
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubts to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Minmetals Resources Limited (the "Company"), you should at once hand this circular to the purchaser or the transferee or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sales or transfer was effected for transmission to the purchaser or the transferee.

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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)

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE SALE OF

- (1) 100% OF THE EQUITY INTERESTS IN 五礦鋁業有限公司 (MINMETALS ALUMINIUM CO., LTD);
- (2) 72.80% OF THE EQUITY INTERESTS IN 華北鋁業有限公司 (NORTH CHINA ALUMINIUM CO., LTD.);
- (3) 51% OF THE EQUITY INTERESTS IN 營口鑫源金屬套管有限公司 (YINGKOU ORIENMET PLICA TUBE COMPANY LIMITED); AND
- (4) 36.2913% OF THE EQUITY INTERESTS IN 常州金源銅業有限公司 (CHANGZHOU JINYUAN COPPER CO., LTD)

Financial adviser to

Minmetals Resources Limited



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

Minmetals Resources Limited



A letter from the Board is set out on pages 7 to 23 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders in connection with the Sale is set out on page 24 of this circular. A letter from Somerley containing its advice to the Independent Board Committee and the Independent Shareholders in connection with the Sale is set out on pages 25 to 56 of this circular.

A notice convening the extraordinary general meeting of the Company to be held at 10:30 a.m. on Friday, 28 October 2011 at Studio 1, 7/F, W Hong Kong Hotel, 1 Austin Road West, Kowloon, Hong Kong or any adjournment is set out from pages 67 to 68 of this circular. Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy to the Company's share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the extraordinary general meeting of the Company. Completion and return of the form of proxy shall not preclude you from attending and voting at the extraordinary general meeting of the Company should you so wish.

This circular will remain on the "Listed Company Information" page of the website of the Stock Exchange and the website of the Company for at least seven days from the date of its posting.

12 October 2011

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DEFINITIONS

In this circular, unless the context otherwise requires, the following terms shall have the meanings set out below:

| | |
|---------------------------------|--|
| “Anvil” | Anvil Mining Limited, a company existing under the laws of the Northwest Territories, Canada, the shares of which are listed and traded on the Toronto Stock Exchange (symbol: AVM) and the CDIs of which are listed and traded on the ASX (symbol: AVM) |
| “Anvil Announcement” | the announcement dated 30 September 2011 issued by the Company relating to the proposed takeover offer to acquire all of the Common Shares of Anvil, such takeover offer to be made by MMG Malachite |
| “Anvil Group” | Anvil and its subsidiaries (as such term is defined under the Listing Rules) |
| “ASX” | Australian Securities Exchange |
| “Australian Government” | the Government of Australia |
| “Business Day” | a day on which banks are generally open for business in Hong Kong, other than a Saturday, Sunday or public holiday in Hong Kong |
| “CDIs” | CHES Depository Interests, units of beneficial ownership in Common Shares registered in the name of a depository nominee and tradeable on the ASX |
| “CFO” | chief financial officer |
| “Changzhou Jinyuan” | 常州金源銅業有限公司 (Changzhou Jinyuan Copper Co., Ltd), a company established in the PRC with limited liability and which is held, through Lontic, as to 36.2913% of its equity interests by the Company as at the date of this circular |
| “Changzhou Jinyuan Sale” | the sale and purchase of Lontic’s entire 36.2913% equity interest in Changzhou Jinyuan pursuant to the Master Sale and Implementation Agreement |
| “Changzhou Jinyuan Sale Shares” | 36.2913% of the total registered capital of Changzhou Jinyuan, comprising RMB102,497,155.68 of the total registered capital of RMB282,429,000, as at the date of the Master Sale and Implementation Agreement |
| “CHES” | the Clearing House Electronic Sub-register System operated by the ASX Settlement and Transfer Corporation Pty Ltd (ABN 49 008 504 532) |

DEFINITIONS

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|------------------------------|--|
| “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 |
| “CMC Group” | CMC and its subsidiaries other than the Group |
| “CMN” | 五礦有色金屬股份有限公司 (China Minmetals Non-Ferrous Metals Co., Ltd.), a joint stock limited company incorporated on 27 December 2001 under the laws of the PRC. CMN is a controlling shareholder of the Company holding, through CMN’s wholly-owned subsidiaries, approximately 71.56% of the issued share capital of the Company as at the date of this circular |
| “Common Shares” | the currently outstanding common shares of Anvil, including those common shares that are represented by CDIs, and any common shares that are issued in the future |
| “Company” | Minmetals Resources Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange |
| “connected person” | has the meaning ascribed to such term in the Listing Rules |
| “controlling shareholder” | has the meaning ascribed to such term in the Listing Rules |
| “CSRC” | China Securities Regulatory Commission (中國證券監督管理委員會) |
| “Cut Off Date” | 30 June 2012, or such other date as agreed between the parties in writing |
| “Director(s)” | the director(s) of the Company |
| “EGM” | the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, passing the relevant resolutions to approve the Sale, the Master Sale and Implementation Agreement and the transactions contemplated thereunder |
| “Equity Transfer Agreements” | the equity transfer agreements to effect the transfer of the Sale Shares pursuant to PRC law, the agreed form of which has been initialed by the Company and CMN pursuant to the Master Sale and Implementation Agreement |
| “FATA” | the Foreign Acquisitions and Takeovers Act 1975 (Commonwealth of Australia) |

DEFINITIONS

| | |
|--|--|
| “Group” | the Company and its subsidiaries as at the Latest Practicable Date |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “HKFRS” | Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Board Committee” | a committee of the Board comprising all the independent non-executive Directors, namely, Mr. Ting Leung Huel, Stephen, Mr. Loong Ping Kwan and Dr. Peter William Cassidy |
| “Independent Shareholders” | the Shareholders, except CMN and its associates (as defined under the Listing Rules) |
| “Latest Practicable Date” | 10 October 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Lontic” | Lontic (H.K.) Limited, a company incorporated in Hong Kong with limited liability and which is a directly held wholly-owned subsidiary of the Company as at the date of this circular |
| “Master Sale and Implementation Agreement” | the master sale and implementation agreement dated 15 September 2011 entered into between the Company and CMN in relation to the Sale |
| “MMA” | 五礦鋁業有限公司 (Minmetals Aluminium Co., Ltd), a company established in the PRC with limited liability and which is a directly held wholly-owned subsidiary of the Company as at the date of this circular |
| “MMA Sale” | the sale and purchase of the Company’s entire 100% equity interest in MMA pursuant to the Master Sale and Implementation Agreement |
| “MMA Sale Shares” | 100% of the total registered capital of MMA in the sum of RMB2,380 million, as at the date of the Master Sale and Implementation Agreement |
| “MMG” | Minerals and Metals Group, being the collective brand name of the portfolio of international mining assets acquired by the Company on 31 December 2010 |

DEFINITIONS

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| “MMG Malachite” | MMG Malachite Limited, a corporation existing under the laws of the Northwest Territories, Canada and an indirect wholly-owned subsidiary of the Company |
| “NCA” | 華北鋁業有限公司 (North China Aluminium Co., Ltd.), a company established in the PRC with limited liability and which is held, through Riseup Dragon, as to 72.80% of its equity interests as at the date of this circular |
| “NCA Sale” | the sale and purchase of Riseup Dragon’s entire 72.80% equity interest in NCA pursuant to the Master Sale and Implementation Agreement |
| “NCA Sale Shares” | 72.80% of the total registered capital of NCA, comprising RMB348,040,500 of the total registered capital of RMB478.1 million, as at the date of the Master Sale and Implementation Agreement |
| “Other Sale” | has the meaning given to such term in the paragraph headed “Letter from the Board — The Master Sale and Implementation Agreement dated 15 September 2011 — Assets to be disposed of” in this circular |
| “Orientmet Industry” | Orientmet Industry Company Limited, a company incorporated in Hong Kong with limited liability and which is a directly held wholly-owned subsidiary of the Company as at the date of this circular |
| “PRC” | the People’s Republic of China (for the purposes of this circular, excluding Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC) |
| “Relevant Sale” | has the meaning given to such term in the paragraph headed “Letter from the Board — The Master Sale and Implementation Agreement dated 15 September 2011 — Assets to be disposed of” in this circular |
| “Relevant Shares” | has the meaning given to such term in the paragraph headed “Letter from the Board — The Master Sale and Implementation Agreement dated 15 September 2011 — Conditions” in this circular |
| “Riseup Dragon” | Riseup Dragon Limited, a company incorporated in Hong Kong with limited liability and which is a directly held wholly-owned subsidiary of the Company as at the date of this circular |
| “RMB” | Renminbi Yuan, the lawful currency of the PRC |

DEFINITIONS

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|---------------------------|---|
| “SAFE” | The State Administration of Foreign Exchange of the PRC |
| “Sale” | the MMA Sale, the NCA Sale, the Yingkou Orienmet Sale and/or the Changzhou Jinyuan Sale, where completion of any one of the aforementioned sales is not conditional on completion of any other sales occurring |
| “Sale Entities” | MMA, NCA, Yingkou Orienmet and Changzhou Jinyuan |
| “Sale Price” | subject to any adjustments contemplated under the Master Sale and Implementation Agreement, an aggregate amount equal to US\$726.80 million, apportioned to the Sale Shares as set out in the paragraph headed “Letter from the Board — Master Sale and Implementation Agreement dated 15 September 2011 — Sale Price” |
| “Sale Shares” | <ol style="list-style-type: none">1. the MMA Sale Shares;2. the NCA Sale Shares;3. the Yingkou Orienmet Sale Shares; and/or4. the Changzhou Jinyuan Sale Shares |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Shareholder(s)” | shareholder(s) of the Company |
| “Somerley” | Somerley Limited, a licensed corporation under the 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, the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Sale |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “substantial shareholder” | has the meaning ascribed to such term in the Listing Rules |
| “US\$” | United States dollars, the lawful currency of United States of America |
| “Yingkou Orienmet” | 營口鑫源金屬套管有限公司 (Yingkou Orienmet Plica Tube Company Limited), a company established in the PRC with limited liability and which is held, through Orienmet Industry, as to 51% of its equity interests by the Company as at the date of this circular |

DEFINITIONS

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| “Yingkou Orienmet Sale” | the sale and purchase of Orienmet Industry’s entire 51% equity interest in Yingkou Orienmet pursuant to the Master Sale and Implementation Agreement |
| “Yingkou Orienmet Sale Shares” | 51% of the total registered capital of Yingkou Orienmet, comprising US\$2,040,000 of the total registered capital of US\$4 million, as at the date of the Master Sale and Implementation Agreement |
| “Zhonghe” | 中和資產評估有限公司 (Zhonghe Asset Appraisal Co., Ltd.), an independent and qualified PRC valuer |
| “%” | per cent. |

Unless otherwise stated, conversion of RMB and US\$ into HK\$ in this circular is based on the exchange rates of RMB1 = HK\$1.22 and US\$1 = HK\$7.8 for the purpose of illustration only. No representation is made and there is no assurance that RMB, US\$ or HK\$ can be purchased or sold at such rate.

The English names of the PRC entities referred to in this circular are translations from their Chinese names and are for identification purposes only. If there is any inconsistency, the Chinese name shall prevail.

LETTER FROM THE BOARD



五礦資源有限公司

MINMETALS RESOURCES LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 1208)

Chairman:

WANG Lixin (*Non-executive Director*)

Vice Chairman:

HAO Chuanfu (*Executive Director*)

Executive Directors:

Andrew Gordon MICHELMORE

David Mark LAMONT

LI Liangang

Non-executive Directors:

JIAO Jian

XU Jiqing

GAO Xiaoyu

Independent Non-executive Directors:

Peter William CASSIDY

LOONG Ping Kwan

TING Leung Huel, Stephen

Registered office:

12th Floor

China Minmetals Tower

79 Chatham Road South

Tsimshatsui

Kowloon

Hong Kong

12 October 2011

To the Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION SALE OF INTERESTS

INTRODUCTION

On 15 September 2011, the Directors announced that the Company entered into the Master Sale and Implementation Agreement with CMN, pursuant to which the Company has conditionally agreed to sell or procure the sale of, and CMN has conditionally agreed to purchase or procure the purchase of (i) the Company's entire 100% equity interest in MMA, (ii) Riseup Dragon's entire 72.80% equity interest in NCA, (iii) Orienmet Industry's entire 51% equity interest in Yingkou Orienmet and (iv) Lontic's entire 36.2913% equity interest in Changzhou Jinyuan, at the Sale Price.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with further information regarding the Sale and other information in accordance with the Listing Rules.

THE SALE

The Master Sale and Implementation Agreement dated 15 September 2011

Parties

Vendor: The Company.

The Company has conditionally agreed to sell its entire 100% equity interest in MMA and to procure (i) Riseup Dragon to sell its entire 72.80% equity interest in NCA, (ii) Orienmet Industry to sell its entire 51% equity interest in Yingkou Orienmet and (iii) Lontic to sell its entire 36.2913% equity interest in Changzhou Jinyuan.

Purchaser: CMN, a non-ferrous metals resource enterprise, is the controlling Shareholder and is therefore a connected person of the Company under the Listing Rules.

CMN has conditionally agreed to acquire the Sale Shares. CMN will acquire the Sale Shares with respect to the Yingkou Orienmet Sale and the Changzhou Jinyuan Sale directly, and CMN has nominated Aluminco Holdings Limited, a wholly-owned subsidiary of CMN, as its nominee to conditionally acquire the Sale Shares with respect to the MMA Sale and the NCA Sale.

Assets to be disposed of

The Sale Shares comprise:

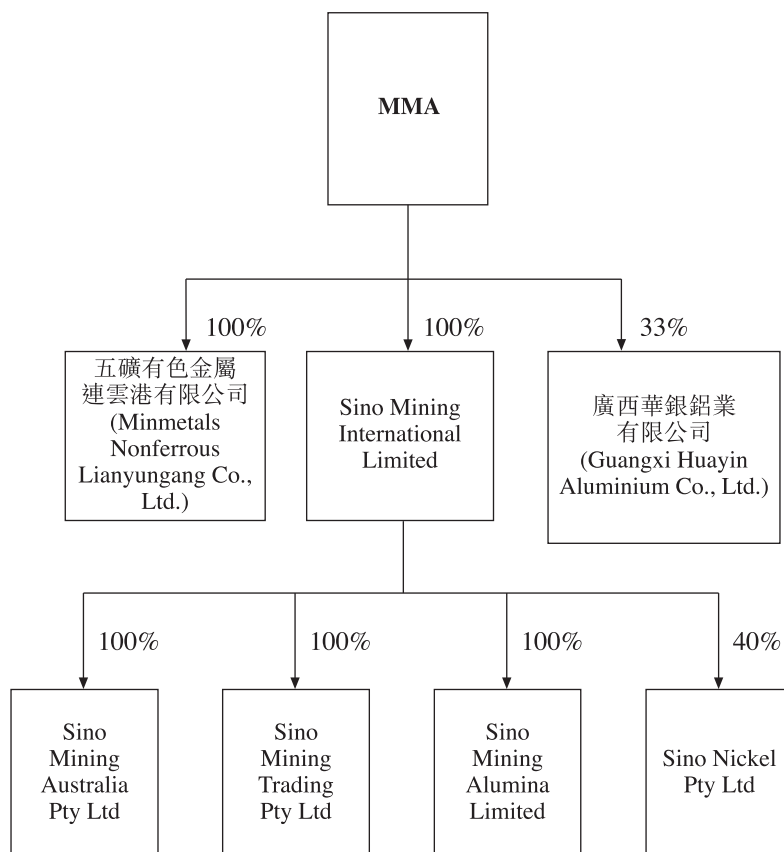
- (i) the Company's entire 100% equity interest in MMA;
- (ii) Riseup Dragon's entire 72.80% equity interest in NCA;
- (iii) Orienmet Industry's entire 51% equity interest in Yingkou Orienmet; and
- (iv) Lontic's entire 36.2913% equity interest in Changzhou Jinyuan.

The parties acknowledge and agree that completion of any one Sale described in paragraphs (i) to (iv) above ("**Relevant Sale**") is not conditional on completion of any other Sale ("**Other Sale**") occurring, and to the extent that the conditions in relation to the Relevant Sale are satisfied or waived ahead of those in relation to any Other Sale, the Company may by written notice to CMN require that completion occurs for the Relevant Sale, regardless of whether the conditions in relation to any Other Sale have been satisfied or waived.

LETTER FROM THE BOARD

(i) **Information about MMA**

MMA is a wholly foreign-owned entity established in the PRC on 22 October 2004 with limited liability and, as at the date of this circular, a directly held wholly-owned subsidiary of the Company. MMA has a total registered capital of RMB2,380 million (equivalent to approximately HK\$2,903.6 million) and is principally engaged in the trading of alumina and other aluminium products. MMA's interests in other companies as at the date of this circular are set out in the diagram below:



LETTER FROM THE BOARD

The following information is extracted from the unaudited consolidated management accounts of MMA and its subsidiaries and their interests in a jointly-controlled entity and an associate (the “**MMA Group**”) for the financial years ended 31 December 2009 and 31 December 2010, respectively (which were prepared in accordance with HKFRS):

| | For the year ended 31 December ^{Notes} | | | |
|-------------------------------|---|---------------------|---------------------|---------------------|
| | 2009 | | 2010 | |
| | <i>HK\$ million</i> | <i>US\$ million</i> | <i>HK\$ million</i> | <i>US\$ million</i> |
| | <i>Approx.</i> | <i>Approx.</i> | <i>Approx.</i> | <i>Approx.</i> |
| Profit before taxation | 340.26 | 43.62 | 568.10 | 72.83 |
| Profit after taxation | 297.25 | 38.11 | 547.98 | 70.25 |

Notes:

1. The reporting currency used was HK\$. References to US\$ in the above table are for illustrative purposes only.
2. The information in the table includes, among others, information on Sino Aluminium Limited (incorporated in St. Lucia), previously a direct wholly-owned company of Sino Mining International Limited, which was dissolved on 20 September 2011.

Based on the unaudited consolidated management accounts of the MMA Group which were prepared in accordance with HKFRS for the financial year ended 31 December 2010 and the six months ended 30 June 2011, the net asset value of the MMA Group (in relation to 100% of the equity interests of MMA) as at 31 December 2010 and 30 June 2011 was approximately HK\$4,343.82 million and HK\$4,665.00 million respectively (equivalent to approximately US\$556.90 million and US\$598.08 million respectively).

CMN has, in compliance with the applicable PRC regulatory requirements, engaged Zhonghe, an independent and qualified PRC valuer, to conduct a valuation and to prepare valuation reports on each of the Sale Entities. Zhonghe has valued the MMA Sale Shares as at 31 December 2010 at approximately RMB4,037.58 million (equivalent to approximately HK\$4,925.85 million).

