if the Call Option had been exercised. Consequently, given the maximum exercise price payable by the Company, the value of the underlying assets, and the profits and revenue attributable to such assets as at the date of this announcement, the exercise of the Call Option, when aggregated under Rule 14.22 of the Listing Rules with the provision of assistance in securing the Syndicated Loans (including a guarantee), will also constitute a major transaction for the Company under the Listing Rules. If in the future, the Company does in fact decide to exercise of the Call Option, and such aggregation results in a higher classification than major transaction, the Company will comply with all other relevant requirements of the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, shareholders' approval may be obtained by way of written shareholders' approval in lieu of holding a general meeting if (1) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the provision of assistance in securing the Syndicated Loans (including a guarantee), the grant or acceptance of and the exercise of the Put Option and the Call Option; and (2) written Shareholder's approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% in nominal value of the issued share capital of the Company giving the right to attend and vote at that general meeting to approve such transactions.

So far as the Company is aware having made all reasonable enquiries, no Shareholder is required to abstain from voting in the general meeting of the Company for approving the entering into the Cooperation Arrangement (including the entering into of the Framework Agreement, BHR Shareholders Cooperation Agreement, Shareholders of BHR Shareholders Cooperation Agreement), as the connected person in the transaction concerned, namely BHR, BHR Shareholders and Shareholders of BHR Shareholders are connected persons solely by virtue of BHR's interest in TFHL, an indirect non-wholly owned subsidiary of the Company, and not in the Company itself. The Company has obtained approvals in writing from CFC and LMG, the controlling shareholders of the Company who as at the date of this announcement in aggregate hold approximately 63.14% equity interest in the Company, in lieu of an approval from the Shareholders at the general meeting of the Company pursuant to Rule 14.44 of the Listing Rules.

General

Despite having obtained written Shareholders' approval in lieu of holding a general meeting, the Board proposed to put forward the entering into of the Cooperation Arrangement together with the transactions contemplated thereunder for approval by the Shareholders at an extraordinary general meeting. A circular containing, among other things, further details of the Cooperation Arrangement, and other information required under the Listing Rules will be despatched to the Shareholders on or before 10 February 2017 as additional time is required for preparing the information to be included in the circular.

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)
“Announcement”	Announcement dated 17 November 2016 of the Company
“BHR”	BHR Newwood Investment Management Limited, a company incorporated in the British Virgin Islands
“BHR Shareholders”	the existing and future shareholder(s) of BHR
“BHR Shareholders Cooperation Agreement”	the cooperation agreement dated 20 January 2017 entered into between the Company, KAIFEI and BHR

“Board”	the board of directors of the Company
“Bohai”	渤海華美瑞琪（深圳）投資管理有限公司（Bohai Huamei Ruiqi (Shenzhen) Investment Management Co. Limited*), a limited company incorporated in PRC
“Call Option”	the right granted to the Company, to purchase shares in BHR, the subsidiary of BHR or the holding company of BHR, which will hold a 24% indirect interest in TFM, at the exercise price upon the exercise date pursuant to the Framework Agreement, BHR Shareholders Cooperation Agreement and Shareholders of BHR Shareholders Cooperation Agreement
“Call Payment Period”	from the date of payment of the Subscription Money to the date of exercise of the Call Option
“CFC”	鴻商產業控股集團有限公司（Cathay Fortune Corporation*), a controlling shareholder of the Company
“CMB”	the Shanghai branch of China Merchants Bank Co., Ltd., China Merchants Bank Co., Ltd., a joint stock company established in PRC with limited liability, and its shares are listed and traded on the main board of the Hong Kong Stock Exchange and the Shanghai Stock Exchange
“CMOCDRC” or “FMDRC”	CMOC International DRC Holdings Ltd., a Bermuda exempted company (formerly known as Freeport-McMoRan DRC Holdings Ltd.)
“Company”	China Molybdenum Co., Ltd.*, a joint stock company established in 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
“controlling shareholder(s)”	has the meaning given to it under the Listing Rules
“Cooperation Arrangement”	the entering into of the Framework Cooperation Agreement, the BHR Shareholders Cooperation Agreement and the Shareholders of BHR Shareholders Cooperation Agreement, together with the transactions contemplated thereunder

