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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in doubt** as to any aspect of this circular or as to the action to be taken, you should consult an exchange participant or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional advisor.

**If you have sold or transferred** all your shares in Minmetals Resources Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, exchange participant or other agent through whom the sale or transfer was effected for transmission to the purchaser or 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)

**PROPOSALS FOR**  
**(1) RE-ELECTION OF DIRECTORS;**  
**(2) GENERAL MANDATES TO ISSUE AND TO REPURCHASE SHARES;**  
**AND**  
**(3) CONTINUING CONNECTED TRANSACTION**  
**AND**  
**NOTICE OF ANNUAL GENERAL MEETING**

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



**SOMERLEY LIMITED**

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A letter from the Board is set out on pages 5 to 12 of this circular. A letter from the Independent Board Committee is set out on pages 20 to 21 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 22 to 33 of this circular.

A notice convening the annual general meeting of Minmetals Resources Limited to be held at Studio 1, 7/F, W Hong Kong Hotel, 1 Austin Road West, Kowloon, Hong Kong on Wednesday, 30 May 2012 at 10:30 a.m. is set out on pages 41 to 45 of this circular.

Whether or not you are able to attend the annual general meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to 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 annual general meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the annual general meeting or any adjournment thereof should you so wish.

27 April 2012

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## DEFINITIONS

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*In this circular, the following expressions have the following meanings unless the context otherwise requires:*

“A\$”	Australian dollar(s), the lawful currency of Australia;
“AGM”	the annual general meeting of the Company to be held at Studio 1, 7/F, W Hong Kong Hotel, 1 Austin Road West, Kowloon, Hong Kong on Wednesday, 30 May 2012 at 10:30 a.m., a notice of which is set out on pages 41 to 45 of this circular;
“Album Enterprises”	Album Enterprises Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of CMN, holding approximately 47.44% of the issued share capital of the Company as at the Latest Practicable Date;
“Articles of Association”	the articles of association of the Company;
“associate”	has the meaning ascribed to it under the Listing Rules;
“Annual Caps”	the maximum aggregate annual amount payable by the CMN Group to the Group under the Products Sale Framework Agreement for each of the financial years ending 31 December 2012, 2013, 2014;
“Board”	the board of directors of the Company;
“CEO”	chief executive officer;
“CFO”	chief financial officer;
“CMC”	中國五礦集團公司(China Minmetals Corporation), formerly known as 中國五金礦產進出口總公司 (China National Metals and Minerals Import and Export Corporation), a State-owned enterprise incorporated on 7 April 1950 under the laws of the PRC and the ultimate controlling shareholder of the Company;
“CMC Group”	CMC and its subsidiaries from time to time;
“CMCL”	中國五礦股份有限公司 (China Minmetals Corporation Limited), a joint stock limited company incorporated on 16 December 2010 under the laws of the PRC and owned as to approximately 87.538% by CMC and as to approximately 0.846% by 中國五金製品有限公司 (China National Metal Products Co., Ltd.), a wholly-owned subsidiary of CMC. CMC has an attributable interest of approximately 88.384% in CMCL as at the Latest Practicable Date;

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## DEFINITIONS

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“CMN”	五礦有色金屬股份有限公司 (China Minmetals Non-Ferrous Metals Company Limited), a joint stock limited company incorporated on 27 December 2001 under the laws of the PRC and owned as to approximately 93.6% directly by CMNH as at the Latest Practicable Date. CMN is the controlling shareholder of the Company, holding indirectly approximately 71.72% of the issued share capital of the Company as at the Latest Practicable Date;
“CMN Group”	CMN and its subsidiaries and associates from time to time (excluding the Group);
“CMNH”	五礦有色金屬控股有限公司 (China Minmetals Non-ferrous Metals Holding Company Limited), a joint stock limited company incorporated on 22 December 2009 under the laws of the PRC and a wholly-owned subsidiary of CMCL. CMNH is a controlling shareholder of CMN, holding approximately 93.6% directly of CMN as at the Latest Practicable Date;
“CMN Trading”	五礦有色金屬貿易有限公司 (China Minmetals Non-Ferrous Metals Trading Company Limited), a joint stock limited company incorporated on 25 November 2010 under the laws of the PRC and a wholly-owned subsidiary of CMC;
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time;
“Company”	Minmetals Resources Limited, a company incorporated on 29 July 1988 in Hong Kong with limited liability, the Shares of which are listed on the Stock Exchange;
“Condition”	the passing of the resolution(s) at a general meeting of the Company by the Independent Shareholders to approve (i) the Products Sale Framework Agreement and the transactions contemplated therein; and (ii) the Annual Caps;
“connected persons”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules;
“Copper Cathode Sale Agreement”	the agreement dated 17 January 2012 between LXML and CMN Trading in relation to the sale of Sepon copper cathode by LXML to CMN Trading;
“Director(s)”	the director(s) of the Company;

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## DEFINITIONS

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“Effective Date”	the date on which the Condition is satisfied;
“Group”	the Company and its subsidiaries from time to time;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors, namely, Mr. Loong Ping Kwan, Dr. Peter William Cassidy and Mr. Anthony Charles Larkin, established to give an opinion in relation to the terms of the Products Sale Framework Agreement;
“Independent Financial Adviser”	Somerley Limited, a corporation licensed to carry out business in type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Products Sale Framework Agreement;
“Independent Shareholders”	Shareholders who do not have any material interests in the Products Sale Framework Agreement other than by virtue of their respective Shareholdings in the Company;
“Issue Mandate”	the general and unconditional mandate to the Directors to exercise the powers of the Company to allot, issue and deal with Shares not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing the resolution approving such mandate;
“Latest Practicable Date”	20 April 2012, 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, as amended, supplemented or otherwise modified from time to time;
“LXML”	Lane Xang Minerals Limited, a special purpose company incorporated in Laos on 30 September 1993, a non-wholly owned subsidiary of MMG Laos Holdings Limited and a subsidiary of the Company;

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## DEFINITIONS

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“PRC”	the People’s Republic of China (for the purpose of this circular, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan);
“Products”	copper cathode, copper concentrate, zinc concentrate and lead concentrate produced, processed, manufactured, traded or distributed by any member of the Group;
“Products Sale Framework Agreement”	the agreement dated 5 April 2012 between the Company and CMN in relation to the sale of copper cathode, copper concentrate, zinc concentrate and lead concentrate produced, processed, manufactured, traded or distributed by any member of the Group to the CMN Group;
“Repurchase Mandate”	the general and unconditional mandate to the Directors authorizing the repurchases by the Company on the Stock Exchange of Shares not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing the resolution approving such mandate;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time;
“Shareholder(s)”	holder(s) of Shares;
“Share(s)”	fully paid share(s) of the Company;
“subsidiary”	has the meaning ascribed to it under the Companies Ordinance (Chapter 32 of the Laws of Hong Kong);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers; and
“Top Create”	Top Create Resources Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of CMN, holding approximately 24.28% of the issued share capital of the Company as at the Latest Practicable Date.
“%”	percentage.

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

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LETTER FROM THE BOARD

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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)**

*Chairman:*

WANG Lixin (*Non-executive Director*)

*Executive Directors:*

Andrew Gordon MICHELMORE

David Mark LAMONT

*Non-executive Directors:*

JIAO Jian

XU Jiqing

GAO Xiaoyu

*Independent Non-executive Directors:*

LOONG Ping Kwan

Peter William CASSIDY

Anthony Charles LARKIN

*Registered Office:*

Units 8501-8503

Level 85

International Commerce Centre

1 Austin Road West

Kowloon

Hong Kong

27 April 2012

*To the Shareholders*

Dear Sir or Madam,

**PROPOSALS FOR**  
**(1) RE-ELECTION OF DIRECTORS;**  
**(2) GENERAL MANDATES TO ISSUE AND TO REPURCHASE SHARES;**  
**AND**  
**(3) CONTINUING CONNECTED TRANSACTION;**  
**AND**  
**NOTICE OF ANNUAL GENERAL MEETING**

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## LETTER FROM THE BOARD

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### 1. INTRODUCTION

The purpose of this circular is to provide the Shareholders with the information relating to the resolutions to be proposed at the AGM, among other things, (i) re-election of Directors; (ii) grant of general mandates to issue and to repurchase Shares; and (iii) approving the Products Sale Framework Agreement and the Annual Caps.