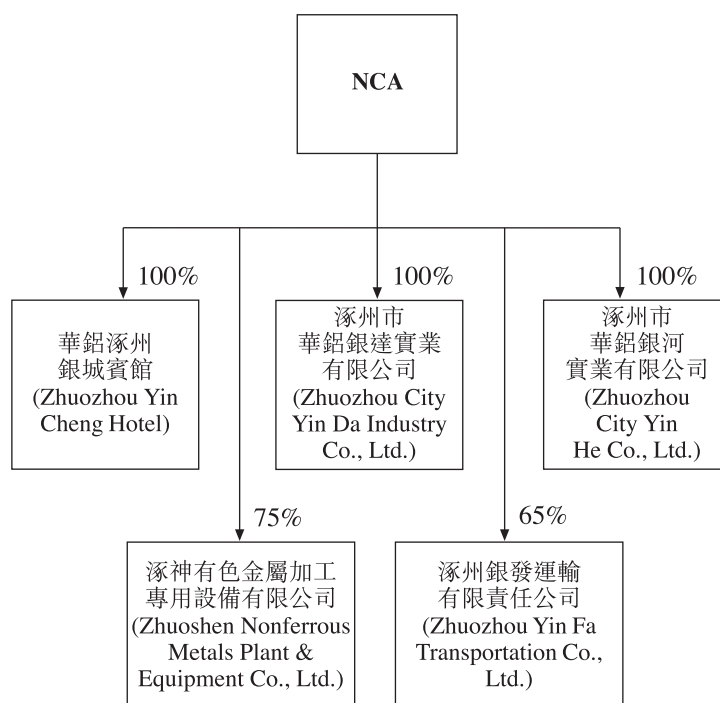
Upon completion of the MMA Sale, MMA and its subsidiaries will cease to be subsidiaries of the Company and the Company will cease to hold any equity interests in members of the MMA Group.

(ii) **Information about NCA**

NCA is a sino-foreign joint venture company established in the PRC on 9 December 1993 with limited liability. As at the date of this circular, NCA is held as to 72.80% of its equity interests by Riseup Dragon (a directly held wholly-owned subsidiary of the Company), as to 15.72% of its equity interests by 中國鋁業公司 (Aluminium Corporation of China) and as to the remaining 11.48% of its equity interests by 河北省人民政府國有資產控股運營有限公司 (Hebei State Owned Assets Hold

LETTER FROM THE BOARD

and Operation Co., Ltd.). NCA has a total registered capital of RMB478.1 million (equivalent to approximately HK\$583.28 million) and is principally engaged in the production and sale of aluminium foils and extrusions. NCA's interests in other companies are set out in the diagram below:



The following information is extracted from the unaudited consolidated management accounts of NCA and its subsidiaries (the “NCA Group”) for the financial years ended 31 December 2009 and 31 December 2010, respectively (which were prepared in accordance with HKFRS):

| | For the year ended 31 December ^{Note} | | | |
|-------------------------------|---|---------------------|---------------------|---------------------|
| | 2009 | | 2010 | |
| | <i>HK\$ million</i> | <i>US\$ million</i> | <i>HK\$ million</i> | <i>US\$ million</i> |
| | <i>Approx.</i> | <i>Approx.</i> | <i>Approx.</i> | <i>Approx.</i> |
| Profit before taxation | 23.18 | 2.97 | 14.12 | 1.81 |
| Profit after taxation | 18.61 | 2.39 | 9.52 | 1.22 |

Note: The reporting currency used was HK\$. References to US\$ are for illustrative purposes only.

Based on the unaudited consolidated management accounts of the NCA Group which were prepared in accordance with HKFRS for the financial year ended 31 December 2010 and the six months ended 30 June 2011, the net asset value of the NCA Group (in relation to 100% of the equity interests of NCA) as at 31 December 2010 and 30 June 2011 was approximately HK\$653.97 million and HK\$731.00 million respectively (equivalent to approximately US\$83.84 million and US\$93.72 million respectively). The portion attributable to the NCA Sale Shares as at 31 December 2010 and 30 June 2011 was approximately HK\$476.09 million and HK\$532.17 million respectively (equivalent to approximately US\$61.04 million and US\$68.23 million respectively).

LETTER FROM THE BOARD

Zhonghe has valued the NCA Sale Shares as at 31 December 2010 at approximately RMB175.70 million (equivalent to approximately HK\$214.35 million).

Upon completion of the NCA Sale, members of the NCA Group will cease to be subsidiaries of the Company and Riseup Dragon will cease to hold any equity interests in members of the NCA Group.

(iii) Information about Yingkou Orientmet

Yingkou Orientmet is a sino-foreign joint venture company established in the PRC on 31 December 1993 with limited liability. As at the date of this circular, Yingkou Orientmet is held as to 51% of its equity interests by Orientmet Industry (a directly held wholly-owned subsidiary of the Company), and as to the remaining 49% of its equity interests by 中國電子進出口總公司 (China National Electronics Import and Export Corporation). The registered capital of Yingkou Orientmet is US\$4 million (equivalent to approximately HK\$31.2 million) and its principal activity is the production and sale of plica tubes.

The following information is extracted from the unaudited management accounts of Yingkou Orientmet for the financial years ended 31 December 2009 and 31 December 2010, respectively (which was prepared in accordance with HKFRS):

| | For the year ended 31 December ^{Note} | | | |
|-----------------------------|--|---------------------|---------------------|---------------------|
| | 2009 | | 2010 | |
| | <i>HK\$ million</i> | <i>US\$ million</i> | <i>HK\$ million</i> | <i>US\$ million</i> |
| | <i>Approx.</i> | <i>Approx.</i> | <i>Approx.</i> | <i>Approx.</i> |
| Loss before taxation | 1.33 | 0.17 | 1.73 | 0.22 |
| Loss after taxation | 0.82 | 0.11 | 1.46 | 0.19 |

Note: The reporting currency used was HK\$. References to US\$ are for illustrative purposes only

Based on the unaudited management accounts of Yingkou Orientmet which were prepared in accordance with HKFRS for the financial year ended 31 December 2010 and the six months ended 30 June 2011, the net asset value of Yingkou Orientmet (in relation to 100% of the equity interests of Yingkou Orientmet) as at 31 December 2010 and 30 June 2011 was approximately HK\$32.67 million and HK\$36.70 million respectively (equivalent to approximately US\$4.19 million and US\$4.70 million respectively). The portion attributable to the Yingkou Orientmet Sale Shares as at 31 December 2010 and 30 June 2011 was approximately HK\$16.66 million and HK\$18.72 million respectively (equivalent to approximately US\$2.14 million and US\$2.40 million respectively).

Zhonghe has valued the Yingkou Orientmet Sale Shares as at 31 December 2010 at approximately RMB17.14 million (equivalent to approximately HK\$20.91 million).

Upon completion of the Yingkou Orientmet Sale, Yingkou Orientmet will cease to be a subsidiary of the Company and Orientmet Industry will cease to hold any equity in Yingkou Orientmet.

LETTER FROM THE BOARD

(iv) Information about Changzhou Jinyuan

Changzhou Jinyuan is a sino-foreign joint venture company established in the PRC on 31 March 1994 with limited liability. As at the date of this circular, Changzhou Jinyuan is held as to 36.2913% of its equity interests by Lontic (a directly held wholly-owned subsidiary of the Company), as to 61.4399% of its equity interest by JX日礦日石金屬株式會社 (JX Nippon Mining & Metals Corporation) and as to the remaining 2.2688% of its equity interest by 常州工貿國有資產經營有限公司 (Changzhou Industry and Trade State-owned Assets Management Company). The registered capital of Changzhou Jinyuan is approximately RMB282.43 million (equivalent to approximately HK\$344.56 million) and its principal activity is the production of copper rods and wires.

The following information is extracted from the unaudited management accounts of Changzhou Jinyuan for the financial years ended 31 December 2009 and 31 December 2010, respectively (which were prepared in accordance with HKFRS):

| | For the year ended 31 December ^{Note} | | | |
|-------------------------------|--|---------------------|---------------------|---------------------|
| | 2009 | | 2010 | |
| | <i>HK\$ million</i> | <i>US\$ million</i> | <i>HK\$ million</i> | <i>US\$ million</i> |
| | <i>Approx.</i> | <i>Approx.</i> | <i>Approx.</i> | <i>Approx.</i> |
| Profit before taxation | 145.50 | 18.65 | 70.96 | 9.10 |
| Profit after taxation | 108.17 | 13.87 | 52.86 | 6.78 |

Note: The reporting currency used was HK\$. References to US\$ are for illustrative purposes only

Based on the unaudited management accounts of Changzhou Jinyuan which were prepared in accordance with HKFRS for the financial year ended 31 December 2010 and the six months ended 30 June 2011, the net asset value of Changzhou Jinyuan (in relation to 100% of the equity interests of Changzhou Jinyuan) as at 31 December 2010 and 30 June 2011 was approximately HK\$526.20 million and HK\$516.04 million respectively (equivalent to approximately US\$67.46 million and US\$66.16 million respectively) and the portion attributable to the Changzhou Jinyuan Sale Shares as at 31 December 2010 and 30 June 2011 was approximately HK\$190.96 million and HK\$187.28 million respectively (equivalent to approximately US\$24.48 million and US\$24.01 million respectively).

Zhonghe has valued the Changzhou Jinyuan Sale Shares at approximately RMB161.16 million (equivalent to approximately HK\$196.62 million).

Sale Price

Subject to any adjustments contemplated under the Master Sale and Implementation Agreement, such as those required should any one Sale not proceed to complete, the Sale Price for the Sale Shares amounts to an aggregate sum of US\$726.80 million (equivalent to approximately HK\$5,669.04 million).

LETTER FROM THE BOARD

million) and is apportioned to the Sale Shares (in respect of each of the Sale Entities) in the following manner:

| Sale entities | Sale Price |
|----------------------|--|
| MMA | US\$667.3 million (equivalent to approximately HK\$5,204.94 million) |
| NCA | US\$29.6 million (equivalent to approximately HK\$230.88 million) |
| Yingkou Orienmet | US\$2.9 million (equivalent to approximately HK\$22.62 million) |
| Changzhou Jinyuan | US\$27.0 million (equivalent to approximately HK\$210.6 million) |

The Sale Price has been arrived at after arm's length negotiations between the parties. The key factors considered by the Company in determining the Sale Price include (i) the historic share price performance of the Company prior to the announcement of its intention to acquire MMG in 2010 and (ii) the net asset value of each of the Sale Entities, as at 30 June 2011, as adjusted for cash and debt. The Company has also referred to the following in determining the Sale Price: (i) the historical financial performance of each of the Sale Entities, (ii) the original investment cost for the Sale Shares, (iii) the trading comparables and (iv) the appraised value of the Sale Shares as at 31 December 2010 of approximately RMB4,391.58 million (equivalent to approximately HK\$5,357.74 million), as set out in the valuation reports prepared and issued by Zhonghe in accordance with relevant laws and regulations of the PRC.

Zhonghe adopted the income method in preparing the valuation reports of the MMA Sale Shares, the NCA Sale Shares and the Changzhou Jinyuan Sale Shares and the result from the income method was adopted as the final conclusion in its valuation of the MMA Sale Shares, the NCA Sale Shares and the Changzhou Jinyuan Sale Shares, respectively. The income method was not used in preparing the valuation report of the Yingkou Orienmet Sale Shares due to its loss-making position.

The Board notes that under Rule 14.61 of the Listing Rules, the valuation prepared by Zhonghe would be regarded as a profit forecast of the MMA Group, the NCA Group and Changzhou Jinyuan but not of Yingkou Orienmet. The Company has applied for, and the Stock Exchange has granted the Company with, a waiver from compliance with requirements under the Listing Rules relating to profit forecast on the basis that:

- (a) it is CMN, a state-owned enterprise, and not the Company, which is obliged to prepare the valuation reports for the MMA Sale Shares, the NCA Sale Shares and the Changzhou Jinyuan Sale Shares, respectively, under the applicable laws and regulations of the PRC;
- (b) the Company was not involved in preparing the valuation report for any of the MMA Sale Shares, the NCA Sale Shares or the Changzhou Jinyuan Sale Shares, except for procuring MMA, NCA and Changzhou Jinyuan to provide Zhonghe with historical financial information of MMA, NCA and Changzhou Jinyuan. This is different from the circumstances contemplated under Rules 14.62 and 14A.56(8) which assume that the Directors are involved in determining the profit forecast;

LETTER FROM THE BOARD

- (c) in determining the Sale Price for the MMA Sale Shares, the NCA Sale Shares and the Changzhou Jinyuan Sale Shares, the valuation set out in the respective valuation reports for the MMA Sale Shares, the NCA Sale Shares and the Changzhou Jinyuan Sale Shares prepared pursuant to the applicable laws and regulations of the PRC was only one of the factors which the Directors had referred to. The key factors considered by the Directors include (i) the historic share price performance of the Company prior to the announcement of its intention to acquire MMG in 2010 and (ii) the net asset value of each of MMA, NCA and Changzhou Jinyuan, respectively, as at 30 June 2011, as adjusted for cash and debt, and reference had also been made to other factors such as (1) the historical financial performance of MMA, NCA and Changzhou Jinyuan, respectively, (2) the original investment cost for the MMA Sale Shares, the NCA Sale Shares and the Changzhou Jinyuan Sale Shares, respectively, and (3) the trading comparables;
- (d) the MMA Sale Shares, the NCA Sale Shares and the Changzhou Jinyuan Sale Shares would cease to be part of the Group after completion of the Sale of MMA, NCA and Changzhou Jinyuan, respectively, so the profit forecast was irrelevant to the Group's future financial position and a waiver from compliance with requirements under the Listing Rules relating to profit forecast would not be misleading to the Shareholders; and
- (e) since certain entities, namely, Changzhou Jinyuan and 廣西華銀鋁業有限公司 (Guangxi Huayin Aluminium Co., Ltd.) (the latter being an entity held as to 33% by MMA) are not subsidiaries of the Company, it would be unduly burdensome and impractical for the Company to comply with the requirements under the Listing Rules relating to profit forecast.

Pursuant to the Master Sale and Implementation Agreement, the Sale Price apportioned to each Sale shall be payable upon completion of the sale and purchase under the Relevant Sale.

At completion of each Sale, CMN or its nominee appointed pursuant to the Master Sale and Implementation Agreement shall pay the Sale Price apportioned to the relevant Sale Shares to the Company. The Sale Price shall be paid in full by cash, bank cheque or telegraphic or other electronic means of transfer of cleared funds into a bank account nominated in advance by the Company without counter-claim or set-off in accordance with the terms of the Equity Transfer Agreements relating to the Sale. Please refer to the paragraph headed "The Master Sale and Implementation Agreement dated 15 September 2011 — Equity Transfer Agreements" below for further details of the Equity Transfer Agreements.

Conditions

(i) MMA Sale

Completion of the MMA Sale is conditional upon the satisfaction of the following conditions unless otherwise waived in accordance with the terms set out in the Master Sale and Implementation Agreement:

(a) *PRC regulatory approval*

CMN obtaining such approvals, authorisations and consents from the relevant PRC regulatory authorities as are reasonably necessary or appropriate in connection with the MMA Sale as contemplated under the Master Sale and Implementation Agreement;

LETTER FROM THE BOARD

(b) *Shareholder approval*

Such requisite majority of relevant Shareholders as required under the Listing Rules having approved by resolution at an EGM the entry by the Company into the Master Sale and Implementation Agreement and the transactions contemplated under the Master Sale and Implementation Agreement; and

(c) *Approval by the Australian Government under the FATA*

CMN receiving the approval from the Australian Government under the FATA for the MMA Sale either unconditionally or on terms that do not impose unduly onerous obligations on CMN. This is required due to the interests in three companies which are incorporated in Australia that are indirectly owned by MMA. Such approval has been obtained as at the date of this circular.

(ii) **NCA Sale**

Completion of the NCA Sale is conditional upon the satisfaction of the following conditions unless otherwise waived in accordance with the terms set out in the Master Sale and Implementation Agreement:

(a) *PRC regulatory approval*

CMN obtaining such approvals, authorisations and consents from the relevant PRC regulatory authorities as are reasonably necessary or appropriate in connection with the NCA Sale as contemplated under the Master Sale and Implementation Agreement;

(b) *Shareholder approval*

The condition described in sub-paragraph (i)(b) of the paragraph headed “The Master Sale and Implementation Agreement dated 15 September 2011 — Conditions — MMA Sale” above; and

(c) *Third party notifications, consents and waivers*

All the notices, consents and waivers required to be given to or obtained from (as the case may be) any third parties (pursuant to the pre-completion material contracts in connection with the NCA Sale) as set out in the Master Sale and Implementation Agreement having been given or obtained (as the case may be) or deemed to have been given or obtained under the terms of the relevant contracts. To satisfy this condition, NCA is required to obtain consents from 2 banks in relation to 6 loan agreements.

It is noted that holders of equity interests in NCA have pre-emptive rights in relation to any transfer of equity interests in NCA pursuant to the articles of association and joint venture agreements of NCA. 中國鋁業公司 (Aluminium Corporation of China) and 河北省人民政府國有資產控股運營有限公司 (Hebei State Owned Assets Hold and Operation Co., Ltd.), the other shareholders of NCA, have waived their pre-emptive rights in respect of the NCA Sale Shares. The NCA Sale is therefore not subject to such pre-emptive rights.

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(iii) **Yingkou Orienmet Sale**

Completion of the Yingkou Orienmet Sale is conditional upon the satisfaction of the following conditions unless otherwise waived in accordance with the terms set out in the Master Sale and Implementation Agreement:

(a) *PRC regulatory approval*

CMN obtaining such approvals, authorisations and consents from the relevant PRC regulatory authorities as are reasonably necessary or appropriate in connection with the Yingkou Orienmet Sale as contemplated under the Master Sale and Implementation Agreement (including but not limited to the obtaining of any necessary approvals, authorisations and consents from the relevant PRC regulatory authorities for the remittance of the Sale Price relating to the Yingkou Orienmet Sale Shares or any part thereof outside the PRC for the completion of the Yingkou Orienmet Sale); and

(b) *Shareholder approval*

The condition described in sub-paragraph (i)(b) of the paragraph headed “The Master Sale and Implementation Agreement dated 15 September 2011 — Conditions — MMA Sale” above.

