

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



五礦資源有限公司

MINMETALS RESOURCES LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1208)

ANNOUNCEMENT

Pursuant to the Non-competition Agreement, China Minmetals has undertaken, among other things, to procure that CMN will offer to sell its then potential interest in Sherwin on normal commercial terms to the Company within three years from 31 December 2004.

Based on the Company's assessment of the costs, risks and benefits associated with such investment and after taking into consideration the terms and conditions offered by an independent third party proposed purchaser of CMN's interest in Sherwin and the advice from the Company's financial adviser, the Directors (including the independent non-executive Directors) are of the view that it is not in the interests of the Company and its shareholders as a whole for the Group to acquire CMN's interest in Sherwin.

NON-COMPETITION AGREEMENT

As disclosed in the Company's circular dated 30 June 2005 regarding the acquisition by the Company of the entire interest of Top Create Resources Limited in Peak Strategic Industries Limited, China Minmetals entered into the Non-competition Agreement in favour of the Company on 30 December 2004. Pursuant to the Non-competition Agreement, China Minmetals has undertaken, among other things, to procure that CMN will offer to sell its then potential interest in Sherwin on normal commercial terms to the Company within three years from 31 December 2004.

INFORMATION ABOUT SHERWIN

Sherwin was established in 1953 and is an alumina refiner engaged in the production of alumina in the United States of America. It has a current production capacity of 1.6 million tonnes of alumina per annum. Sherwin is indirectly owned as to 51% by CMN, which in turn is a controlling shareholder of the Company.

REASONS FOR NOT ACQUIRING CMN'S INTERESTS IN SHERWIN

In connection with its rights under the Non-competition Agreement, the Company has engaged Rothschild as its financial adviser to assist in its evaluation of the possible acquisition of CMN's interest in Sherwin. As part of its role, Rothschild conducted a preliminary due diligence review on Sherwin and CMN's interest therein, which covers various aspects including but not limited to analyses on the financials and operations of Sherwin, and performed a preliminary valuation relating to Sherwin.

The Company recently received a letter from CMN offering to sell its interest in Sherwin to the Company on the terms and conditions offered by an independent third party proposed purchaser.

Through the Company's due diligence on Sherwin and CMN's interest therein, the Company noted that Sherwin as an alumina refiner does not have its own bauxite mine and has to source such raw material from third parties for its alumina production. Further, it appears that Sherwin's production cost is higher than the Group's expectation to secure the level of return that the Group desired.

Whereas an investment in Sherwin would be in line with the Group's strategy to build on its competitive strengths by expanding its existing businesses and enhancing the results of its operations through further vertical integration, based on the Company's assessment of the costs, risks and benefits associated with such investment and after taking into consideration the terms and conditions offered by the independent third party proposed purchaser and the advice from the Company's financial adviser, the Directors (including the independent non-executive Directors) are of the view that it is not in the interests of the Company and its shareholders as a whole for the Group to acquire CMN's interest in Sherwin at this junction and the Company has agreed to forgo its right to acquire CMN's interest in Sherwin under the Non-competition Agreement.

DEFINITIONS

"China Minmetals"	中國五礦集團公司 (China Minmetals Corporation), a State-owned enterprise established on 7 April 1950 under the laws of the PRC and the ultimate controlling shareholder of the Company
"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 established on 27 December 2001 under the laws of the PRC which is owned as to approximately 82.23% by China Minmetals and indirectly owns approximately 58.84% of the Company
"Company"	Minmetals Resources Limited (五礦資源有限公司), a company incorporated on 29 July 1988 in Hong Kong with limited liability, the shares of which are listed on The Stock Exchange of Hong Kong Limited
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"Non-competition Agreement"	the non-competition and first rights of refusal agreement dated 30 December 2004 entered into by China Minmetals in favour of the Company
"PRC"	the People's Republic of China (for the purpose of this announcement, excluding Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC)
"Rothschild"	N M Rothschild & Sons (Hong Kong) Limited, a corporation licensed by the Securities and Futures Commission to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Sherwin”

Sherwin Alumina L.P., a company in respect of which CMN has a 51% interest and an independent third party of the Company has the remaining 49% interest

By order of the board
Minmetals Resources Limited
Xu Huizhong
Executive Director and President

Hong Kong, 2 May 2007

As at the date of this announcement, the board of directors of the Company 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.”