### 2. RE-ELECTION OF DIRECTORS

The Board currently comprises nine Directors, of which two are executive Directors, namely Mr Andrew Gordon Michelmore and Mr David Mark Lamont; four are non-executive Directors, namely Mr Wang Lixin (Chairman), Mr Jiao Jian, Mr Xu Jiqing and Mr Gao Xiaoyu; and three are independent non-executive Directors, namely Mr Loong Ping Kwan, Dr Peter William Cassidy and Mr Anthony Charles Larkin.

In accordance with Article 85 of the Articles of Association, any Director appointed by the Board to fill a casual vacancy or as an addition to the Board shall hold office until the next following general meeting of the Company and shall then be eligible for re-election at that meeting. Mr Anthony Charles Larkin, who was appointed by the Board on 30 November 2011, will retire at the forthcoming AGM and, being eligible, offer himself for re-election at the AGM.

In accordance with Article 101 of the Articles of Association, at each annual general meeting of the Company, one-third of the Directors for the time being (save and except those Directors in respect of whom the provision of Article 85 applies) or, if their number is not three or a multiple of three, then the number nearest but greater than one-third, shall retire from office by rotation. The Directors to retire in every year shall be those who have been longest in office since their last re-election but as between persons who became Directors on the same day, those to retire shall (unless otherwise agreed between themselves) be determined by lot. Save as for Mr Loong Ping Kwan who will retire and does not offer himself for re-election at the AGM, Mr Wang Lixin, Mr David Mark Lamont and Mr Gao Xiaoyu will retire by rotation and, being eligible, offer themselves for re-election at the AGM.

The biographical and other details of the Directors proposed to be re-elected at the AGM are set out in Appendix I to this circular.

### 3. GENERAL MANDATES TO ISSUE AND TO REPURCHASE SHARES

At the annual general meeting of the Company held on 16 May 2011, ordinary resolutions were passed to grant general mandates to the Directors, inter alia, (i) to allot, issue and deal with Shares up to a limit equal to 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing the relevant resolution and adding to such general mandate so granted to the Directors any Shares representing the aggregate nominal amount of Shares repurchased by the Company under the Repurchase Mandate and (ii) a Repurchase Mandate to purchase not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing the relevant resolution. Such mandates will lapse at the conclusion of the AGM.



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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, a total of 5,289,607,889 Shares were on issue. Subject to the passing of the proposed resolution granting the Issue Mandate to the Directors and on the basis that no Shares will be issued and/or repurchased by the Company prior to the AGM, the Company would be allowed under the Issue Mandate to issue a maximum of 1,057,921,577 Shares representing 20% of the aggregate nominal amount of the issued share capital of the Company at the date of the AGM.

The Issue Mandate and the Repurchase Mandate would expire at the earliest of: (a) the conclusion of the next annual general meeting of the Company; or (b) the expiration of the period within which the next annual general meeting of the Company is required by Hong Kong Law or the Articles of Association to be held; or (c) the passing of ordinary resolution(s) by Shareholders in general meeting revoking or varying the authority given to the Directors.

It will be proposed at the AGM to grant to the Directors the new Issue Mandate and Repurchase Mandate as well as to extend the Issue Mandate by adding to it the aggregate nominal amount of the Shares repurchased by the Company pursuant to the Repurchase Mandate.

An explanatory statement, as required by the Listing Rules to be given to Shareholders in connection with the Repurchase Mandate, is set out in Appendix II to this circular.

#### **4. CONTINUING CONNECTED TRANSACTION**

##### **i. Introduction**

As part of the ordinary and usual course of business, the Group sells Products to the CMN Group.

Reference is made to the announcement of the Company dated 17 January 2012 in relation to the Copper Cathode Sale Agreement entered into between LXML and CMN Trading, pursuant to which LXML agreed to sell and CMN Trading agreed to buy copper cathode in the quantity of between 7,000 metric tonnes and 12,000 metric tonnes to be delivered monthly between January 2012 and December 2012.

On 5 April 2012, the Company announced that it entered into the Products Sale Framework Agreement with CMN in relation to the sale of copper cathode, copper concentrate, zinc concentrate and lead concentrate produced, processed, manufactured, traded or distributed by any member of the Group to the CMN Group. CMN is the controlling shareholder of the Company and is therefore a connected person of the Company under the Listing Rules. As a result, the Products Sale Framework Agreement constitutes a continuing connected transaction for the Company. As the relevant percentage ratios in respect of the maximum transaction value on an annual basis relating to the Products Sale Framework Agreement are more than 5%, the Products Sale Framework Agreement constitutes a non-exempt continuing connected transaction of the Company under the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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## LETTER FROM THE BOARD

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### ii. Products Sale Framework Agreement

Parties	:	(1) the Company
		(2) CMN
Products to be sold	:	copper cathode, copper concentrate, zinc concentrate and lead concentrate produced, processed, manufactured, traded or distributed by any member of the Group
Term	:	from the Effective Date to 31 December 2014

CMN may purchase or procure other members of the CMN Group to purchase, and the Company may sell or procure other members of the Group to sell, the Products at prices determined on an arm's length basis and comparable to the prevailing market rates or at rates similar to those offered by the Group to any other independent third party. Such prices shall be calculated based on the relevant metal prices quoted on the London Metal Exchange or other relevant London markets, subject to premiums and treatment and refining charges consistent with those prevailing in the PRC metal trading market for comparable imported products at the time of the relevant sale agreement.

Sale and purchases of the Products shall be made pursuant to sale agreements agreed between the parties, setting out, among other things, the identity of the Products, quantity, specifications, price, term of agreement, shipping schedule, delivery terms, place of delivery, place of shipment, payment terms, quotational period and other usual conditions (including those dealing with weights and assays, title and risk, insurance requirements and termination and suspension rights) provided always that such terms and conditions must always be on normal commercial terms. Payment shall be made in accordance with the terms of the sale agreement, with the consideration payable by the CMN Group for the purchase of such Products to be cash settled in immediately available funds and in all respects on normal commercial terms for transactions of this type.

The terms of the Products Sale Framework Agreement were arrived at after arm's length negotiations between the Company and CMN.

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## LETTER FROM THE BOARD

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### iii. Proposed Annual Caps

The Company proposes that the maximum aggregate amount payable by the CMN Group to the Group under the Products Sale Framework Agreement for the financial years ending 31 December 2012, 2013 and 2014 are as follows:

	For the financial year ending		
	31 December		
	2012 <i>(Note)</i>	2013	2014
	US\$'000,000	US\$'000,000	US\$'000,000
<b>Sale of Products</b>			
Copper Cathode	108	108	108
(in HK\$'000,000 equivalent)	(842.4)	(842.4)	(842.4)
Copper Concentrate	40	40	40
(in HK\$'000,000 equivalent)	(312)	(312)	(312)
Zinc concentrate	60	60	60
(in HK\$'000,000 equivalent)	(468)	(468)	(468)
Lead concentrate	50	50	50
(in HK\$'000,000 equivalent)	<u>(390)</u>	<u>(390)</u>	<u>(390)</u>
	258	258	258
Total:	<u>(2012.4)</u>	<u>(2012.4)</u>	<u>(2012.4)</u>

*Note:* For the avoidance of doubt, the sale of Products by the Group to the CMN Group from 1 January 2012 up to the Effective Date shall be included in the calculation of the maximum quantity of Products to be sold by the Group to the CMN Group for the year ending 31 December 2012.

The Annual Caps were determined by reference to internal projections of the maximum number of tonnes that may potentially be sold to the CMN Group and prevailing and projected market prices of each Product.

### iv. The reasons for and benefit of the Products Sale Framework Agreement

The Group's principal activities include the mining, processing and production of zinc, copper, gold, silver and lead, and exploration for mineralisation and development of mining projects. As part of its ordinary and usual course of business, the Group sells Products to the CMN Group.

In view of the continuing nature of the transactions which are the subject of the Products Sale Framework Agreement, the Directors (including the independent non-executive Directors) believe that the entering into of the Products Sale Framework Agreement has the benefit of reducing the administrative burden and costs associated with compliance with laws and regulations to which the Group is subject.

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## LETTER FROM THE BOARD

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### v. **Listing Rules' implications**

CMN is the controlling shareholder of the Company and is therefore a connected person of the Company under the Listing Rules. As a result, the Products Sale Framework Agreement constitutes a continuing connected transaction for the Company.

As the relevant percentage ratios in respect of the maximum transaction value on an annual basis relating to the Products Sale Framework Agreement are more than 5%, the Products Sale Framework Agreement constitutes a non-exempt continuing connected transaction of the Company under the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

By virtue of its interests in the Products Sale Framework Agreement described above, CMN and its associates, which together are interested in 3,793,558,916 Shares (representing approximately 71.72% of the voting rights of the Company) as at the Latest Practicable Date (including Album Enterprises and Top Create who are wholly owned subsidiaries of CMN and directly hold, and control the voting rights over, approximately 47.44% and 24.28%, respectively of the issued share capital of the Company as at the Latest Practicable Date), will abstain from voting on the ordinary resolution approving the Products Sale Framework Agreement and the transactions contemplated thereunder (together with the Annual Caps). The vote of the Independent Shareholders at the AGM will be taken by poll.