It is noted that holders of equity interests in Yingkou Orienmet have pre-emptive rights in relation to any transfer of equity interests in Yingkou Orienmet pursuant to the articles of association and joint venture agreements of Yingkou Orienmet. 中國電子進出口總公司 (China National Electronics Import and Export Corporation), the other shareholder of Yingkou Orienmet, has waived its pre-emptive rights in respect of the Yingkou Orienmet Sale Shares. The Yingkou Orienmet Sale is therefore not subject to such pre-emptive rights.

(iv) **Changzhou Jinyuan Sale**

Completion of the Changzhou Jinyuan Sale is conditional upon the satisfaction of the following conditions unless otherwise waived in accordance with the terms set out in the Master Sale and Implementation Agreement:

(a) *PRC regulatory approval*

CMN obtaining such approvals, authorisations and consents from the relevant PRC regulatory authorities as are reasonably necessary or appropriate in connection with the Changzhou Jinyuan Sale as contemplated under the Master Sale and Implementation Agreement (including but not limited to the obtaining of any necessary approvals, authorisations and consents from the relevant PRC regulatory authorities for the remittance of the Sale Price relating to the Changzhou Jinyuan Sale Shares or any part thereof outside the PRC for the completion of the Changzhou Jinyuan Sale);

LETTER FROM THE BOARD

(b) *Shareholder approval*

The condition described in sub-paragraph (i)(b) of the paragraph headed “The Master Sale and Implementation Agreement dated 15 September 2011 — Conditions — MMA Sale” above; and

(c) *Third party notifications, consents and waivers*

All the notices, consents and waivers required to be given to or obtained from (as the case may be) any third parties (pursuant to the pre-completion material contracts in connection with the Changzhou Jinyuan Sale) as set out in the Master Sale and Implementation Agreement having been given or obtained (as the case may be) or deemed to have been given or obtained under the terms of the relevant contracts. To satisfy this condition, Changzhou Jinyuan is required to obtain consents from 6 banks in relation to 10 loan agreements.

It is noted that holders of equity interests in Changzhou Jinyuan have pre-emptive rights in relation to any transfer of equity interests in Changzhou Jinyuan pursuant to the articles of association and joint venture agreements of Changzhou Jinyuan. JX日礦日石金屬株式會社 (JX Nippon Mining & Metals Corporation) and 常州工貿國有資產經營有限公司 (Changzhou Industry and Trade State-owned Assets Management Company), the other shareholders of Changzhou Jinyuan, have waived their pre-emptive rights in respect of the Changzhou Jinyuan Sale Shares. The Changzhou Jinyuan Sale is therefore not subject to such pre-emptive rights.

In the event that any of the conditions above relating to a Sale (i) are not satisfied or waived by the Cut Off Date or (ii) become incapable of satisfaction or the parties agree in writing that any of such conditions cannot be satisfied, either party may terminate the sale and purchase under the Master Sale and Implementation Agreement in so far as it relates to such Sale by not less than two Business Days’ notice to the other, except for any antecedent breaches of the terms of the Master Sale and Implementation Agreement.

The conditions described in the paragraphs headed “The Master Sale and Implementation Agreement dated 15 September 2011 — Conditions — (ii) NCA Sale — (c) Third party notifications, consents and waivers” and “The Master Sale and Implementation Agreement — Conditions — (iv) Changzhou Jinyuan Sale — (c) Third party notifications, consents and waivers” may only be waived by written notice of CMN to the Company.

Shareholders and/or potential investors of the Company should be aware that the completion of each Sale is subject to the satisfaction (or if applicable, waiver) of the conditions described above and, therefore, any Sale may or may not proceed. Shareholders and/or potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

Completion

Between the date of the Master Sale and Implementation Agreement and the earlier of Completion of the Sale and termination of such part of the Master Sale and Implementation Agreement relating to the Sale, the Company must use reasonable endeavours to ensure compliance with certain matters set out in the Master Sale and Implementation Agreement. In this connection, the parties have agreed that NCA is permitted to make a RMB4.443 million (equivalent to approximately HK\$5.420 million) dividend payment to Riseup Dragon.

LETTER FROM THE BOARD

Completion of each Sale shall take place on the day that is three Business Days after the conditions relating to that Sale have been satisfied or waived or such other date as the Company and CMN may otherwise agree in writing, provided that completion of each Sale must take place simultaneously with completion occurring under the terms of the Equity Transfer Agreement relating to each Sale.

The parties acknowledge and agree that completion of a Relevant Sale is not conditional on completion of any Other Sale occurring, and to the extent that the conditions in relation to the Relevant Sale are satisfied or waived ahead of those in relation to any Other Sale, the Company may by written notice to CMN require that completion occurs for the Relevant Sale, regardless of whether the conditions in relation to any Other Sale have been satisfied or waived.

Pursuant to the Master Sale and Implementation Agreement, the Sale Price apportioned to each Sale shall be payable upon completion of the sale and purchase under the relevant Sale.

At completion of the MMA Sale, CMN shall also pay or procure the payment of US\$4.182 million (equivalent to approximately HK\$32.62 million) by cash, bank cheque or telegraphic or other electronic means of transfer of cleared funds into a bank account nominated in advance by the Company without counter-claim or set-off to the Company or its nominee for the agreed adjustment of cash balance in Sino Mining International Limited.

Equity Transfer Agreements

In respect of each Sale, as soon as reasonably practicable after satisfaction or waiver of the conditions (other than those relating to the PRC regulatory approval including the approval from SAFE) (as applicable) relating to the Sale, each of CMN (or, if relevant, its wholly-owned subsidiary nominated to acquire any of the Sale Shares) and the Company (or, if relevant, its wholly-owned subsidiary holding the Sale Shares) must deliver to each other an original executed counterpart of each Equity Transfer Agreement relevant to the Sale to effect the transfer of the Sale Shares pursuant to PRC law.

If under the terms of an Equity Transfer Agreement with respect to a Sale, title to the Sale Shares relating to the Sale passes to CMN or (if applicable) its wholly-owned nominee prior to the date of completion for the Sale due to any delay resulting from approval of SAFE required to be obtained prior to the remittance of the relevant consideration to the Company, then CMN agrees that between the date that title to the Sale Shares in respect of the Sale passes to CMN or (if applicable) its wholly-owned nominee until the earlier of the date of completion of the Sale and termination of such part of the Master Sale and Implementation Agreement relating to the Sale:

- (i) it must not, or (if applicable) must procure its wholly-owned nominee not to, transfer or encumber the relevant Sale Shares;
- (ii) it must only, or (if applicable) must procure its wholly-owned nominee to only, exercise any voting rights attached to the Sale Shares (including, but not limited to, in respect of any declaration and/or payment of any benefits (including any dividends) in respect of the Sale Shares) in accordance with the written instructions of the Company;

LETTER FROM THE BOARD

- (iii) it must procure that the director(s), secretary(ies), officer(s) or legal representative(s) appointed to each Sale Entity and/or its subsidiaries and/or associated companies to which the Sale relates by CMN or its wholly-owned nominee shall only act in accordance with the written instructions of the Company (including, but not limited to, any declaration and/or payment of any benefits (including any dividends) in respect of the Sale Shares); and
- (iv) in respect of the Changzhou Jinyuan Sale, that it shall procure Changzhou Jinyuan to issue the notices to be given to third parties under the terms of the relevant contracts.

REASONS FOR AND BENEFITS OF THE SALE

The Company is CMC Group's flagship international upstream base metals company. The Group, together with its jointly-controlled entities and associated companies, is engaged in mining, processing and production of zinc, copper, lead, gold and silver, exploration for mineralisation and development of mining projects, trading of non-ferrous metals, production of alumina and manufacturing and distribution of aluminium and copper products.

The Company undertook a strategic review of its businesses in March 2011 and determined that certain assets (being the Company's interest in the Sale Entities) are not core to its strategy. As such, it was announced by the Company on 28 March 2011 that the Sale Entities will be divested in an orderly manner during the course of 2011. The Sale is in line with the Company's strategy to focus on its upstream base metals business through divestment of assets that are considered to be not core to the Company's future.

Following completion of the Sale, the Company will be able to increase its focus on its core upstream base metals business. The Company plans to progress its existing development projects (including the Dugald River zinc/lead project in Queensland, Australia) and expects that will build the Company's strength and earnings potential.

The Sale Price (net of tax and expenses) will be used to further strengthen the balance sheet and provide further growth capacity for the Company. As the sale of one/any combination/all of the Sale Shares as contemplated in the Master Sale and Implementation Agreement may not be completed in the event that one or all of the conditions as set out in the Master Sale and Implementation Agreement for any Sale is/are not satisfied or waived, the amount of the net proceeds from the Sale may decrease accordingly. The Directors currently intend to apply the net proceeds to fund the repayment of debt incurred for the purposes of the proposed takeover of Anvil as disclosed in the Anvil Announcement if such proposed takeover is successful. In the event that the proposed takeover of Anvil does not proceed to completion, the Directors currently intend to apply the net proceeds to fund the expansion plans of the Group or general working capital requirements of the Group.

The expected gain or loss expected to accrue to the Group for the MMA Sale, the NCA Sale, the Changzhou Jinyuan Sale and the Yingkou Orientmet Sale is calculated net of estimated tax and attributable exchange reserve and with reference to the respective carrying values as at 30 June 2011. The gain expected to accrue to the Group for the MMA Sale, the Changzhou Jinyuan Sale and the Yingkou Orientmet Sale is estimated to amount to US\$63.46 million (equivalent to approximately HK\$494.99 million), US\$5.01 million (equivalent to approximately HK\$39.08 million), US\$1.16

LETTER FROM THE BOARD

million (equivalent to approximately HK\$9.05 million), respectively. The loss expected to accrue to the Group for the NCA Sale is expected to amount to US\$30.01 million (equivalent to approximately HK\$234.08 million). Since the net profit margins of the NCA Group have remained low at approximately 1% in recent years, the loss was attributable to the increasingly competitive environment as well as the increased raw materials and staff costs in the aluminium fabrication industry which NCA engages in. The net expected gain from the Sale is estimated to amount to US\$39.62 million (equivalent to approximately HK\$309.04 million). The actual gain will be subject to change as such amounts will be calculated based on carrying values and attributable exchange reserve of the Sale Entities as of the date on which completion of each Sale shall take place.

Upon completion of the Sale, MMA and its subsidiaries, the NCA Group and Yingkou Orientmet will cease to be subsidiaries of the Company and the Company will also cease to hold any equity interest in Changzhou Jinyuan, the results of the MMA Group, the NCA Group and Yingkou Orientmet will not be consolidated into the accounts of the Group and the results of Changzhou Jinyuan will not be equity accounted for, which will lead to a decrease in the profit after tax of the Group. Such decrease in profit will be compensated by the net expected gain from the Sale. The total assets and total liabilities of the Group are expected to decrease as a result of completion of the Sale.

PROSPECTS OF THE GROUP

In December 2010, the Company acquired the MMG mining operations transforming itself into an international diversified upstream base metals business. The acquisition significantly strengthened the Group's financial and operational performance under the guidance of an experienced international board and management team. During the six-month period ended 30 June 2011 (first half 2011), the Group's operations delivered enhanced performance driven by significantly higher prices for base and precious metals and solid production. These results further strengthened the Company's already strong balance sheet leaving it well placed to progress its pipeline of significant development and exploration projects that are important to its future growth. Stronger production is anticipated during the second half 2011 as the challenges encountered during the first half recede, particularly the heavier than normal wet season at the Century mine. Costs continue to face upward pressure due to a combination of a weak US\$, strong demand for skilled labour and the flow through of higher commodity prices to the Group's consumables.

As disclosed in the Anvil Announcement, the Company has entered into a support agreement with Anvil pursuant to which MMG Malachite will make an all-cash recommended takeover offer to acquire all of the Common Shares of Anvil. Further details of such support agreement are set out in the section headed "Appendix — General Information". Such proposed takeover offer has not yet commenced and will be conditional on and subject to various terms and conditions and may or may not be completed. Information on the Anvil Group as required under the Listing Rules will be included in the circular to be issued by the Company in relation to such proposed takeover.

Investors should be aware of material risks that if realised could affect the performance of the Company. These include but are not limited to changes in global commodity prices and exchange rates, changes in applicable laws and regulations, natural disasters and operational stoppages.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

As the applicable percentage ratios of each Sale when aggregated and calculated in accordance with Rule 14.07 of the Listing Rules exceed 25% but are less than 75%, the Sale of all the Sale Entities constitutes a major transaction of the Company under Chapter 14 of the Listing Rules.

In addition, as at the date of this circular, CMN is a controlling Shareholder holding, through CMN's wholly-owned subsidiaries, approximately 71.56% of the issued share capital of the Company. As such, CMN is a connected person of the Company and each proposed Sale to CMN (or its wholly-owned subsidiary) also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules, which is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Accordingly, CMN and its associates are required to abstain from voting on the Sale at the EGM.

Whilst Jiao Jian (a Director) is also the president and director of CMN, president and director of 五礦有色金屬控股有限公司 (China Minmetals Non-ferrous Metals Holding Company Limited) ("CMH"), director of Aluminco Holdings Limited and director of Hunan Non-ferrous Metals Holding Group Co., Ltd., Gao Xiaoyu (a Director) is also the vice president of CMN and vice president of CMH, Xu Jiqing (a Director) is also the vice president and CFO of CMN, vice president, director and CFO of CMH, director of Aluminco Holdings Limited and director of Hunan Non-ferrous Metals Holding Group Co., Ltd. and Wang Lixin (a Director) is also a consultant of CMN, none of the Directors has a material interest in the Sale which prohibits him from voting on the Sale and therefore no Director abstained from approving the unanimously-passed relevant Board resolutions approving the Sale.

An Independent Board Committee comprising the independent non-executive Directors has been formed to advise the Independent Shareholders on whether or not the terms of the Sale, the Master Sale and Implementation Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Shareholders as a whole and on how to vote. Somerley has been appointed by the Company as its independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Rothschild (Hong Kong) Limited has been appointed as the financial adviser to the Company in connection with the Sale.

EGM

A notice convening the EGM is set out on pages 67 to 68 of this circular. The EGM will be held at Studio 1, 7/F, W Hong Kong Hotel, 1 Austin Road West, Kowloon, Hong Kong on Friday, 28 October 2011 at 10:30 a.m. or any adjournment thereof. An ordinary resolution will be proposed to consider and, if thought fit, approve, among other things, the Master Sale and Implementation Agreement and all the transactions contemplated thereunder.

A proxy form for use in the EGM and is enclosed. Whether or not you propose to attend the meeting, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to the Company's share registrar, Computershare Hong Kong

LETTER FROM THE BOARD

Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the proxy form for the EGM will not preclude you from attending, and voting in person at the EGM or any adjournment thereof should you so wish.

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the proposed ordinary resolution for approval of the Master Sale and Implementation Agreement and all the transactions contemplated thereunder, are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend the Shareholders to vote in favour of the Master Sale and Implementation Agreement and all the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the appendix to this circular.

Yours faithfully,
By Order of the Board
Minmetals Resources Limited
Andrew Gordon Michelmore
CEO and Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



五礦資源有限公司

MINMETALS RESOURCES LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 1208)

12 October 2011

To the Independent Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION

SALE OF INTERESTS

We refer to the circular of the Company (the “**Circular**”) dated 12 October 2011 of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

We have been appointed to establish the Independent Board Committee to advise the Independent Shareholders on whether or not the Sale is on normal commercial terms and fair and reasonable to the Independent Shareholders and whether or not the Sale is in the interests of the Shareholders as a whole. Somerley has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Please refer to the letter from the Board set out on pages 7 to 23 of the Circular which contains, inter alia, information in respect of the Sale and the letter from Somerley set out on pages 25 to 56 of the Circular which contains its advice in respect of the Sale.

Having taken into account the opinion of Somerley, we consider that the Sale is on normal commercial terms which are fair and reasonable to the Independent Shareholders and that the Sale is in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Sale.

Yours faithfully,

For and on behalf of

the Independent Board Committee

Minmetals Resources Limited

Mr. Ting Leung Huel, Stephen, Mr. Loong Ping Kwan
and

Dr. Peter William Cassidy

Independent non-executive Directors

LETTER FROM SOMERLEY

The following is the text of a letter of advice dated 12 October 2011 to the Independent Board Committee and the Independent Shareholders from Somerley in respect of the Master Sale and Implementation Agreement and the transactions contemplated thereunder prepared for the purpose of incorporation in this circular.



SOMERLEY LIMITED
10th Floor
The Hong Kong Club Building
3A Chater Road
Central
Hong Kong

12 October 2011

*To: the Independent Board Committee and the Independent Shareholders of
Minmetals Resources Limited*

Dear Sirs,

- MAJOR AND CONNECTED TRANSACTION
IN RELATION TO THE SALE OF**
- (1) 100% OF THE EQUITY INTERESTS IN 五礦鋁業有限公司
(MINMETALS ALUMINIUM CO., LTD.);**
 - (2) 72.80% OF THE EQUITY INTERESTS IN 華北鋁業有限公司
(NORTH CHINA ALUMINIUM CO., LTD.);**
 - (3) 51% OF THE EQUITY INTERESTS IN 營口鑫源金屬套管有限公司
(YINGKOU ORIENMET PLICA TUBE COMPANY LIMITED); AND**
 - (4) 36.2913% OF THE EQUITY INTERESTS IN 常州金源銅業有限公司
(CHANGZHOU JINYUAN COPPER CO., LTD.)**

INTRODUCTION

We refer to our appointment to advise and recommend to the Independent Board Committee and the Independent Shareholders in connection with the Master Sale and Implementation Agreement and the transactions contemplated thereunder. Details of the Sale are set out in the letter from the Board contained in the circular of the Company (the “**Circular**”) to the Shareholders dated 12 October 2011, of which this letter forms part. Unless otherwise defined, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

As stated in the letter from the Board in the Circular, on 15 September 2011, the Company entered into the Master Sale and Implementation Agreement with CMN, pursuant to which the Company has conditionally agreed to sell or procure the sale of, and CMN has conditionally agreed to purchase or procure the purchase of (i) the Company’s entire 100% equity interest in MMA; (ii) Riseup Dragon’s entire 72.80% equity interest in NCA; (iii) Orienmet Industry’s entire 51% equity interest in Yingkou Orienmet; and (iv) Lontic’s entire 36.2913% equity interest in Changzhou Jinyuan, at the Sale Price of US\$726.80 million (equivalent to approximately HK\$5,669.04 million).

