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## **CHINA MINING RESOURCES GROUP LIMITED**

**中國礦業資源集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00340)**

### **EXCLUSIVITY AGREEMENT IN RESPECT OF THE PROPOSED ACQUISITION OF THE ENTIRE INTERESTS IN FULLIGHT INVESTMENTS LIMITED**

The Board makes this announcement pursuant to Rule 13.09 of the Listing Rules.

The Board is pleased to announce that on 25 June 2007, the Company entered into the Exclusivity Agreement with the Vendor in respect of the Proposed Acquisition. The Exclusivity Agreement does not constitute legally binding commitments between the Company and the Vendor as to the Proposed Acquisition, which is subject to the execution and completion of the Formal Agreement. However, the Exclusivity Agreement constitutes legally binding obligation on the part of the Vendor in favour of the Company under which the Vendor has undertaken (i) not to, and procure members of the FL Group not to, negotiate or contact or solicit or accept any offer from or communicate in any manner with, whether conditionally or unconditionally, any party (other than the Company) in relation to the Proposed Acquisition and/or the sale of interests of any members of the FL Group and further not to sell or transfer or in any manner deal with the whole or any part of the interest of the Vendor to be acquired pursuant to the Proposed Acquisition and/or interests of any members of the FL Group or create any encumbrance, claim, lien or third party right thereon and (ii) to allow and facilitate the Company to carry out due diligence on the FL Group and its assets, for a period until 180 days from the date of the Exclusivity Agreement. Upon entering into the Exclusivity Agreement, the Company paid cash consideration of HK\$300,000 in order to procure such exclusivity. The consideration for the Proposed Acquisition will be subject to negotiations and agreement between the Vendor and the Company.

Based on information provided by the Vendor, the principal activities of the FL Group are rutile related business and its principal asset comprises the Mine with natural rutile resources of not less than 5,000,000 tones which has not yet commence operation. Natural rutile is the most effective raw material for titanium chloride and high grade titanium sponge which have been applied in industrial and consumption applications.

\* For identification purpose only

Shareholders and potential investors of the Shares should note that the Proposed Acquisition may or may not materialise. The Proposed Acquisition, if materialises, may constitute a notifiable transaction for the Company under the provision of Chapter 14 of the Listing Rules and the Company shall comply with the relevant disclosures and/or shareholders' approval requirements of the Listing Rules where appropriate.

Further announcement will be made by the Company provided the Formal Agreement is entered into.

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

## **THE EXCLUSIVITY AGREEMENT**

<b>Parties:</b>	Purchaser	The Company
	Vendor	The legal and beneficial owner of the entire issued share capital of Fullight, being an individual. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Vendor is an Independent Third Party not connected with any of the Directors, chief executives or substantial shareholders of the Company or any of its subsidiaries or any of their respective Associates.

### **Exclusivity**

On 25 June 2007, the Company and the Vendor entered into the Exclusivity Agreement under which the Vendor has undertaken to the Company that (i) it will not, and will procure members of the FL Group not to negotiate or contact or solicit or accept any offer from or communicate in any manner with, whether conditionally or unconditionally, any party (other than the Company) in relation to the Proposed Acquisition and/or the sale of interests of any members of the FL Group; and further it will not sell or transfer or in any manner deal with the whole or any part of the interests of the Vendor to be acquired pursuant to the Proposed Acquisition and/or interests of any members of the FL Group or create any encumbrance, claim, lien or third party right thereon and (ii) it will allow and facilitate the Company to carry out due diligence on the FL Group and its assets, for a period until 180 days from the date of the Exclusivity Agreement. Upon entering into the Exclusivity Agreement, the Company paid cash consideration of HK\$300,000 in order to procure such exclusivity.

The Exclusivity Agreement does not constitute legally binding commitments of the Vendor and the Company as to the Proposed Acquisition, which is subject to the execution and completion of the Formal Agreement by the parties. However, the exclusivity and the other provisions in the Exclusivity Agreement, as referred to in this paragraph "Exclusivity" under the section headed "The Exclusivity Agreement" above constitutes a legally binding obligation on the part of the Vendor.

### **Potential Acquisition**

Under the Exclusivity Agreement, the Company intends to, through the Company or its wholly-owned subsidiary, acquire the entire issued share capital in Fullight from the Vendor at the consideration to be negotiated and agreed between the Vendor and the Company which the Company currently expects will be determined by reference to the reserve base and resources of natural rutile in the Mine in accordance with a technical report to be prepared by an international technical consultant to be appointed by the

Company which the Vendor, based on a PRC geological report, believes to be not less than 5,000,000 tonnes of natural rutile resources which will result in the Mine being one of the largest natural rutile mines in the PRC.

