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# **MINMETALS RESOURCES LIMITED**

## **五礦資源有限公司**

*(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 AND RESUMPTION OF TRADING**

The Board announces that on 19 October 2006, the Company as guarantor and the Issuer (a wholly-owned subsidiary of the Company) have entered into the Subscription Agreement with the Manager in connection with the issue by the Issuer of the Firm Bonds with an initial aggregate principal amount of HK\$750,000,000 and, subject to the exercise of the Upsize Option by the Manager, the Optional Bonds with an aggregate principal amount of HK\$250,000,000. The Bonds are convertible into ordinary shares of HK\$0.05 each in the share capital of the Company at an initial conversion price of HK\$2.925 (subject to adjustment), and the payment obligations of the Issuer will be guaranteed by the Company. The initial conversion price is HK\$2.925, being a premium of 30% over the closing price of the Shares quoted on the Stock Exchange on 19 October 2006 and a premium of approximately 33% to the 10-day average price of the Shares over the last 10 trading days up to and including 19 October 2006. Assuming full conversion of the Bonds (including the Optional Bonds) at the initial conversion price of HK\$2.925, the Bonds (including the Optional Bonds) will be convertible into approximately 341,880,341 Shares (subject to adjustment), representing approximately 19.94% of the issued share capital of the Company as at the date of this announcement and approximately 16.63% of the enlarged issued share capital of the Company.

The Manager has been granted an Upsize Option which can be exercised on one or more occasions (provided that such Upsize Option shall not be exercised more than once on any one day), in whole or in part, at any time on or before the thirtieth day following the Closing Date, to require the Issuer to issue up to a further HK\$250,000,000 in aggregate principal amount of the Optional Bonds.

The Bondholders shall have the right to convert their Bonds into Shares at any time during the Conversion Period. The Bonds are guaranteed by the Company. Unless previously purchased and cancelled, redeemed or converted, the Issuer will redeem each Bond at 127.236% of its principal amount on the Maturity Date.

The yield to maturity on the Bonds is 4.875% per annum and is calculated on a semi-annual basis.

The estimated net proceeds of the Bond Issue (excluding the Optional Bonds), after deduction of commission and administrative expenses, amount to approximately HK\$730,000,000. The net proceeds are currently intended to be used by the Company for future acquisitions of alumina or aluminium related business such as 廣西華銀鋁業有限公司 (Guangxi Huayin Aluminium Company Limited), Sherwin Alumina L.P. and/or other projects and, pending such use, may be deployed for general working capital purposes.

**Completion of the Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Subscription Agreement may be terminated in certain circumstances. Please refer to the paragraph headed "Subscription Agreement" below for further information.**

**As the Subscription Agreement may or may not complete, Shareholders and potential investors are advised to exercise caution when dealing in the Shares of the Company.**

The Shares issuable upon conversion of the Bonds will be issued and allotted by the Company pursuant to the general mandate granted to the Directors at the annual general meeting held on 15 May 2006. Since 15 May 2006, there has been no issue of Shares pursuant to the general mandate.

The Issuer will apply to the Stock Exchange for the listing of, and permission to deal in, the Bonds by way of selectively marketed securities and the Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on Friday, 20 October 2006 pending the release of this announcement. The Company has applied for a resumption of trading in its Shares with effect from 9:30 a.m. on Monday, 23 October 2006.

### **Subscription Agreement**

Date: 19 October 2006

Parties: The Issuer  
The Company as guarantor  
The Manager

Subject to the fulfilment of the conditions set out below under the section headed "Conditions precedent of the Subscription Agreement", the Manager has agreed, to subscribe or procure subscribers for the Firm Bonds with an initial aggregate principal amount of HK\$750,000,000 and if the Upsize Option is exercised, to subscribe or procure subscribers for the Optional Bonds with an aggregate principal amount of up to HK\$250,000,000.

