



## CHINA MINING INTERNATIONAL LIMITED

中矿国际有限公司

(Company Registration No. CT-140095)

(Registered in the Cayman Islands)

---

### MEMORANDUM OF UNDERSTANDING

---

#### 1. Introduction

The Board of Directors (the “**Board**” or “**Directors**”) of China Mining International Limited (the “**Company**”) wishes to announce that the Company has, on 11 July 2013, entered into a non-binding Memorandum of Understanding (“**MOU**”) with China Geological Exploration Holdings Limited (“**CGE**”) and Guide True Limited (“**GT**”) (collectively, the “**Vendors**”), pursuant to which the Company and the Vendor have reached an understanding to negotiate and finalise a definitive share sale and purchase agreement and other related documents (the “**Definitive Documentation**”) in respect of the potential acquisition of a new company to be incorporated in the British Virgin Islands (“**Target Company**”), which will, in turn own, directly or indirectly, the Target Mines (as defined below) located within and outside of the People’s Republic of China (“**PRC**”) (the “**Proposed Acquisition**”).

#### 2. Effect of the MOU

Pursuant to the terms of the MOU, the Proposed Acquisition will, upon completion, result in a change of control of the Company and will constitute a “Reverse Take-over Transaction” as defined under Chapter 10 of the Listing Manual (“**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). In complying with Rule 1015(3)(a) of the Listing Manual, the market capitalisation of the Company is estimated to be not less than S\$300 million after the completion of the Proposed Acquisition.

The Proposed Acquisition shall be subject to certain conditions, including satisfactory due diligence by the Company in relation to the companies which will own the Target Mines (collectively, the “**Target Group**”), as well as the approval of the shareholders of the Company and the approval of the SGX-ST.

The Company and the Vendors have agreed to develop a mutually acceptable structure for the Target Group and to negotiate the terms of the Definitive Documentation by 30 September 2013 (or such later date as the parties to the MOU may agree) (the “**Proposed Date**”), and that the Vendors agree and shall collectively procure the Target Group not to, prior to the Proposed Date, solicit or negotiate with any other party for the purposes of entering into any merger or share acquisition agreement. Notwithstanding the aforesaid, the Company and the Vendors acknowledge and agree that the Vendors and the Target Company will be considering investments by certain third party investors before the Proposed Date (“**Third Party Investments**”) and would need to carry on negotiations, and such investment as well as any resultant change in shareholding in the Target Company shall be subject to the Company’s prior consent.

#### 3. Information on the Target Group

Subject to the Third Party Investments, the shareholders of the Target Company are expected to be CGE and GT.

Prior to the execution of the Definitive Documentation, the Target Group shall have interest, including exploration licences and/or mining rights, in the following mines:

- (a) a tantalum-niobium mine in Nigeria;

- (b) a tin-copper mine in Tajikistan;
  - (c) an iron ore mine in Western Australia; and
  - (d) two (2) iron ore mines in Xinjiang, the PRC,
- (collectively, the “**Target Mines**”).

The Target Mines are in the advanced stage of exploration and/or development.

Barring any unforeseen circumstances, the Target Mines located in Nigeria and Tajikistan are expected to commence production within the next six (6) months and achieve its planned production capacity.

#### 4. Information on the Vendors

CGE is a company incorporated in the Cayman Islands, and its ultimate controlling shareholder is the Geo-exploration and Mineral Development Bureau of the Henan Province (河南省地质矿产勘查开发局) (the “**Henan Bureau**”). The chairman of the board of CGE is Mr Tang Quanguo, who was formerly the chief of Henan Bureau and the deputy chief of the Land and Resources Bureau of the Henan Province.

The Geo-exploration and Mineral Development Bureau (地质矿产勘查开发局) is the key national body in driving the resource mining and development initiatives of the PRC, and Henan Bureau is a leading division of this said body. Established since 1957 and adequately staffed with competent personnel, about 4,000 of whom are qualified technical staff, Henan Bureau undertakes the exploration, mining, production and trading of mining resources via the several hundreds of mines it presently owns within and outside the PRC.

GT's ultimate shareholders are Mr Guo Yinghui and his wife. Mr Guo Yinghui is the Executive Chairman and controlling shareholder of the Company, holding in aggregate (direct and indirect) interest of approximately 34.24% of the Company's total issued share capital as at the date of this Announcement.

#### 5. Purchase Consideration

It is currently contemplated that the purchase consideration (“**Purchase Consideration**”) for the Proposed Acquisition will be satisfied through a combination of the following modes of payment:

- (a) the disposal to GT (or any other person or entity as GT may direct) of the Company's entire interest in the capital of its wholly-owned subsidiary, Elegant Jade Enterprises Limited (“**Elegant Jade**”). Elegant Jade presently owns various companies with underlying assets comprising, among others, two (2) iron ore mines, which it co-owns with a third party through a 50:50 joint venture, and certain real estate property assets;
- (b) in cash; and
- (c) the issuance of new ordinary shares in the capital of the Company, credited as fully paid.

The Purchase Consideration shall be subject to, *inter alia*, the following:

- (a) an independent qualified person's report on each of the Target Mines in accordance with the Australasian Joint Ore Reserves Committee Code, or an equivalent standard that is acceptable to the SGX-ST; and

- (b) a valuation report on each of the Target Mines in accordance with the Code for Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports promulgated by the VALMIN Committee, or an equivalent standard that is acceptable to the SGX-ST.

## **6. Rationale for the Proposed Acquisition**

The Board is of the view that the Proposed Acquisition represents an opportunity for the Company to focus its core business in the exploration, mining and trading of mineral resources which in turn will potentially provide it with a regular stream of revenue. Furthermore, with a strong parentage in the form of Henan Bureau, the Board expects opportunities which the new parent may provide to the Company to be significant, given Henan Bureau's considerable mining expertise and portfolio.

The Board also expects the real estate development business to remain competitive and challenging in the near future due to a combination of higher land prices and austerity measures imposed by the PRC government in recent years.

## **7. Interested Person Transaction**

As Mr Guo Yinghui is the Executive Chairman and controlling shareholder of the Company, and GT's ultimate shareholders are Mr Guo Yinghui and his wife, the Proposed Acquisition would be an interested person transaction under Chapter 9 of the Listing Manual which will be subject to the approval of the Company's independent shareholders. The Company will in due course convene a shareholders' meeting after the Definitive Documentation have been entered into.

The Company will be appointing an independent financial adviser to advise the Independent Directors of the Company in connection with the Proposed Acquisition and the advice of the independent financial adviser will be set out in the circular to be dispatched to the Company's shareholders in due course.

Save as disclosed above and for their respective shareholding interest in the Company, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition.

## **8. Further announcements**

The Company will make further announcement(s) as and when there are material developments to the Proposed Acquisition, and/or disclose further details of the Proposed Acquisition as required under Chapters 9 and 10 of the Listing Manual upon the execution of the Definitive Documentation.

## **9. Caution in trading**

**Shareholders are advised to exercise caution in trading their shares as there is no certainty or assurance as at the date of this Announcement that the Definitive Documentation will be entered into, or that the Proposed Acquisition will be completed. Shareholders are advised to read this Announcement and any further announcements by the Company carefully. Shareholders should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.**

On behalf of the Board

Li Bin  
CEO & Executive Director

11 July 2013