The Vendor has indicated his preference to receive equity or equity-linked consideration from the Company as consideration for the Proposed Acquisition. However, the Company may wish to use other means of financing, including issuance of corporate debt, to satisfy the consideration of the Proposed Acquisition should they be in the interest of the shareholders as a whole. However, no decision has been made by the Company regarding the exact source of funding for the Proposed Acquisition.

## **INFORMATION ABOUT FL GROUP**

Based on the information provided by the Vendor, the FL Group comprises Fullight which is an investment holding company with its subsidiary in the PRC, the principal activities of which are rutile related business and its principal asset comprises the Mine with natural rutile resources of not less than 5,000,000 tonnes which has not yet commence operation.

## **BENEFITS OF THE PROPOSED ACQUISITION**

As stated in the 2006 Annual report, the Company will continue to search for opportunities of strong mining business with an emphasis on high value added products. In addition, the Group, through one of its subsidiaries, holds 51% effective interests in a rutile mine with 1,893,500 tonnes of natural rutile resources according to the technical assessment report prepared by Behre Dolbear Asia, Inc. and is planning to enter into rutile and titanium production related business.

Should the Proposed Acquisition materialize and the natural rutile resources be proved to contain not less than 5,000,000 tonnes in accordance with the aforementioned PRC geological report of the Vendor, the Group shall be able to control approximately 6,900,000 tonnes of natural rutile resources in the PRC which will rank the Group as one of the largest natural rutile resources owners in the PRC. The Company has received a memorandum from the respective municipal government stating expressly the welcome and support of the Proposed Acquisition.

The Directors of the Company believe that the Proposed Acquisition will enable the Company to leverage on its existing knowledge and expertise in the rutile and titanium production related businesses to enhance the future performance and investment returns of the Group.

## **GENERAL**

**Shareholders and potential investors of the Shares should note that the Proposed Acquisition may or may not materialise.** The Proposed Acquisition, if materialises, may constitute a notifiable transaction for the Company under the provision of Chapter 14 of the Listing Rules and the Company shall comply with the relevant disclosures and/or shareholders' approval requirements of the Listing Rules where appropriate. Further announcement will be made by the Company provided the Formal Agreement is entered into. The Board is pleased to provide two hotlines in case of enquiries at (852) 66150450 and (852) 65235908 which will be available to answer enquires during office hours from 9 a.m. to 5 p.m. (Hong Kong time) on Monday to Friday. **Shareholders and potential investors of the Shares should exercise caution when dealing in the Shares.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Associates”	have the same meaning ascribed thereto under the Listing Rules;
“Board”	the board of Directors, including non-executive Directors and independent non-executive Directors, of the Company;
“Company”	China Mining Resources Group Limited (Stock code: 00340), whose shares are listed on the Main Board of the Stock Exchange;
“Director(s)”	the director(s) of the Company;
“Exclusivity Agreement”	the exclusivity agreement dated 25 June 2007 and entered into between the Company and the Vendor setting out the exclusivity provision and other basic understanding between the parties thereto in connection with the Proposed Acquisition;
“FL Group”	Fullight and its subsidiaries from time to time;
“Formal Agreement”	a sale and purchase agreement to be made by the Company (and/or a wholly owned subsidiary of the Company) with the Vendor in relation to the Proposed Acquisition, which may or may not be subsequently entered into;
“Fullight”	Fullight Investments Limited, a company incorporated in the British Virgin Islands with limited liability which is wholly, legally and beneficially owned by the Vendor;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party”	party which are independent of and not connected with any of the directors, chief executives, substantial shareholders or management shareholders of the Company or any of its subsidiaries or any of their respective Associates;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mine”	a natural rutile mine located in the Hubei Province, the PRC;
“PRC”	People’s Republic of China which excludes Hong Kong, Macau Special Administrative Region and Taiwan;

“Proposed Acquisition”	the proposed acquisition by the Company of the entire issued share capital of Fullight, as contemplated under the Exclusivity Agreement;
“Shares”	shares of HK\$0.10 each in the capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Vendor”	the legal and beneficial owner of the entire issued share capital of Fullight, being an individual and an Independent Third Party.

By Order of the Board  
**China Mining Resources Group Limited**  
**Luk Kin Peter Joseph**  
*Deputy Chairman and Chief Executive Officer*

25 June 2007, Hong Kong

*As at the date of this announcement, the board of directors of the Company comprises Mr. Cai Yuan, Mr. Luk Kin Peter Joseph, Mr. Wu King Shiu Kelvin and Mr. Yeung Kwok Kuen as executive Directors, Mr. Lam Ming Yung as non-executive Director, Mr. Chan Siu Tat, Mr. Chu Kang Nam and Mr. Wong Hon Sum as independent non-executive Directors.*