The Manager has been granted an Upsize Option which can be exercised on one or more occasions (provided that such Upsize Option shall not be exercised more than once on any one day), in whole or in part, at any time, on or before the thirtieth day following the Closing Date, to require the Issuer to issue up to a further HK\$250,000,000 in aggregate principal amount of the Optional Bonds.

The Bonds will be offered and sold 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. None of the Bonds will be offered to the public in Hong Kong nor will they be placed to any connected persons of the Company. The Directors believe that the issue of the Bonds will have no impact on the fulfilment of the public float requirement under Rule 8.08 of the Listing Rules.

The Manager or any person acting for or on behalf of the Manager may, to the extent permitted by applicable laws and rules, over-allot and effect transaction with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail. However, there is no obligation on the Manager to do this. Such stabilising, if commenced, may be discontinued at any time.

### **Undertakings**

The Company and the Issuer have, among other things, jointly and severally undertaken with the Manager that it and its subsidiaries or other affiliates over which it exercises management or voting control will not issue, offer, sell, contract to sell, pledge or otherwise dispose of any securities from the date of the Subscription Agreement until 90 days after the Closing Date without the prior written consent of the Manager (such consent not to be unreasonably withheld or delayed).

The Company will procure the Relevant Shareholder to execute a written undertaking to the Manager that it will not dispose of any Relevant Shares or enter into other transactions with a similar effect from the date of the Subscription Agreement until 90 days after the Closing Date without the prior written consent of the Manager (such consent not to be unreasonably withheld or delayed).

### **Conditions precedent of the Subscription Agreement**

Completion of the Subscription Agreement is conditional upon, among other things:

- (a) the Manager having been satisfied with the results of its due diligence investigations on the Group and its associated companies for the purposes of the preparation of the Offering Circular, and the Offering Circular being prepared in form and content satisfactory to the Manager;
- (b) the Trust Deed and a paying and conversion agency agreement, each in a form reasonably satisfactory to the Manager having been executed by all the parties thereto on or prior to the Closing Date;
- (c) the Stock Exchange having agreed, subject to any conditions reasonably satisfactory to the Manager, to list the Bonds and the Conversion Shares (or in each case the Manager being reasonably satisfied that such listing will be granted);
- (d) on the Publication Date and the Closing Date, there shall have been delivered to the Manager comfort letters, dated such dates respectively, from the Company's auditors, in a form reasonably satisfactory to the Manager;

- (e) on or prior to the Closing Date, there shall have been delivered to the Manager each in a form reasonably satisfactory to the Manager, legal opinions dated the Closing Date from British Virgin Islands, PRC, Hong Kong and English legal advisers and such other resolutions, consents, authorities and documents relating to the issue of the Bonds, as the Manager may reasonably require; and
- (f) on or prior to the Closing Date, the Relevant Shareholder shall have executed a lock-up agreement whereby it undertakes not to sell any Shares or enter into other transactions with a similar effect from the date of the Subscription Agreement until 90 days after the Closing Date.

The Manager may, at its discretion and upon such terms as it thinks fit, waive compliance with the whole or any part of the conditions precedent.

#### **Termination**

The Manager may, by notice to the Issuer and the Company given at any time prior to payment of the net subscription monies for the Firm Bonds or the Optional Bonds (if any) to the Issuer, terminate the Subscription Agreement in any of the following circumstances:

