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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)

CONNECTED TRANSACTION SUPPLY AND SERVICES AGREEMENT

On 7 June 2012, MMG Dugald River entered into the Supply and Services Agreement with Minmetals Australia in relation to the supply of accommodation modules and ancillary buildings and provision of ancillary services by Minmetals Australia to MMG Dugald River for the permanent village at the Dugald River project.

Minmetals Australia is a wholly-owned subsidiary of CMC, the ultimate controlling shareholder of the Company, and is therefore a connected person of the Company under the Listing Rules. As a result, the Supply and Services Agreement constitutes a connected transaction for the Company. As the relevant percentage ratios in respect of the transaction value relating to the Supply and Services Agreement is more than 0.1% but less than 5%, it constitutes a connected transaction which is subject to the reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

SUPPLY AND SERVICES AGREEMENT

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Parties : (1) MMG Dugald River (Buyer)
(2) Minmetals Australia (Supplier)

Products to be sold : Accommodation modules and ancillary buildings for permanent village at the Dugald River project in accordance with the specifications under the Supply and Services Agreement, including:

- (1) Shipment 1: 25 modules with 4 bedroom configuration; 34 modules with 3 bedroom configuration and 1 laundry unit
 - (2) Shipment 2: 59 modules with 3 bedroom configuration and 1 laundry unit
 - (3) Shipment 3: 59 modules with 3 bedroom configuration and 3 laundry units
 - (4) Shipment 4: 12 modules with 3 bedroom configuration; 6 modules with 2 bedroom configuration (1 module for disabled) and 4 laundry units (1 unit for disabled)
- Services to be provided : Minmetals Australia is responsible for the manufacture and testing of the Products in accordance with Australian Standards and Building Codes, and the provision of any other services which are necessary for the performance of obligations under the Supply and Services Agreement
- Variations : MMG Dugald River may request any change (1) to the Products or the specifications of the Products; (2) in relation to the delivery arrangement of the Products; or (3) to the Services or the specifications of the Services to be provided, by written notice to Minmetals Australia. Upon receiving such notice, Minmetals Australia will provide MMG Dugald River with details of the effect on the date of delivery or date of completion of the Services and the cost of performing the proposed Variation, MMG Dugald River may determine whether to proceed with such Variation.
- Date of delivery : (1) Shipment 1 – to be delivered to Townsville Queensland Australia in mid-September 2012
- (2) Shipment 2 – to be delivered to Townsville Queensland Australia in mid-October 2012
- (3) Shipment 3 - to be delivered to Townsville Queensland Australia in mid-November 2012
- (4) Shipment 4 - to be delivered to Townsville Queensland Australia in mid-December 2012

Completion/Date of Acceptance : The date on which the Products are accepted by MMG Dugald River as specified in the certificate of completion issued by MMG Dugald River

Warranty period : 12 months from the Date of Acceptance

The terms of the Supply and Services Agreement were arrived at after arm's length negotiations between MMG Dugald River and Minmetals Australia.

THE CONSIDERATION

The Consideration pursuant to the Supply and Services Agreement shall be approximately US\$17.0 million (equivalent to approximately HK\$132.6 million), subject to adjustment arising from any Variation. The Consideration shall be payable by MMG Dugald River to Minmetals Australia according to the following schedule:

- (1) 30% of the Consideration, i.e. US\$5.1 million (equivalent to approximately HK\$39.78 million) within 30 days from the Date of Acceptance of Shipment 1;
- (2) 30% of the Consideration, i.e. US\$5.1 million (equivalent to approximately HK\$39.78 million) within 30 days from the Date of Acceptance of Shipment 2;
- (3) 30% of the Consideration, i.e. US\$5.1 million (equivalent to approximately HK\$39.78 million) within 30 days from the Date of Acceptance of Shipment 3; and
- (4) 10% of the Consideration, i.e. US\$1.7 million (equivalent to approximately HK\$13.26 million) within 30 days from the Date of Acceptance of Shipment 4.