### vi. **Information about the Group**

The Group is engaged in mining, processing and production of zinc, copper, gold, silver and lead, and exploration for mineralisation and development of mining projects.

### vii. **Information about CMN**

CMN is a trader and supplier of non-ferrous metals.

### viii. **Independent Financial Adviser**

Somerley Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Products Sale Framework Agreement and the transactions contemplated thereunder (together with the Annual Caps).

### ix. **Independent Board Committee**

The Independent Board Committee has been established to advise the Independent Shareholders in respect of the Products Sale Framework Agreement and the transactions contemplated thereunder (together with the Annual Caps).

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## LETTER FROM THE BOARD

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The Independent Board Committee, having taken into account the terms of the Products Sale Framework Agreement and the transactions contemplated thereunder (together with the Annual Caps) and the advice of Independent Financial Adviser, considers the terms of the Products Sale Framework Agreement and the transactions contemplated thereunder (together with the Annual Caps) 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 Independent Board Committee recommends that you vote in favour of the ordinary resolution approving the Products Sale Framework Agreement and the transactions contemplated thereunder (together with the Annual Caps).

### x. **Additional information**

Your attention is drawn to (i) the letter from the Independent Board Committee set out in Appendix III to this circular which contains the opinion of the Independent Board Committee to the Independent Shareholders regarding the terms of the Products Sale Framework Agreement and the transactions contemplated thereunder (together with the Annual Caps), and (ii) the letter from the Independent Financial Adviser set out in Appendix IV to this circular which contains, among other things, its advice to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Products Sale Framework Agreement and the transactions contemplated thereunder (together with the Annual Caps). Your attention is also drawn to the general information set out in Appendix V to this circular.

### 5. **ANNUAL GENERAL MEETING**

A notice convening the AGM to be held on Wednesday, 30 May 2012 is set out on pages 41 to 45 of this circular. A form of proxy for use at the AGM is enclosed with this circular. Whether or not you are able to attend the AGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to 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 AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

### 6. **VOTING AT THE ANNUAL GENERAL MEETING**

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting must be taken by poll. Accordingly, all resolutions will be put to vote by way of poll at the AGM. An announcement on the results of the voting by poll will be made by the Company after the AGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

### 7. **RECOMMENDATION**

The Board is of the opinion that the proposals for the re-election of the retiring Directors and the grant of the Issue Mandate and the Repurchase Mandate are in the best interests of the Company and the Shareholders. Accordingly, the Board recommends that the Shareholders vote in favour of all the relevant resolutions to be proposed at the AGM.

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## LETTER FROM THE BOARD

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The Board is also of the view that the terms of the Products Sale Framework Agreement and the transactions contemplated thereunder (together with the Annual Caps) are on normal commercial terms, and are fair and reasonable and in the interests of the Shareholders as a whole. No Director has any material interest in the transactions contemplated under the Products Sale Framework Agreement which prohibits him/her from voting on the Board resolution approving the Products Sale Framework Agreement and no Director has abstained from approving such Board resolution.

Yours faithfully,  
For and on behalf of the Board  
**Minmetals Resources Limited**  
**Andrew Gordon Michelmore**  
*CEO and Executive Director*

The biographical and other details of the Directors proposed to be re-elected at the AGM are set out as follows:

**MR ANTHONY CHARLES LARKIN**

Mr Larkin, aged 70, was appointed as an independent non-executive Director in November 2011. He is the chairman of the Company's Audit Committee and a member of the Company's Remuneration and Nomination Committee. Mr Larkin is a director of Album Investment Private Limited, a subsidiary of the Company.

Mr Larkin is a fellow member of the Australian Society of Certified Practicing Accountants and the Australian Institute of Company Directors since 1984 and 1992, respectively. He received accounting education from Wollongong Technical College and Sydney Technical College. Mr Larkin has extensive experience in enterprise audit and risk management.

Mr Larkin is currently a non-executive director of Incitec Pivot Limited, a company listed on the Australian Stock Exchange since 2003, chairing the audit and risk committee, and a director of Oakton Limited, a company listed on the Australian Stock Exchange since 2009, chairing the audit and risk committee and being a member of the remuneration and appointments committee.

Mr Larkin was previously a director of Corporate Express Australia Limited, a company listed on the Australian Stock Exchange, from 2004 to 2010 and Eyecare Partners Limited, a company listed on the Australian Stock Exchange, from 2007 to 2010, being the chairman of their respective audit and risk committees. Mr Larkin was also a director and chairman of the audit and risk committee and remuneration and appointments committee of OZ Minerals Limited, a company listed on the Australian Stock Exchange, from 2008 to 2009, a director and chairman of the audit and risk committee and remuneration and appointments committee of Zinifex Limited, a company formerly listed on the Australian Stock Exchange, from 2004 to 2008, chairman of the company and member of the remuneration and appointments committee of Ausmelt Limited, a company formerly listed on the Australian Stock Exchange, from 2003 to 2007 and the executive director of finance of Orica Limited, a company listed on the Australian Stock Exchange, from 1998 to 2002.

Mr Larkin does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company. As at the Latest Practicable Date, he does not have any interests in the Shares within the meaning of Part XV of the SFO.

Mr Larkin has entered into an appointment agreement with the Company for a term of three years commencing from 30 November 2011 and he is subject to retirement from office and re-election at the AGM after his appointment to fill a casual vacancy in accordance with the Articles of Association. Mr Larkin will be entitled to a service fee of HK\$300,000 per annum for his appointment as an independent non-executive Director and a separate service fee of A\$150,000 per annum for his appointment as an independent non-executive director of Album Investment, which were determined with reference to the duties and responsibilities of directors towards the Company and its subsidiaries and the current prevailing market conditions and practice.

In relation to the proposed re-election of Mr Larkin as an independent non-executive Director at the AGM, there is no information that is required to be disclosed pursuant to Rule 13.51(2)(h) to Rule 13.51(2)(v) of the Listing Rules, and there are no other matters which need to be brought to the attention of the Shareholders.

#### **MR WANG LIXIN**

Mr Wang, aged 44, was appointed the chairman of the Company on 1 April 2011. He was appointed an executive Director and a vice president of the Company in October 2005, and was later redesignated as a non-executive Director in January 2008; the vice chairman and a non-executive Director in July 2009; and subsequently, a non-executive Director in December 2009 respectively. He is also a member of the Company's Remuneration and Nomination Committee.

Mr Wang has served as a Director of a number of subsidiaries of the Company. He has acted as the consultant of CMN since November 2009.

Mr Wang holds a Bachelor of Arts in International Trade from the University of International Business and Economics in the PRC and has over 14 years experience in foreign trade and corporate management, as well as five years experience with government services.

Mr Wang joined the Ministry of Foreign Trade and Economic Cooperation in 1990 and CMC Group in 1995. From 2007 to 2009, he was the president of CMN, and a director of Shanxi Guanlv Co. Ltd, a company listed on the Shenzhen Stock Exchange from April 2009 to December 2009.

Save as disclosed above, Mr Wang does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company. As at the Latest Practicable Date, he does not have any interests in the Shares within the meaning of Part XV of the SFO.

Mr Wang has entered into a service agreement with the Company as a non-executive director for a term of three years commencing from 1 January 2011. He is subject to retirement by rotation and re-election at the general meetings in accordance with the Articles of Association. The amount of director's fee of Mr. Wang is A\$450,000 per annum. Mr Wang's director fee was adjusted from HK\$100,000 per annum to A\$450,000 per annum based on a review of non-executive Director and Chairman remuneration conducted by an independent international remuneration consulting firm on behalf of the Remuneration and Nomination Committee. This change is due to Mr Wang being appointed as the chairman of the Company on 1 April 2011 and the inclusion of his director fees from MMG Management Pty Ltd, which became a wholly-owned subsidiary of the Company on 31 December 2010. The emolument of a non-executive Director is determined by reference to the remuneration policy of the Company, and an external review of international industry benchmarks and the prevailing market conditions by an independent international remuneration consulting firm.

In relation to the proposed re-election of Mr Wang as a non-executive Director at the AGM, there is no information that is required to be disclosed pursuant to Rule 13.51(2)(h) to Rule 13.51(2)(v) of the Listing Rules, and there are no other matters which need to be brought to the attention of the Shareholders.



