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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)

PROPOSED ISSUE OF ZERO COUPON GUARANTEED CONVERTIBLE BONDS DUE 2011 BY FIRST HARVEST LIMITED

CONVERTIBLE INTO ORDINARY SHARES OF MINMETALS RESOURCES LIMITED

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

Reference is made to the announcements of the Company dated 20 October 2006 and 27 November 2006. In relation to the Proposed Issue, the Issuer and the Company will issue and distribute the Offering Circular to persons whose ordinary business involves buying, selling or investing in securities and to persons outside the United States in reliance upon Regulation S of the US Securities Act. The Offering Circular will contain, among other things, certain information of the Group not in the public domain. Pursuant to the requirements under Rule 13.09(1) of the Listing Rules, such information is set out in this announcement.

As completion of the Subscription Agreement is subject to the satisfaction and/or waiver of certain conditions precedent and the Subscription Agreement may be terminated in certain circumstances, the Proposed Issue may or may not proceed. Further announcement will be made by the Company as and when necessary. Shareholders and potential investors should exercise caution when dealing in the Shares.

Reference is made to the announcements of Minmetals Resources Limited (the “**Company**”) (the Company and its subsidiaries, collectively, the “**Group**”) dated 20 October 2006 and 27 November 2006 (the “**Announcements**”) regarding the proposed issue of zero coupon guaranteed convertible bonds due 2011 in the aggregate principal amount of HK\$1,000,000,000 (including HK\$250,000,000 aggregate principal amount of bonds to be issued pursuant to an option granted by the Company to J.P. Morgan Securities Ltd. (“**Manager**”) which was exercised in full by the Manager on 27 November 2006) (the “**Bonds**”) by First Harvest Limited, a wholly-owned subsidiary of the Company (the “**Proposed Issue**”). Unless the context otherwise requires, terms used in this announcement shall have the same respective meanings as those defined in the Announcements.

In relation to the Proposed Issue, the Issuer and the Company will issue and distribute an offering circular (the “**Offering Circular**”) to persons whose ordinary business involves buying, selling or investing in securities and to persons outside the United States in reliance upon Regulation S of the US Securities Act. The Offering Circular will contain, among other things, certain information of the Group

not in the public domain, namely, (i) the unaudited financial information of Peak Strategic Industries Limited, a company acquired by the Group on 6 October 2005, and its subsidiaries (the “**Peak Strategic Group**”, principally engaged in alumina and aluminium trading business) (the financial information of the Peak Strategic Group for the year ended 31 December 2004 was disclosed in the circular of the Company dated 30 June 2005; and the accounting policies adopted in the preparation of the financial statements of the Peak Strategic Group for the two years ended 31 December 2004 and 2005 are consistent), (ii) alumina price decreases and the results of assessment on the alumina purchasing rights and sales contract obligations made by the Group in the third quarter of 2006 with a net positive impact of HK\$54,628,000 on the Group’s results and (iii) the unaudited consolidated borrowings of the Group as at 30 September 2006. Pursuant to the requirements under Rule 13.09(1) of the Listing Rules, the above-mentioned information is set out below:

Unaudited financial information of the Peak Strategic Group

The unaudited financial information of the Peak Strategic Group disclosed below is extracted from the management financial statements of the Peak Strategic Group and it presents the combined results and financial position of the Peak Strategic Group as if the present group structure of the Peak Strategic Group had been in existence throughout the two years ended 31 December 2005 and as if the alumina and aluminium trading business (the “**Alumina Trading Business**”, which was previously operated under a department of China Minmetals Non-ferrous Metals Co., Ltd (“**CMN**”), a shareholder of the Company after the reorganisation) had been transferred to the Peak Strategic Group at the beginning of the two years ended 31 December 2005, even though the reorganisation of the Peak Strategic Group was not completed until 21 June 2005. Assets, liabilities, revenues and related costs, expenses and charges directly related to, generated from or incurred by the Alumina Trading Business are included in the combined balance sheets and income statements. Value-added tax refund arising from aluminium ingots exportation has been recognised as an asset, taxation arising from domestic operation is treated as if it had been paid through CMN head office account and, therefore, are dealt with in the equity. For those expenses for which a specific identification method was not practical, the allocation of costs from CMN to the Alumina Trading Business was mainly based on the percentages best reflected the usage of the corporate resources by the Alumina Trading Business of the number of staff of the Alumina Trading Business to the total number of staff of CMN. No cash and bank balances have been allocated to the Alumina Trading Business as there is no fair basis to allocate the cash and bank balances to each individual department.

The accounting policies adopted in the preparation of these management financial statements are consistent with the accounting policies of the Group.

