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**五礦資源有限公司**  
**MINMETALS RESOURCES LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 1208)**

**CONTINUING CONNECTED TRANSACTIONS  
RULES 14A.41 AND 14A.34 OF THE LISTING RULES**

**Continuing Connected Transactions under Rule 14A.41 of the Listing Rules**

Reference is made to the announcement of the Company dated 31 December 2010 in relation to the completion of the Acquisition.

Following completion of the Acquisition, the MMG Group Companies became subsidiaries of the Company. As a result, certain ongoing arrangements between the MMG Group Companies and connected persons of the Company entered into prior to completion of the Acquisition have become continuing connected transactions for the Company. Details of these arrangements are disclosed in this announcement pursuant to Rule 14A.41 of the Listing Rules. The Company will comply with the applicable reporting, disclosure and, if applicable, independent shareholders' approval requirements under Chapter 14A of the Listing Rules upon any variation or renewal of these arrangements.

**Continuing Connected Transaction under Rule 14A.34 of the Listing Rules**

On 20 January 2011, LXML entered into the Copper Cathode Sale Agreement 2 with CMN. CMN is the controlling shareholder of the Company and is therefore a connected person of the Company under the Listing Rules. As a result, the Copper Cathode Sale Agreement 2 constitutes a continuing connected transaction for the Company. As the relevant percentage ratios in respect of the Copper Cathode Sale Agreement 2 are less than 5%, it constitutes a continuing connected transaction which is subject to the reporting, annual review and announcement requirements under Listing Rule 14A.34 of the Listing Rules but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **CONTINUING CONNECTED TRANSACTIONS UNDER RULE 14A.41 OF THE LISTING RULES**

Reference is made to the announcement of the Company dated 31 December 2010 in relation to the completion of the Acquisition.

Following completion of the Acquisition, the MMG Group Companies became subsidiaries of the Company. As a result, certain ongoing arrangements between the MMG Group Companies and connected persons of the Company (namely, Minmetals Australia, Alum Enterprises, CMN, the Government of Laos and EDL) entered into prior to completion of the Acquisition have become continuing connected transactions for the Company. Details of these arrangements are disclosed in this announcement pursuant to Rule 14A.41 of the Listing Rules.

The Company will comply with the applicable annual review requirements under Chapter 14A in respect of these arrangements going forward and will also comply with all applicable reporting, disclosure and independent shareholders' approval requirements under Chapter 14A of the Listing Rules upon any variation or renewal of these arrangements.

### **Principal terms of the Transactions**

#### **(1) Grinding Media Supply Agreement**

On 20 December 2010, MMG Management entered into the Grinding Media Supply Agreement with Minmetals Australia in relation to the purchase of hot roll forged and hand forged steel grinding media by MMG Management from Minmetals Australia. The principal terms of the Grinding Media Supply Agreement are set out below.

Parties	:	(1) MMG Management (2) Minmetals Australia
Product to be purchased:	:	Hot roll forged and hand forged steel grinding balls for use in the production of metals concentrates. The balls are introduced into rotating steel mills and are used to pulverise the ore to a more workable size that also allows for easier extraction of the metal concentrate from the ore.
Term	:	Two years commencing from 20 December 2010, with two options for further periods of 12 months each, which may be exercised by MMG Management in its discretion.
Purchase price	:	The unit price of each good purchased is calculated based on the cost of the raw material (namely, steel), energy used in the forging process, overheads, shipping and profit margin.
Payment terms	:	All payments in respect of goods purchased must be made at the end of the month following the month in which the relevant goods are accepted.

Minmetals Australia was selected as preferred contractor at the completion of a competitive tender process conducted by MMG Management, and the terms of the Grinding Media Supply Agreement were arrived at after arm's length negotiations between MMG Management and Minmetals Australia.

Minmetals Australia is a wholly-owned subsidiary of CMC, the controlling shareholder of the Company, and is therefore an associate of CMC and a connected person of the Company under the Listing Rules. Minmetals Australia primarily supplies steel products manufactured in the PRC into the Australian market and trades metallurgical raw materials.