**MR DAVID MARK LAMONT**

Mr Lamont, aged 46, was appointed as an Executive Director and the CFO of the Company in December 2010.

Mr Lamont is a Director of a number of subsidiaries of the Company. He joined MMG as the CFO on its formation in June 2009 and was the CFO of OZ Minerals Limited from October 2008 until June 2009. Mr Lamont holds a Bachelor of Commerce degree and is a qualified Chartered Accountant. He is a member of the Institute of Chartered Accountants and was an Audit Supervisor at Deloitte Haskins and Sells before commencing a corporate career.

After progressing through a number of senior roles in the chemical and agricultural industries, Mr Lamont was appointed the CFO of Incitec Limited in 1999. He joined BHP Billiton in 2001 where he held a number of senior roles including the CFO of BHP Billiton's Energy Coal and Carbon Steel Materials Groups. Mr Lamont joined OZ Minerals from PaperlinX Limited, where he had served at PaperlinX Limited as the CFO from 2006 and was appointed an Executive Director in February 2008, resigning as CFO and Executive Director in September 2008.

Mr Lamont does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company. As at the Latest Practicable Date, he has an interest in 300,000 Shares of the Company within the meaning of Part XV of the SFO.

Mr Lamont has entered into a service agreement dated 31 December 2010 with the Company and MMG Australia Limited, an indirect wholly-owned subsidiary of the Company (Mr Lamont's Service Agreement). Subject to earlier termination pursuant to the terms and conditions of Mr Lamont's Service Agreement and retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association, Mr Lamont's appointment as an Executive Director and CFO under such agreement commenced on 31 December 2010 until either the Company or he terminates such agreement by serving on the other not less than three (3) month's prior written notice. Pursuant to Mr Lamont's Service Agreement, Mr Lamont's total fixed remuneration was adjusted from A\$1,090,000 per annum to A\$1,150,000 per annum based on a review of executive remuneration conducted by an independent international remuneration consulting firm. Such total fixed remuneration is subject to annual review, as recommended by the CEO of the Company and determination by the Board. In addition to the total fixed remuneration, subject to the approval by the Board, Mr Lamont is also entitled to an annual cash bonus as a short term incentive of up to a maximum of 80% of his total fixed remuneration and to participate in the long-term cash-based performance incentive arrangements of up to a maximum of 80% of his total fixed remuneration. The emolument of an Executive Director is determined by reference to the management function of the individual director, the Company's performance and profitability, and appropriate market related industry remuneration benchmarks.

In relation to the proposed re-election of Mr Lamont as an Executive Director at the AGM, there is no information that is required to be disclosed pursuant to Rule 13.51(2)(h) to Rule 13.51(2)(v) of the Listing Rules, and there are no other matters which need to be brought to the attention of the Shareholders.

**MR GAO XIAOYU**

Mr Gao, aged 42, was appointed as a non-executive Director in April 2011. He is currently a member of the Company's Safety, Health, Environment and Community Committee.

Mr Gao is a director of certain subsidiaries of the Company. He has also served as the vice president of CMNH since 2011 and the vice president of CMN since 2008.

Mr Gao holds a Master's degree in Business Management from The Renmin University of China. He joined the CMC Group in 1993. Mr Gao has worked in the Futures department of China Nonferrous Metals Import and Export Corporation from 1993 to 1997. He was the General Manager of the Risk Management department of CMN from 2000 to 2009. Mr Gao has extensive experience in enterprise risk management and control.

Mr Gao has not held any directorships in any listed public companies in the three years prior to the Latest Practicable Date. Save as disclosed above, he does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr Gao does not have any interests in the Shares within the meaning of Part XV of the SFO.

Mr Gao has entered into a service agreement with the Company as a non-executive Director for a term of three years commencing from 1 April 2011. He is subject to retirement by rotation and re-election at the general meetings in accordance with the Articles of Association. The amount of director's fee of Mr Gao is HK\$100,000 per annum for his appointment as a non-executive Director of the Company and a separate service fee of A\$128,000 per annum for his appointment as a non-executive director of All Glorious Limited, a wholly-owned subsidiary of the Company. The emolument of a non-executive Director is determined by reference to the duties and responsibilities of directors towards the Company and its subsidiaries, the remuneration policy of the Company, the benchmark in the industry and the prevailing market conditions.

In relation to the proposed re-election of Mr Gao as a non-executive Director at the AGM, there is no information that is required to be disclosed pursuant to Rule 13.51(2)(h) to Rule 13.51(2)(v) of the Listing Rules, and there are no other matters which need to be brought to the attention of the Shareholders.

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## **APPENDIX II EXPLANATORY STATEMENT OF THE REPURCHASE MANDATE**

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This appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to Shareholders for their consideration of the proposed Repurchase Mandate.

### **REASONS FOR REPURCHASE MANDATE**

Whilst the Directors do not presently intend to repurchase any Shares, they believe that the flexibility afforded by the mandate granted to them if the ordinary resolution no. 5 set out in the notice of AGM is passed would be beneficial to the Company and its Shareholders. Trading conditions on the Stock Exchange have sometimes been volatile in recent years and if there are occasions in the future when Shares are being traded at a discount to their underlying value, the ability of the Company to repurchase Shares can be beneficial to those Shareholders who retain their investment in the Company since this may, depending on the circumstances, result in increases to the fully diluted net assets and/or earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and its Shareholders.

### **SHARE CAPITAL**

As at the Latest Practicable Date, the total issued share capital of the Company is 5,289,607,889 fully paid-up ordinary Shares of HK\$0.05 each.

The exercise of the Repurchase Mandate up to 10% limit would enable the Company to repurchase 528,960,788 Shares.

### **SOURCE OF FUNDS FOR REPURCHASES**

In repurchasing Shares, the Company may only apply funds from the Company's available cash flow or working capital facilities, which will be funds legally available for such purpose in accordance with its Memorandum and Articles of Association and the Companies Ordinance. Such funds include but are not limited to the Company's profits available for distribution.

Whilst the Repurchase Mandate, if exercised in full, may have a material adverse impact on the working capital or gearing position of the Company, the Directors expect to exercise such mandate if and to such extent only as they are satisfied that the exercise thereof will not have such a material adverse impact.

### **DISCLOSURE OF INTERESTS**

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make purchases pursuant to the Repurchase Mandate in accordance with the Listing Rules and the Companies Ordinance.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates, presently intend to sell any Shares to the Company under the Repurchase Mandate in the event that the latter is granted by the Shareholders.

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## APPENDIX II EXPLANATORY STATEMENT OF THE REPURCHASE MANDATE

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The Company has not been notified by any connected persons of the Company that they have a present intention to sell any Shares to the Company, or that they have undertaken not to sell any Shares held by them to the Company, in the event that Repurchase Mandate is granted by the Shareholders.

### TAKEOVERS CODE

If as a result of a share repurchase by the Company, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, each of Top Create and Album Enterprises has an attributable interest of approximately 24.28% and 47.44% respectively in the issued share capital of the Company. In the event that the Repurchase Mandate is exercised in full, the aggregate interests of Top Create and Album Enterprises in the Company would be increased from approximately 71.72% to approximately 79.69% and such increase will not give rise to an obligation to make a mandatory offer under Rule 26 of the Takeover Code. Assuming that there is no issue of Shares in the Company between the Latest Practicable Date and the date of repurchase, an exercise of the Repurchase Mandate in whole would result in insufficient public float of less than 25% of the total issued share capital of the Company, assuming neither Top Create nor Album Enterprises participated in such repurchase. The Directors are not aware of any consequences which may arise under the Takeovers Code as a result of any repurchases made under the Repurchase Mandate. The Directors also have no intention to exercise the Repurchase Mandate to an extent that may result in public shareholding of less than the minimum public float requirement.

### MARKET PRICE

The highest and lowest prices at which Shares were traded on the Stock Exchange during each of previous twelve months preceding the Latest Practicable Date were as follows:

	<b>Highest</b>	<b>Lowest</b>
	<i>HK\$</i>	<i>HK\$</i>
<b>2011</b>		
April	6.86	4.97
May	5.96	4.82
June	6.02	5.28
July	5.81	5.23
August	5.43	4.11
September	4.78	2.61
October	4.07	2.39
November	3.96	3.11
December	3.60	3.02

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**APPENDIX II EXPLANATORY STATEMENT OF THE REPURCHASE MANDATE**

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	<b>Highest</b>	<b>Lowest</b>
	<i>HK\$</i>	<i>HK\$</i>
<b>2012</b>		
January	3.98	3.05
February	4.45	3.53
March	4.53	3.66
April (up to the Latest Practicable Date)	4.05	3.71

**SHARES REPURCHASES MADE BY THE COMPANY**

No repurchases of Shares (whether on the Stock Exchange or otherwise) have been made by the Company in the six months preceding the Latest Practicable Date.