LETTER FROM SOMERLEY

CMN is the controlling Shareholder holding, through CMN's wholly-owned subsidiaries, approximately 71.56% of the issued share capital of the Company as at the Latest Practicable Date. As such, CMN is a connected person of the Company and each proposed Sale to CMN (or its wholly-owned subsidiary) also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. In addition, as the applicable percentage ratios of each Sale when aggregated and calculated in accordance with Rule 14.07 of the Listing Rules exceed 25% but are less than 75%, the Sale of all the Sales Entities constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. Accordingly each proposed Sale is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

The Independent Board Committee, comprising all of the independent non-executive Directors, namely Dr. Peter William Cassidy, Mr. Ting Leung Huel, Stephen and Mr. Loong Ping Kwan, has been established to make a recommendation to the Independent Shareholders as to whether the Sale is on normal commercial terms which are fair and reasonable to the Independent Shareholders and whether the Sale is in the interests of the Company and the Independent Shareholders as a whole. We, Somerley, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

We are not associated with the Company, CMN, or their respective substantial shareholders or associates, and accordingly, are considered eligible to give independent advice on the Sale. Apart from normal professional fees payable to us in connection with this appointment or similar appointments, no arrangement exists whereby we will receive any fees or benefits from the Company, CMN, or their respective substantial shareholders or associates.

In formulating our opinion and recommendation, we have reviewed, among other things, the Master Sale and Implementation Agreement and the Equity Transfer Agreements, the annual report of the Company for the financial year ended 31 December 2010 (the "**2010 Annual Report**") and the interim report of the Company for the six months ended 30 June 2011 (the "**2011 Interim Report**"). We have also discussed the businesses and future prospects of the remaining Group with the management of the Group.

In addition, we have relied on the information and facts supplied, and the opinions expressed, by the Company and have assumed that the information and facts provided, and the opinions expressed to us are true, accurate and complete in all material aspects at the time they were made and will remain true, accurate and complete up to the date of the EGM. We have also sought and received confirmation from the Company that no material facts have been omitted from the information supplied by them and that their opinions expressed to us are not misleading in any material respect. We consider that the information we have received is sufficient for us to formulate our opinion and recommendation as set out in this letter and have no reason to believe that any material information has been omitted or withheld, nor to doubt the truth or accuracy of the information provided to us. We have not, however, conducted any independent investigation into the business and affairs of the Group, nor have we carried out any independent verification of the information supplied.

LETTER FROM SOMERLEY

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation with regards to the Sale, we have taken into account the following principal factors and reasons:

1. Information on the Group

The Company was incorporated in 1988 and its shares have been listed on the main board of the Stock Exchange since 1994. Following completion of the acquisition of MMG on 31 December 2010, the Group, together with its jointly-controlled entities and associates, is engaged in mining, processing and production of zinc, copper, lead, gold and silver, exploration for mineralisation and development of mining projects, trading of non-ferrous metals, production of alumina and manufacturing and distribution of aluminium and copper products.

The Company undertook a strategic review of its businesses in March 2011 and determined that certain assets in relation to trading, fabrication and other operations which are not core to its strategy will be divested in an orderly manner during the course of 2011. The results of these assets are presented in the 2011 Interim Report as discontinued operations. The Company's interest in the Sale Entities forms part of the discontinued operations.

(a) Financial results of the Group

Set out below is the summary of the annual results of the Group for each of the two financial years ended 31 December 2010 and the interim results of the Group for each of the six months ended 30 June 2010 and 30 June 2011 respectively.

| | For the six months ended | | For the year ended | |
|--|---------------------------------|---------------------------------|---------------------------|-------------------------------|
| | 30 June | 30 June | 31 December | 31 December |
| | 2011 | 2010 | 2010 | 2009 |
| | <i>(unaudited)</i> | <i>(unaudited and restated)</i> | <i>(audited)</i> | <i>(audited and restated)</i> |
| | <i>(Note 1)</i> | <i>(Note 1)</i> | <i>(Note 2)</i> | <i>(Note 2)</i> |
| | <i>US\$ million</i> | <i>US\$ million</i> | <i>US\$ million</i> | <i>US\$ million</i> |
| Revenue | 1,070.7 <i>(Note 3)</i> | 844.7 <i>(Note 3)</i> | 3,582.1 | 1,649.7 |
| Profit attributable to the Shareholders for the period/year | 415.2 | 277.0 | 409.4 | 215.8 |
| Earnings per share for profit attributable to the Shareholders for the period/year | US10.96 cents | US9.34 cents | US13.80 cents | US8.37 cents |

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Notes:

- 1 The above financial results are taken from the 2011 Interim Report. Certain non-core operations are presented as discontinued operations.
- 2 As reported in the 2010 Annual Report, as the acquisition of MMG was completed on 31 December 2010 and the Directors have adopted merger accounting policy in presenting the financial information of the Group, the Company's 2010 financial results reflected the full year performance of the operations of MMG and the operations of the Group before the acquisition of MMG, i.e. trading, fabrication and other segments.
- 3 The revenue for the six months ended 30 June 2011 and 2010 reflects only that of the Group's continuing operations, i.e. trading, fabrication and other segments are excluded.

Following completion of the acquisition of MMG on 31 December 2010 and the Directors' adoption of merger accounting policy in presenting the financial information of the Group, the Company's financial results for the financial year ended 31 December 2010 have reflected and included the full year performance of the MMG assets, in addition to the Group's trading, fabrication and other businesses.

The Group reported a substantial increase in total revenue by approximately 117.1% from approximately US\$1,649.7 million in 2009 to approximately US\$3,582.1 million in 2010. The profit attributable to the Shareholders in 2010 was approximately US\$409.4 million, and represented an increase of approximately 89.7% from that of 2009. As noted in the 2010 Annual Report, the significant growth in the revenue and profit were due to, among other things, (i) the consolidation of the financial results of MMG's mining operation for 2009 were only for seven months ended 31 December 2009 whereas those for 2010 were for 12 months ended 31 December 2010; (ii) the improvements in the financial performance of the trading of alumina and aluminium and fabrication of aluminium products; and (iii) enhanced performance delivered by the four major mines of MMG's mining operation.

For the first half of 2011, the Company's continuing operations, mainly represented by MMG's mining operation, continued to record improved performance, largely attributable to significantly higher prices for base and precious metals and solid production of MMG's mining operation. The Company generated a profit attributable to the Shareholders of approximately US\$415.2 million and revenue of approximately US\$1,070.7 million for the six months ended 30 June 2011, representing increases of approximately 49.9% and approximately 26.8% respectively from that for the previous period in 2010. However, it should be reminded that the profit during the period included approximately US\$154.5 million of profit before tax on the sale of the Company's stake in Equinox Minerals Limited ("**Equinox**") as well as a credit of US\$63.8 million relating to the write-back of business acquisition expense provided for in 2010 in relation to the acquisition of MMG. Excluding the aforesaid business acquisition expense credit, gain on disposal of Equinox shares and gain on disposal of other available-for-sale financial assets of approximately US\$2.3 million, the Group's adjusted profit before income tax for continuing operations was US\$321.5 million for the first half of 2011, representing an increase of 26.1% from that for the first half of 2010.

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(b) *Financial results of the Group's key segments*

(i) *MMG's mining operation*

The Company completed the acquisition of the MMG business from CMN on 31 December 2010. MMG owns and operates a portfolio of world-class base metal mining operations, development projects and exploration fields. MMG is one of the world's largest producers of zinc as well as a substantial producer of copper, lead, gold and silver. MMG's mining operations mainly comprise the Century zinc/lead mine in Queensland, the Rosebery lead/zinc mine in Tasmania, the Golden Grove copper/zinc mine in Western Australia and the Sepon copper/gold project in Laos. Further details of each of MMG's operating mines with all other activities (including exploration and projects under development) are set out in the 2010 Annual Report and the 2011 Interim Report.

In 2010, the four major mines of MMG's mining operation generated approximately 53.6% of the Group's total revenue. The four major mines of MMG's mining operation reported a significant increase in the segment revenue from approximately US\$825.8 million for the seven months ended 31 December 2009 to approximately US\$1,919.9 million for the year ended 31 December 2010 as well as a substantial increase in the segment operating profit from approximately US\$236.8 million for the seven months ended 31 December 2009 to approximately US\$714.8 million for the year ended 31 December 2010. The operating margin, being the segment operating profit divided by the segment revenue, also increased from approximately 28.7% for the seven months ended 31 December 2009 to approximately 37.2% for the year ended 31 December 2010. As mentioned in the 2010 Annual Report, the strong performance of MMG's mining operation was driven by strong production volumes, effective cost control and site management and rising commodity prices.

In the first half of 2011, while MMG's mining operation (which represents the majority of the continuing operations) generated approximately 46.8% of the revenue (on a combined basis of revenue from both the continuing operations and discontinued operations of the Group), it generated approximately 91.0% of the Group's profit attributable to the Shareholders for the period. Such performance, as explained by the management of the Group, was driven by solid production volumes, strong commodity prices and returns from a strategic equity investment.

(ii) *Trading and fabrication*

The Group is engaged in the trading of alumina and aluminium ingot through MMA, a wholly-owned subsidiary of the Company. MMA is one of the largest alumina importers and suppliers in the PRC and it has long-established business relationships with all major aluminium smelters in the PRC. MMA had external trading volume of approximately 2.1 million tonnes in 2010. MMA sources alumina from Alcoa Inc. ("**Alcoa**"), one of the world's largest aluminium producers, other overseas suppliers and Guangxi Huayin Aluminium Company Limited ("**Guangxi Huayin**"), of which MMA owns a 33% equity interest. Sino Mining Alumina Limited, being a wholly-owned subsidiary of MMA, entered into a 30-year alumina sourcing contract with Alcoa in 1997, pursuant to which Alcoa supplies 400,000 tonnes of alumina per annum to MMA on a cost basis until 2027.

The Group's aluminium fabrication business is mainly carried out through NCA, a 72.80%-owned subsidiary of the Company.

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Set out below is a summary of the revenue and results of the trading and fabrication segment (in respect of alumina and aluminium) of the Group for each of the six years ended 31 December 2010 and six months ended 30 June 2010 and 30 June 2011 respectively:

| | For the six months ended | | For the year ended | | | | | |
|---|-----------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 30 June 2011 | 30 June 2010 | 31 December 2010 | 31 December 2009 | 31 December 2008 | 31 December 2007 | 31 December 2006 | 31 December 2005 |
| | <i>US\$ million</i> | <i>US\$ million</i> | <i>US\$ million</i> | <i>US\$ million</i> | <i>US\$ million</i> | <i>US\$ million</i> | <i>US\$ million</i> | <i>US\$ million</i> |
| Revenue | 1,219.2 | 745.9 | 1,703.8 | 874.6 | 1,133.4 | 975.9 | 1,385.4 | 428.1 |
| Segment operating profit (<i>Note</i>) | 48.8 | 33.6 | 38.5 | 10.6 | 11.8 | 143.3 | 69.3 | 9.9 |
| Margin | 4.0% | 4.5% | 2.3% | 1.2% | 1.0% | 14.7% | 5.0% | 2.3% |

Source: The Company's annual reports for each of the six years ended 31 December 2010, the 2011 Interim Report and management accounts.

Note: For consistency purpose, the segment operating margin for the year ended 31 December 2010 and 31 December 2009 have been adjusted to exclude finance income and costs.

The Company acquired the aluminium trading and fabrication businesses from CMC in 2005. The revenue of the aforesaid business has demonstrated a general upward trend in the past few years. However, its segment operating margin has remained in low single digit except for the year ended 31 December 2007. In particular, the segment operating margin was only close to 1% during the global financial crisis in 2008 and 2009. The segment operating margin improved subsequently when the world economy recovered but it was still in a relatively low margin of 4.0% for the latest six-month period ended 30 June 2011.

In 2010, revenue from the trading business amounted to approximately US\$1,353.7 million and represented approximately 37.8% of the Group's total revenue. Of this segment, alumina and aluminium ingots represented the major trading products, representing about 53.7% (2009: 63.8%) and 46.3% (2009: 36.2%) respectively of the segment revenue. The trading business reported a significant increase in the segment revenue from about US\$580.1 million in 2009 to approximately US\$1,353.7 million in 2010 as well as a substantial increase in the segment operating profit from approximately US\$5.0 million in 2009 to approximately US\$34.4 million in 2010, mainly due to the increases in alumina and aluminium average selling prices in 2010 and the increase in demand for aluminium fuelled by the economic growth of the PRC. The key industries driving the increase in demand are the automotive and construction sectors. The performance of the automotive sector and the realisation of infrastructure projects also supported the demand for aluminium. For the first half of 2011, the trading business generated marginally higher profits as compared to the corresponding period in 2010 mainly due to higher volumes while prices remained stable.

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Aluminium fabrication accounted for approximately 7.2% of the Group's revenue and contributed US\$259.5 million to the Group's revenue in 2010. As discussed in the 2010 Annual Report, the increasing demand for aluminium fabrication products from both domestic and overseas markets was driven by increased production capacity, recovery of the export market and the PRC Government's policy to stimulate internal consumption which resulted in a strong revenue growth of approximately US\$76.3 million (or 41.6%) from approximately US\$183.2 million in 2009 to approximately US\$259.5 million in 2010. However, the aluminium fabrication segment reported a lower profit in 2010 than that of 2009 as a result of fierce competition as well as increased raw materials and staff costs. In response to this challenging environment, the Group had mitigated the adverse impacts by undertaking effective measures to enhance operational efficiency. The Group placed an emphasis on enhancing the product mix by increasing the proportion of high value-added products in order to improve profitability. The Group also implemented quality enhancement programs to improve product competitiveness and increase market share. The profits from fabrication business improved in the first half of 2011.

(iii) *Other operations under discontinued operations*

Other operations of the Group under discontinuing operations comprise the production and sale of aluminium processing equipment, the production and sale of plica tubes and the provision of port logistics services and the activities of other head office entities.

(iv) *Other operations under continuing operations*

Other operations of the Group under continuing operations comprise a portfolio of exploration and development projects in Australia, Canada, Laos, Thailand and Indonesia including the Dugald River Project and the Canadian projects, the Avebury mine which remains on care and maintenance.

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(c) *Recent financial position of the Group*

The following is a summary of the Group's balance sheet as at 31 December 2010 and 30 June 2011 as extracted from the 2011 Interim Report respectively:

| | As at 30 June 2011 (unaudited) US\$ million | As at 31 December 2010 (audited) US\$ million |
|---|--|--|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 1,612.0 | 1,671.5 |
| Intangible assets | — | 132.0 |
| Investment accounted for using equity method | — | 227.3 |
| Other non-current assets | <u>105.1</u> | <u>126.7</u> |
| Total non-current assets | 1,717.1 | 2,157.5 |
| Current assets | | |
| Inventories | 257.3 | 363.8 |
| Trade and other receivables | 88.6 | 360.4 |
| Available-for-sale financial assets | — | 164.1 |
| Cash and cash equivalents | 431.2 | 398.2 |
| Assets of disposal group classified as held for sale | 1,202.3 | — |
| Other current assets | <u>—</u> | <u>22.9</u> |
| Total current assets | <u>1,979.4</u> | <u>1,309.4</u> |
| TOTAL ASSETS | <u><u>3,696.5</u></u> | <u><u>3,466.9</u></u> |
| LIABILITIES | | |
| Non-current liabilities | | |
| Borrowings | 312.4 | 1,144.3 |
| Loan from a related party | — | 694.2 |
| Other non-current liabilities | <u>347.1</u> | <u>342.8</u> |
| Total non-current liabilities | 659.5 | 2,181.3 |
| Current liabilities | | |
| Trade and other payables | 152.8 | 368.5 |
| Borrowings | 778.0 | 83.2 |
| Liabilities of disposal group classified as held for sale | <u>525.9</u> | <u>—</u> |
| Other current liabilities | <u>150.4</u> | <u>300.5</u> |
| Total current liabilities | <u>1,607.1</u> | <u>752.2</u> |
| TOTAL LIABILITIES | <u><u>2,266.6</u></u> | <u><u>2,933.5</u></u> |

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| | As at 30 June 2011 (unaudited) <i>US\$ million</i> | As at 31 December 2010 (audited) <i>US\$ million</i> |
|---|--|--|
| EQUITY | | |
| Equity and reserves attributable to the Shareholders | | |
| Share capital | 33.9 | 19.0 |
| Perpetual sub-ordinated convertible securities | — | 690.0 |
| Reserves and retained profits | <u>1,323.0</u> | <u>(232.0)</u> |
| Equity and reserves attributable to the Shareholders | <u>1,356.9</u> | <u>477.0</u> |
| Non-controlling interests | <u>73.0</u> | <u>56.4</u> |
| TOTAL EQUITY | <u>1,429.9</u> | <u>533.4</u> |

As at 30 June 2011, the non-current assets of the Group primarily included property, plant and equipment of MMG's mining operation, which remained stable at approximately US\$1,612.0 million. The intangible assets of US\$132.0 million as at 31 December 2010, representing the alumina purchasing rights of the Group to purchase pre-determined quantities of alumina from Alcoa, has been reclassified under the assets of disposal group classified as held for sale as at 30 June 2011 due to the proposed disposal of the Sale Entities in March 2011, details of which are discussed in section 1(d) below. Investment accounted for using equity method consisted of the Group's interests in jointly-controlled entities, including Changzhou Jinyuan, Guangxi Huayin and Mincenco Limited ("**Mincenco**"), and associates including Qingdao M.C. Packaging Limited ("**Qingdao MC Packaging**") and Sino Nickel Pty Ltd. ("**Sino Nickel**"). Similar to the intangible assets, except for the Group's interest in Mincenco, the investment accounted for using equity method has been reclassified under the assets of disposal group classified as held for sale as at 30 June 2011.

Current assets principally comprise inventories, trade and other receivables as well as cash and cash equivalents. Balances of inventories and trade and other receivables have decreased from approximately US\$363.8 million and US\$360.4 million as at 31 December 2010 respectively to approximately US\$257.3 million and US\$88.6 million as at 30 June 2011 respectively, representing decreases of approximately 29.3% and 75.4% respectively, largely due to the reclassification of inventories and trade and other receivables balances related to the businesses of the Sale Entities and/or its subsidiaries under the assets of disposal group classified as held for sale as at 30 June 2011. The available-for-sale financial assets decreased due to the sale of investment in Equinox to Barrick Gold Corporation in June 2011, realising a profit after tax of approximately US\$114.8 million for the six months ended 30 June 2011. On the other hand, cash and cash equivalents increased from approximately US\$398.2 million as at 31 December 2010 to approximately US\$431.2 million as at 30 June 2011, representing an increase of approximately 8.3%. Such increase was mainly a result of the cash generated from MMG's mining operation, the proceeds from the disposal of investment in Equinox as well as a placement of new Shares in April 2011, albeit offset by the repayment of borrowings and reclassification of cash held by the Sale Entities under the assets of disposal group classified as held for sale.