- (a) if any of the conditions specified in the section “Conditions Precedent” of the Subscription Agreement have not been satisfied or waived by the Manager;
- (b) if there shall have come to the notice of the Manager any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties and representations contained in the Subscription Agreement or any failure to perform any of the Issuer’s or the Company’s undertakings or agreements in the Subscription;
- (c)
  - (i) if there shall have occurred any change, or any development involving a prospective change, in national or international monetary, financial, political or economic conditions (including any disruption to trading generally, or trading in any securities of the Issuer on any stock exchange or in any over-the-counter market) or currency exchange rates or foreign exchange controls; or
  - (ii) if there shall have occurred a general moratorium on commercial banking activities in the United Kingdom or United States or Hong Kong by any United Kingdom, New York State, United States Federal or Hong Kong authorities; or
  - (iii) if on or after the date of the Subscription Agreement there shall have occurred either of the following:
    - (aa) a suspension or material limitation of trading in securities generally on the New York Stock Exchange, the Nasdaq Stock Market, Inc., the London Stock Exchange plc, the Hong Kong Stock Exchange; or
    - (bb) a suspension in trading in the Issuer’s or the Guarantor’s securities on the Hong Kong Stock Exchange (save in circumstances in which such suspension is routine in nature); or
  - (iv) if there shall have occurred an outbreak or escalation of hostilities or act of terrorism, which would in the Manager’s view be likely to prejudice materially the success of the offering and distribution of the Bonds or dealings in the Bonds in the secondary market.

Subject to the foregoing, the Subscription Agreement is expected to be completed on the Closing Date. If the Option is exercised, the issue of the Optional Bonds will be completed on the Option Closing Date. The Firm Bonds and the Optional Bonds are expected to be issued on the Closing Date and the Option Closing Date respectively.

#### **Conversion**

The Bonds are convertible into ordinary shares of HK\$0.05 each in the share capital of the Company at an initial conversion price of HK\$2.925 (subject to adjustment), and the payment obligations of the Issuer will be guaranteed by the Company. The initial conversion price at HK\$2.925 per Share represents a premium of 30% to the closing price of the Shares quoted on the Stock Exchange on 19 October 2006 and a premium of approximately 33% to the 10-day average price of the Shares over the last 10 trading days up to and including 19 October 2006.

The Shares issuable upon conversion of the Bonds will be issued and allotted by the Company pursuant to the general mandate granted to the Directors at the annual general meeting held on 15 May 2006. Since 15 May 2006, there has been no issue of Shares pursuant to the general mandate.

#### **PRINCIPAL TERMS OF THE BONDS**

The principal terms of the Bonds, which will be constituted by the Trust Deed are summarised as follows:

##### **Issuer**

First Harvest Limited, a company incorporated with limited liability in the British Virgin Islands, which is a wholly-owned subsidiary of the Company.

##### **Guarantor**

The Company, a company incorporated with limited liability in Hong Kong, the shares of which are listed on the Stock Exchange.

##### **Principal Amount**

The aggregate principal amount of the Bonds (excluding the Optional Bonds) will be HK\$750,000,000, or HK\$1,000,000,000 if all the Optional Bonds are issued.

**Issue Price**

100% of the principal amount of the Bonds.

**Interest**

The Bonds do not bear any interest save for default interest at the rate of 5% per annum.

**Conversion Price**

The Bonds will be convertible into Shares at an initial conversion price of HK\$2.925 per Share. The Conversion Price will be subject to adjustment for, among other things, consolidation, subdivision or reclassification, capitalisation of profits or reserves, distribution, rights issues of Shares or options over Shares, rights issues of other securities, issues at less than current market price, modification of rights of conversion and other offers to Shareholders. The Conversion Price will also be subject to adjustment as described in the Terms and Conditions if there is a Change of Control occurs in respect of the Company.

**Conversion period**

Bondholder(s) have the right to convert their Bonds into Shares (subject to the cash settlement option set out below) at any time during the Conversion Period.

**Cash settlement**

At any time when the delivery of Shares deliverable upon conversion of the Bonds is required to satisfy the Conversion Right in respect of a notice of conversion, the Issuer shall have the option to pay to the relevant Bondholder an amount of cash in Hong Kong dollars equal to the Cash Settlement Amount (as defined in the Terms and Conditions) in order to satisfy such Conversion Right in full or in part (in which case the other part shall be satisfied by the delivery of Shares).

**Ranking of Conversion Shares**

Conversion Shares will rank *pari passu* in all respects with the Shares then in issue on the relevant date of registration of holders of such Shares on the register of members of the Company.

**Transfer**

The Bonds are transferable without restrictions.

