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洛 阳 钼 业
洛陽樂川鉬業集團股份有限公司
CMOC Group Limited*

(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 03993)

DISCLOSEABLE TRANSACTION
DISPOSAL OF SUBSIDIARIES

THE DISPOSAL

On 5 December 2023 (before trading hours at Hong Kong time), the Company, CMOC Limited and Evolution Mining entered into the Share Sale and Purchase Agreement, pursuant to which (i) the Company agreed to sell, and Evolution Mining agreed to purchase, the entire share capital of CMOC Mining; and (ii) CMOC Limited agreed to sell, and Evolution Mining agreed to purchase, the entire share capital of CMOC Metals (collectively, the “Disposal”). The consideration for the Disposal is up to USD831 million, which comprises (i) a total amount of USD756 million of purchase price for the entire share capital of CMOC Mining and CMOC Metals and (ii) a copper price-linked contingent consideration of up to USD75 million. CMOC Mining owns 80% interest in the Northparkes Mines (“NPM”) located in New South Wales, Australia and is responsible for the operation of NPM. Pursuant to the Metal Streaming Agreement entered into by, among others, CMOC Metals and Triple Flag in July 2020, CMOC Metals has committed to deliver to Triple Flag certain metal production of NPM. Upon completion of the Disposal, the Company will dispose its interest in NPM free from encumbrances and together with all rights attaching and accruing thereto.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in the Listing Rules) exceeds 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements but is exempt from the circular and shareholders’ approval requirements under the Listing Rules.

INTRODUCTION

On 5 December 2023 (before trading hours at Hong Kong time), the Company, CMOC Limited and Evolution Mining entered into the Share Sale and Purchase Agreement, pursuant to which (i) the Company agreed to sell, and Evolution Mining agreed to purchase, the entire share capital of CMOC Mining; and (ii) CMOC Limited agreed to sell, and Evolution Mining agreed to purchase, the entire share capital of CMOC Metals. The consideration for the Disposal is up to USD831 million, which comprises (i) a total amount of USD756 million of purchase price for the entire share capital of CMOC Mining and CMOC Metals and (ii) a copper price-linked contingent consideration of up to USD75 million. CMOC Mining owns 80% interest in NPM and is responsible for the operation of NPM. Pursuant to the Metal Streaming Agreement entered into by, among others, CMOC Metals and Triple Flag in July 2020, CMOC Metals has committed to deliver to Triple Flag certain metal production of NPM. Upon completion of the Disposal, the Company will dispose its interest in NPM free from encumbrances and together with all rights attaching and accruing thereto.

THE SHARE SALE AND PURCHASE AGREEMENT

Date

5 December 2023 (Hong Kong time)

Parties

Sellers: the Company and CMOC Limited

Purchaser: Evolution Mining

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, Evolution Mining and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

Subject Matters

Pursuant to the Share Sale and Purchase Agreement, (i) the Company agreed to sell, and Evolution Mining agreed to purchase, the entire share capital of CMOC Mining; and (ii) CMOC Limited agreed to sell, and Evolution Mining agreed to purchase, the entire share capital of CMOC Metals. Upon completion of the Disposal, the Company will dispose its interest in NPM free from encumbrances and together with all rights attaching and accruing thereto.

Consideration and Payment

The consideration for the Disposal is up to USD831 million, which comprises (i) a total amount of USD756 million of purchase price for the entire share capital of CMOC Mining and CMOC Metals (the “**Purchase Price**”) and (ii) a copper price-linked contingent consideration of up to USD75 million (the “**Contingent Consideration**”).

The Purchase Price

The Purchase Price comprises of (i) USD755,999,999 as the consideration for the entire share capital of CMOC Mining, of which (a) USD197,999,999 shall be payable in cash by Evolution Mining to the Company; (b) USD202,000,000 as the repayment of the Sale Claims owing by CMOC Mining to the Company shall be payable by Evolution Mining to the Company by way of unsecured loans provided by Evolution Mining to CMOC Mining; and (c) USD356,000,000 shall be payable by a completion promissory note to be delivered by the Evolution Mining to CMOC Metals, which will discharge the amount of USD356,000,000 owing by CMOC Limited to CMOC Metals under a pre-existing completion promissory note issued prior to the Disposal; and (ii) USD1 as the consideration for the entire share capital of CMOC Metals, which shall be payable in cash by Evolution Mining to CMOC Limited.