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The liabilities of the Group as at 30 June 2011 mainly consisted of borrowings and trade and other payables. The decrease in long-term borrowings was principally due to the reclassification of certain borrowings, which became repayable within one year, as current liabilities and the reclassification of borrowings related to the businesses of the Sale Entities under the liabilities of disposal group classified as held for sale. Trade and other payables also decreased due to reclassification of balances related to the businesses of the Sale Entities under the liabilities of disposal group classified as held for sale. The loan from a related party of approximately US\$694.2 million was fully repaid during the first half of 2011.

The equity and reserves attributable to the Shareholders increased significantly from approximately US\$477.0 million as at 31 December 2010 to approximately US\$1,356.9 million as at 30 June 2011. The increase was mainly due to the placement of 762,612,000 new Shares and the full conversion of the perpetual sub-ordinated convertible securities, which was part of the purchase consideration for the acquisition of MMG's mining operation in 2010, into 1,560,000,000 new Shares.

(d) *Carrying amounts of assets and liabilities of the discontinued operations*

On 28 March 2011, the Board approved a program of strategic divestments, of assets that were assessed as not being core to the Company's future and these assets include the Sale Entities and its subsidiaries. Details of the assets and liabilities of the discontinued operations, as extracted from the 2011 Interim Report, are summarised in the table below:

| | As at 30 June 2011 (unaudited) <i>US\$ million</i> |
|---|---|
| Assets classified as held for sale | |
| Property, plant and equipment | 127.4 |
| Investment properties | 0.2 |
| Intangible assets | 132.0 |
| Other assets | 0.9 |
| Investments accounted for using the equity method | 218.5 |
| Deferred income tax assets | 6.7 |
| Inventories | 182.6 |
| Trade and other receivables | 315.2 |
| Other financial assets | 57.5 |
| Current income tax assets | 0.7 |
| Cash and cash equivalents | 160.6 |
| Total assets | 1,202.3 |

LETTER FROM SOMERLEY

As at
30 June 2011
(unaudited)
US\$ million

| Liabilities directly associated with assets classified as held for sale | |
|--|--------------|
| Deferred income | 6.3 |
| Deferred income tax liabilities | 0.3 |
| Borrowings | 262.3 |
| Trade and other payables | 247.9 |
| Advances from banks for discounted bills | 7.2 |
| Current income tax liabilities | 1.9 |
| Total liabilities | 525.9 |
| | |
| Net assets | 676.4 |

The property, plant and equipment largely comprise the plant and equipment for the operation of aluminium fabrication of the NCA Group. The intangible assets represent the alumina purchasing rights of the Group to purchase pre-determined quantities of alumina from a third party alumina supplier, i.e. Alcoa. Interests in jointly-controlled companies consisted of the Group's interests in jointly-controlled entities including Changzhou Jinyuan, Guangxi Huayin and Mincenco, and associates including Qingdao MC Packaging and Sino Nickel.

(e) *Outlook of the Group*

By referring to the 2011 Interim Report, the management of the Group considered that the balance sheet of the Group is strong, and is getting stronger. The total value of the Group's assets increased by approximately 6.6% to approximately US\$3,696.5 million during the first half of 2011 while net borrowing of the continuing operations reduced to US\$659.2 million as at 30 June 2011. Funds generated from operations and proceeds from the expected sale of the discontinued operations mean that the Company expects to be in net cash positive position following the completion of the Sale.

In addition, the management of the Group anticipates stronger production during the second half of 2011 as the challenges encountered during the first half recede, particularly the heavier than normal wet season at the Century mine. Costs are expected to exhibit upward pressure due to a combination of a weak US dollar, strong demand for skilled labour and the flow through of higher commodity prices to the Group's consumables. The management of the Group further anticipates that market volatility will continue to be present in commodity prices as macro issues such as concerns over the European debt markets and the US economy weigh on the market offsetting strong demand from the PRC and supply constraints. Overall, it is anticipated that commodity prices will continue to average around the same level seen in the first half of 2011.

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On 30 September 2011, the Company announced that it has entered into agreements to make an all-cash recommended takeover offer to acquire all of the Common Shares of Anvil, which is an African-focused metals mining and exploration group.

Further information on the prospects of the Group and the proposed takeover of Anvil have been set out in the section headed “Prospects of the Group” in the letter from the Board in the Circular.

2. Information relating to the Sale Entities

(a) Information on MMA

The Group is engaged in the trading of alumina and aluminium ingot through MMA, a wholly-owned subsidiary of the Company. MMA is a wholly foreign-owned entity established in the PRC on 22 October 2004 with limited liability and it has a total registered capital of RMB2,380 million (equivalent to approximately HK\$2,903.6 million). MMA’s interests in other companies as at the Latest Practicable Date are set out in the letter from the Board in the Circular.

MMA imports alumina from both international and domestic suppliers as well as from Guangxi Huayin, a 33% owned jointly-controlled company of the Group. Such alumina imports are then supplied to the Group’s customers, which include all major aluminium smelters in the PRC as well as overseas markets. Aluminium ingot is sourced from PRC aluminium smelters and sold to the Group’s aluminium fabrication operation and other PRC customers. According to the 2010 Annual Report, MMA has been one of the largest importers and suppliers of alumina in China.

Guangxi Huayin was acquired by the Group in 2008. Guangxi Huayin is engaged in the up-stream bauxite resource exploration and alumina production. Its four production lines with total annual production capacity of 1,600,000 tonnes of alumina commenced operations in mid-2008. Guangxi Huayin is one of the few integrated alumina plants in the PRC which has its own bauxite mine and is amongst the lowest-cost alumina refinery plants in the PRC. Guangxi Huayin is co-invested by the Group, 廣西投資集團有限公司 (Guangxi Investment Group Company Limited) and 中國鋁業股份有限公司 (Aluminium Corporation of China Limited). The ownership in Guangxi Huayin enables the Group to move up-stream into bauxite resource exploration and alumina production thereby securing a stable supply of alumina, which benefits its trading business.

Sino Nickel is principally engaged in the trading of nickel concentrate, a long-term purchase agreement with Savannah Nickel Mines and the matching off-take agreement with Jinchuan Group Limited. The Group has a 40% equity interest in Sino Nickel indirectly via MMA.

Sino Aluminium Limited (incorporated in St Lucia), which was owned as to 100% by MMA indirectly, was dissolved on 20 September 2011. Based on our confirmation with the management of the Group, there was no significant profit or loss for the two years ended 31 December 2010 or significant net asset as at 31 December 2010 of the aforesaid company.

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Set out below are certain financial information extracted from the unaudited consolidated management accounts of MMA and its subsidiaries and their interests in a jointly-controlled entity and an associate (the “**MMA Group**”) for the financial years ended 31 December 2009 and 31 December 2010, respectively (which were prepared in accordance with HKFRS):

| | For the year ended 31 December | | | |
|------------------------|--------------------------------|---------------------|---------------------|---------------------|
| | 2009 | | 2010 | |
| | <i>HK\$ million</i> | <i>US\$ million</i> | <i>HK\$ million</i> | <i>US\$ million</i> |
| | <i>Approx.</i> | <i>Approx.</i> | <i>Approx.</i> | <i>Approx.</i> |
| Profit before taxation | 340.26 | 43.62 | 568.10 | 72.83 |
| Profit after taxation | 297.25 | 38.11 | 547.98 | 70.25 |

Notes:

1. The reporting currency used was HK\$. References to US\$ in the above table are for illustrative purposes only.
2. The information in the table includes, among others, information on Sino Aluminium Limited (incorporated in St. Lucia) which was dissolved on 20 September 2011.

The net asset value of the MMA Group (in relation to 100% of the equity interests of MMA) as at 31 December 2010 and 30 June 2011 was approximately HK\$4,343.82 million (equivalent to approximately US\$556.90 million) and HK\$4,665.00 million (equivalent to approximately US\$598.08 million respectively).

CMN has, in compliance with the applicable PRC regulatory requirements, engaged Zhonghe, an independent and qualified PRC valuer, to conduct a valuation and to prepare valuation reports on each of the Sale Entities. Zhonghe has valued the MMA Sale Shares as at 31 December 2010 at approximately RMB4,037.58 million (equivalent to approximately HK\$4,925.85 million).

(b) *Information on NCA*

The Group’s aluminium fabrication business is mainly carried out by NCA, a 72.80%-owned subsidiary of the Company. It is a sino-foreign joint venture company established in the PRC on 9 December 1993 with limited liability. As at the Latest Practicable Date, NCA is held as to 72.80% of its equity interests by Riseup Dragon (a directly held wholly-owned subsidiary of the Company), as to 15.72% of its equity interests by 中國鋁業公司 (Aluminium Corporation of China) and as to the remaining 11.48% of its equity interests by 河北省人民政府國有資產控股運營有限公司 (Hebei State Owned Assets Hold and Operation Co., Ltd.). NCA has a total registered capital of RMB478.1 million (equivalent to approximately HK\$538.28 million). It is principally engaged in the production and sale of aluminium foils and extrusions. Its products are used in packaging, transportation, construction, home appliances and printing sectors. NCA’s interests in other companies as at the Latest Practicable Date are set out in the letter from the Board in the Circular.

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NCA is located in Zhuozhou, Hebei province, with facilities of an aluminium fabrication capacity of approximately 100,000 tonnes per annum. The construction of the new 1,850mm super-thin, wide and compound aluminium foil production line project was completed in 2010 and added an annual production capacity of approximately 25,000 tonnes of aluminium foil.

Set out below are certain financial information extracted from the unaudited consolidated management accounts of NCA and its subsidiaries (the “NCA Group”) for the financial years ended 31 December 2009 and 31 December 2010, respectively (which were prepared in accordance with HKFRS):

| | For the year ended 31 December | | | |
|------------------------|--------------------------------|---------------------|---------------------|---------------------|
| | 2009 | | 2010 | |
| | <i>HK\$ million</i> | <i>US\$ million</i> | <i>HK\$ million</i> | <i>US\$ million</i> |
| | <i>Approx.</i> | <i>Approx.</i> | <i>Approx.</i> | <i>Approx.</i> |
| Profit before taxation | 23.18 | 2.97 | 14.12 | 1.81 |
| Profit after taxation | 18.61 | 2.39 | 9.52 | 1.22 |

Note: The reporting currency used was HK\$. References to US\$ in the above table are for illustrative purposes only.

The net asset value of the NCA Group (in relation to 100% of the equity interests of NCA) as at 31 December 2010 and 30 June 2011 was approximately HK\$653.97 million (equivalent to approximately US\$83.84 million) and HK\$731.00 million (equivalent to approximately US\$93.72 million) respectively. The portion attributable to the NCA Sale Shares as at 31 December 2010 and 30 June 2011 was approximately HK\$476.09 million (equivalent to approximately US\$61.04 million) and HK\$532.17 million (equivalent to approximately US\$68.23 million) respectively.

Zhonghe has valued the NCA Sale Shares as at 31 December 2010 at approximately RMB175.70 million (equivalent to approximately HK\$214.35 million).

(c) *Information on Yingkou Orienmet*

Apart from aluminium fabrication, the Group is also engaged in plica tubes production through Yingkou Orienmet Plica. Yingkou Orienmet is a sino-foreign joint venture company established in the PRC on 31 December 1993 with limited liability. As at the Latest Practicable Date, Yingkou Orienmet is held as to 51% of its equity interests by Orienmet Industry (a directly held wholly-owned subsidiary of the Company), and as to the remaining 49% of its equity interests by 中國電子進出口總公司 (China National Electronics Import and Export Corporation). The registered capital of Yingkou Orienmet is US\$4 million (equivalent to approximately HK\$31.2 million). Yingkou Orienmet is located in Yingkou City at Liaoning Province and is principally engaged in the production and sale of plica tubes. The products are widely used in the areas of construction, electrical engineering, electricity supply, railways, highways, petrochemicals, aviation and shipbuilding.

LETTER FROM SOMERLEY

Set out below are certain financial information extracted from the unaudited management accounts of Yingkou Orienmet for the financial years ended 31 December 2009 and 31 December 2010, respectively (which was prepared in accordance with HKFRS):

| | For the year ended 31 December | | | |
|----------------------|--------------------------------|---------------------|---------------------|---------------------|
| | 2009 | | 2010 | |
| | <i>HK\$ million</i> | <i>US\$ million</i> | <i>HK\$ million</i> | <i>US\$ million</i> |
| | <i>Approx.</i> | <i>Approx.</i> | <i>Approx.</i> | <i>Approx.</i> |
| Loss before taxation | 1.33 | 0.17 | 1.73 | 0.22 |
| Loss after taxation | 0.82 | 0.11 | 1.46 | 0.19 |

Note: The reporting currency used was HK\$. References to US\$ in the above table are for illustrative purposes only.

The net asset value of Yingkou Orienmet (in relation to 100% of the equity interests of Yingkou Orienmet) as at 31 December 2010 and 30 June 2011 was approximately HK\$32.67 million (equivalent to approximately US\$4.19 million) and HK\$36.70 million (equivalent to approximately US\$4.70 million) respectively. The portion attributable to the Yingkou Orienmet Sale Shares as at 31 December 2010 and 30 June 2011 was approximately HK\$16.66 million (equivalent to approximately US\$2.14 million) and HK\$18.72 million (equivalent to approximately US\$2.40 million) respectively.

Zhonghe has valued the Yingkou Orienmet Sale Shares as at 31 December 2010 at approximately RMB17.14 million (equivalent to approximately HK\$20.91 million).

(d) *Information on Changzhou Jinyuan*

The copper fabrication business of the Group is carried out through Changzhou Jinyuan. Changzhou Jinyuan is a sino-foreign joint venture company established in the PRC on 31 March 1994 with limited liability. As at the Latest Practicable Date, Changzhou Jinyuan is held as to 36.2913% of its equity interests by Lontic (a directly held wholly-owned subsidiary of the Company), as to 61.4399% of its equity interest by JX 日礦日石金屬株式會社 (JX Nippon Mining & Metals Corporation) and as to the remaining 2.2688% of its equity interest by 常州工貿國有資產經營有限公司 (Changzhou Industry and Trade State-owned Assets Management Company). The registered capital of Changzhou Jinyuan is approximately RMB282.43 million (equivalent to approximately HK\$344.56 million). Changzhou Jinyuan is located in the south-east economic and technology development zone of Changzhou and is principally a quality copper rod and wire producer. Changzhou Jinyuan recently completed the construction of a copper rod production line with a 300,000-tonne annual production capacity.

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Set out below are certain financial information extracted from the unaudited management accounts of Changzhou Jinyuan for the financial years ended 31 December 2009 and 31 December 2010, respectively (which were prepared in accordance with HKFRS):

| | For the year ended 31 December 2009 | | 2010 | |
|------------------------|-------------------------------------|-------------------------|-------------------------|-------------------------|
| | HK\$ million Approx. | US\$ million Approx. | HK\$ million Approx. | US\$ million Approx. |
| Profit before taxation | 145.50 | 18.65 | 70.96 | 9.10 |
| Profit after taxation | 108.17 | 13.87 | 52.86 | 6.78 |

Note: The reporting currency used was HK\$. References to US\$ in the above table are for illustrative purposes only.

The net asset value of Changzhou Jinyuan (in relation to 100% of the equity interests of Changzhou Jinyuan) as at 31 December 2010 and 30 June 2011 was approximately HK\$526.20 million (equivalent to approximately US\$67.46 million) and HK\$516.04 million (equivalent to approximately US\$66.16 million) respectively. The portion attributable to the Changzhou Jinyuan Sale Shares as at 31 December 2010 and 30 June 2011 was approximately HK\$190.96 million (equivalent to approximately US\$24.48 million) and HK\$187.28 million (equivalent to approximately US\$24.01 million) respectively.

Zhonghe has valued the Changzhou Jinyuan Sale Shares at approximately RMB161.16 million (equivalent to approximately HK\$196.62 million).

3. Background of and reasons for the Sale

(a) Corporate vision and strategy of the Group

We note the Group's vision and business strategy set out in the section of Chairman's message in the 2011 Interim Report are as follow, "*Our vision is to be in the top three of mid-tier, international resources companies within five years. Our business strategy will focus on upstream assets — mining and first stage processing such as the production of concentrates and cathode. The Company does not intend to participate in the smelting industry. We will focus on base metals; principally copper, zinc, nickel and bauxite. Our existing assets, and our exploration and development opportunities, will be augmented by the pursuit of targeted acquisitions.*" We consider that the above passage reinforces the rationale for the Sale as mentioned below.

(b) Reasons for and benefits of the Sale

The Company undertook a strategic review of its businesses in March 2011 and determined that certain assets (being the Company's interest in the Sale Entities) are not core to its strategy. As such, it was announced by the Company on 28 March 2011 that the Sale Entities will be divested in an orderly manner during the course of 2011. The Sale is in line with the Company's strategy to focus on its upstream base metals business through divestment of assets that are considered to be not core to the Company's future.

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Following completion of the Sale, the Company will be able to increase its focus on its core upstream base metals business. The Company plans to progress its existing development projects (including the Dugald River zinc/lead project in Queensland, Australia) and expects that will build the Company's strength and earnings potential.

The Sale Price (net of tax and expenses) will be used to further strengthen the balance sheet and provide further growth capacity for the Company. As the sale of one/any combination/all of the Sale Shares as contemplated in the Master Sale and Implementation Agreement may not be completed in the event that one or all of the conditions as set out in the Master Sale and Implementation Agreement for any Sale is/are not satisfied or waived, the amount of the net proceeds from the Sale may decrease accordingly. The Directors currently intend to apply the net proceeds to fund the repayment of debt incurred for the purposes of the proposed takeover of Anvil as disclosed in the Anvil Announcement if such proposed takeover is successful. In the event that the proposed takeover of Anvil does not proceed to completion, the Directors currently intend to apply the net proceeds to fund the expansion plans of the Group or general working capital requirements of the Group.

4. Principal terms of the Master Sale and Implementation Agreement

(a) *Date*

15 September 2011

(b) *Parties*

Vendor: The Company, which has conditionally agreed to sell its entire 100% equity interest in MMA and to procure (i) Riseup Dragon to sell its entire 72.80% equity interest in NCA; (ii) Orienmet Industry to sell its entire 51% equity interest in Yingkou Orienmet; and (iii) Lontic to sell its entire 36.2913% equity interest in Changzhou Jinyuan.

Purchaser: CMN, which has conditionally agreed to acquire the Sale Shares. CMN will acquire the Sale Shares with respect to the Yingkou Orienmet Sale and the Changzhou Jinyuan Sale directly, and CMN has nominated Aluminco Holdings Limited, a wholly-owned subsidiary of CMN, as its nominee to conditionally acquire the Sale Shares with respect to the MMA Sale and the NCA Sale.