**Maturity**

Unless previously redeemed, converted or purchased and cancelled, the Issuer will redeem each Bond at 127.236% of its principal amount on the Maturity Date representing a yield to maturity of 4.875%, calculated on a semi-annual basis.

**Redemption at the option of the Bondholders**

The Issuer will, at the option of the holder of any Bond, redeem all or some of that holder's Bond on the date falling on the third anniversary of the Closing Date, at the Early Redemption Amount of the Bonds.

**Redemption for Change of Control**

Following the occurrence of a Change of Control in the Issuer, the holder of each Bond will have the right at its option, to require the Issuer to redeem in whole but not in part such holder's Bonds at their Early Redemption Amount.

**Redemption for delisting**

In the event the Shares cease to be listed or admitted to trading on the Stock Exchange or, if applicable, the Alternative Stock Exchange (as defined in the Terms and Conditions), each Bondholder shall have the right, at such Bondholder's option, to require the Issuer to redeem all (but not less than all), of such Bondholder's Bonds at their Early Redemption Amount.

**Redemption at the option of the Issuer**

On or at any time after the date falling on the third anniversary of the Closing Date but not less than 7 business days prior to the Maturity Date, the Issuer may redeem the Bonds in whole but not in part at their Early Redemption Amount, provided, however, that no such redemption may be made unless the closing price of the Shares (as derived from the Stock Exchange's daily quotations sheet or, as the case may be, the equivalent quotation sheet of an Alternative Stock Exchange (as defined in the Terms and Conditions)) for each of the 30 consecutive dealing days, the last day of which period occurs no more than five dealing days prior to the date upon which notice of such redemption is given, was at least 130% of the applicable Early Redemption Amount divided by the Conversion Ratio.

In addition, if at any time the aggregate principal amount of the Bonds outstanding is less than 10% of the aggregate principal amount originally issued, the Issuer may redeem such outstanding Bonds in whole but not in part at their Early Redemption Amount.

**Redemption for taxation reasons**

At any time, the Issuer may redeem all, and not some only, of the Bonds at their Early Redemption Amount if (i) the Issuer satisfies the trustee to be appointed under the Trust Deed immediately prior to the giving of such notice that the Issuer (or, if the Guarantee (as defined in the Terms and Conditions) was called, the Company) has or will become obliged to pay additional tax as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands or Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 19 October 2006, and (ii) such obligation cannot be avoided by the Issuer (or the Company, as the case may be) taking reasonable measures available to it.

### Voting rights

Bondholders will not have any right to attend or vote in any meeting of the Company by virtue of their being Bondholders.

### Form of the Bonds and Denomination

The Bonds will be issued in registered form only and in denominations of HK\$10,000 each or integral multiples thereof.

### Guarantee

The due payment of all sums payable by the Issuer and the due performance by the Issuer of its obligations under the Trust Deed and the Bonds will be unconditionally and irrevocably guaranteed by the Company.

### Status

The Bonds will constitute direct, unsubordinated, unconditional and (subject to the negative pledge described below) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable laws and subject to negative pledge described below, at all times rank at least equally with all of its other present and future direct, unsubordinated, unconditional and unsecured obligations.

The payment obligations of the Company under the Guarantee (as defined in the Terms and Conditions) shall, save for such exceptions as may be provided by applicable legislation and subject to the negative pledge described below, at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations.

### Negative pledge

The Company and the Issuer will each give a negative pledge in relation to its (and the Company's subsidiaries') Investment Securities.

### Listing

Application will be made for the listing of, and permission to deal in, the Bonds by way of selectively marketed securities and the Conversion Shares on the Stock Exchange.

### EFFECT ON THE SHARE CAPITAL OF THE COMPANY AS A RESULT OF CONVERSION

Based on the initial conversion price of HK\$2.925 and assuming full conversion of the Bonds (including the Optional Bonds), the Bonds (including the Optional Bonds) will be convertible into 341,880,341 Shares (subject to adjustment), representing approximately 19.94% of the issued share capital of the Company as at the date of this announcement and approximately 16.63% of the enlarged issued share capital of the Company.