Prior to the completion of the acquisition, the Peak Strategic Group was managed by a different management team from that of the Group.

Income statement

	For the year ended 31 December	
	2005 RMB'000	2004 RMB'000
	(unaudited)	
Turnover	9,252,506	7,335,872
Gross profit	965,040	797,212
Operating profit	707,038	670,228
Finance costs	(31,009)	(69,923)
Share of profits less losses of associates	10,574	1,597
Profit before income tax	686,603	601,902
Income tax expense	(215,123)	(185,784)
Profit for the year	471,480	416,118
Attributable to:		
Equity holders of the Company	471,111	396,002
Minority interest	369	20,116
	471,480	416,118

Balance sheet

	As at 31 December	
	2005 RMB'000	2004 RMB'000
	(unaudited)	
Assets		
Goodwill	7,253	7,253
Property, plant and equipment	1,195	1,559
Interests in associates	13,928	4,089
Alumina purchasing rights	1,395,102	1,489,637
Available-for-sale financial assets	326,209	–
Investment securities	–	32,196
Inventories	747,838	697,113
Trade and other receivables	101,259	358,414
Amounts due from an intermediate holding company, related companies and fellow subsidiaries	209,942	166,513
Derivative financial instruments	6,250	–
Cash, cash equivalents and pledged deposits	514,597	213,306
Other assets	–	20,145
Total assets	3,323,573	2,990,225
Capital and reserves attributable to the Company's equity holders	1,587,098	751,708
Minority interest	577	814
Total equity	1,587,675	752,522
Liabilities		
Bank loans	909,371	1,232,793
Trade and other payables, and bills payable	571,545	762,759
Amounts due to related companies	7,166	219,661
Derivative financial instruments	188,137	10,858
Other liabilities	59,679	11,632
Total liabilities	1,735,898	2,237,703
Total equity and liabilities	3,323,573	2,990,225
Net current assets/(liabilities)	451,733	(121,124)
Total assets less current liabilities	2,195,420	1,421,473

Alumina price decreases and results of assessment of alumina purchasing rights and sales contract obligations made by the Group in the third quarter of 2006 with a net positive impact of HK\$54,628,000 on the Group's results

The market for alumina has in the past been cyclical and has experienced alternating periods of increased demand with increased prices and margins, followed by periods of excess supply with declining prices and margins. The average market price of alumina increased from less than US\$200 per tonne in the fourth quarter of 2000 to approximately US\$540 per tonne as at 30 June 2006. However, the average price of alumina declined to approximately US\$275 per tonne in the third quarter of 2006. Such decline in the third quarter has had an adverse impact on turnover in such quarter. However the Company expects alumina prices to stabilise during the fourth quarter. In addition, because of the decrease in market prices of alumina in the third quarter of 2006, the Group recorded an impairment loss of approximately HK\$877,613,000 for the alumina purchasing rights, which was based on the value in use of alumina purchasing rights and was determined with reference to a valuation performed by independent professional appraisers. The impairment loss is mainly due to a one-off charge against the long-term alumina purchasing rights which were acquired in October 2005 at the then valuation of approximately HK\$3.6 billion ("Valuation") based on the forecast alumina price at that time. In light of recent movements in the market price of alumina and changes in expectations of the alumina price, it was prudent to revise the Valuation. In conjunction with the write-back on the provision for sales contracts obligations of HK\$288,395,000, the net impact is HK\$598,218,000. This is expected to be a one-off charge and as a result of the lower Valuation, amortisation charges for the alumina purchasing rights are expected to be lower in the future. In addition, in the event that the long-term outlook for the alumina market improves in the future, it is possible that some part of the charge could be reversed. As a result of these, the Group's deferred income tax liabilities were written back by approximately HK\$643,846,000 and the overall effect of the above has a net positive impact of approximately HK\$54,628,000 on the Group's results.

Unaudited consolidated borrowings of the Group as at 30 September 2006

As at 30 September 2006, the unaudited consolidated short-term borrowings and long-term borrowings of the Group (each comprising bank loans and advances from banks for bills discounted) were approximately HK\$1,112 million (30 June 2006: HK\$1,427 million) and nil (30 June 2006: nil) respectively.

GENERAL

As completion of the Subscription Agreement is subject to the satisfaction and/or waiver of certain conditions precedent and the Subscription Agreement may be terminated in certain circumstances, the Proposed Issue may or may not proceed. Further announcement will be made by the Company as and when necessary. Shareholders and potential investors should exercise caution when dealing in the Shares.

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

Hong Kong, 30 November 2006

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

"Please also refer to the published version of this announcement in The Standard."