(c) *Assets to be disposed of*

The Sale Shares comprise:

- (i) the Company's entire 100% equity interest in MMA;
- (ii) Riseup Dragon's entire 72.80% equity interest in NCA;

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(iii) Orienmet Industry's entire 51% equity interest in Yingkou Orienmet; and

(iv) Lontic's entire 36.2913% equity interest in Changzhou Jinyuan.

Note: Each of Riseup Dragon, Orienmet Industry and Lontic is a wholly-owned subsidiary of the Company.

Completion of any one Sale described in paragraphs (i) to (iv) above is not conditional on completion of any other Sale. In other words, the MMA Sale, the NCA Sale, the Yingkou Orienmet Sale and the Changzhou Jinyuan Sale are not inter-conditional.

(d) *Sale Price*

Subject to any adjustments contemplated under the Master Sale and Implementation Agreement, such as those required should any one Sale not proceed to complete, the Sale Price for the Sale Shares amounts to an aggregate sum of US\$726.8 million (equivalent to approximately HK\$5,669.04 million) and is apportioned to the Sale Shares (in respect of each of the Sale Entities) in the following manner:

| Sale Entities | Sale Price |
|----------------------|--|
| MMA | US\$667.3 million (equivalent to approximately HK\$5,204.94 million) |
| NCA | US\$29.6 million (equivalent to approximately HK\$230.88 million) |
| Yingkou Orienmet | US\$2.9 million (equivalent to approximately HK\$22.62 million) |
| Changzhou Jinyuan | US\$27.0 million (equivalent to approximately HK\$210.60 million) |

Pursuant to the Master Sale and Implementation Agreement, the Sale Price apportioned to each Sale shall be payable in cash by CMN or its nominee to the Company upon completion of the sale and purchase under the Relevant Sale.

The Sale Price has been arrived at after arm's length negotiations between the parties. The key factors considered by the Company in determining the Sale Price include (i) the historic share price performance of the Company prior to the announcement of its intention to acquire MMG in 2010; and (ii) the net asset value of each of the Sale Entities, as at 30 June 2011, as adjusted for cash and debt. The Company has also referred to the following in determining the Sale Price: (i) the historical financial performance of each of the Sale Entities; (ii) the original investment cost for the Sale Shares; (iii) the trading comparables; and (iv) the appraised value of the Sale Shares as at 31 December 2010 of approximately RMB4,391.8 million (equivalent to approximately HK\$5,357.74 million), as set out in the valuation reports prepared and issued by Zhonghe in accordance with relevant laws and regulations of the PRC.

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(e) *Conditions precedent*

Completion of each of the MMA Sale, the NCA Sale, the Yingkou Orienmet Sale and the Changzhou Jinyuan Sale is conditional upon the satisfaction of the following conditions unless otherwise waived in accordance with the terms set out in the Master Sale and Implementation Agreement:

(i) ***PRC regulatory approval***

CMN obtaining such approvals, authorisations and consents from the relevant PRC regulatory authorities as are reasonably necessary or appropriate in connection with each Sale as contemplated under the Master Sale and Implementation Agreement, and only for the Yingkou Orienmet Sale and the Changzhou Jinyuan Sale, including but not limited to the obtaining of any necessary approvals, authorisations and consents from the relevant PRC regulatory authorities for the remittance of the relevant Sale Price relating to the relevant Sale Shares or any part thereof outside the PRC for completion of the Relevant Sale;

(ii) ***Shareholder approval***

Such requisite majority of relevant Shareholders as required under the Listing Rules having approved by resolution at an EGM the entry by the Company into the Master Sale and Implementation Agreement and the transactions contemplated under the Master Sale and Implementation Agreement;

(iii) ***Approval by the Australian Government under the FATA***

In relation to the MMA Sale only, CMN receiving the approval from the Australian Government under the FATA for the MMA Sale either unconditionally or on terms that do not impose unduly onerous obligations on CMN. This is required due to the interests in three companies which are incorporated in Australia that are indirectly owned by MMA. Such approval has been obtained as at the date of the Circular; and

(iv) ***Third party notifications, consents and waivers***

In relation to the NCA Sale and the Changzhou Jinyuan Sale only, all the notices, consents and waivers required to be given to or obtained from (as the case may be) any third parties (pursuant to the pre-completion material contracts in connection with the Relevant Sale) as set out in the Master Sale and Implementation Agreement having been given or obtained (as the case may be) or deemed to have been given or obtained under the terms of the relevant contracts. To satisfy this condition, NCA is required to obtain consents from two banks in relation to six loan agreements and Changzhou Jinyuan is required to obtain consent from six banks in relation to ten loan agreements. These conditions may only be waived by written notice of CMN to the Company.

NCA, Yingkou Orienmet and Changzhou Jinyuan are not wholly owned by the Company. It is noted that holders of equity interests in each of NCA, Yingkou Orienmet and Changzhou Jinyuan have pre-emptive rights in relation to any transfer of equity interests in these Sale Entities pursuant to the

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articles of association and joint venture agreements of these Sale Entities respectively. As at the Latest Practicable Date, all other shareholders of NCA, Yingkou Orientmet and Changzhou Jinyuan have waived their pre-emptive rights in respect of the Relevant Sale. The NCA Sale, the Yingkou Orientmet Sale and the Changzhou Jinyuan Sale are therefore not subject to such pre-emptive rights.

In the event that any of the relevant conditions above relating to a Sale (i) are not satisfied or waived by 30 June 2012, or such other date as agreed between the parties in writing; or (ii) become incapable of satisfaction or the parties agree in writing that any of such conditions cannot be satisfied, either party may terminate the sale and purchase under the Master Sale and Implementation Agreement in so far as it relates to such Sale.

(f) *Completion*

Between the date of the Master Sale and Implementation Agreement and the earlier of completion of the Sale and termination of such part of the Master Sale and Implementation Agreement relating to the Sale, the Company must use reasonable endeavours to ensure compliance with certain matters set out in the Master Sale and Implementation Agreement. In this connection, the parties have agreed that NCA is permitted to make a RMB4.443 million (equivalent to approximately HK\$5.420 million) dividend payment to Riseup Dragon.

Completion of each Sale shall take place on the day that is three Business Days after the conditions relating to that Sale have been satisfied or waived or such other date as the Company and CMN may otherwise agree in writing, provided that completion of each Sale must take place simultaneously with completion occurring under the terms of the Equity Transfer Agreement relating to each Sale.

The parties acknowledge and agree that completion of a Relevant Sale is not conditional on completion of any Other Sale occurring, and to the extent that the conditions in relation to the Relevant Sale are satisfied or waived ahead of those in relation to any Other Sale, the Company may by written notice to CMN require that completion occurs for the Relevant Sale, regardless of whether the conditions in relation to any Other Sale have been satisfied or waived.

Pursuant to the Master Sale and Implementation Agreement, the Sale Price apportioned to each Sale shall be payable upon completion of the sale and purchase under the relevant Sale.

At completion of the MMA Sale, CMN shall also pay or procure the payment of US\$4.182 million (equivalent to approximately HK\$32.62 million) to the Company for the agreed adjustment of cash balance in Sino Mining International Limited, a wholly-owned subsidiary of MMA.

5. **Equity Transfer Agreements**

In respect of each Sale, as soon as reasonably practicable after satisfaction or waiver of the conditions (other than those relating to the PRC regulatory approval including the approval from SAFE) (as applicable) relating to the Sale, each of CMN (or, if relevant, its wholly-owned subsidiary

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nominated to acquire any of the Sale Shares) and the Company (or, if relevant, its wholly-owned subsidiary holding the Sale Shares) must deliver to each other an original executed counterpart of each Equity Transfer Agreement relevant to the Sale to effect the transfer of the Sale Shares pursuant to PRC law.

If under the terms of an Equity Transfer Agreement with respect to a Sale, title to the Sale Shares relating to the Sale passes to CMN or (if applicable) its wholly-owned nominee prior to the date of completion for the Sale due to any delay resulting from approval of SAFE required to be obtained prior to the remittance of the relevant consideration to the Company, then CMN agrees that between the date that title to the Sale Shares in respect of the Sale passes to CMN or (if applicable) its wholly-owned nominee until the earlier of the date of completion of the Sale and termination of such part of the Master Sale and Implementation Agreement relating to the Sale:

- (i) it must not, or (if applicable) must procure its wholly-owned nominee not to, transfer or encumber the relevant Sale Shares;
- (ii) it must only, or (if applicable) must procure its wholly-owned nominee to only, exercise any voting rights attached to the Sale Shares (including, but not limited to, in respect of any declaration and/or payment of any benefits (including any dividends) in respect of the Sale Shares) in accordance with the written instructions of the Company;
- (iii) it must procure that the director(s), secretary(ies), officer(s) or legal representative(s) appointed to each Sale Entity and/or its subsidiaries and/or associated companies to which the Sale relates by CMN or its wholly-owned nominee shall only act in accordance with the written instructions of the Company (including, but not limited to, any declaration and/or payment of any benefits (including any dividends) in respect of the Sale Shares); and
- (iv) in respect of the Changzhou Jinyuan Sale, that it shall procure Changzhou Jinyuan to issue the notices to be given to third parties under the terms of the relevant contracts.

6. Analysis of the Sale Price

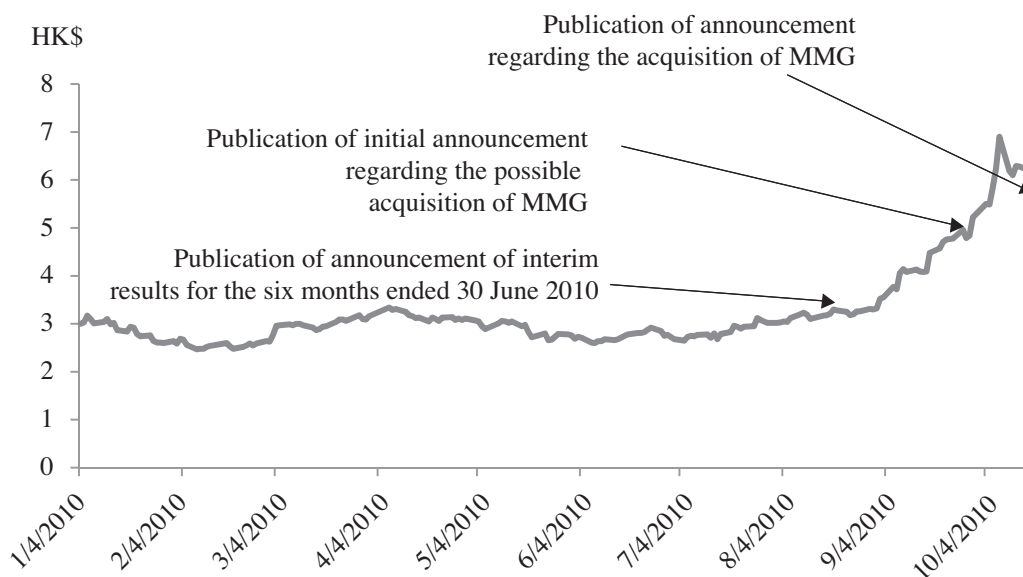
(a) *Sale Price for the Sale Shares*

Based on our discussion with the management of the Company and our review of the management accounts of the Sales Entities and the Group, we note that the aggregate turnover and the aggregate net asset value of the Sales Entities represent 100% and over 90% of that of the Group (excluding MMG) for the year ended and as at 31 December 2010 respectively. In other words, the Sale Entities (including their subsidiaries) constitute the major assets and operations of the Group before the acquisition of MMG. The valuation of the Company before the acquisition of MMG therefore represents a close proxy of the valuation of the Sale Entities. To project the current valuation of the Company excluding the effect of acquisition of MMG, we consider that it is appropriate to apply the market capitalisation of the Company before the announcement of acquisition of MMG and adjusted for the change of market environment since then and up to the current date.

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We set out below a chart of closing prices of the Shares in 2010 up to the date of the announcement of the acquisition of MMG.

Share price of the Company



Source: The Stock Exchange's website

As shown in the chart above, the Share price was around HK\$3.0 for most of the time from early 2010 up to the date of the release of the announcement of interim results for the six months ended 30 June 2010 (the “**Interim Results**”) by the Company on 24 August 2010. The Interim Results were considered a good performance for the Company as both the turnover and net profit recorded considerable increases compared to the corresponding period in the prior year. The results should have an impact on the Share price and we would have expected that most of the impact, if any, would have been fully reflected within a few trading days after the release of the results. However, the Share price only increased slightly in the one-week period after the announcement of the Interim Results. The Share price started to rise from about the middle of September 2010. We consider that the increase in Share price has no direct relationship with the Interim Results but is more likely the result of market speculation on the acquisition of MMG. The average closing Share price of the five-day period immediately after the release of the announcement of the Interim Results was approximately HK\$3.27 per Share, which we consider representing a reasonably fair market value of the Company before the acquisition of MMG. Based on the approximately 2,026 million Shares outstanding before the announcement of the MMG acquisition, the then market capitalisation of the Company was approximately HK\$6,625.0 million (equivalent to approximately US\$849.4 million).

To project the effect of the change of market environment since the announcement of acquisition of MMG up to the Latest Practicable Date (the “**Reference Period**”) on the market value of the Company, we consider that the change of share prices of the peer companies of the Company that are engaged in trading, manufacturing and/or mining of alumina and aluminium and listed on stock exchanges with market capitalisation of over HK\$10.0 billion (the “**Aluminium Comparables**”) and the Hang Seng Composite Materials Index (the “**HSCM Index**”), being a stock index tracking stock

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performance of companies in the material industry and listed in Hong Kong and of which the Company is a constituent, can serve as good indicators for the changes. We consider the Aluminium Comparables are fair and representative samples for the purpose of our analysis in this letter and, to our best knowledge, they represent an exhaustive list of companies comparable to the Company before completion of MMG acquisition.

| Aluminium Comparables | Primary listing location of common stock of the Aluminium Comparables | Percentage decrease in share price during the Reference Period <i>(Note)</i> |
|--|--|--|
| Alcoa Inc. (“ Alcoa ”) | NYSE Euronext | 0.9% |
| Alumina Limited (“ Alumina ”) | Australian Securities Exchange | 3.8% |
| Aluminum Corporation of China Ltd. (“ Chalco ”) | The Stock Exchange | 42.1% |
| Hindalco Industries Limited (“ Hindalco ”) | National Stock Exchange of India | 23.0% |
| National Aluminium Company Limited (“ National ”) | National Stock Exchange of India | 39.0% |
| Norsk Hydro ASA (“ Norsk ”) | Oslo Stock Exchange | 6.0% |
| United Company RUSAL Plc (“ Rusal ”) | The Stock Exchange | 11.3% |
| Average | | 18.0% |
| Maximum percentage decrease | | 42.1% |
| Minimum percentage decrease | | 0.9% |
| HSCM Index | | 35.9% |

Source: Bloomberg

Note: The percentage decrease in share price during the Reference Period is calculated based on (i) 5-day average of the closing share price of the Aluminium Comparables or 5-day average of the closing number of the HSCM Index immediately after the announcement of the Interim Results; and (ii) the closing share price of the Aluminium Comparables or the closing number of the HSCM Index as at the Latest Practicable Date.

As shown in the table above, the average share prices of the Aluminium Comparables has decreased by 18.0% while the HSCM Index has dropped by 35.9% during the Reference Period. By applying these decreases of average share prices of the Aluminium Comparables and the HSCM Index during the Reference Period to the market value of the Company before the acquisition of MMG, the estimated current market value of the Company (excluding MMG acquisition) would range from HK\$4,246.6 million (equivalent to approximately US\$544.4 million) to HK\$5,432.5 million (equivalent to approximately US\$696.5 million).

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Accordingly, the Sale Price of the Sale Shares of US\$726.80 million (equivalent to approximately HK\$5,669.04 million) is above the range of the estimated market value of the Company excluding MMG acquisition.

We have also performed analyses on the Sale Price for each of the Sale Shares below.

(b) *Sale Price for the MMA Sale Shares*

(i) *P/E Multiple*

Based on the Sale Price of US\$667.3 million (equivalent to approximately HK\$5,204.94 million) for the MMA Sales Shares and the net profit after tax of the MMA Group for the year ended 31 December 2010, the implied price-to-earnings multiple (the “**P/E Multiple**”) of the MMA Group is approximately 9.5 times. For reference purpose only, based on the financial results of the MMA Group for latest 12 months ended 30 June 2011 in the unaudited management accounts of the MMA Group, the implied P/E Multiple of the MMA Group would become approximately 13.2 times.

We have compared the implied P/E Multiple of the MMA Group to the P/E Multiples of the Aluminium Comparables and the HSCM Index as set out in the table below.

| Aluminium Comparables | P/E Multiples (times) |
|---|----------------------------------|
| Alcoa | 11.3 |
| Alumina | 67.5 |
| Chalco | 62.2 |
| Hindalco | 9.9 |
| National | 13.8 |
| Norsk | 8.4 |
| Rusal | 4.9 |
| Average | 25.4 |
| Average (excluding Alumina and Chalco) | 9.7 |
| Maximum | 67.5 |
| Minimum | 4.9 |
| HSCM Index | 7.5 |
| Sale Price for the MMA Sale Shares | 9.5 |
| Sale Price for the MMA Sale Shares (based on the trailing 12-month results of the MMA Group) | 13.2 |

Sources: Bloomberg

Note: The P/E Multiples of the Aluminium Comparables are calculated based on the market capitalisation as at the Latest Practicable Date divided by the net profit for the latest 12-month period of the respective Aluminium Comparables.

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As shown in the table above, the implied P/E Multiple of the MMA Group is within the range of the Aluminium Comparables from 4.9 times to 67.5 times and above the HKCM Index of 7.5 times but slightly lower than the average of the Aluminium Comparables after excluding Alumina and Chalco of 9.7 times. We consider the P/E Multiples of Alumina and Chalco are extremities and have distorted our analysis above. For reference purpose only, the implied P/E Multiple of the MMA Group based on the trailing 12-month results of the MMA Group would become 13.2 times, which falls within the range of the Aluminium Comparables and exceeds both of the average of the Aluminium Comparables (after excluding the two aforesaid extremities) and the HKCM Index.

(ii) *Valuation*

Based on the valuation report prepared and issued by Zhonghe, an independent and qualified PRC valuer, the appraised value of the MMA Sale Shares as at 31 December 2010 was approximately RMB4,037.58 million (equivalent to approximately HK\$4,925.85 million). When compared with the Sale Price of the MMA Sale Shares of US\$667.3 million (equivalent to approximately HK\$5,204.9 million), the Sale Price of the MMA Sale Shares represents a premium of approximately 5.7% over the independent appraised value.