*Set out below is the text of the letter of advice from the Independent Board Committee to the Independent Shareholders in relation to the Products Sale Framework Agreement and the transactions contemplated thereunder (together with the Annual Caps) for inclusion in this circular.*



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

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 1208)**

27 April 2012

*To the Independent Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTION**  
**PRODUCTS SALE FRAMEWORK AGREEMENT**

We refer to the circular dated 27 April 2012 of the Company (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context requires otherwise.

We have been appointed as the Independent Board Committee to advise the Independent Shareholders as to whether, in our opinion, the Products Sale Framework Agreement and the transactions contemplated thereunder (together with the Annual Caps) are on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Somerley Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Products Sale Framework Agreement and the transactions contemplated thereunder (together with the Annual Caps).

We wish to draw your attention to the letter from the Board set out on pages 5 to 12 of the Circular, and the letter of advice from Somerley Limited, the Independent Financial Adviser, set out on pages 22 to 33 of the Circular which contains its advice and recommendation in respect of the Products Sale Framework Agreement and the transactions contemplated thereunder (together with the Annual Caps).

Having taken into account the advice of Somerley Limited and its recommendation in relation thereto, we consider that the Products Sale Framework Agreement and the transactions contemplated thereunder (together with the Annual Caps) are on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend that the Independent Shareholders vote in favour of the ordinary resolution approving the Products Sale Framework Agreement and the transactions contemplated thereunder (together with the Annual Caps).

Yours faithfully,

For and on behalf of

the Independent Board Committee

**Loong Ping Kwan, Peter William Cassidy, Anthony Charles Larkin**

*Independent Non-executive Directors*

*The following is the letter of advice from Somerley to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.*

**SOMERLEY LIMITED**

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

27 April 2012

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

Dear Sirs,

**CONTINUING CONNECTED TRANSACTION  
PRODUCTS SALE FRAMEWORK AGREEMENT**

**INTRODUCTION**

We refer to our appointment by the Company to advise the Independent Board Committee and the Independent Shareholders in connection with the Products Sale Framework Agreement and the transactions contemplated thereunder (the “**Continuing Connected Transaction**”) together with the Annual Caps. Details of the Products Sale Framework Agreement and the Annual Caps are set out in the letter from the Board contained in the circular of the Company to the Shareholders dated 27 April 2012 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 5 April 2012, the Company entered into the Products Sale Framework Agreement with CMN in relation to the sale of copper cathode, copper concentrate, zinc concentrate and lead concentrate produced, processed, manufactured, traded or distributed by any member of the Group to the CMN Group.

As stated in the letter from the Board, CMN is the controlling shareholder of the Company and is therefore a connected person of the Company under the Listing Rules. As a result, the Products Sale Framework Agreement constitutes a continuing connected transaction for the Company. As the relevant percentage ratios in respect of the maximum transaction value on an annual basis relating to the Products Sale Framework Agreement are more than 5%, the Product Sale Framework Agreement constitutes a non-exempt continuing connected transaction of the Company under the Listing Rules and is subject to the reporting, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.



The Independent Board Committee, comprising all of three independent non-executive Directors, namely Mr. Loong Ping Kwan, Dr. Peter William Cassidy and Mr. Anthony Charles Larkin, has been formed to make recommendations to the Independent Shareholders in respect of the Products Sale Framework Agreement and the transactions contemplated thereunder (together with the Annual Caps). We, Somerley Limited, have been appointed 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 we are considered eligible to give independent advice on the terms of the Products Sale Framework Agreement and the Annual Caps. Apart from normal professional fees payable to us in connection with this and 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, we have reviewed, amongst others, the Products Sale Framework Agreement, the annual results of the Company for the year ended 31 December 2011, the announcement of the Company dated 17 January 2012 regarding a continuing connected transaction with a subsidiary of CMN, the historical (for 2010 and 2011) and projected (for 2012, 2013 and 2014) production volume of the Products of the Group, the sales obligations in respect of the Products to other customers of the Group, the historical sales volume and value of the Products sold to the CMN Group, the projected sales price of the Products of the Group, the 2011 fourth quarter production report of the Company (covering the MMG (as defined below) assets) as announced by the Company on 8 February 2012 (the **“Q4 Production Report”**) and the information contained in the Circular. We have also discussed with and reviewed information provided by the management of the Group regarding the businesses of the Group and the prospects of conducting the Continuing Connected Transaction.

We have relied on the information and facts supplied, and the opinions expressed to us, by management of the Company and have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material aspects at the time they were made. We have also sought and received confirmation from the Company that no material facts have been omitted from the information supplied and opinions expressed to us. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view and have no reason to believe that any material information has been withheld, nor doubt the truth or accuracy of the information provided. 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.

**PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our recommendation with regard to the Continuing Connected Transaction and the Annual Caps, we have taken into account the principal factors and reasons set out below.

**1. Information on the Group**

The Company is the CMN Group's flagship international upstream base metals company. The Group owns and operates a portfolio of significant base metal mining operations, development and exploration projects known as the Minerals and Metals Group ("MMG"). It is one of the world's largest producers of zinc, and is engaged in mining, processing and production of zinc, copper, lead, gold and silver, and currently has mining operations located in Australia, Lao People's Democratic Republic ("Laos") and the Democratic Republic of the Congo, and a large portfolio of advanced and early stage exploration projects in Australia, Asia and North America.

**2. Information on the CMN Group**

CMN, the controlling shareholder of the Company, is a trader and supplier of non-ferrous metals. In 2009, CMN achieved sales revenue of approximately Renminbi 42.2 billion (equivalent to approximately US\$6.7 billion) and profit of approximately Renminbi 2.1 billion (equivalent to approximately US\$0.3 billion). Trading between MMG and the CMN Group dates back to 2009 when the CMN Group first began purchasing non-ferrous metals from MMG. Such relationship was commenced before the acquisition of MMG by the Company in 2010 but after the acquisition of MMG by CMN in June 2009.

**3. Reasons for the entering into of the Products Sale Framework Agreement**

The Group's principal activities, which are mainly conducted through MMG, include the mining, processing and production of zinc, copper, gold, silver and lead, and exploration for mineralisation and development of mining projects. As part of its ordinary and usual course of business, the Group sells the Products to the CMN Group. In view of the continuing nature of the transactions which are the subject of the Products Sale Framework Agreement, the Directors (including the independent non-executive Directors) believe that the entering into of the Products Sale Framework Agreement has the benefit of reducing the administrative burden and costs associated with compliance with laws and regulations to which the Group is subject.

Based on the above, we concur with the Directors' view that the entering into of the Products Sale Framework Agreement is in the ordinary and usual course of the business of the Company and we consider that it is in the interests of the Company and the Shareholders as a whole.

**4. Principal terms of the Products Sale Framework Agreement**

Pursuant to the Products Sale Framework Agreement, CMN may purchase or procure other members of the CMN Group to purchase, and the Company may sell or procure other members of the Group to sell, the Products, namely copper cathode, copper concentrate, zinc concentrate and lead concentrate produced, processed, manufactured, traded or distributed by any member of the Group.

The pricing of the Products are determined on an arm's length basis and comparable to the prevailing market rates or at rates similar to those offered by the Group to any other independent third party. Specifically, such prices shall be calculated based on the relevant metal prices quoted on the London Metal Exchange ("LME") or the relevant London markets, subject to premiums and treatment and refining charges consistent with those prevailing in the PRC metal trading market for comparable imported products at the time of the relevant sale agreement.

The entering into of the Products Sale Framework Agreement is expected to provide the mechanism for the operation of sales and purchases of the Products. It is envisaged that from time to time as required, individual sale agreements will be entered into between the Group and the CMN Group in compliance with the terms and conditions as set out in the Products Sale Framework Agreement. Each sale agreement for the sale and purchase of the Products will set out, among other things, the identity of the Products, quantity, specifications, price, term of agreement, shipping schedule, delivery terms, place of delivery, place of shipment, payment terms, quotational period and other usual conditions (including those dealing with weights and assays, title and risk, insurance requirements and termination and suspension rights) provided always that such terms and conditions must always be on normal commercial terms. Payment shall be made in accordance with the terms of the sale agreement, with the consideration payable by the CMN Group for the purchase of such Products to be cash settled in immediately available funds and in all respects on normal commercial terms for transactions of this type.