The Contingent Consideration

For the period of three years commencing from 1 July 2024 to 30 June 2027, Evolution Mining shall pay to the Company an additional Contingent Consideration up to USD75 million based on the annual average copper price which is determined with reference to revenue calculated quarterly using Evolution Mining's attributable share of payable copper production from NPM and the average benchmark copper price quoted on the London Metal Exchange. The Contingent Consideration shall be payable annually based on the following thresholds:

- (i) Threshold 1: 25% revenue share on payable copper produced (above USD4.00/lb) if the annual average copper price is at or above USD4.00/lb but less than USD4.25/lb;
- (ii) Threshold 2: 35% revenue share on payable copper produced (above USD4.25/lb) if the annual average copper price is at or above USD4.25/lb but less than USD4.50/lb; and
- (iii) Threshold 3: 45% revenue share on payable copper produced (above USD4.50/lb) if the annual average copper price is at or above USD4.50/lb.

Revenue share payable per threshold is limited to such copper price range. As such, copper prices that exceeds a lower threshold will only trigger the increased revenue share for the portion of that copper price that in excess of the lower threshold.

The consideration of the Disposal was arrived at after arm's length negotiations with reference to (i) the unaudited book value of the net assets of CMOC Mining and CMOC Metals; and (ii) consideration of the comparable and precedent market transactions in the global and Australia copper industry.

The Company expects that all proceeds from the Disposal will be used as the Company's general working capital.

Working Capital Adjustment

Subject to the Completion occurring, Evolution Mining agreed to pay an amount of USD22 million to the Company by 20 January 2024 as the working capital adjustment of the Purchase Price for CMOC Mining.

Completion

The Completion is expected to take place by end of December 2023.

Upon Completion, CMOC Mining and CMOC Metals will no longer be the subsidiaries of the Company and the financial results of CMOC Mining and CMOC Metals will cease to be consolidated into the financial statements of the Company.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The decision of the Disposal is made after consideration of the following reasons:

(1) The Disposal enables the Company to optimize its portfolio and enhance its focus on other strategic growth priorities.

NPM has been an important part of the Company's growth story since it was acquired in 2013. Since then, the Company has grown into one of the world's largest metals & mining groups, operating a world-class portfolio of base metal and new energy related mineral assets and trading business across five continents. Though the Company values NPM's position in its broader portfolio, given its relative scale to the Company's other base metal assets, the Disposal enables the Company to commit greater management focus to its existing portfolio and other strategic growth priorities.

(2) The Disposal crystallizes significant value from NPM with proceeds to be redeployed towards other corporate initiatives.

The Disposal crystallizes significant value for the Company from NPM in addition to the previous monetization of the gold and silver stream to Triple Flag International Ltd. in 2020. Proceeds from the Disposal are to be redeployed towards a combination of general corporate purposes, balance sheet optimization and other growth initiatives within the Company.

(3) The Disposal ensures continuity of NPM's operations with a highly credentialled operator.

The Disposal will ensure NPM will continue to be run by a highly experienced and reputable operator. The Company takes great pride in being a responsible operator at NPM and deeply values all its key stakeholders including NPM's employees, local communities and regulatory bodies and the Company is confident that this legacy will continue with the new operator of NPM.

The Board is of the view that the Share Sale and Purchase Agreement is on normal commercial terms, fair and reasonable and that the Disposal is in the interests of Company and its shareholders as a whole.

FINANCIAL IMPACT OF THE DISPOSAL

Set out below is the unaudited consolidated financial information of CMOC Mining and CMOC Metals for the two years ended 31 December 2021 and 2022.