(iii) *Net asset value*

The net asset value of the MMA Group (in relation to 100% of the equity interests of MMA) as at 31 December 2010 was approximately HK\$4,343.82 million (equivalent to approximately US\$556.9 million). As at 31 December 2010, total assets of the MMA Group were approximately HK\$5,691.8 million (equivalent to approximately US\$729.7 million), which largely comprised alumina purchasing rights to purchase alumina from Alcoa, the associate interest in Guangxi Huayin and cash. Total liabilities were approximately HK\$1,347.9 million (equivalent to approximately US\$172.8 million), mainly consisted of bank loans and accounts payable.

The net asset value of the MMA Group (in relation to 100% of the equity interests of MMA) as at 30 June 2011 was approximately HK\$4,665.00 million (equivalent to approximately US\$598.1 million).

Based on the Sale Price for the MMA Shares of US\$667.3 million (equivalent to approximately HK\$5,204.9 million), the Sale Price for the MMA Sale Shares represents a premium of approximately 19.8% and 11.6% over the net asset value of the MMA Group as at 31 December 2010 and 30 June 2011 respectively.

(c) *Sale Price for the NCA Sale Shares*

(i) *P/E Multiple*

Based on the Sale Price of US\$29.6 million (equivalent to approximately HK\$230.88 million) for the NCA Sale Shares and the net profit after tax (and after minority interests) of the NCA Group for the year ended 31 December 2010, the implied P/E Multiple of the NCA Sale Shares is approximately 33.3 times.

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We have compared the implied P/E Multiple of the NCA Group to the P/E Multiples of the peer companies that are engaged in fabrication and sales of aluminium products and listed on the Stock Exchange (the “**Aluminium Fabrication Comparables**”) as set out in the table below. We consider the Aluminium Fabrication Comparables are fair and representative samples for the purpose of our analysis in this letter and, to our best knowledge, they represent an exhaustive list of companies comparable to the NCA Group.

| Aluminium Fabrication Comparables | Primary listing location of common stock of the Aluminium Fabrication Comparables | P/E Multiples (times) |
|--|--|----------------------------------|
| China Zhongwang Holdings Limited | The Stock Exchange | 13.6 |
| China Hongqiao Group Limited | The Stock Exchange | 3.7 |
| Average | | 8.7 |

Sources: Bloomberg

Note: The P/E Multiples of the Aluminium Fabrication Comparables are calculated based on the market capitalisation as at the Latest Practicable Date divided by the net profit for the latest 12-month period of the respective Aluminium Fabrication Comparables.

As shown in the table above, the implied P/E Multiple of the NCA Sale Shares of 33.3 times exceeds the P/E Multiples of all the Aluminium Fabrication Comparables.

(ii) *Valuation*

Based on the valuation report prepared and issued by Zhonghe, the independent appraised value of the NCA Sale Shares as at 31 December 2010 was approximately RMB175.70 million (equivalent to approximately HK\$214.35 million). When compared with the Sale Price of the NCA Sale Shares of US\$29.6 million (equivalent to approximately HK\$230.88 million), the Sale Price of the NCA Sale Shares represents a premium of approximately 7.7% over the independent appraised value.

(iii) *Net asset value*

The net asset value of the NCA Group (in relation to 100% of equity interests of NCA) as at 31 December 2010 was approximately HK\$653.97 million (equivalent to approximately US\$83.84 million) and the portion attributable to the NCA Sale Shares was approximately HK\$476.09 million (equivalent to approximately US\$61.04 million). As at 31 December 2010, total assets of the NCA Group were approximately HK\$2,498.3 million, which chiefly comprised plant and machinery, inventory, accounts and notes receivables and cash. Plant and machinery, which were carried at cost less depreciation and impairment loss, were close to approximately HK\$600 million, while land, building and land use rights, which were carried at cost less depreciation or amortisation (as the case maybe), were less than 10% of the total assets. Total liabilities were approximately HK\$1,844.3 million, mainly consisted of bank loans, notes payable and receipt in advance.

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The net asset value of the NCA Group (in relation to 100% of equity interests of NCA) as at 30 June 2011 was approximately HK\$731.00 million (equivalent to approximately US\$93.72 million) and the portion attributable to the NCA Sale Shares was approximately HK\$532.17 million (equivalent to approximately US\$68.23 million).

Based on the net asset value of the NCA Group attributable to the NCA Sale Shares as at 31 December 2010, the Sale Price for the NCA Sale Shares of US\$29.6 million (equivalent to approximately HK\$230.88 million) and the independent appraised value of the NCA Sale Shares as appraised by Zhonghe represent discounts of approximately 51.5% and 55.0% to the net asset value of the NCA Group attributable to the NCA Sale Shares respectively. Based on the net asset value of the NCA Group attributable to the NCA Sale Shares as at 30 June 2011, the Sale Price for the NCA Sale Shares of US\$29.6 million (equivalent to approximately HK\$230.88 million) represents a discount of approximately 56.6% to the net asset value of the NCA Group attributable to the NCA Sale Shares.

Based on our understanding with the management of the Company, the aforesaid significant discounts were attributable to the increasing competitive environment as well as increased raw materials and staff costs in the aluminium fabrication industry that NCA engages in. We concur this as the net profit margins of the NCA Group remained at only around 1% in the past few years based on the management accounts of the NCA Group.

(d) *Sale Price for the Yingkou Orienmet Sale Shares*

(i) ***P/E Multiple***

Yingkou Orienmet recorded losses after taxation in the recent two financial years. Accordingly, we consider the P/E Multiple analysis is inappropriate for assessing the Sale Price for the Yingkou Orienmet Sale Shares.

(ii) ***Valuation***

Based on the valuation report prepared and issued by Zhonghe, the independent appraised value of the Yingkou Orienmet Sale Shares as at 31 December 2010 was approximately RMB17.14 million (equivalent to approximately HK\$20.91 million). When compared with the Sale Price of the Yingkou Orienmet Sale Shares of US\$2.9 million (equivalent to approximately HK\$22.62 million), the Sale Price of the Yingkou Orienmet Sale Shares represents a premium of approximately 8.2% over the independent appraised value.

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(iii) *Net asset value*

Based on our review of the management accounts of Yingkou Orienmet, we note that it recorded loss after taxation (excluding one-off item, if any) in the recent two years and six months ended 30 June 2011. Accordingly, we consider it reasonable to assess the fair value of the Yingkou Orienmet Sale Shares with reference to the net asset value of Yingkou Orienmet.

The net asset value of Yingkou Orienmet (in relation to 100% of equity interests of Yingkou Orienmet) as at 31 December 2010 was approximately HK\$32.67 million (equivalent to approximately US\$4.19 million) and the portion attributable to the Yingkou Orienmet Sale Shares was approximately HK\$16.66 million (equivalent to approximately US\$2.14 million). As at 31 December 2010, total assets were approximately HK\$41.6 million, which chiefly comprised inventory, accounts and other receivables, cash and deferred tax asset. Property, plant and equipment and land use rights, which were carried at cost less depreciation and impairment loss, were less than 15% of the total assets. Total liabilities were approximately HK\$9.0 million, mainly consisted of bank loan.

The net asset value of Yingkou Orienmet (in relation to 100% of equity interests of Yingkou Orienmet) as at 30 June 2011 was approximately HK\$36.70 million (equivalent to approximately US\$4.70 million) and the portion attributable to the Yingkou Orienmet Sale Shares was approximately HK\$18.72 million (equivalent to approximately US\$2.40 million).

Based on the Sale Price for the Yingkou Orienmet Sale Shares of US\$2.9 million (equivalent to approximately HK\$22.62 million), the Sale Price for the Yingkou Orienmet Sale Shares represent premium of approximately 35.5% and 20.8% over the net asset value of Yingkou Orienmet attributable to the Yingkou Orienmet Sale Shares as at 31 December 2010 and 30 June 2011 respectively.

(e) *Sale Price for the Chengzhou Jinyuan Sale Shares*

(i) *P/E Multiple*

Based on the Sale Price of US\$27.0 million (equivalent to approximately HK\$210.6 million) for the Chengzhou Jinyuan Sale Shares and the net profit after tax (and after minority interests) of Chengzhou Jinyuan for the year ended 31 December 2010, the implied P/E Multiple of Chengzhou Jinyuan is approximately 11.0 times.

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We have compared the implied P/E Multiple of Changzhou Jinyuan to the P/E Multiples of the peer companies that are engaged in fabrication and sales of copper products and listed on the Stock Exchange (the “**Copper Fabrication Comparables**”) as set out in the table below. We consider the Copper Fabrication Comparables are fair and representative samples for the purpose of our analysis in this letter and, to our best knowledge, they represent an exhaustive list of companies comparable to Changzhou Jinyuan.

| Copper Fabrication Comparables | Primary listing location of common stock of the Copper Fabrication Comparables | P/E Multiples (times) |
|--|---|----------------------------------|
| Xingye Copper International Group Limited | The Stock Exchange | 5.4 |
| Chengdu PUTIAN Telecommunications Cable Company Limited | The Stock Exchange | 3.2 |
| Hua Yi Copper Holdings Limited | The Stock Exchange | Not applicable (Loss-making) |
| Average | | 4.3 |

Sources: Bloomberg

Note: The P/E Multiples of the Copper Fabrication Comparables are calculated based on the market capitalisation as at the Latest Practicable Date divided by the net profit for the latest 12-month period of the respective Copper Fabrication Comparables.

As shown in the table above, the implied P/E Multiple of the Chengzhou Jinyuan Sale Shares of 11.0 times is above the P/E Multiples of all the Copper Fabrication Comparables.

(ii) *Valuation*

Based on the valuation report prepared and issued by Zhonghe, the independent appraised value of the Changzhou Jinyuan Sale Shares as at 31 December 2010 was approximately RMB161.16 million (equivalent to approximately HK\$196.62 million). When compared with the Sale Price of the Changzhou Jinyuan Sale Shares of US\$27.0 million (equivalent to approximately HK\$210.6 million), the Sale Price of the Changzhou Jinyuan Sale Shares represents a premium of approximately 7.1% over the independent appraised value.

(iii) *Net asset value*

The net asset value of Changzhou Jinyuan (in relation to 100% of equity interests of Changzhou Jinyuan) as at 31 December 2010 was approximately HK\$526.20 million (equivalent to approximately US\$67.46 million) and the portion attributable to the Changzhou Jinyuan Sale Shares was approximately HK\$190.96 million (equivalent to approximately US\$24.48 million). As at 31 December 2010, total assets of Changzhou Jinyuan were approximately HK\$2,796.7 million, which chiefly comprised plant and machinery, inventory, accounts and notes receivables and cash. Total liabilities were approximately HK\$2,270.5 million, mainly consisted of bank loans and accounts payable.

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The net asset value of Changzhou Jinyuan (in relation to 100% of equity interests of Changzhou Jinyuan) as at 30 June 2011 was approximately HK\$516.04 million (equivalent to approximately US\$66.16 million) and the portion attributable to the Changzhou Jinyuan Sale Shares was approximately HK\$187.28 million (equivalent to approximately US\$24.01 million).

Based on the Sale Price for the Changzhou Jinyuan Sale Shares of US\$27.0 million (equivalent to approximately HK\$210.6 million), the Sale Price for the Changzhou Jinyuan Sale Shares represent premiums approximately of 10.3% and 12.5% over the net asset value of Changzhou Jinyuan attributable to the Changzhou Jinyuan Sale Shares as at 31 December 2010 and 30 June 2011 respectively.

7. Financial effects on the remaining Group

The gain/loss expected to accrue to the Group for the MMA Sale, the NCA Sale, the Changzhou Jinyuan Sale and the Yingkou Orientmet Sale is calculated net of estimated tax and attributable exchange reserve and with reference to the respective carrying values as at 30 June 2011. The gain expected to accrue to the Group for the MMA Sale, the Changzhou Jinyuan Sale and the Yingkou Orientmet Sale is estimated to amount to US\$63.46 million (equivalent to approximately HK\$494.99 million), US\$5.01 million (equivalent to approximately HK\$39.08 million), US\$1.16 million (equivalent to approximately HK\$9.05 million), respectively. The loss expected to accrue to the Company for the NCA Sale is expected to amount to US\$30.01 million (equivalent to approximately HK\$234.08 million). It is noted that the net profit margins of the NCA Group have remained low at approximately 1% in recent years, the loss was attributable to the increasingly competitive environment as well as the increased raw materials and staff costs in the aluminium fabrication industry which NCA engages in. The net expected gain from the Sale is estimated to amount to US\$39.62 million (equivalent to approximately HK\$309.04 million). The actual gain will be subject to change as such amounts will be calculated based on carrying values and attributable exchange reserve of the Sale Entities as of the date on which completion of each Sale shall take place.

Upon completion of the Sale, MMA and its subsidiaries, the NCA Group and Yingkou Orientmet will cease to be subsidiaries of the Company and the Company will also cease to hold any equity interest in Changzhou Jinyuan, the results of the MMA Group, the NCA Group and Yingkou Orientmet will not be consolidated into the accounts of the Group and the results of Changzhou Jinyuan will not be equity accounted for, which will lead to a decrease in the profit after tax of the Group. Such reduction will be compensated by the net expected gain from the Sale. The total assets and total liabilities of the Group are expected to decrease as a result of completion of the Sale.

DISCUSSION AND ANALYSIS

The Group has undergone a transformation and became an international upstream base metals company through the acquisition of MMG in 2010. Together with its jointly-controlled entities and associated companies, the Group is currently engaged in mining, processing and production of zinc, copper, lead, gold and silver, exploration for mineralisation and development of mining projects, trading of non-ferrous metals, production of alumina and manufacturing and distribution of aluminium and copper products. The former business drivers of the Group, being production of alumina and manufacturing and distribution of aluminium products, now have become a non-core operation after

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the Board undertook a strategic review of the Company's business early this year and determined that the aforesaid operation did not fit into the strategy of the Company going forward. The Sale is in line with the Company's strategy of divesting operations that are considered to be not core to the Company's future.

The businesses and the recent financial results of the Group, including both MMG's mining operations and the aluminium trading and fabrication businesses undertaken by the Sales Entities, are summarised above. After completion of the acquisition of MMG, the aluminium trading and fabrication business accounted for approximately 47.6% of the revenue and only 6.8% of the operating profit (after finance income and costs) of the Group for the year ended 31 December 2010. As a result, the Sale is expected to reduce the revenue of the Group in the short-term while the loss of profit contribution from the Sale Entities is not expected to be significant. On the contrary, the Sale is expected to generate a one-off estimated net gain of approximately US\$39.62 million (equivalent to approximately HK\$309.0 million) to the Group. Independent Shareholders however should note that completion of a Relevant Sale is not conditional on completion of any Other Sale.

The revenue of aluminium trading and fabrication businesses has demonstrated a general upward trend in the past few years since the Company's acquisition of such businesses from CMC in 2005. However, the operating profit margin from these businesses remained at relatively low single digits most of the time during such period. On the other hand, the Group's mining operation was more profitable with operating profit margin of over 30% in the last year. In light of the financial performances of the existing aluminium trading and fabrication businesses, it is not unreasonable for the Company to seek divestment of its existing aluminium trading and fabrication businesses and deploy more resources to its mining operation.

The Sale Price will be satisfied entirely in cash upon completion of the Sale. We consider the immediate availability of the cash proceeds will improve the cash position of the Group considerably.

The Sale Price for the Sales Entities is US\$726.8 million (equivalent to approximately HK\$5,669.04 million). Based on the projected market value of the Company (ex-MMG) as discussed above, the Sale Price for the Sales Entities is above the range of the estimated market value of the Company excluding the acquisition of MMG. Over 90% of the valuation of the Sales Entities is attributable to the MMA Sale Shares. On the price-to-earnings perspective, the P/E Multiple implied by the Sale Price for the financial year ended 31 December 2010 of the MMA Sale Shares is within the range and above the HSCM Index, but is slightly below the average of the Aluminium Comparables. The Sale Price for the MMA Sale Shares also exceeds both independent appraised value and net assets value of the MMG as at 31 December 2010 and 30 June 2011 attributable to the MMA Sale Shares by approximately 5.7%, 19.8% and 11.6% respectively. The Sale Price of other Sales Entities is favourable to the Company on the price-to-earnings perspective as their implied P/E Multiples are all over the relevant comparable companies (except for the Sale Price of the Yingkou Orientmet Sale Shares which is not applicable under the P/E Multiple analysis). The Sale Price of each of the other Sales Entities is also over the independent appraised value. Detailed analyses on the Sale Price for each of the Sales Shares are set out above. Based on the above and taking into account (i) the improvement in the cash position of the Group following completion of the Sale; and (ii) the relatively low margin of the aluminium trading and fabrication businesses as compared to the MMG's mining operation as discussed above, we consider the Sale Price for the Sales Shares is reasonable.

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OPINION AND RECOMMENDATION

Based on the above principal factors and reasons, we consider that the Sale is on normal commercial terms which are fair and reasonable to the Independent Shareholders and that the Sale is in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Sale.

Yours faithfully,
for and on behalf of
SOMERLEY LIMITED
Kenneth Chow
Managing Director — Corporate Finance

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this circular or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' interests and short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations

As at the Latest Practicable Date, the interests and short positions of each of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register required to be kept pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules were as follows:

Long position in Shares

| Name of Director | Nature of interest | Number of Shares held | Approximate percentage of total number of issued Shares as at the Latest Practicable Date <i>(Note)</i> |
|--------------------------|--------------------|-----------------------|--|
| Andrew Gordon Michelmore | Personal | 162,000 | 0.003% |

Note: The calculation is based on the number of shares as a percentage of the total number of issued Shares (i.e. 5,289,607,889 Shares) as at the Latest Practicable Date.