As stated in the letter from the Board in the Circular, the terms of the Products Sale Framework Agreement were arrived at after arm's length negotiations between the Company and CMN. The Products Sale Framework Agreement is subject to the passing of the resolution(s) at a general meeting of the Company by the Independent Shareholders to approve (i) the Products Sale Framework Agreement and the transactions contemplated thereunder; and (ii) the Annual Caps. The Products Sale Framework Agreement has a term commencing from the Effective Date until 31 December 2014.

We have reviewed the Products Sale Framework Agreement and note that the pricing of the Products are determined based on the basis as mentioned above. Since the terms of the Products Sale Framework Agreement were arrived at after arm's length negotiations between the Company and CMN and given the pricing of the Products will be determined on an arm's length basis and comparable to the prevailing market rates or at rates similar to those offered by the Group to any other independent third party and the payment terms will always be on normal commercial terms, we consider the terms of the Products Sale Framework Agreement are on normal commercial terms and fair and reasonable as far as the Company and the Independent Shareholders are concerned.

## 5. The Annual Caps

Set out below are the proposed Annual Caps of the Continuing Connected Transaction for each of the three years ending 31 December 2012, 2013 and 2014:

Type of the Products	For the financial year ending 31 December		
	2012	2013	2014
	US\$' million	US\$' million	US\$' million
	(in HK\$'million equivalent) (Note)	(in HK\$'million equivalent)	(in HK\$'million equivalent)
Copper cathode	108 (842.4)	108 (842.4)	108 (842.4)
Copper concentrate	40 (312)	40 (312)	40 (312)
Zinc concentrate	60 (468)	60 (468)	60 (468)
Lead concentrate	50 (390)	50 (390)	50 (390)

*Note: For the avoidance of doubt, the sale of Products by the Group to the CMN Group from 1 January 2012 up to the Effective Date shall be included in the calculation of the maximum quantity of Products to be sold by the Group to the CMN Group for the year ending 31 December 2012.*

As stated in the letter from the Board, the Annual Caps were determined by reference to internal projections of the maximum number of tonnes that may potentially be sold to the CMN Group and prevailing and projected market prices of each Product.

We have reviewed the Annual Caps of each of the Products separately, by way of the following, in order to assess the fairness and reasonableness of the Annual Caps:

(a) Copper cathode

(i) *Production by MMG*

As advised by the management of the Group, the projected maximum annual sales volume of copper cathode to the CMN Group will be 12,000 tonnes throughout the term of the Products Sale Framework Agreement. The historical production volumes of copper cathode by MMG, which was produced in Sepon mine at Laos, were approximately 64,241

tonnes and approximately 78,859 tonnes in 2010 and 2011 respectively. The management of the Group anticipates the production volumes for the three years ending 31 December 2012, 2013 and 2014 will steadily increase from the aforesaid historical level. After reviewing the sales obligations committed to other customers of the Group, we note that the remaining production volume of copper cathode is expected to be sufficient to meet the potential demand from the CMN Group of the projected maximum annual sales volume during the term of the Products Sale Framework Agreement.

(ii) *Purchases by the CMN Group*

We have reviewed and noted that sales of copper cathode by MMG to the CMN Group were approximately 7,327 tonnes in 2010 and approximately 8,522 tonnes in 2011, which, based on our discussions with the management of the Group, represented less than 5% of the total import of copper cathode by the CMN Group from overseas in the same year. Given the Products, broadly speaking, can be considered as commodities, it is possible that the CMN Group, as a major trader and supplier of non-ferrous metals in the PRC, may purchase significant volume of copper cathode from any of its suppliers, including the Group, for resell and distribution purposes. Accordingly, the potential demand for copper cathode from the Group may significantly increase if the CMN Group slightly shifts its allocation of purchase to the Group.

Moreover, during the first quarter of 2012, total sales of copper cathode by MMG to the CMN Group were approximately 2,475 tonnes, which already represented approximately 21% of the projected maximum sales volume for 2012.

After taking into account, among others, (i) a sufficient level of production volume of copper cathode to meet the potential demand from the CMN Group; and (ii) the ability of the CMN Group to purchase a significant volume of copper cathode from the Group, we consider the estimate of the maximum annual sales volume of copper cathode reasonable.

(iii) *Pricing*

Based on our discussion with the management of the Group, the estimated average sale price of copper cathode for the determination of the Annual Caps will be US\$9,000 (equivalent to approximately HK\$70,200) per tonne. According to the Q4 Production Report, the Group's copper cathode produced at Sepon was eligible for good delivery to the LME-approved warehouses. In other words, the pricing of Sepon-produced copper cathode is directly comparable to the pricing of copper traded at LME standard prices. We have reviewed and noted that the LME standard price for copper was approximately US\$8,000 (equivalent to approximately HK\$62,400) per tonne as at the Latest Practicable Date and the average projected copper price would be ranging from approximately US\$8,300 (equivalent to approximately HK\$64,740) to approximately US\$8,600 (equivalent to approximately HK\$67,080) per tonne for the three years ending 31 December 2014 based on industry consensus as published in Metal Bulletin ("**Metal Bulletin**"), a leading industry publication produced by Metal Bulletin Limited, which is an international publisher and information provider for the metals and steel industries.

The estimated average sale price of copper cathode of US\$9,000 (equivalent to approximately HK\$70,200) per tonne is over the LME standard price and the industry consensus price. In light of the volatility of the copper cathode price, which has varied by more than 100% in the last three years based on the LME standard prices, we are of the view that the estimated average sale price of US\$9,000 (equivalent to approximately HK\$70,200) for the determination of the Annual Caps for the sale of copper cathode, which has a buffer over the LME standard prices and the industry consensus, is reasonable and will allow flexibility to the Group to ensure its smooth operations.

(b) Copper concentrate

(i) *Production by MMG*

As advised by the management of the Group, the projected maximum annual sales volume of copper concentrate to the CMN Group will be 20,000 tonnes throughout the term of the Products Sale Framework Agreement. The historical production volume of copper concentrate by MMG, which was produced in Golden Grove and Rosebery mines in Australia, were approximately 165,218 tonnes and approximately 116,848 tonnes in 2010 and 2011 respectively. The management of the Group anticipates the production volume for the three years ending 31 December 2012, 2013 and 2014 will increase from the aforesaid historical level. After reviewing the sales obligations committed to other customers of the Group, we note that the remaining production volume of copper concentrate is expected to be sufficient to meet the potential demand from the CMN Group of the projected maximum annual sales volume during the term of the Products Sale Framework Agreement.

(ii) *Purchases by the CMN Group*

We have reviewed and noted that sales of copper concentrate by MMG to the CMN Group were approximately 10,046 tonnes in 2011, which, based on our discussion with the management of the Group, represented less than 10% of the annual import of copper concentrate by the CMN Group from overseas in the same year. Similar to copper cathode, given copper concentrate's commodity nature, it is possible that the CMN Group may purchase significant volume of copper concentrate from any of its suppliers, including the Group. Accordingly, the potential demand for copper concentrate from the Group may significantly increase if the CMN Group slightly shifts its allocation of purchase to the Group.

(iii) *Delivery pattern of copper concentrate*

We also note that, subject to then market conditions, the Group's copper concentrate is sold on an infrequent basis but yet in sizeable volume in each delivery. For the sale of copper concentrate by MMG to the CMN Group of approximately 10,046 tonnes in 2011, it was delivered in one single shipment. Accordingly, the Annual Caps for sales of copper concentrate by MMG to the CMN Group may be utilised in merely two shipments due to such delivery pattern.

After taking into account, among others, (i) a sufficient level of production volume of copper concentrate to meet the potential demand from the CMN Group; (ii) the ability of the CMN Group to purchase a significant volume of copper concentrate from the Group; and (iii) the infrequent and sizeable shipment of copper concentrate that took place in the past, we consider the estimate of the maximum annual sales volume of copper concentrate reasonable.

(iv) *Pricing*

Based on our discussion with the management of the Group, the estimated average sale price of copper concentrate for the determination of the Annual Caps will be US\$2,000 (equivalent to approximately HK\$15,600) per tonne. Unlike copper cathode, copper concentrate sold by the Group (i) has a payable copper of approximately 20% of the gross weight of the copper concentrate; and (ii) is polymetallic, which means the copper concentrate also contains other residual metals such as gold and silver. Therefore the price of copper concentrate is not directly comparable to the price of copper but is subject to, among other things, (i) the market prices of copper, gold and silver; (ii) the relative proportion of copper, gold and silver in the copper concentrate; and (iii) the associated processing charges such as treatment and refining charges.