## **(2) MMG Loan Facility**

On 10 June 2010, MMG Management entered into the MMG Loan Facility pursuant to which MMG Management agreed to make loan facilities available to Album Enterprises on an uncommitted basis which loans are to be used for the general corporate purposes of Album Enterprises. The principal terms of the MMG Loan Facility are set out below.

- Parties : (1) MMG Management  
(2) Album Enterprises
- Amount of loan facility : Such amount as is agreed between MMG Management and Album Enterprises from time to time. Monies may be advanced either under a 7-day revolving cash advance facility, a 90-day revolving cash advance facility or a 180-day revolving cash advance facility. MMG Management is not obliged to provide any loan that is requested by Album Enterprises and may, in its absolute discretion, refuse to provide any loan requested by Album Enterprises.
- Term : Continuing, with no termination rights (although monies outstanding become immediately due and payable upon the occurrence of an event of default).
- Interest : Interest accrues on monies outstanding under the loan at the base rate (being the relevant LIBOR rate for loans on similar terms) plus:
- (1) in respect of monies advanced under the 7-day revolving cash advance facility, 0.30% per annum;
  - (2) in respect of monies advanced under the 90-day revolving cash advance facility, 0.60% per annum; and
  - (3) in respect of monies advanced under the 180-day revolving cash advance facility, 0.90% per annum.
- Payment terms : Amounts advanced under a loan must be repaid on the earlier of: (1) the last day of the interest period for that loan; and (2) any repayment date specified in a written notice from MMG Management to Album Enterprises.

The terms of the MMG Loan Facility were arrived at after arm's length negotiations between MMG Management and Album Enterprises.

Album Enterprises is a substantial shareholder of the Company and is therefore a connected person of the Company under the Listing Rules. Album Enterprises is an investment holding company.

### **(3) Copper Cathode Sale Agreement 1**

On 21 December 2010, LXML entered into the Copper Cathode Sale Agreement 1 with CMN in relation to the sale of Sepon copper cathode by LXML to CMN. The principal terms of the Copper Cathode Sale Agreement 1 are set out below.

Parties	: (1) LXML (2) CMN
Product to be sold	: Sepon copper cathode.
Total quantity of product to be sold	: Between 6,500 and 12,000 metric tonnes (+/- 5% in LXML's option) to be delivered monthly between January 2011 and December 2011.
Term	: Commencing on 1 January 2011 and concluding on the date on which all the obligations of the parties are fulfilled (expected to be December 2011).
Sale price	: The LME Copper Cash Settlement Quotation as published in the London Metal Bulletin averaged over the relevant quotational period plus a premium.
Payment terms	: Amounts must be paid on the 5 <sup>th</sup> working day after the original bill of lading and other required shipping documents arrive at the counter of CMN's bank or within 25 calendar days after arrival of cargo at destination port.

The terms of the Copper Cathode Sale Agreement 1 were arrived at after arm's length negotiations between LXML and CMN.

CMN is the controlling shareholder of the Company and is therefore a connected person of the Company under the Listing Rules. CMN is a trader and supplier of non-ferrous metals.

### **(4) MEPA**

On 15 June 1993, MMG Laos Holdings entered into the MEPA with the Government of Laos in relation to mining rights in the Sepon area of Laos. The principal terms of the MEPA are set out below.

Parties	: (1) MMG Laos Holdings and LXML as the project entity incorporated and established to conduct the activities contemplated under the MEPA. (2) Government of Laos
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Rights granted : LXML was appointed the sole contractor for the Government of Laos with respect to the area on which the Sepon Project is located, with sole rights to search and explore for minerals, to develop and mine mineral deposits and to process all minerals extracted (as well as all other operations in relation to such activities).

