



China Mining International Limited

中矿国际有限公司

(Incorporated in the Cayman Islands)

(Company Registration Number: CT-140095)

BINDING MEMORANDUM OF UNDERSTANDING IN RELATION TO THE PROPOSED ACQUISITION OF EQUITY INTEREST IN AERO WIND PROPERTIES (PTY) LTD

1. INTRODUCTION

The Board of Directors of China Mining International Limited (the "**Company**" [and together with its subsidiaries, the "**Group**"]) is pleased to announce that the Company has on 25 April 2016 entered into a memorandum of understanding (the "**MOU**") in relation to the proposed acquisition (the "**Proposed Acquisition**") by the Company of a controlling shareholding interest in Aero Wind Properties (Pty) Ltd ("**AWP**") from Sino-Africa Mining International Limited ("**Sino Africa**") and Mr Yan-Bing Zhang ("**Zhang**") (collectively, the "**Sellers**", and together with the Company, the "**Parties**").

The MOU, which is intended to be legally binding between the Parties sets out the preliminary intentions of the Parties with regards to entering into a definitive sale and purchase agreement (the "**SPA**") in respect of the Proposed Acquisition.

2. INFORMATION ON AWP AND THE THABAZIMBI PROJECT

AWP is a company registered in South Africa on 6 May 2009 and the holder of a prospecting right for an iron ore mine project situated in Thabazimbi, Limpopo Province, South Africa (the "**Thabazimbi Project**"). According to a preliminary study report commissioned by AWP and issued by a geological and geophysical consultant, the Thabazimbi Project is an open cast mine with an estimated deposit of over 15 billion tons of iron ore, including not less than 360 million tons of indicated/measured magnetite with an average grade of approximately 35%. It is noted that these estimates are subject to further verification after the ongoing preparation of an independent qualified person's report and a valuation report by an independent expert is completed; these two reports to be prepared by a qualified person and an expert in accordance with the standards of reporting required under the Listing Rules of the Singapore Exchange Securities Trading Limited.

The Sellers are currently negotiating the following agreements in connection with the Thabazimbi Project:

- (i) a lease of certain iron ore manufacturing plants and infrastructures from a neighbouring closed mine;
- (ii) one or more long term supply agreement(s) with a major South African iron ore company and other major international iron ore companies; and
- (iii) long term logistics arrangements with the South African government and railway authority regarding the existing railways operating between the Thabazimbi Project and potential purchasers of the ore produced by the Thabazimbi Project, and certain ports (collectively, the "**Agreements**").

It is intended that upon the successful completion of the negotiations of the Agreements, to the extent that these do not automatically transfer to the Purchaser upon the completion of the SPA, the Sellers shall transfer to the Purchaser all rights flowing therefrom.

3. INFORMATION ON THE SELLERS

Information on Sino-Africa Mining International Limited

Sino Africa, a company incorporated in the Cayman Islands on 28 October 2013, is an investment holding company.

Sino Africa is the indirect shareholder of 40% of all the issued share capital of AWP. HuiXin Mining International Limited (“**Huixin Mining**”), which directly owns 40% of the issued share capital of AWP, is wholly owned by Sino Feng Mining International Limited (“**Sino Feng**”), which in turn is wholly owned by Sino Africa.

Information on Mr Yan-Bing Zhang

Zhang is the indirect shareholder of 34% of the issued share capital of AWP. Thabazimbi Iron Ore (Asia) Holding Pte Ltd (“**Thabazimbi Asia**”), which directly owns 34% of the issued share capital of AWP, is wholly owned by Zhang.

4. RATIONALE FOR THE PROPOSED ACQUISITION

The Board is of the view that the Proposed Acquisition represents an opportunity for the Company to expand 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. In addition, it is anticipated that the Proposed Acquisition will have the potential to increase the value of the Company.

As announced by the Company on 1 April 2014 and 31 December 2014, the Company had entered into a conditional sale and purchase agreement and an amended and restated conditional sale and purchase agreement dated 31 December 2014 and 31 March 2014 respectively with Guide True Limited and China Geological Exploration Holdings Limited (the “**Proposed RTO**”). Notwithstanding the ongoing Proposed RTO, the Company is continually exploring all business opportunities to enhance shareholder value, including the acquisition of shareholding interests in companies holding rights to mineral assets.

5. PRINCIPAL TERMS OF THE MOU

The Company intends to acquire shares in AWP via the acquisition of a part or the whole of the entire issued share capital in Sino Feng and Thabazimbi Asia from the Sellers. The exact number of shares in each of Sino Feng and Thabazimbi Asia that the Company will acquire, and the consideration for such shares, shall be determined after a valuation of AWP’s assets has been carried out. The valuation of AWP’s assets is still ongoing.

The MOU shall be effective from 25 April 2016 (the “**Signature Date**”) and shall terminate upon the conclusion of a SPA in respect of the Proposed Acquisition, or the first anniversary of the Signature Date, whichever is earlier.

The Sellers irrevocably agree that they will not enter into negotiations with any third party in connection with any transaction for the disposal of shares in AWP, Thabazimbi Asia, Sino Feng and Huixin Mining during the term of the MOU, unless previously agreed in writing by the Company.

6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the directors or substantial shareholders of the Company have any interest, direct or indirect, in the Proposed Acquisition (other than through their direct or indirect shareholdings in the Company).

7. FURTHER ANNOUNCEMENTS

The Company will make further announcement(s) to keep shareholders informed, as and when there are further updates pertaining to the above matter or if there are any material developments.

8. CAUTIONARY STATEMENT

Shareholders and potential investors should exercise caution when trading in the shares of the Company, as there is no certainty that the Parties will progress to signing the SPA due to various factors such as the purchase consideration. In the event of any doubt as to the action they should take, shareholders should consult their financial, tax, legal or other professional advisers.

BY ORDER OF THE BOARD

Mr. Li Bin
CEO and Executive Director
25 April 2016