



洛阳栾川钼业集团股份有限公司

China Molybdenum Co., Ltd

May 9, 2016

Media Release

CMOC to Acquire Freeport's Indirect 56% Interest in Tenke Fungurume for US\$2.65 billion

- Adds to CMOC's portfolio a scarce, world-class producing copper-cobalt mine with substantial upside
- Establishes CMOC as a leading copper producer and one of the largest cobalt producers globally
- Diversifies CMOC's portfolio geographically with a strategic position in the Central African Copperbelt
- Positions CMOC to benefit from growing demand for cobalt, particularly from electric vehicles
- Enhances CMOC's earnings and cash flow, given Tenke's lowest-quartile cost position in the industry

China Molybdenum Co., Ltd ("CMOC") today announced that its wholly-owned subsidiary CMOC Limited has entered into a definitive agreement with Freeport-McMoRan Inc. ("Freeport") to acquire 100% of its interest in Freeport-McMoRan DRC Holdings Ltd., which holds Freeport's indirect 56% interest in the Tenke Fungurume copper-cobalt mine ("Tenke"), located in the Democratic Republic of the Congo ("DRC") (the "Transaction").

The agreed purchase price is US\$2.65 billion in cash plus contingent consideration of up to US\$120 million, which consists of a US\$60 million payment if the average realized copper price exceeds US\$3.50 per pound, and a US\$60 million payment if the average realized cobalt price exceeds US\$20 per pound, both during the two-year period ending December 31, 2019. The consideration will be funded in cash and undrawn credit facilities from CMOC's existing financial resources. CMOC anticipates that the Transaction will be completed in the fourth quarter of 2016.

In addition, Freeport has granted CMOC with the exclusive option to acquire Freeport's interests in the Kokkola Cobalt Refinery, located in Finland, for US\$100 million and the Kisanfu exploration project, located

in the DRC, for US\$50 million, subject to the parties' entering into definitive agreements with respect to such separate transactions before December 31, 2016.

CMOC Chairman Mr. Steele Li said, "We are pleased to have the opportunity to acquire this renowned copper and cobalt mine that is uniquely large-scale, low-cost and long-lived. Tenke is well positioned to generate strong cash flow throughout the commodity cycle and, by virtue of its substantial mineral endowment, to continue producing high-grade copper for decades to come. In addition, as a global leading cobalt producer, Tenke positions CMOC to benefit from the highly favorable near-term and long-term fundamentals of the cobalt market.

"This acquisition is consistent with our strategic objective to expand and diversify our international portfolio with high-quality assets located in prolific mining regions that are conducive to significant long-term growth. We are enthusiastic about participating in the DRC, which hosts one of the largest known copper belts in the world and some of the highest grade and most prospective mineral deposits ever discovered."

CMOC International CEO Mr. Kalidas Madhavpeddi said, "This transaction is particularly exciting for me and the other CMOC executives who have a long history with Tenke, the DRC and joint venture partner, Lundin Mining, through our tenure at Phelps Dodge—which initially led the development of Tenke during our time there.

"We have a deep respect for the management and employees of this world-class operation, and are committed to retaining the entire workforce and preserving the industry-leading operating practices that have been employed by Freeport, with a principal focus on health, safety and the environment. We recognize the importance of Tenke to the Government of the DRC, local communities and our partners Gécamines and Lundin Mining, and are committed to continuing and deepening those longstanding relationships."

Tenke Fungurume

Tenke is a world-class producing copper-cobalt mine located in the DRC within the prolific Central African Copperbelt. In 2015, Tenke produced 204 thousand tonnes of copper and 16 thousand tonnes of cobalt (100% basis) at a net cash cost of approximately US\$1.21 per pound of copper. As of December 31, 2015, Tenke had proven and probable mineral reserves of 3.8 million tonnes of contained copper and 0.5 million tonnes of contained cobalt, which support a reserve life of approximately 25 years, and, in addition, measured and indicated resources of 13.1 million tonnes of contained copper and 1.3 million tonnes of contained cobalt, and inferred resources of 11.6 million tonnes of contained copper and 1.3 million tonnes of contained cobalt (100% basis), which represent substantial upside potential.

The financial results attributable to Tenke (100% basis) for the two years ended December 31, 2014 and December 31, 2015, are as follows:

	2014		2015	
	US\$ (millions)	HK\$ (million) ⁽²⁾	US\$ (million)	HK\$ (million) ⁽²⁾
Revenue	1,558	12,075	1,384	10,726
EBITDA⁽¹⁾	776	6,014	513	3,976

(1) Based on Operating Income plus Depreciation, Depletion and Amortization.

(2) US\$ to HK\$ exchange rate of 1.00 to 7.75.

Transaction Details

The Transaction is subject to:

- i. Freeport's joint venture partner Lundin Mining Corporation not exercising its pre-emptive right;
- ii. Regulatory approvals from the People's Republic of China;
- iii. Approval from CMOC's shareholders; and
- iv. Customary closing conditions.

Cathay Fortune Corporation and Luoyang Mining Group Co., Ltd., the two largest shareholders of CMOC who in aggregate hold approximately 63% equity interest in CMOC, have undertaken to vote in favor of the resolutions to approve the Transaction.

Further details of the Transaction will be disclosed timely in compliance with the listing rules of the Hong Kong Stock Exchange and Shanghai Stock Exchange.

In connection with the Transaction, CMOC retained Citigroup Global Markets Inc. as financial advisor, Osler, Hoskin & Harcourt LLP as lead legal advisor, and Herbert Smith Freehills LLP, King & Wood Mallesons LLP and Covington & Burling LLP as legal advisors.

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About CMOC

CMOC is primarily engaged in the mining, processing and marketing of mineral products. CMOC is one of the world's largest molybdenum and tungsten producers, and Australia's fourth largest producer of copper. CMOC's key operating assets include Sandaozhuang molybdenum-tungsten mine and facilities located in Luoyang, China as well as the Northparkes copper-gold mine located in New South Wales, Australia. CMOC is dual-listed on the Hong Kong Stock Exchange (HK3993) and the Shanghai Stock Exchange (SH603993).

About Freeport

Freeport is a leading copper, gold, and molybdenum mining company. Freeport operates through several segments: North America Copper Mines, South America Copper Mines, Africa Mining, Indonesia Mining, Molybdenum Mining, and Oil & Gas.