The MEPA sets out the terms and conditions for LXML's mining and production operations, and exploration activity, with respect to the gold, silver and copper it is currently producing in Laos, and exploration, mining and production activity for all minerals on the MEPA area, and confirms the royalties and taxes payable by LXML in respect of those operations and activities and concessions granted by the Government of Laos to LXML in respect of such taxes.

Term : 30 years from the commencement of the first mining operation of each mine within the MEPA area (the initial expiry date for the first mine is March 2033), with two options for further periods of 10 years each which may be exercised by MMG Laos Holdings in its discretion.

Pricing : (1) Royalties calculated at a rate of 4.5% of the free on board (FOB) value of the minerals received by LXML on sale thereof, less all selling, transport, smelting, refining and other treatment costs attributable to the minerals sold.  
(2) Rent calculated on the basis of the size of the contract area and state of activity of the exploration, mining and production operations.

Payment terms : (1) Royalties must be paid quarterly in arrears within 60 days following the end of each calendar quarter.  
(2) Rent must be paid annually in arrears on 30 January following the year to which the rental payments relate.

The terms of the MEPA were arrived at after arm's length negotiations between MMG Laos Holdings and the Government of Laos.

The Government of Laos holds a 10% equity interest in LXML, a subsidiary of the Company, and is therefore a connected person of the Company under the Listing Rules.

#### **(5) Power Purchase Agreement**

On 26 February 2004, LXML entered into the Power Purchase Agreement with EDL in relation to the purchase of electricity by LXML from EDL for the purposes of operating the Sepon Project in Laos. The principal terms of the Power Purchase Agreement are set out below.

Parties : (1) LXML  
(2) EDL

- Product to be purchased: Electricity (which is sourced both domestically and from the Electricity Generating Authority of Thailand).
- Term : Initial term of 6 years from the commercial operations date (November 2004); thereafter, continuing for successive one-year periods subject to termination by either party by giving at least 6 months' prior written notice to the other party before the end of the then current one-year period. No notice of termination has been given to date, so the term is continuing until at least November 2011.
- Purchase price : The total consideration payable under the Power Purchase Agreement is subject to levels of energy consumption which vary from year to year, which are also subject to the changes in activity at the Sepon Project, the price per unit of electricity which varies according to cost of power to EDL and defined charges which principally relate to timing of consumption, line losses and amount of total energy consumed.
- Payment terms : Invoices are issued monthly and must be paid within 15 business days of receipt.

The terms of the Power Purchase Agreement were arrived at after arm's length negotiations between LXML and EDL.

EDL is a state-owned corporation operated by the Laos Ministry for Energy and Mines, which owns and operates the country's main generation, transmission and distribution assets in Laos and manages electricity imports into its grids and exports from its stations. The Ministry for Energy and Mines is a department of the Government of Laos, which is a connected person of the Company under the Listing Rules.

## **CONTINUING CONNECTED TRANSACTION UNDER RULE 14A.34 OF THE LISTING RULES**

### **Copper Cathode Sale Agreement 2**

On 20 January 2011, LXML entered into the Copper Cathode Sale Agreement 2 with CMN in relation to the sale of Sepon copper cathode by LXML to CMN. The principal terms of the Copper Cathode Sale Agreement 2 are set out below.

- Parties : (1) LXML  
(2) CMN
- Product to be sold : Sepon copper cathode.
- Total quantity of product to be sold : 600 metric tonnes.
- Term : Commencing on 1 February 2011 and concluding on the date on which all the obligations of the parties are fulfilled (expected to be April 2011).

- Sale price : The LME Copper Cash Settlement Quotation as published in the London Metal Bulletin averaged over the relevant quotational period less a discount.
- Payment terms : Amounts must be paid on the 5<sup>th</sup> working day after the original bill of lading and other required shipping documents arrive at the counter of CMN's bank or within 25 calendar days after arrival of cargo at destination port.

The terms of the Copper Cathode Sale Agreement 2 were arrived at after arm's length negotiations between LXML and CMN.