Long position in the underlying Shares

| Name of Director | Nature of interest | Number of underlying Shares held <i>(Note 1)</i> | Approximate percentage of total number of issued Shares as at the Latest Practicable Date <i>(Note 2)</i> |
|-------------------------|---------------------------|--|---|
| Hao Chuanfu | Personal | 1,600,000 | 0.030% |
| Li Liangang | Personal | 1,100,000 | 0.021% |
| Jiao Jian | Personal | 1,200,000 | 0.023% |
| Xu Jiqing | Personal | 1,000,000 | 0.019% |

Notes:

1. The Directors' interests in the underlying Shares are through share options granted by the Company pursuant to the share option scheme adopted by the Company on 28 May 2004.
2. The calculation is based on the number of underlying Shares as a percentage of the total number of issued Shares (i.e. 5,289,607,889 Shares) as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register required to be kept pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) **Substantial Shareholders' interests and short positions in the Shares, and underlying Shares**

So far as is known to the Directors and chief executive of the Company, as at the Latest Practicable Date, the following persons had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long position in the Shares

| Name of Shareholder | Capacity | Number of Shares held | Approximate percentage of total number of issued Shares as at the Latest Practicable Date (Note 1) |
|---|---|-----------------------|---|
| CMC | Interest of controlled corporations (Notes 2 and 3) | 3,785,246,916 | 71.56% |
| China Minmetals Corporation Limited ("CMCL") | Interest of controlled corporations (Notes 2 and 3) | 3,785,246,916 | 71.56% |
| CMN | Interest of controlled corporations (Notes 2 and 3) | 3,785,246,916 | 71.56% |
| Album Enterprises Limited ("Album Enterprises") | Beneficial owner (Note 3) | 2,500,779,090 | 47.28% |
| Top Create Resources Limited ("Top Create") | Beneficial owner (Note 2) | 1,284,467,826 | 24.28% |

Notes:

- The calculation is based on the number of Shares which each person is interested in (whether directly/indirectly interested or deemed to be interested) as a percentage of the total number of issued Shares (i.e. 5,289,607,889 Shares) as at the Latest Practicable Date.
- Top Create is a wholly-owned subsidiary of CMN, which in turn is owned as to approximately 91.57% by CMCL and approximately 0.18% by Zigong Cemented Carbide Corporation Limited. CMCL is owned as to 96.5% by CMC and 1% by China National Metal Products Co. Ltd., which in turn is a wholly-owned subsidiary of CMC. CMC has an effective interest of approximately 21.66% in Zigong Cemented Carbide Corporation Limited. Accordingly, CMN, CMCL and CMC were, by virtue of the SFO, deemed to be interested in the Shares held by Top Create as at the Latest Practicable Date.
- Album Enterprises is a wholly-owned subsidiary of CMN. Accordingly, CMN, CMCL and CMC were by virtue of the SFO deemed to be interested in the Shares held by Album Enterprises as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, there were no other persons who were recorded in the register of the Company as having an interest or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Save as disclosed below, no other Directors are directors or employees of CMC, CMCL, CMN, Album Enterprises and/or Top Create:

| Name of Director | Title | Company |
|-------------------------|------------------------|-------------------|
| Jiao Jian | President and director | CMN |
| | Chairman | Album Enterprises |
| Gao Xiaoyu | Vice President | CMN |
| Xu Jiqing | Vice President and CFO | CMN |
| | Director | Album Enterprises |
| Wang Lixin | Consultant | CMN |

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which will not expire or be determinable by the relevant member of the Group within one year without payment of compensation (other than statutory compensation).

4. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective associates had any interest in a business which competes or may compete with the businesses of the Group (which would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them was a controlling shareholder of the Company) save as disclosed below:

1. Jiao Jian, a non-executive Director, is:

- the Chairman of Shanxi Guanlv Co., Ltd. ("**Shanxi Guanlv**");
- a director of Hunan Nonferrous Metals Holdings Group Company Limited ("**HNG**"); and

- a director of Copper Partners Investment Co., Ltd (“**Copper Partners Investment**”).

2. **Xu Jiqing, a non-executive Director, is:**

- a director of HNG; and
- a director of Copper Partners Investment.

Although the Group together with its jointly-controlled entities and the above companies are involved in businesses in the same industry, they are separate companies operated by separate and independent management. The Company is therefore capable of carrying on its business independently of, and at arm’s length from Shanxi Guanlv, HNG and Copper Partners Investment.

6. INTEREST IN ASSETS AND CONTRACTS

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which have been, since 31 December 2010 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

There is no contract or arrangement subsisting as at the date of this circular in which any of the Directors are materially interested and which is significant to the business of the Group.

7. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has provided advice for inclusion in this circular:

| Name | Qualification |
|-------------|--|
| Somerley | a licensed corporation under the 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 |

Somerley has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or reference to its name or opinion in the form and context in which it appears.

As at the Latest Practicable Date, Somerley was not beneficially interested in the share capital of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Somerley did not have any direct or indirect interest in any assets which had since 31 December 2010 (being the date to which the latest published audited financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

8. INDEBTEDNESS OF THE GROUP

As at the close of business on 31 August 2011, being the latest practicable date for this indebtedness statement prior to the printing of this circular, the Group had outstanding borrowings of approximately US\$1,251.5 million (equivalent to approximately HK\$9,761.7 million), which comprised bank loans of approximately US\$1,247.4 million (equivalent to approximately HK\$9,729.7 million), lease liabilities of approximately US\$3.8 million (equivalent to approximately HK\$29.7 million) and advances from banks for discounted bills of approximately US\$0.3 million (equivalent to approximately HK\$2.3 million).

Bank loans of the Group of approximately US\$1,224.4 million (equivalent to approximately HK\$9,550.3 million) were secured or guaranteed and bank loans of the Group of approximately US\$23.0 million (equivalent to approximately HK\$179.4 million) were unsecured.

Bank loans of the Group (excluding the MMA Group, the NCA Group and Yingkou Orienmet) of approximately US\$1,086.4 million (equivalent to approximately HK\$8,473.9 million) were secured/guaranteed as follows:

- (i) approximately US\$195.0 million (equivalent to approximately HK\$1,521.0 million) were secured by a charge on entire share capital of a wholly-owned subsidiary of the Company, Album Investment Private Limited (“**Album Investment**”), a mortgage on 70% of the issued shares in certain wholly-owned subsidiaries of Album Investment and a mortgage on 70% of issued shares in MMG Laos Holdings Limited, a 90%-owned subsidiary of Album Investment; and
- (ii) approximately US\$366.0 million (equivalent to approximately HK\$2,854.8 million) with China Development Bank (CDB), US\$140.4 million (equivalent to approximately HK\$1,095.1 million) with Bank of China (Singapore Branch) and US\$385.0 million (equivalent to approximately HK\$3,003.0 million) with Bank of China (Sydney Branch) are guaranteed by CMN.

Bank loans of the MMA Group, the NCA Group and Yingkou Orienmet of approximately US\$138.0 million (equivalent to approximately HK\$1,076.4 million) were secured/guaranteed as follows:

- (i) approximately US\$46.0 million (equivalent to approximately HK\$358.8 million) were secured by a charge on the entire equity interest in a wholly-owned subsidiary of the Company, Sino Mining Alumina Limited, the assets of Sino Mining Alumina Limited and pledged bank deposits;

- (ii) approximately US\$21.8 million (equivalent to approximately HK\$170.0 million) were secured by certain property, plant and equipment, land use rights and inventories;
- (iii) approximately US\$56.3 million (equivalent to approximately HK\$439.1 million) were secured by corporate guarantees given by CMC; and
- (iv) approximately US\$13.9 million (equivalent to approximately HK\$108.5 million) were secured by corporate guarantees given by CMN.

As at the close of business on 31 August 2011, the Group had letters of credit drawn of approximately US\$86.1 million (equivalent to approximately HK\$671.6 million) which were guaranteed by CMN.

Save as disclosed aforesaid, and apart from the intra-group liabilities and normal trade debts payable, the Group did not have any outstanding mortgages, charges, debentures, loan capital or overdraft, or other similar indebtedness, finance lease or hire-purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities as at 31 August 2011.

9. SUFFICIENCY OF WORKING CAPITAL

The Directors are of the opinion that, in the absence of unforeseeable circumstances and after taking into account the net proceeds from the Sale, the Group's present internal resources and available banking facilities, the Group has sufficient working capital for its present requirements for at least the next twelve months from the date of this circular.

10. NO MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2010, the date to which the latest published audited financial statements of the Group were made up.

11. MATERIAL CONTRACTS

The Group had entered into the following material contracts (not being contracts entered into in the ordinary course of business) within two years immediately preceding the Latest Practicable Date:

- (a) the Master Sale and Implementation Agreement;
- (b) the conditional placing agreement dated 19 April 2011 entered into between the Company (as issuer) and Macquarie Capital Securities Limited, Morgan Stanley & Co. International plc, BOCI Asia Limited, Citigroup Global Markets Asia Limited, Credit Suisse (Hong Kong) Limited and Deutsche Bank AG, Hong Kong Branch (as placing agents), pursuant to which the placing agents conditionally agreed to place to independent placees or, failing which, to acquire as principals, an aggregate of 762,612,000 new Shares at a price of HK\$5.10 per Share;

- (c) the conditional sale and purchase deed dated 19 October 2010 entered into between Album Enterprises (as seller), All Glorious Limited (“**All Glorious**”) (as buyer), a wholly-owned subsidiary of the Company, and the Company (as guarantor and issuer of the consideration shares and convertible securities to satisfy part of the purchase price) in relation to the acquisition of the entire issued share capital of Album Resources Private Limited at an aggregate consideration of US\$1,846,000,000. Pursuant to the sale and purchase deed, the consideration was satisfied (i) as to US\$100,000,000 (equivalent to approximately HK\$780,000,000) in cash, (ii) as to US\$361,838,112 (equivalent to approximately HK\$2,822,337,274) through the issuance by the Company of consideration Shares at an issue price of HK\$3.00 per Share, and as to US\$690,000,000 (equivalent to approximately HK\$5,382,000,000) through the issuance by the Company of perpetual subordinated convertible securities convertible into 1,560,000,000 conversion Shares at an initial conversion price of HK\$3.45 per share;
- (d) the loan agreement (“**Loan Agreement**”) dated 19 October 2010 entered into between All Glorious, the Company and Album Enterprises, pursuant to which All Glorious agreed to lend US\$694,161,888 (equivalent to approximately HK\$5,414,462,726) to Album Enterprises on the terms set out in the Loan Agreement and the Company agreed to guarantee the obligations of All Glorious under the Loan Agreement;
- (e) the escrow deed dated 17 October 2010 entered into between the Company, Album Enterprises, All Glorious and Freehills Singapore, pursuant to which Freehills Singapore held the Loan Agreement in escrow;
- (f) the share transfer agreement dated 1 April 2010 entered into between Goldfair Hong Kong Limited (“**Goldfair**”), a wholly-owned subsidiary of the Company, and 煙台國豐投資控股有限公司 (Yantai Guofeng Investment Holding Company Limited) (“**Yantai Guofeng**”), pursuant to which Goldfair conditionally agreed to sell and Yantai Guofeng conditionally agreed to purchase a 42% equity interest in 煙台鵬暉銅業有限公司 (Yantai Penghui Copper Industry Company Limited) at a consideration of RMB85,590,000 (equivalent to approximately HK\$97,572,600) in accordance with the terms and conditions of the share transfer agreement;
- (g) the capital injection agreement dated 28 January 2010 entered into between 廣西華銀鋁業有限公司 (Guangxi Huayin Aluminium Company Limited) (“**Guangxi Huayin**”) and its shareholders, such shareholders being MMA, a wholly-owned subsidiary of the Company, 中國鋁業股份有限公司 (Aluminium Corporation of China Limited) and 廣西投資集團有限公司 (Guangxi Investment Group Co., Ltd.). Pursuant to the capital injection agreement, each of the aforementioned shareholders of Guangxi Huayin agreed to subscribe for new capital of Guangxi Huayin in proportion to their respective shareholdings in Guangxi Huayin. MMA agreed to inject additional capital in the amount of RMB71,325,321 (equivalent to approximately HK\$81,310,866) into Guangxi Huayin. Upon completion of the capital injection agreement, the equity interest in Guangxi Huayin held by MMA would remain unchanged at 33%;

- (h) the loan facility agreement (the “**Facility Agreement**”) dated 10 June 2010 entered into between MMG Management Pty Ltd (as lender) and Album Enterprises (as borrower) pursuant to which MMG Management Pty Ltd agreed to make certain loan facilities available to Album Enterprises on an uncommitted basis, which loans are to be used for the general corporate purposes of Album Enterprises on the terms set out in the Facility Agreement;
- (i) the support agreement (the “**Support Agreement**”) entered into between the Company, MMG Malachite (as offeror) and Anvil on 29 September 2011 relating to the board of Anvil taking all reasonable action to support a proposed all-cash conditional takeover offer to acquire all of the shares in Anvil (the “**Offer**”) and to recommend acceptance of the Offer to Anvil shareholders, subject to the terms and conditions set out in the Support Agreement;
- (j) the lock-up agreement (the “**Lock-up Agreement**”) entered into between the Company, MMG Malachite and certain locked-up shareholders of Anvil including Trafigura Beheer B.V. and each of the directors and chief executive officer, chief financial officer and chief operating officer of Anvil on 29 September 2011, pursuant to which the Company has agreed to cause MMG Malachite to make and MMG Malachite has agreed to make the Offer, and the locked-up shareholders have agreed to tender to the Offer all of the shares held or hereafter acquired by them, subject to the terms and conditions set out in the Lock-up Agreement; and
- (k) the loan facility agreement (the “**Anvil Facility Agreement**”) dated 30 September 2011 entered into between the Company (as borrower) and Album Enterprises (as lender) pursuant to which Album Enterprises agreed to make an unsecured acquisition finance facility of up to US\$1 billion available to the Company, which loans are to be used for the acquisition of Anvil on the terms set out in the Anvil Facility Agreement.

12. GENERAL

The address of the registered office of the Company is at 12th Floor, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong. The Company will change its registered office to Units 8501-8503 on Level 85 of International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong from 25 October 2011.

The company secretary of the Company is Ms. LEUNG Suet Kam, Lucia, a fellow member of The Institute of Chartered Secretaries and Administrators in the United Kingdom and a fellow member of the Hong Kong Institute of Chartered Secretaries.

The share registrar of the Company is Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong.

In case of inconsistency, the English text of this circular shall prevail over the Chinese text.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours in any weekday (Saturdays and public holidays excepted) at 12th Floor, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong from the date of this circular until 24 October 2011. After 24 October 2011, these documents will be available for inspection during the same business hours at the Company's new office at Units 8501-8503 on Level 85 of International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong from 25 October 2011 up to and including the date of the EGM.

- (a) the memorandum and articles of association of the Company;
- (b) the material contracts referred to under the paragraph headed "Material Contracts" in this appendix;
- (c) the letter from Somerley as set out on pages 25 to 56 of this circular;
- (d) the written consent from the expert referred to under the paragraph headed "Qualification and consent of Expert" in this appendix;
- (e) the unaudited consolidated management accounts of MMA and its subsidiaries and their interests in a jointly-controlled entity and an associate (including, among others, Sino Aluminium Limited (incorporated in St. Lucia)) for each of the financial years ended 31 December 2009 and 31 December 2010 and for the six months ended 30 June 2011;
- (f) the unaudited consolidated management accounts of NCA and its subsidiaries for each of the financial years ended 31 December 2009 and 31 December 2010 and for the six months ended 30 June 2011;
- (g) the unaudited management accounts of Yingkou Orientmet for each of the financial years ended 31 December 2009 and 31 December 2010 respectively and for the six months ended 30 June 2011;
- (h) the unaudited management accounts of Changzhou Jinyuan for each of the financial years ended 31 December 2009 and 31 December 2010 respectively and for the six months ended 30 June 2011;
- (i) the published annual reports of the Company for each of the financial years ended 31 December 2009 and 31 December 2010; and
- (j) this circular.

NOTICE OF EGM



五礦資源有限公司

MINMETALS RESOURCES LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 1208)

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting (the “**Meeting**”) of Minmetals Resources Limited (the “**Company**”) will be held at Studio 1, 7/F, W Hong Kong Hotel, 1 Austin Road West, Kowloon, Hong Kong on Friday, 28 October 2011 at 10:30 a.m. for the purpose of considering and, if thought fit, passing, with or without modification, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT:**

- (a) the master sale and implementation agreement (the “**Master Sale and Implementation Agreement**”) dated 15 September 2011 entered into between the Company and 五礦有色金屬股份有限公司 (China Minmetals Non-Ferrous Metals Co., Ltd.*) in relation to the proposed sale of:
- (i) the Company’s entire 100% equity interest in 五礦鋁業有限公司 (Minmetals Aluminium Co., Ltd*) (“**MMA**”) at a consideration of US\$667.3 million (equivalent to approximately HK\$5,204.95 million);
 - (ii) Riseup Dragon Limited’s entire 72.80% equity interest in 華北鋁業有限公司 (North China Aluminium Co., Ltd.*) at a consideration of US\$29.6 million (equivalent to approximately HK\$230.88 million) (“**NCA**”);
 - (iii) Orientmet Industry Company Limited’s entire 51% equity interest in 營口鑫源金屬套管有限公司 (Yingkou Orientmet Plica Tube Company Limited*) (“**Yingkou Orientmet**”) at a consideration of US\$2.9 million (equivalent to approximately HK\$22.62 million); and/or
 - (iv) Lontic (H.K.) Limited’s entire 36.2913% equity interest in 常州金源銅業有限公司 (Changzhou Jinyuan Copper Co., Ltd*) (“**Changzhou Jinyuan**”) at a consideration of US\$27.0 million (equivalent to approximately HK\$210.6 million)

(MMA, NCA, Yingkou Orientmet and Changzhou Jinyuan, collectively referred to as the “**Sale Entities**”), a copy of which has been produced to the Meeting marked “A” and signed by the chairman of the Meeting for the purpose of identification, and all the transactions

NOTICE OF EGM

contemplated thereunder (including but not limited to the entering into and performance of any subordinated agreements to effect the transfer of the relevant interests in the Sale Entities pursuant to the law of the People's Republic of China) be and are hereby approved, confirmed and ratified; and

- (b) any one of the Directors be and is hereby authorised to sign, execute, perfect, deliver, negotiate, agree and do all such documents, deeds, acts, matters and things, as the case may be, as he may in his opinion or discretion consider reasonable, necessary, desirable or expedient to implement and/or give effect to the Master Sale and Implementation Agreement and all the transactions contemplated thereunder with any changes as such Director may consider reasonable, necessary desirable or expedient.”

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

Hong Kong, 12 October 2011

** The English names of the PRC entities referred to in this notice are translations from their Chinese names and are for identification purposes only. If there is any inconsistency, the Chinese name shall prevail.*

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or more (if the member is a holder of two or more shares) proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company.
2. To be valid, the form of proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney or authority, must be deposited with the share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the meeting or any adjournment thereof, should he/she so wish, and in such event, the form of proxy shall be deemed to be revoked.
3. The register of members of the Company will be closed from Thursday, 27 October 2011 to Friday, 28 October 2011, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the Meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged with the share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 26 October 2011.