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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)

DISCLOSEABLE AND CONNECTED TRANSACTION

ACQUISITION OF INTEREST IN GUANGXI HUAYIN

Financial adviser to the Company



**Independent financial adviser to the Independent Board Committee and the
Independent Shareholders**



The board of Directors is pleased to announce that on 5 November 2007, the Company (as purchaser) and CMN (as vendor) entered into the Agreement for the sale and purchase of a 33% equity interest in Guangxi Huayin for a consideration of RMB855,998,331 (equivalent to approximately HK\$890,238,264) payable by cash.

The Agreement constitutes a discloseable and connected transaction for the Company under the Listing Rules and is therefore subject to Independent Shareholders' approval. A circular containing, among others, details of the Agreement, the advice of the Independent Board Committee, the recommendations of the independent financial adviser and the notice of the EGM will be despatched to the shareholders of the Company as soon as practicable.

BACKGROUND

Reference is made to the announcement of the Company dated 30 December 2004 and the circular of the Company dated 30 June 2005. As disclosed therein, China Minmetals has, pursuant to a non-competition and first rights of refusal agreement dated 30 December 2004, undertaken that, among others, its controlled companies other than the Group will offer to sell their interests in Guangxi Huayin on normal commercial terms to the Company within three years from 31 December 2004. The board of Directors is pleased to announce that on 5 November 2007, the Company has exercised its rights to acquire the Sale Interest by entering into the Agreement.

THE AGREEMENT DATED 5 NOVEMBER 2007

Parties

Purchaser: the Company

Vendor: CMN, a controlling shareholder of the Company with an indirect holding of approximately 51.17% of the issued share capital of the Company as at the date of this announcement

Assets to be acquired

The Sale Interest (being a 33% equity interest in Guangxi Huayin).

Guangxi Huayin is a company established in the PRC for the purpose of an alumina project to develop bauxite resources in the Guangxi region of the PRC and to engage in the production and sale of alumina and related products. Guangxi Huayin has a planned annual production capacity of 1.6 million tonnes of alumina. Guangxi Huayin is currently owned as to 34% by 廣西投資(集團)有限公司 (Guangxi Investment Group Co., Ltd.), 33% by 中國鋁業股份有限公司 (Aluminum Corporation of China Limited) and 33% by CMN.

As Guangxi Huayin is still in its development stage with trial production expected to commence in December 2007, Guangxi Huayin has not prepared any profit and loss statement for each of the last two financial years ended 31 December 2006 and the eight months ended 31 August 2007. Based on the audited financial statements consisting of the balance sheet and cash flow statement of Guangxi Huayin prepared in accordance with the generally accepted accounting principles in the PRC, Guangxi Huayin had a net asset value of RMB1,735.65 million (equivalent to approximately HK\$1,805.08 million) as at 31 August 2007, and that translates to approximately RMB572.76 million (equivalent to approximately HK\$595.67 million) attributable to the Sale Interest.

In September 2007, the three shareholders of Guangxi Huayin made an additional total capital contribution of approximately RMB193.58 million to Guangxi Huayin proportional to their current respective interests in Guangxi Huayin. As at the date of this announcement, CMN had made a total contribution of approximately RMB636.64 million (equivalent to approximately HK\$662.11 million) to Guangxi Huayin as registered capital for the Sale Interest. The last capital contribution for the Sale Interest of approximately RMB63.38 million (equivalent to approximately HK\$65.92 million) shall be made in December 2007. If the balance of the capital contribution for the Sale Interest is paid by CMN to Guangxi Huayin prior to 31 December 2007, the Company shall reimburse CMN such payment at the time the remaining balance of the consideration is payable by the Company to CMN on a dollar for dollar basis.

Consideration

RMB855,998,331 (equivalent to approximately HK\$890,238,264). The consideration for the Sale Interest was determined following commercial negotiations between the parties on an arm's length basis and with reference to various factors including, but not limited to, the total capital contribution for the Sale Interest made by CMN to Guangxi Huayin of approximately RMB636.64 million (equivalent to approximately HK\$662.11 million) up to and including the date of this announcement, the funding cost incurred by CMN for the capital contribution to date, the anticipated demand of alumina in the PRC market and the prevailing general market conditions.

The parties to the Agreement have also agreed that any profits or losses of Guangxi Huayin attributable to the Sale Interest (a) on or before 31 December 2007 shall belong to or be assumed by CMN and (b) from and including 1 January 2008 shall belong to or be assumed by the Company. The shareholding, together with its rights and obligations, of the Sale Interest shall be transferred from CMN to the Company upon Completion. The Group's interest in Guangxi Huayin will be equity accounted for as an interest in an associated company in the Group's consolidated financial statements after Completion.

A deposit of RMB342,399,332 (equivalent to approximately HK\$356,095,305), representing approximately 40% of the consideration for the Sale Interest, shall be payable within five business days after the Agreement has been approved by the Independent Shareholders at the EGM. The remaining balance of the consideration in the sum of RMB513,598,999 (equivalent to approximately HK\$534,142,959), representing approximately 60% of the consideration for the Sale Interest, shall be payable within five business days from the satisfaction of all conditions precedent.

The consideration for the Sale Interest will be financed through internal resources of the Group and part of the proceeds from the issue of the HK\$1,000,000,000 zero coupon guaranteed convertible bonds due 2011 by the Group in 2006.