In analysing the reasonableness of the estimated average sale price of copper concentrate, we have reviewed and are satisfied that: (i) the prices of copper, gold and silver used in the estimated sales price of copper concentrate are generally in line with the historical sales prices as well as the prevailing and projected market prices of these metals based on LME standard prices and industry consensus as published in Metal Bulletin respectively; (ii) the relative proportion of copper, gold and silver used in the estimated sales price of copper concentrate is in line with the historical proportion as stated in the Q4 Production Report; and (iii) the associated treatment and refining charges are of market convention.

On the basis above, we consider the Group's estimated average sale price of copper concentrate of US\$2,000 (equivalent to approximately HK\$15,600) per tonne reasonable.

(c) Zinc concentrate

(i) *Production by MMG*

As advised by the management of the Group, the projected maximum annual sales volume of zinc concentrate to the CMN Group will be 50,000 tonnes throughout the term of the Products Sale Framework Agreement. The historical production volume of zinc concentrate by MMG, which was produced in Century, Golden Grove and Rosebery mines in Australia, was approximately 1,170,836 tonnes and approximately 1,149,930 tonnes in 2010 and 2011 respectively. The management of the Group anticipates the production volume for the years ending 31 December 2012, 2013 and 2014 will decrease from the aforesaid historical level mainly due to the Century mine approaching the latter years of its mine life. After reviewing the sales obligations committed to other customers of the Group



and although there will be expected decrease in production volume, we note that the remaining production volume of zinc concentrate is expected to be sufficient to meet the potential demand from the CMN Group of the projected maximum annual sales volume during the term of the Products Sale Framework Agreement.

(ii) *Purchases by the CMN Group*

We have reviewed and noted that sales of zinc concentrate by MMG to the CMN Group were approximately 60,783 tonnes and approximately 17,772 tonnes in 2010 and 2011 respectively, which, based on our discussion with the management of the Group, represented not more than approximately 20% of the annual import of zinc concentrate by the CMN Group from overseas in the respective year. Similar to copper cathode and copper concentrate, given zinc concentrate's commodity nature, it is possible that the CMN Group may purchase significant volume of zinc concentrate from any of its suppliers, including the Group. Accordingly, the potential demand for zinc concentrate from the Group may significantly increase if the CMN Group slightly shifts its allocation of purchase to the Group.

(iii) *Delivery pattern of zinc concentrate*

Similar to the delivery pattern of copper concentrate, we note that the Group's zinc concentrate is also sold on an infrequent basis but yet in sizeable volume in each delivery. For an example, sale of zinc concentrate by MMG to the CMN Group in 2010 and 2011 were delivered in six and three shipments with averages of approximately 10,131 tonnes and approximately 5,924 tonnes per shipment respectively. Accordingly, the Annual Caps for sales of zinc concentrate by MMG to the CMN Group may be utilised in a few shipments due to such delivery pattern.

After taking into account, among others, (i) a sufficient level of production volume of zinc concentrate to meet the potential demand from the CMN Group; (ii) the ability of the CMN Group to purchase a significant volume of zinc concentrate from the Group; and (iii) the infrequent and sizeable shipments of zinc concentrate that took place in the past, we consider the estimate of the maximum annual sales volume of zinc concentrate reasonable.

(iv) *Pricing*

Based on our discussion with the management of the Group, the estimated average sale price of zinc concentrate for the determination of the Annual Caps will be US\$1,200 (equivalent to approximately HK\$9,360) per tonne. Zinc concentrate sold by the Group (i) has a payable zinc of approximately 43% to 49% of the gross weight of the zinc concentrate; and (ii) is polymetallic, which means the zinc concentrate also contains other residual metals such as silver. Therefore, similar to the pricing of copper concentrate, the price of zinc concentrate is not directly comparable to the price of zinc but is subject to, among other things, (i) the market prices of zinc and silver; (ii) the relative proportion of zinc and silver in the zinc concentrate; and (iii) the associated processing charges such as treatment and refining charges.



In analysing the reasonableness of the estimated average sale price of zinc concentrate, we have reviewed and are satisfied that: (i) the prices of zinc and silver used in the estimated sales price of zinc concentrate are generally in line with the historical sales prices as well as the prevailing and projected market prices of these metals based on LME standard prices and industry consensus as published in Metal Bulletin respectively; (ii) the relative proportion of zinc and silver used in the estimated sales price of zinc concentrate is in line with the historical proportion as stated in the Q4 Production Report; and (iii) the associated treatment and refining charges are of market convention.

On the basis above, we consider the Group's estimated average sale price of zinc concentrate of US\$1,200 (equivalent to approximately HK\$9,360) per tonne reasonable.

(d) Lead concentrate

(i) *Production by MMG*

As advised by the management of the Group, the projected maximum annual sales volume of lead concentrate to the CMN Group will be 10,000 tonnes throughout the term of the Products Sale Framework Agreement. The historical production volumes of lead concentrate by MMG, which was produced in Century, Golden Grove and Rosebery mines in Australia, was approximately 94,768 tonnes and approximately 101,694 tonnes in 2010 and 2011 respectively. The management of the Group anticipates the production volume for the three years ending 31 December 2012, 2013 and 2014 will decrease from the aforesaid historical level mainly due to lower lead in the ore resources in the Golden Grove mine. After reviewing the sales obligations committed to other customers of the Group, we note that the remaining production volume of lead concentrate is expected to be sufficient to meet the potential demand from the CMN Group of the projected maximum annual sales volume during the term of the Products Sale Framework Agreement.

(ii) *Purchases by the CMN Group*

We have reviewed and noted that sales of lead concentrate by MMG to the CMN Group were approximately 5,040 tonnes in 2011, which, based on our discussion with the management of the Group, represented less than 5% of the annual demand for lead concentrate required by the two major smelters controlled by CMN in the PRC. Similar to copper cathode, copper and zinc concentrate, given lead concentrate's commodity nature, it is possible that the CMN Group may purchase significant volume of lead concentrate from any of its suppliers, including the Group. Accordingly, the potential demand for lead concentrate from the Group may significantly increase if the CMN Group slightly shifts its allocation of purchase to the Group.

(iii) *Delivery pattern of lead concentrate*

Similar to the delivery patterns of copper and zinc concentrate, we note that the Group's lead concentrate is also sold on an infrequent basis but yet in sizeable volume in

each delivery. For instance, sale of lead concentrate by MMG to the CMN Group in 2011 was delivered in one single shipment of approximately 5,040 tonnes. Accordingly, the Annual Caps for sales of lead concentrate by MMG to the CMN Group may be utilised in merely two shipments due to such delivery pattern.

After taking into account, among others, (i) a sufficient level of production volume of lead concentrate to meet the potential demand from the CMN Group; (ii) the ability of the CMN Group to purchase a significant volume of lead concentrate from the Group; and (iii) the infrequent and sizeable shipments of lead concentrate that took place in the past, we consider the estimate of the maximum annual sales volume of lead concentrate reasonable.

(iv) *Pricing*

Based on our discussion with the management of the Group, the estimated average sale price of lead concentrate for the determination of the Annual Caps will be US\$5,000 (equivalent to approximately HK\$39,000) per tonne. The lead concentrate sold by the Group (i) has a payable lead of approximately 35% to 60% of the gross weight of the lead concentrate; and (ii) is polymetallic, which means the concentrate also contains other residual metals such as gold and silver. Therefore the price of lead concentrate is not directly comparable to the price of lead but is subject to, among other things, (i) the market prices of lead, gold and silver; (ii) the relative proportion of lead, gold and silver in the lead concentrate; and (iii) the associated processing charges such as treatment and refining charges.

In analysing the reasonableness of the estimated average sale price of the lead concentrate, we have reviewed and are satisfied that: (i) the prices of lead, gold and silver used in the estimated sale price of lead concentrate are in line with the historical sales prices as well as the prevailing and projected market prices of these metals based on LME standard prices and industry consensus as published in Metal Bulletin respectively; (ii) the relative proportion of lead, gold and silver used in the estimated sales price of lead concentrate is in line with the historical proportion as stated in the Q4 Production Report; and (iii) the associated treatment and refining charges are of market convention.

On the basis above, we consider the Group's estimated average sale price of lead concentrate of US\$5,000 (equivalent to approximately HK\$39,000) per tonne reasonable.

