

PRESS RELEASE

PRC state-owned China Geological Exploration to list mining assets on SGX Mainboard via a RTO of China

Mining International

- *Subsequent to the RTO, China Mining International will be the first PRC government-backed mining company listed on SGX*
- *China Geological Exploration has access to a strong pipeline of mining assets from the Geo-exploration and Mineral Development Bureau of the Henan Province for injection into China Mining International*

Singapore - 19 August 2013 - China Geological Exploration Holdings Limited (“CGE”) (中国地质勘查控股有限公司), a company ultimately owned by the **Geo-exploration and Mineral Development Bureau of the Henan Province** (the “Henan Bureau”) (河南省地质矿产勘查开发局), is planning to list some of its mining assets via a reverse take-over (“RTO”) of SGX Mainboard-listed **China Mining International Limited** (“China Mining”) (中矿国际有限公司).

Upon the successful completion of the RTO, CGE will become the single largest shareholder of China Mining, which will in turn be transformed into a pure mining company and be the first PRC government-backed mining company listed on SGX Mainboard. The Henan Bureau intends to leverage China Mining as its key investment platform to list and internationalise its mining assets, in particular similar-natured brownfield and late stage mines.

Mining – A Key Pillar of Economic Growth in the PRC

Established in 1957, the Henan Bureau is one of the leading bureaus in China spearheading the government’s resource mining and exploration initiatives in China as well as overseas. With more than 4,700 qualified technical personnel, the Henan Bureau is a one-stop provider of services along the entire mining chain – from exploration and mining, to processing and trading.

The Henan Bureau, which was the first Chinese bureau to carry out exploration outside of the PRC, has about 200 licences in the PRC and close to 100 licences in over 20 countries globally.

Over the years, the Henan Bureau has discovered over 120 types of ferrous and non-ferrous minerals which have provided 95% of energy and 80% of industrial raw material demand for the Henan Province. Out of the several hundreds of mines it owns around the world, some are rare mineral mines such as tantalum and niobium which are highly sought after for diverse industrial applications.

Commenting on the Henan Bureau's plans to internationalise its assets, **Mr Wang Jianping (王建平)**, the first vice chief of the Henan Bureau, said, "The mining industry is a key pillar of economic growth for the PRC. With the huge demand for and insufficient supply of minerals in China, the PRC government is strongly encouraging the growth of the mining industry in the PRC and overseas. The Henan Bureau plays a key role in securing these resources and driving their growth. By listing our assets, we will be able to unlock the value of these mines, tap on the capital markets to facilitate our expansion plans, as well as raise our profile internationally."

"Given Singapore's well-developed capital market and reputation as a commodities hub, we believe Singapore is an excellent place to list our assets. The Singapore Exchange has also been actively promoting the growth of the mineral, oil and gas sector, which will help to increase investor interest in this sector," explained Mr Wang.

Unearthing Value

Led by Chairman **Mr Tang Quanguo (唐全国)**, the former chief of Henan Bureau, CGE currently holds interest in several mining assets, five among which, namely, a tantalum-niobium mine in Nigeria; a tin-copper mine in Tajikistan; an iron ore mine in South Australia; and two iron ore mines in Xinjiang, the PRC, are proposed to be injected into China Mining as part of the RTO.

Elaborating on the RTO, Mr Tang said, "CGE has a strong pipeline of assets from our controlling shareholder, the Henan Bureau. For the purpose of the RTO, we have focused on brownfield¹ and late stage mines which are in the advanced stage of exploration. Barring unforeseen circumstances,

¹ Compared to greenfield, brownfield denotes that reasonable exploration works had been carried out on a prospective deposit and the quantum of resources can be reasonably ascertained.

the mines in Nigeria and Tajikistan are expected to commence production within the next six months.”

“The Henan Bureau and CGE are supporting and will continue to support China Mining with regard to technical expertise and resources as well as financial support. CGE also enjoys strong working relationships with the relevant stakeholders of the target mines, including local authorities. Subsequent to the RTO, the Henan Bureau plans to inject into China Mining, through CGE, other mining assets at brownfield or later stage and of similar nature to the mines of China Mining. The injection of such mines would take into consideration factors such as increasing the reserve of existing mineral types, enhancing China Mining’s market share and industry position, and improving the earnings potential of China Mining. Of course, all such injections shall comply with the relevant laws and regulations before they are carried out,” he added.

Among the first five assets to be injected into China Mining is a tantalum-niobium mine in Nigeria, which aims to be one of the largest suppliers of tantalum and niobium in China. Tantalum and niobium are both temperature and corrosion resistant and have diverse applications such as oil and gas pipelines, railroad tracks, military as well as aeronautical industrial uses, electronic circuits in medical appliances and many more.

The PRC is the world’s largest consumer of tantalum and niobium, importing more than 90% of its needs. Based on the PRC’s 12th Five-Year Plan (2011-2015), the PRC is projected to need more than 45,000 tons of niobium and over 500 tons of tantalum.

Meanwhile, the tin-copper mine in Tajikistan aims to be the key tin and copper supplier to the northwest of China. The PRC is presently also the largest consumer of tin and copper in the world. In 2012, the PRC consumed about 150,000 tons of tin and 8 million tons of copper, relative to its domestic production of only about 90,000 tons and 5 million tons respectively. According to the same Five-Year Plan, the PRC needs more than 850,000 tons of tin and more than 50 million tons of copper. Presently, the main tin and copper producing regions of China are concentrated in the southwest of the country.

Mr Li Bin (李斌), CEO of China Mining, said, “We are heartened by the support of the Henan Bureau to completely transform China Mining into a pure mining company. Subsequent to the RTO, China Mining aims to be a mega mining company with strong expertise. Our main focus will be to develop

our existing mines to realise their full commercial potential, with secondary emphasis on carrying out downstream processing and trading activities and thereafter advanced exploration. With the strong parentage, coupled with the Bureau's mining expertise and portfolio, we see significant growth opportunities fuelled by the insatiable demand for mineral resources in the PRC."

"Upon the successful completion of the RTO, China Mining will be the first PRC government-backed mining company listed on SGX. This will be yet another first for the company as we were the first PRC developer to list in Singapore in 2006. Following the RTO, we will fully exit the real estate development business, which is expected to remain competitive and challenging. Our new core focus in mining will potentially provide the company with a regular revenue stream and create greater shareholder value in the long term," he said.

China Mining was formerly known as Sunshine Holdings Limited, a Henan-based developer of residential and commercial properties. In 2011, it sought the approval of shareholders to diversify into the mining business and changed to its present name in March 2012.

The proposed RTO is subject to the approval of China Mining's shareholders and the approval of the SGX.

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