CMOC Mining

	For the year ended 31 December	
	2021	2022
	USD	USD
Net profit before taxation	67,059,556.40	26,405,872.57
Net profit after taxation	45,688,564.09	16,055,093.31
	As at 31 December 2022	
	USD	
Total assets		825,092,902.09
Net assets		415,006,615.06

CMOC Metals

	For the year ended 31 December	
	2021	2022
	USD	USD
Net profit before taxation	(2,825.00)	(2,181.12)
Net profit after taxation	(2,825.00)	(2,181.12)
	As at 31 December 2022	
	USD	
Total assets		35.19
Net assets		(9,276.48)

Upon Completion, the Company expects to record a net gain (after tax) of approximately USD252 million, which is calculated based on the differences between the consideration under the Share Sale and Purchase Agreement and the net assets (liabilities) of CMOC Mining and CMOC Metals as of 31 December 2022. The calculation is only an estimate provided for illustrative purposes, and the actual gain or loss as a result of the Disposal to be recorded by the Company is subject to any changes to the financial positions of CMOC Mining and CMOC Metals as at Completion and final audit, and hence may or may not be the same as the aforesaid net gain.

INFORMATION OF THE PARTIES

The Company

The Company is 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 boards of the Stock Exchange (stock code: 03993) and the SSE (stock code: 603993), respectively. The controlling shareholder of the Company is Cathay Fortune Corporation. The Group mainly engages in the mining and processing business, which includes mining, beneficiation, smelting and refining of base and rare metals, and mineral trading business.

CMOC Limited

CMOC Limited is a company incorporated in Hong Kong with limited liability. It mainly engages in investment holding activities. As at the date of this announcement, CMOC Limited is a wholly-owned subsidiary of the Company.

Evolution Mining

Evolution is a company incorporated in Australia with limited liability, the shares of which are listed on the Australian Securities Exchange (stock ticker: EVN). It is a leading, globally relevant gold mining company.

CMOC Mining

CMOC Mining is a company incorporated in Australia with limited liability. It mainly engages in mineral mining and investment. As at the date of this announcement, CMOC Mining is a wholly-owned subsidiary of the Company. CMOC Mining owns 80% interest in NPM and is responsible for the operation of NPM.

CMOC Metals

CMOC Mining is a company incorporated in Hong Kong with limited liability. It mainly engages in metals and mining investment. As at the date of this announcement, CMOC Mining is a wholly-owned subsidiary of CMOC Limited.

LISTING RULES IMPLICATIONS

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DEFINITIONS

“Board”	the board of Directors
“CMOC Limited”	CMOC Limited, a company incorporated in Hong Kong with limited liability, which is a wholly-owned subsidiary of the Company as at the date of this announcement
“CMOC Metals”	CMOC Metals Holding Limited, a company incorporated in Hong Kong with limited liability
“CMOC Mining”	CMOC Mining Pty Ltd, a company incorporated in Australia with limited liability
“Company”	CMOC Group Limited* (洛陽欒川鋁業集團股份有限公司), a joint stock company incorporated in the PRC with limited liability, the A shares and H shares of which are listed on the SSE and the Stock Exchange, respectively
“Completion”	completion of the transactions contemplated under the Share Sale and Purchase Agreement
“Directors”	the directors of the Company
“Evolution Mining”	Evolution Mining Limited, a company incorporated in Australia with limited liability
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Metal Streaming Agreement”	the metal purchase and sale agreement entered into by, among others, CMOC Metals and Triple Flag
“PRC”	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)
“Sale Claims”	the amounts owing by CMOC Mining to the Company as at the date of the Share Sale and Purchase Agreement, being (i) the outstanding loans assigned by CMOC Limited to the Company; and (ii) the outstanding loans provided by CMOC Singapore Pte. Ltd., assigned by CMOC Singapore Pte. Ltd. to Company
“Share Sale and Purchase Agreement”	the share sale and purchase agreement dated 5 December 2023 (Hong Kong time) entered into among the Company, CMOC Limited and Evolution Mining with regard to the Disposal
“SSE”	the Shanghai Stock Exchange

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“Triple Flag” Triple Flag Mining Finance Bermuda Ltd.

“USD” the United States dollars, the lawful currency of the United States of America

By Order of the Board
CMOC Group Limited*
Yuan Honglin
Chairman

Luoyang City, Henan Province, PRC, 5 December 2023

As at the date of this announcement, the Company’s executive directors are Mr. Sun Ruiwen and Mr. Li Chaochun; the Company’s non-executive directors are Mr. Yuan Honglin, Mr. Lin Jiuxin, and Mr. Jiang Li; and the Company’s independent non-executive directors are Mr. Wang Gerry Yougui, Ms. Yan Ye and Mr. Li Shuhua.

* *For identification purposes only*