The following table summarises the shareholding structure of the Company as at the date of this announcement:

Name of Shareholder	Existing (as at the date of this announcement)		Assuming the Bonds (including the Optional Bonds) are fully converted into Shares at the initial conversion price of HK\$2.925 each	
	No. of Shares	% of issued share capital of the Company	No. of Shares	% of enlarged issued share capital of the Company
Interests of the Relevant Shareholder and its associates	1,284,467,826	74.92	1,284,467,826	62.46
Public Shareholders:				
Other Shareholders	429,972,695	25.08	429,972,695	20.91
Bondholders	—	—	341,880,341	16.63
Total	<u>1,714,440,521</u>	<u>100</u>	<u>2,056,320,862</u>	<u>100</u>

### USE OF PROCEEDS

The estimated net proceeds of the Bond Issue (excluding the Optional Bonds), after deduction of commission and administrative expenses, amount to approximately HK\$730,000,000. The net proceeds are currently intended to be used by the Company for future acquisitions of alumina or aluminium related business such as 廣西華銀鋁業有限公司 (Guangxi Huayin Aluminium Company Limited), Sherwin Alumina L.P. and/or other projects and, pending such use, may be deployed for general working capital purposes. The two companies named above are or will be engaged in the production of alumina, further details of which are contained in the circular of the Company dated 30 June 2005. The Company may or may not proceed with the acquisition of these two companies.

## **REASONS FOR AND BENEFITS OF THE BOND ISSUE**

The Bond Issue will enlarge the capital base of the Company. Taking into account that the Conversion Price represents a premium over the prevailing Share price and the net proceeds will provide fundings for future acquisitions, business development and expansion plans of the Group, the Directors are of the view that the terms and conditions of the Bonds are fair and reasonable and are in the interest of the Group as a whole.

### **GENERAL**

The Company is an investment holding company and the principal activities of its subsidiaries are trading of non-ferrous metals and manufacturing, and distribution of aluminium and copper products.

**Completion of the Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Subscription Agreement may be terminated in certain circumstances. Please refer to the paragraph headed "Subscription Agreement" above for further information.**

**As the Subscription Agreement may or may not complete, Shareholders and potential investors are advised to exercise caution when dealing in the Shares of the Company.**

The Company has not raised any funds by means of equity in the past 12 months. Options with respect to 30,030,000 Shares have been issued pursuant to the Company's share option schemes.

The Issuer will apply to the Stock Exchange for the listing of, and permission to deal in, the Bonds by way of selectively marketed securities and the Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

To the best of the Directors' knowledge, the Manager and the ultimate beneficial owner of the Manager are independent third parties and are not connected persons of the Company.

The Company will ensure that the Bonds will not be placed to connected persons of the Company and that, after the issue of the Bonds, the Company will disclose to the Stock Exchange any dealings by any connected persons from time to time in the Bonds immediately upon the Company becoming aware of such dealings.

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on Friday, 20 October 2006 pending the release of this announcement. The Company has applied for a resumption of trading in its Shares with effect from 9:30 a.m. on Monday, 23 October 2006.