Conditions precedent

Completion shall be subject to:

- (i) the execution of the Agreement by the legal representative or a lawful attorney of each of the Company and CMN;
- (ii) the obtaining of all necessary consents or approvals for the Agreement and the transfer of the Sale Interest, including but not limited to:
 - (a) approval of the transfer of the Sale Interest by the Independent Shareholders at general meeting in accordance with the Listing Rules;
 - (b) approval of the transfer of the Sale Interest by the State-owned Asset Supervision and Administration Commission of the State Council of the PRC;
 - (c) approval by the relevant department of commerce in charge in the PRC; and
 - (d) approval by the relevant government departments in the PRC such as the National Development and Reform Committee of the PRC; and
- (iii) the Company having obtained a PRC legal opinion in form and substance to the satisfaction of the Company from a PRC counsel acceptable to the Company.

If Completion does not take place on or before 30 June 2008 or such other date as the Company and CMN shall agree, the Agreement shall forthwith terminate and CMN shall return to the Company any deposit received with accrued interest within five business days after such termination.

REASONS FOR AND BENEFITS OF THE AGREEMENT

The Group is engaged in the trading of alumina and other non-ferrous metals, aluminium fabrication, copper fabrication and plica tubes production and port logistics services and other industrial operations. For the year ended 31 December 2006, trading of alumina and other non-ferrous metals accounted for approximately 72.4% of the Group's turnover.

The Company believes that Guangxi Huayin will be, when completed, one of the most advanced and largest alumina refineries in the PRC. The Group's investment in Guangxi Huayin is expected to increase its secured source of alumina for its trading business and represents a good opportunity for the Group to, as set out in the Company's circular dated 30 June 2005, leverage on its existing market position to achieve further vertical integration by entering into the alumina production aspect of the business chain. Upon Completion, the Company will own the Sale Interest and CMN will cease to have any direct interest in Guangxi Huayin.

The terms of the Agreement have been determined through arm's length negotiations between the parties and reflect normal commercial terms. The Directors (including the independent non-executive Directors) consider that the terms of the Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

GENERAL

CMN is primarily engaged in the trading of non-ferrous metals (including copper, lead, zinc, tungsten, antimony, tin, precious metals and rare earth). It is also engaged in hedging activities at the Shanghai Future Exchange and London Metal Exchange covering a wide range of commodities such as copper, aluminum, lead, tin, nickel and silver. CMN is a controlling shareholder of the Company with an indirect holding of approximately 51.17% of the issued share capital of the Company as at the date of this announcement and is therefore a connected person of the Company under the Listing Rules.

Based on the applicable percentage ratios, the Agreement constitutes a discloseable and connected transaction for the Company under Chapters 14 and 14A of the Listing Rules. Accordingly, it is subject to the approval of the Independent Shareholders at the EGM to be conducted by way of poll. CMN and its associates will abstain from voting in respect of the approval of the Agreement and the transactions contemplated thereunder at the EGM.

N M Rothschild & Sons (Hong Kong) Limited has been appointed as financial adviser to the Company in respect of the Agreement.

The Independent Board Committee has been formed by the Board to advise the Independent Shareholders in respect of the Agreement. Somerley has been appointed as the independent financial adviser to make recommendations to the Independent Board Committee and the Independent Shareholders in respect of the Agreement.

A circular containing, among others, details of the Agreement, the advice of the Independent Board Committee, the recommendations of the independent financial adviser and the notice of the EGM will be despatched to the shareholders of the Company as soon as practicable.

DEFINITIONS

“Agreement”	the agreement for the sale and purchase of the Sale Interest entered into between the Company (as purchaser) and CMN (as vendor) and dated 5 November 2007
“China Minmetals”	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, the holding company of CMN and the ultimate controlling shareholder of the Company
“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, a controlling shareholder of the Company
“Company”	Minmetals Resources Limited (五礦資源有限公司), a company incorporated on 29 July 1988 in Hong Kong with limited liability, the shares of which are listed on The Stock Exchange of Hong Kong Limited
“Completion”	completion of the sale and purchase of the Sale Interest in accordance with the Agreement
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company’s shareholders to be convened by the Company for purpose of considering and, if thought fit, approving the Agreement and the transaction contemplated thereunder
“Group”	the Company and its subsidiaries
“Guangxi Huayin”	廣西華銀鋁業有限公司 (Guangxi Huayin Aluminium Company Limited), a company incorporated on 18 February 2003 under the laws of PRC and owned as to 33% by CMN. The remaining 67% interest is owned as to 34% by 廣西投資(集團)有限公司 (Guangxi Investment Group Co., Ltd.) and as to 33% by 中國鋁業股份有限公司 (Aluminum Corporation of China Limited)
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	the independent board committee of the Company comprising Mr. Liu Hongru, Mr. Chan Wai Dune and Mr. Ting Leung Huel, Stephen, being all the independent non-executive Directors
“Independent Shareholders”	shareholders of the Company who are not required to abstain from voting at the EGM to approve the Agreement and the transactions contemplated thereunder under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC)
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Interest”	33% equity interest in Guangxi Huayin held by CMN
“Somerville”	Somerville Limited, a licensed corporation under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“SFO”) for carrying out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders
“%”	per cent.

Solely for convenience and except as otherwise noted, this announcement contains translation of RMB amounts into Hong Kong dollars at a rate of RMB1.00=HK\$1.04.

By order of the Board
Minmetals Resources Limited
Xu Huizhong
Executive Director and President

Hong Kong, 5 November 2007

As at the date of this announcement, the board of directors of the Company comprises eleven directors, of which three are executive directors, namely Mr. Xu Huizhong, Mr. Wang Lixin and Mr. Ren Suotang; five are non-executive directors, namely Mr. Zhou Zhongshu (Chairman), Ms. Shen Ling, Mr. Zhang Shoulian, Mr. Zong Qingsheng and Mr. Cui Hushan; and three are independent non-executive directors, namely Mr. Liu Hongru, Mr. Chan Wai Dune and Mr. Ting Leung Huel, Stephen.