Having considered the basis on which the Annual Caps were determined as described above, we are of the view that the Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

**OPINION AND RECOMMENDATION**

Having taking into account the above principal factors and reasons, we consider that: (i) the entering into of the Products Sale Framework Agreement is in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole; and (ii) the terms of the Products Sale Framework Agreement and the Annual Caps are on normal commercial terms and fair and reasonable as far as the Independent Shareholders are concerned. Accordingly, we recommend that the Independent Board Committee recommend, and we ourselves recommend, to the Independent Shareholders to vote in favor of the ordinary resolutions to be proposed at the AGM in relation to the Products Sale Framework Agreement and the transactions contemplated thereunder and the Annual Caps.

Yours faithfully,  
for and on behalf of  
**SOMERLEY LIMITED**  
**Jenny Leung**  
*Director*

## 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 the 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	371,000	0.007%
David Mark Lamont	Personal	300,000	0.006%

*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*

<b>Name of Director</b>	<b>Nature of interest</b>	<b>Number of underlying Shares held</b> <i>(Note 1)</i>	<b>Approximate percentage of total number of issued Shares as at the Latest Practicable Date</b> <i>(Note 2)</i>
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 nor 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*

<b>Name of Shareholder</b>	<b>Capacity</b>	<b>Number of Shares held</b>	<b>Approximate percentage of total number of issued Shares as at the Latest Practicable Date</b> <i>(Note 1)</i>
CMC	Interest of controlled corporation <i>(Notes 2 and 3)</i>	3,793,558,916	71.72%
CMCL	Interest of controlled corporation <i>(Notes 2 and 3)</i>	3,793,558,916	71.72%
CMNH	Interest of controlled corporation <i>(Notes 2 and 3)</i>	3,793,558,916	71.72%
CMN	Interest of controlled corporation <i>(Notes 2 and 3)</i>	3,793,558,916	71.72%
Album Enterprises	Beneficial owner <i>(Note 3)</i>	2,509,091,090	47.44%
Top Create	Beneficial owner <i>(Note 2)</i>	1,284,467,826	24.28%

*Notes:*

1. 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 Share (i.e. 5,289,607,889 shares) as at the Latest Practicable Date.
2. Top Create is a wholly-owned subsidiary of CMN, which in turn is owned as to approximately 93.6% by CMNH. CMNH is a wholly-owned subsidiary of CMCL. CMCL is owned as to approximately 87.538% by CMC and approximately 0.846% by China National Metal Products Co. Ltd., which in turn is a wholly-owned subsidiary of CMC. Accordingly, CMN, CMNH, 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.
3. Album Enterprises is a wholly-owned subsidiary of CMN. Accordingly, CMN, CMNH, 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, CMNH, CMN, Album Enterprises and/or Top Create.

<b>Name of Director</b>	<b>Title</b>	<b>Company</b>
Jiao Jian	President and director director	CMNH and CMN Album Enterprises
Gao Xiaoyu	Vice President	CMNH and CMN
Xu Jiqing	Vice President, director and CFO Vice President and CFO director	CMNH CMN Album Enterprises

### 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 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:

(a) **Jiao Jian, a non-executive Director, is:**

- the President and director of CMNH;
- the President and director of CMN;
- a director of Hunan Nonferrous Metals Holdings Group Company Limited (“**HNG**”);
- a director of Copper Partners Investment Co., Ltd (“**Copper Partners Investment**”);  
and
- a director of Album Enterprises.

(b) **Gao Xiaoyu, a non-executive Director, is:**

- the Vice President of CMNH; and
- the Vice President of CMN.

(c) **Xu Jiqing, a non-executive Director, is:**

- the Vice President, director and CFO of CMNH;
- the Vice President and CFO of CMN;
- a director of HNG;
- a director of Copper Partners Investment; and
- a director of Album Enterprises.

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 CMNH, CMN, Album Enterprises, HNG and Copper Partners Investment.

## 5 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 2011 (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.



## 6 QUALIFICATION AND CONSENT OF EXPERT

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

<b>Name</b>	<b>Qualification</b>
Somerley Limited	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 above expert 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, the above expert 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, the above expert did not have any direct or indirect interest in any assets which had since 31 December 2011 (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.

## 7 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 2011, the date to which the latest published audited financial statements of the Group were made up.

## 8 GENERAL

- (a) The address of the registered office of the Company is at Units 8501-8503, Level 85, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.
- (b) 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.
- (c) The share registrar and the transfer office of the Company is Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) In case of inconsistency, the English text of this circular shall prevail over the Chinese text.

**9 DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the Products Sale Framework Agreement will be available for inspection during business hours at the registered office of the Company at Units 8501-8503, Level 85, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong from the date of this circular until 11 May 2012.

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## NOTICE OF ANNUAL GENERAL MEETING

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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)**

**NOTICE IS HEREBY GIVEN THAT** the annual 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 30 May 2012 at 10:30 a.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors and auditors of the Company for the year ended 31 December 2011;
2. To re-elect, each as a separate resolution, the following retiring directors of the Company:
  - (a) Mr Anthony Charles Larkin;
  - (b) Mr Wang Lixin;
  - (c) Mr David Mark Lamont; and
  - (d) Mr Gao Xiaoyu;

and to authorise the board of directors of the Company (the “Board”) to fix the remuneration of the Directors;

3. To re-appoint PricewaterhouseCoopers as the auditors of the Company and to authorise the Board to fix their remuneration;
4. As special business, to consider and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:

**“THAT**

- (a) subject to paragraph (c) below, pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time, the exercise by the Board during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which would or might require the exercise of such power be and is hereby generally and unconditionally approved;

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## NOTICE OF ANNUAL GENERAL MEETING

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- (b) the approval in paragraph (a) shall authorise the Board during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Board pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined) or (ii) an issue of shares upon the exercise of the subscription rights under any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company or (iii) the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are convertible into shares of the Company or (iv) any script dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company pursuant to the articles of association of the Company from time to time, shall not exceed 20 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of this resolution and the said approval shall be limited accordingly; and
- (d) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by Hong Kong law or the articles of association of the Company to be held; and
- (iii) the passing of an ordinary resolution by shareholders of the Company in general meeting revoking or varying the authority given to the Board by this resolution; and

“Rights Issue” means an offer of shares open for a period fixed by the Board to holders of shares whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements as the Board may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

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## NOTICE OF ANNUAL GENERAL MEETING

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5. As special business, to consider and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:

**“THAT**

- (a) subject to paragraph (b) below, the exercise by the Board during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase securities of the Company on The Stock Exchange of Hong Kong Limited or on any other stock exchange on which the securities of the Company may be listed and is recognised by the Securities and Futures Commission and The Stock Exchange of Hong Kong Limited for this purpose, subject to and in accordance with all applicable laws and/or the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of securities of the Company repurchased by the Company pursuant to paragraph (a) above during the Relevant Period shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of this resolution and the authority pursuant to paragraph (a) above shall be limited accordingly; and
- (c) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by Hong Kong law or the articles of association of the Company to be held; and
- (iii) the passing of an ordinary resolution by shareholders of the Company in general meeting revoking or varying the authority given to the Board by this Resolution.”

6. As special business, to consider and, if thought fit, pass with or without amendments the following resolution as an Ordinary Resolution:

**“THAT**, conditional on Resolutions no. 4 and no. 5 set out in this notice being passed, power be given to the Board to add the number of shares purchased by the Company pursuant to the general mandate referred to in Resolution no. 5 set out in this notice to the 20 per cent general mandate to issue new shares referred to in Resolution no. 4 set out in this notice.”

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## NOTICE OF ANNUAL GENERAL MEETING

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7. As special business, to consider and, if thought fit, pass with or without amendments the following resolution as an Ordinary Resolution:

**“THAT**

- (a) the Products Sale Framework Agreement (as defined in the circular of the Company dated 27 April 2012 (the “Circular”)) (a copy of the Products Sale Framework Agreement is tabled at the meeting and marked “A” and initialed by the chairman of the meeting for identification purposes) be and is hereby approved, ratified and confirmed;
  - (b) the Annual Caps (as defined in the Circular) for the financial years ending 31 December 2012, 2013 and 2014 be and are hereby approved; and
  - (c) any one of the directors of the Company 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 Products Sale Framework Agreement (as defined in the Circular) and all the transactions contemplated thereunder with any changes as such Director may consider reasonable, necessary desirable or expedient.”
8. To transact any other business.

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

Hong Kong, 27 April 2012

*Notes:*

- 1. A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote on his/her behalf. A proxy need not be a member of the Company.
- 2. To be valid, a 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, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjourned Meeting.

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## NOTICE OF ANNUAL GENERAL MEETING

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3. The register of members of the Company will be closed from 28 May 2012 to 30 May 2012, 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, 17/F, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 25 May 2012.