Minmetals Australia was selected as preferred contractor at the completion of a competitive tender process conducted by MMG Dugald River in conjunction with its Engineering Procurement Construction and Management (EPCM) contractor and the Consideration was arrived at after arm's length negotiations between MMG Dugald River and Minmetals Australia.

A total of seven accommodation module manufacturers from China and Australia submitted bids for the supply of the Products and Services. Minmetals Australia was selected based on superior design and quality, and also submitted the lowest priced tender.

REASONS FOR AND BENEFITS OF THE SUPPLY AND SERVICES AGREEMENT

The Dugald River project is one of the world's largest and highest grade known undeveloped lead-zinc-silver deposits with a resource of 53 million tonnes at 12.5% zinc, 1.9% lead and 36g/t silver. Dugald River is located in north-west Queensland, approximately 65 kilometres north-west of Cloncurry.

Early works commenced on site in October 2011 and included the development of two exploration declines, which will intersect the main part of the ore body in late 2012. The final decision on whether to develop the Dugald River project is expected to be made by the Board in the second half of 2012 and, subject to other required approvals, the Company aims to have the mine in operation during 2014.

In view of the development plan of the Dugald River project, the Directors (including the independent non-executive Directors) believe that the entering into of the Supply and Services Agreement has the benefit of providing high quality village accommodation for the Dugald River project at competitive rates and without delaying planned construction activities with respect to the entire Dugald River project.

GENERAL

The Directors (including the independent non-executive Directors) are of the view that the terms of the Supply and Services Agreement are on normal commercial terms, and are fair and reasonable and in the interests of the shareholders of the Company as a whole. No Director has any material interest in the transactions contemplated under the Supply and Services Agreement which prohibits him from voting on the resolutions of the Board to approve the Supply and Services Agreement and no Director has abstained from approving such Board resolutions.

IMPLICATIONS UNDER THE LISTING RULES

Minmetals Australia is a wholly-owned subsidiary of CMC, the ultimate controlling shareholder of the Company, and is therefore a connected person of the Company under the Listing Rules. As a result, the Supply and Services Agreement constitutes a connected transaction for the Company.

As the relevant percentage ratios in respect of the transaction value relating to the Supply and Services Agreement is more than 0.1% but less than 5%, it constitutes a connected transaction which is subject to the reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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.

INFORMATION ABOUT MMG DUGALD RIVER

MMG Dugald River is a wholly owned subsidiary of the Company which operates the Dugald River development project.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Board”	the board of directors of the Company
“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 People's Republic of China and the ultimate controlling shareholder of the Company

“Company”	Minmetals Resources Limited, a company incorporated on 29 July 1988 in Hong Kong with limited liability, the shares of which are listed and traded on the main board of the stock exchange operated by the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	approximately US\$17.0 million (equivalent to approximately HK\$132.6 million), subject to adjustment arising from any Variation, payable by MMG Dugald River to Minmetals Australia pursuant to the Supply and Services Agreement
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Minmetals Australia”	Minmetals Australia Pty Ltd, a company incorporated on 20 October 1987 in Australia with limited liability and a wholly-owned subsidiary of CMC
“MMG Dugald River”	MMG Dugald River Pty Ltd, a company incorporated on 15 July 1998 in Australia with limited liability and a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Supply and Services Agreement”	means the agreement dated 7 June 2012 entered into between MMG Dugald River and Minmetals Australia in relation to the supply of accommodation modules and ancillary buildings and provision of ancillary services by Minmetals Australia to MMG Dugald River for the permanent village at the Dugald River project
“%”	Percentage

Unless otherwise specified, conversion of US\$ into HK\$ in this announcement 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.

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

Hong Kong, 7 June 2012

As at the date of this announcement, the board of directors of the Company comprises eight 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 two are independent non-executive directors, namely Dr. Peter William Cassidy and Mr. Anthony Charles Larkin.