CMN is the controlling shareholder of the Company and is therefore a connected person of the Company under the Listing Rules. CMN is a trader and supplier of non-ferrous metals.

#### *Annual caps*

The Company proposes that the maximum aggregate amount to be paid under the Copper Cathode Sale Agreement 2 for the financial year ending 31 December 2011 will be approximately US\$7.0 million (approximately HK\$54.6 million). This annual cap was determined by reference to the historical LME Copper Cash Settlement Quotation, the estimated future LME Copper Cash Settlement Quotation and the total quantity of Sepon copper cathode to be sold by LXML to CMN under the Copper Cathode Sale Agreement 2.

#### *Reasons for and benefits of the Copper Cathode Sale Agreement 2*

The Company's activities include the production of copper cathode and other copper products. The Copper Cathode Sale Agreement 2 is one of a number of contracts the Company has entered into to facilitate testing of copper cathode by LME-approved consumers in different geographic regions as part of the process of registering Sepon copper cathode with the LME. CMN's role has been to facilitate the supply of Sepon copper cathode to an approved Chinese end user for this purpose. The transaction is therefore for the benefit of the Company, being to secure the LME registration of the Sepon copper cathode.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Copper Cathode Sale Agreement 2 are on normal commercial terms, and are fair and reasonable and in the interests of the shareholders of the Company as a whole. No Director has any material interest in the transaction contemplated under the Copper Cathode Sale Agreement 2 which prohibits him/her to vote on the resolution of the Board to approve the Copper Cathode Sale Agreement 2 and no Director has abstained from approving such Board resolution.

### **INFORMATION ABOUT THE GROUP**

The Group is engaged in mining, processing and production of zinc, copper, gold, silver and lead, exploration for mineralization and development of mining projects, trading of non-ferrous metals, production of alumina and manufacturing and distribution of aluminium and copper products.

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Acquisition”	the acquisition of Album Resources by All Glorious pursuant to a share sale deed dated 19 October 2010 entered into among Album Enterprises (as seller), All Glorious (as buyer) and the Company (as guarantor and issuer of securities comprising part of the consideration)
“Agreements”	the Grinding Media Supply Agreement, the MMG Loan Facility, the Copper Cathode Sale Agreements, the MEPA and the Power Purchase Agreement
Album Enterprises”	Album Enterprises Limited, a company incorporated on 19 January 2005 in Hong Kong with limited liability and a wholly-owned subsidiary of CMN. Album Enterprises is a controlling shareholder of the Company
“Album Resources”	Album Resources Private Limited, a limited liability company incorporated on 8 April 2009 under the laws of Singapore and a wholly-owned subsidiary of the Company since 31 December 2010. Album Resources is an investment holding company which holds a portfolio of international mining assets known as MMG
“All Glorious”	All Glorious Limited, a company incorporated on 8 September 2010 in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“CMC”	中國五礦集團公司 (China Minmetals Corporation), formerly known as 中國五金礦產進出口總公司 (China National Metals and Minerals Import and Export Corporation), a State-owned enterprise incorporated on 7 April 1950 under the laws of the PRC and the ultimate controlling shareholder of the Company
“CMCL”	中國五礦股份有限公司 (China Minmetals Corporation Limited), a joint stock limited company incorporated on 16 December 2010 under the laws of the PRC and owned as to 96.5% by CMC and as to 1% by 中國五金製品有限公司 (China National Metal Products Co., Ltd.), a wholly-owned subsidiary of CMC. CMC has an attributable interest of 97.5% in CMCL as at the date of this announcement. CMCL is a controlling shareholder of CMN, holding approximately 91.57% of CMN