“Dingyuan”	定元（上海）投資管理中心 (Dingyuan (Shanghai) Investment Management Center*), a limited liability partnership registered in the PRC
“Director(s)”	the director(s) of the Company
“DRC”	the Democratic Republic of Congo
“Framework Cooperation Agreement”	the Framework Cooperation Agreement dated 20 January 2017 entered into between the Company and BHR
“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
“HKD” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Investors”	the BHR Shareholders and the Shareholders of BHR Shareholders
“KAIFEI”	KAI FEI Investment (Hong Kong) Limited (開非投資(香港)有限公司), a limited company incorporated in Hong Kong
“Listing Rules”	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“LMG”	洛陽礦業集團有限公司 (Luoyang Mining Group Co., Ltd.*), a controlling shareholder of the Company
“Lundin Consideration”	the amount payable to THL in the sum of is USD1.15 billion (equivalent to approximately HKD8.97 billion) (subject to customary adjustments) under the Stock Purchase Agreement by BHR for the acquisition of the entire issued share capital of Lundin DRC Holdings Ltd.

“Lundin DRC”	Lundin DRC Holdings Ltd., a limited company incorporated in Bermuda
“Lundin Mining Corporation”	Lundin Mining Corporation, a company whose shares are listed on the Toronto Stock Exchange
“Plan”	an asset management plan arranged by CMB and such plan is also a limited partner of Dingyuan
“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 PRC and Taiwan)
“Put Option”	the right granted by the Company to BHR, Shareholders of BHR and Shareholders of BHR Shareholders to sell the interests in BHR, Shareholders of BHR or BHR subsidiaries which will hold a 24% indirect interest in TFM, to the Company at the exercise price upon the exercise date pursuant to the Framework Agreement, BHR Shareholders Agreement and Shareholders of BHR Shareholders Agreement
“Put Payment Period”	from the date of payment of the Subscription Money to the date of exercise of the Put Option
“RMB”	Renminbi, the lawful currency in PRC
“Share(s)”	A Share(s) and H Share(s)
“Shareholder(s)”	shareholder(s) of the Company
“Shareholders of BHR Shareholders”	the existing and future shareholder(s) of BHR Shareholder(s)
“Shareholders of BHR Shareholders Cooperation Agreement”	the cooperation agreement dated 20 January 2017 entered into between the Company, CMB, Dingyuan, Bohai and BHR
“Stock Purchase Agreement”	the Stock Purchase Agreement dated 15 November 2016 entered into between BHR, THL, Lundin Mining Corporation in relation to the sale and purchase of the all the issued share capital of Lundin DRC

“Subscription Money”	Payment(s) to be made by the Investor(s) to directly or indirectly subscribe for the share capital of BHR
“Syndicated Loans”	loan(s) to be extended by bank(s) for the payment of the Lundin Consideration for the sum not exceeding USD690 million
“Target Group”	Lundin DRC, TFHL, TFM and its subsidiaries
“Tenke” or “Tenke Fungurume Mining Complex”	Tenke Fungurume copper-cobalt mine, a resource mining complex located in the southeast region in the DRC
“TFHL”	TF Holdings Limited, a Bermuda exempted company
“TFM”	Tenke Fungurume Mining S.A., a public limited liability company under the laws of the DRC
“THL”	Tenke Holdings Ltd, a Bermuda exempted company
“USD” or “US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

Unless otherwise stated, the translations of USD into HKD throughout this announcement are based on the exchange rate of USD1.00 to HKD7.8, respectively and are provided for information purposes only.

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

Luoyang City, Henan Province, PRC, 22 January 2017

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*