### **TERMS USED IN THIS ANNOUNCEMENT**

"associate"	has the meaning ascribed to such term as in the Listing Rules
"Board"	the board of Directors from time to time
"Bondholder(s)"	holder(s) of the Bonds from time to time
"Bond Issue"	the subscription and issue of the Firm Bonds with an initial aggregate principal amount of HK\$750,000,000 and the Optional Bonds with an aggregate principal amount of HK\$250,000,000 under the Subscription Agreement
"Bonds"	the Firm Bonds and the Optional Bonds
"Change of Control"	a Change of Control occurs when: <ul style="list-style-type: none"><li>(i) other than, directly or indirectly, or as the beneficiary of a trust, acting individually or together, the Relevant Shareholder or any of their Affiliates (as defined in the Terms and Conditions), executors, administrators or successors, any person or persons (as defined in the Terms and Conditions) acting together, acquires Control of the Company; or</li><li>(ii) the Company consolidates with or merges into or sells or transfers all or substantially all of the Company's assets to any other person (as defined in the Terms and Conditions, unless the consolidation, merger, sale or transfer will not result in the other person or persons (as defined in the Terms and Conditions) acquiring Control over the Company or the successor entity</li></ul>
"Closing Date"	the date (expected to be on or before 7 December 2006 or such later date as the Issuer, the Company and the Manager may agree) on which the Firm Bonds are issued
"Company"	Minmetals Resources Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Stock Exchange
"connected person"	has the meaning ascribed to such term as in the Listing Rules
"Control"	the acquisition or control of more than 50 per cent. of the voting rights of the issued share capital of the Company or the right to appoint and/or remove all or the majority of the members of the Company's board of Directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise

“Conversion Period”	at any time on or after the date falling on the 41st day after the Closing Date up to the close of business on the day falling on the tenth day before the Maturity Date (but, except as provided in the Terms and Conditions, in no event thereafter) or if such Bond shall have been called for redemption before the Maturity Date, then up to the close of business on a date no later than seven business days prior to the date fixed for redemption thereof
“Conversion Price”	the price per Share at which the Bonds may be converted into Shares
“Conversion Ratio”	the principal amount of each Bond divided by the then Conversion Price
“Conversion Right”	the right of a Bondholder to convert any Bond into Shares
“Conversion Shares”	Shares to be allotted and issued by the Company upon conversion of the Bonds
“Directors”	directors of the Company
“Early Redemption Amount”	for each HK\$10,000 principal amount of the Bonds, such amount as is determined so that it represents for the Bondholder a gross yield of 4.875% per annum, calculated on a semi-annual basis
“Firm Bonds”	the Zero Coupon Guaranteed Convertible Bonds due 2011 of an initial aggregate principal amount of HK\$750,000,000
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Investment Securities”	any present or future indebtedness in the form of, or represented by, bonds, debentures, notes or other investment securities with a maturity of more than one year from the date of issue and which are for the time being, or are intended to be or capable of being, quoted, listed, ordinarily dealt in or traded on any stock exchange or over the counter or other securities market
“Issuer”	First Harvest Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Manager”	J.P. Morgan Securities Ltd.
“Maturity Date”	the date falling on the fifth anniversary of the Closing Date
“Offering Circular”	the offering circular to be issued in connection with the issue and offering of the Bonds
“Optional Bonds”	the additional Zero Coupon Guaranteed Convertible Bonds due 2011 with an aggregate principal amount up to HK\$250,000,000 to be subscribed by the Manager or investors procured by the Manager at the election of the Manager
“Option Closing Date”	the date on which the Optional Bonds are to be issued
“PRC”	the People’s Republic of China
“Publication Date”	the date of the Offering Circular, which is expected to be four business days prior to the Closing Date or such other date as may be agreed between the Issuer, the Company and the Manager
“Relevant Shareholder”	China Minmetals Corporation
“Relevant Shares”	1,284,467,826 Shares held directly or indirectly by the Relevant Shareholder as at the date of the Subscription Agreement
“Share(s)”	ordinary shares of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	a conditional subscription agreement entered into between the Issuer, the Company and the Manager on 19 October 2006 in connection with the issue by the Issuer of the Firm Bonds and, subject to the exercise of the Upsize Option by the Manager, the Optional Bonds
“substantial shareholder”	has the meaning ascribed to such term as in the Listing Rules
“Terms and Conditions”	terms and conditions of the Bonds scheduled to the Subscription Agreement
“Trust Deed”	the trust deed to be entered into between the Issuer, the Company and the trustee to be appointed

“United States” or “US”

the United States of America

“Upsize Option”

an option granted by the Issuer to the Manager to subscribe or procure subscribers for all or any of the Optional Bonds, exercisable on or before the thirtieth day following the Closing Date

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

Hong Kong, 20 October 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.”