“CMN”	五礦有色金屬股份有限公司 (China Minmetals Non-Ferrous Metals Company Limited), a joint stock limited company incorporated on 27 December 2001 under the laws of the PRC and owned as to approximately 91.57% by CMCL as at the date of this announcement. CMN is a controlling shareholder of the Company, holding directly and indirectly approximately 75.0% of the issued share capital of the Company as at the date of this announcement
“Company”	Minmetals Resources Limited, a company incorporated on 29 July 1988 in Hong Kong with limited liability, the shares of which are listed and traded on the main board of the stock exchange operated by the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Copper Cathode Sale Agreement 1”	the agreement dated 21 December 2010 between LXML and CMN in relation to the sale of copper cathode by LXML to CMN
“Copper Cathode Sale Agreement 2”	the agreement dated 20 January 2011 between LXML and CMN in relation to the sale of Sepon copper cathode by LXML to CMN
“Director(s)”	the director(s) of the Company
“EDL”	Electricite Du Laos, a state-owned corporation operated by the Laos Ministry for Energy and Mines, which is a department of the Government of Laos
“Grinding Media Supply Agreement”	the agreement dated 20 December 2010 between MMG Management and Minmetals Australia pursuant to which MMG Management agreed to purchase hot roll forged and hand forged grinding media from Minmetals Australia
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Laos”	the Lao People’s Democratic Republic
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LME”	the London Metal Exchange

“LXML”	Lane Xang Minerals Limited, a special purpose company incorporated in Laos on 30 September 1993 to conduct the activities contemplated under the MEPA, which is a non-wholly owned subsidiary of MMG Laos Holdings and a subsidiary of the Company with effect from 31 December 2010
“MEPA”	the mineral exploration and production agreement dated 15 June 1993 between MMG Laos Holdings and the Government of Laos, as amended by an agreement dated 30 November 2004
“MMG Group Companies”	Album Resources and each of its subsidiaries
“MMG Laos Holdings”	MMG Laos Holdings Limited, a company incorporated on 25 May 1993 in the Cayman Islands with limited liability which is a wholly-owned subsidiary of Album Resources and a wholly-owned subsidiary of the Company with effect from 31 December 2010
“MMG Loan Facility”	the agreement dated 10 June 2010 between MMG Management and Album Enterprises pursuant to which MMG Management agreed to make loan facilities available to Album Enterprises on an uncommitted basis
“MMG Management”	MMG Management Pty Ltd, a company incorporated on 15 July 2005 in Australia with limited liability which is a wholly-owned subsidiary of Album Resources and a wholly-owned subsidiary of the Company with effect from 31 December 2010
“Minmetals Australia”	Minmetals Australia Pty Ltd, a company incorporated on 20 October 1987 in Australia with limited liability and a wholly-owned subsidiary of CMC
“Power Purchase Agreement”	the agreement dated 26 February 2004 between LXML and EDL in relation to the purchase of energy by LXML from EDL for the purposes of operating the Sepon Project in Laos
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“Sepon Project”	the Group’s copper and gold operations located near Sepon in Laos
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)

“Transactions” the transactions contemplated under the Grinding Media Supply Agreement, the MMG Loan Facility, the Copper Cathode Sale Agreement 1, the MEPA and the Power Purchase Agreement

“%” Percentage

*Unless otherwise specified, conversion of US\$ into HK\$ in this announcement is based on the exchange rate of US\$1.00 = HK\$7.8 for the purpose of illustration only. No representation is made and there is no assurance that US\$ or HK\$ can be purchased or sold at such rate.*

By order of the Board  
**Minmetals Resources Limited**  
**Andrew Gordon Michelmore**  
*CEO and Executive Director*

Hong Kong, 28 March 2011

*As at the date of this announcement, the board of directors of the Company comprises eleven directors, of which four are executive directors, namely Mr. Hao Chuanfu (Vice Chairman), Mr. Andrew Gordon Michelmore, Mr. David Mark Lamont and Mr Li Liangang; four are non-executive directors, namely Mr. Li Fuli (Chairman), Mr. Jiao Jian, Mr. Xu Jiqing and Mr. Wang Lixin; and three are independent non-executive directors, namely Mr. Ting Leung Huel, Stephen, Mr. Loong Ping Kwan and Dr. Peter William Cassidy.*