



**中国多金属矿业**  
CHINA POLYMETALLIC MINING

**China Polymetallic Announces Proposed Listing on the Main Board of HKEx  
Offer Price between HK\$2.22 and HK\$2.54 to Raise up to HK\$1.27 Billion**

***The Largest Lead and Zinc Pure Mining Company in Yunnan  
Strives to Become a Leading Non-ferrous Metal Pure Mining Company in China***

[1 December 2011, Hong Kong] **China Polymetallic Mining Limited** (“**China Polymetallic**” or the “**Company**” and, together with its subsidiaries, the “**Group**”), the largest lead and zinc pure mining company in Yunnan Province in terms of resources with abundant and high-grade silver reserves, today announced its proposed listing on the main board of the Stock Exchange of Hong Kong Limited (“the Stock Exchange”).

China Polymetallic plans to offer an aggregate of 500,000,000 shares (subject to the over-allotment option), initially 90% of which are international placing shares (subject to adjustment and the over-allotment option) and the remaining 10% are Hong Kong offer shares (subject to adjustment), at an offer price between HK\$2.22 and HK\$2.54. The Hong Kong public offer will start at 9:00 a.m. on 2 December 2011, Friday and close at 12:00 noon on 7 December 2011, Wednesday. Tradings in shares on the Stock Exchange are expected to commence on 14 December 2011, Wednesday. The shares will be traded under the stock code 2133 in board lots of 1,000 shares each. Up to additional 75,000,000 shares, or 15% of the initial number of offer shares, may be issued pursuant to the over-allotment option.

Citigroup Global Markets Asia Limited is the Sole Global Coordinator, Sole Sponsor, Joint Bookrunner and Joint Lead Manager, while Renaissance Capital (Hong Kong) Limited is the Joint Bookrunner and BOCOM International Securities Limited is the Joint Bookrunner and Joint Lead Manager.

China Polymetallic is the largest lead and zinc pure mining company in Yunnan Province in terms of resources with abundant and high-grade silver reserves, according to the Hatch Report. On the listing date, the Group will be the first non-ferrous metal pure mining company listed on the Stock Exchange.

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The Group currently owns and operates a large-scale, high-grade lead-zinc-silver polymetallic mine in Yunnan Province, the Shizishan Mine. The Group owns an exploration permit to the Dazhupeng Mine, a lead-zinc-silver polymetallic mine in Yunnan Province, and also secured exclusive long-term, low-cost polymetallic tungsten-tin raw ore supply from the Lushan Mine, a tungsten-tin polymetallic mine in Yunnan Province. Moreover, the Group has entered into an agreement to acquire the Liziping Mine, a lead-zinc-silver polymetallic mine in Yunnan Province, and also have an option to acquire the Dakuangshan Mine, a lead-zinc-silver polymetallic mine in Yunnan Province.

According to the Hatch Report, China is the world's largest lead and zinc consumer. China's consumption of refined lead and zinc increased by a CAGR of 16.7% and 11.9%, respectively, from 2004 to 2010. China has also been a net importer of lead and zinc concentrates in recent years and had a supply shortfall in lead and zinc concentrates of 985 kt and 1,464 kt, respectively, in 2010. The huge gap between the supply from concentrates production and the demand from smelting capacities enables the pure mining companies which control and operate the concentrates production to enjoy stronger bargaining power.

**Mr. Ran Xiaochuan, Chairman and Executive Director of China Polymetallic** said, "China is one of the largest silver-consuming countries in the world. China's silver demand increased rapidly from 2004 to 2010, driven mostly by investment and domestic industrial needs. China became the biggest importer of silver concentrates in the world and imported 191,406 tonnes of silver concentrate in 2010. Due to the fact that silver is primarily a byproduct of lead, zinc or copper production and that about 70% of China's silver is extracted from polymetallic ore, especially ,lead and zinc ore, China Polymetallic is well-positioned to capture such market opportunities."

China Polymetallic currently owns and operates a large-scale, high-grade lead-zinc-silver polymetallic mine in Yunnan Province, the Shizishan Mine, with a mining permit of a term of 15 years ending in April 2026 and covers an area of 3.20 sq. km. The Group started trial production at the Shizishan Mine at the end of July 2011 and commenced commercial production in October 2011 with a mining capacity of 700 tpd completed in November. Upon completion of the full ramp-up plan for the Shizishan Mine in the fourth quarter of 2012, it is expected that the mining capacity will reach 2,000 tpd.

The Shizishan Mine has abundant and high-grade polymetallic resources and reserves. As of 25 October, 2011, the Shizishan Mine had an aggregate of 8,829,000 tonnes of JORC measured and indicated resources and 8,024,000 tonnes of JORC reserves, containing 745,900 tonnes of lead metal, 477,300 tonnes of zinc metal and 2,000 tonnes (64.3 million ounces) of silver metal in JORC reserves. The ore reserves at the Shizishan Mine are estimated to support approximately 12.5 years of mine operation. The estimated average reserve grades for lead, zinc and silver of the Shizishan Mine are 9.3%, 6.0% and 250 g/t, respectively, which are significantly higher than the industry average grades.

Competitive cost structure leads the Group to enjoy higher profitability. The high-grade polymetallic ore at the Shizishan Mine with abundant silver content enables the Group to produce lead-silver concentrates and zinc-silver concentrates using a single streamlined production process to achieve negative cash cost and enjoy higher margin per tonne of ore extracted. Large-scale operations help to achieve economies of scale, and also enhance the bargaining position with current and potential customers.

China Polymetallic is strategically located in Yunnan Province, which has the second largest lead and zinc reserves and the third largest silver resources in China, according to the Hatch Report. This helps the Group to expand resources and reserves through selective acquisitions. The location of the Shizishan Mine is close to potential end customers of concentrate products with large smelting capacities, and also readily accessible to infrastructure. The Lushan Mine is only approximately 30 km away from the new gravity-selection processing line at the Shizishan Mine ore processing plant, enabling the Group to enjoy relatively low transportation costs and economical operations.

China Polymetallic strives to enhance its corporate governance by establishing an independent board consisting of six experienced western independent non-executive directors. They all have a long track-record of serving managerial roles and supervising corporate governance in listed companies, investment funds, consulting firms or accounting firms. This will significantly improve the transparency and soundness of the Group's corporate governance and hence realizing its strategic mission of becoming the industry leader.

Mr. Ran concluded, "with our abundant and high-grade lead, zinc and silver resources and reserves and strategic proximity to local mineral assets and smelters in Yunnan Province, we are well-positioned to capture the market opportunities presented by the increasing demand for refined lead and zinc, and the resulting significant supply shortfall in lead and zinc concentrates in China. In addition, we believe that non-ferrous metal concentrate producers will continue to enjoy the highest margin in the non-ferrous metal value chain. Looking ahead, with a goal to become a leading non-ferrous metal pure mining company in China, we will ramp up our capacities, expand resources and reserves through selective acquisitions and further exploration, and pursue technological innovation to improve operational efficiency, mining safety and environmental protection."

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## Factsheet

### Offering Summary:

Number of Offer Shares under the Global Offering	: 500,000,000 Shares (subject to the over-allotment option)
Number of Hong Kong Offer Shares	: 50,000,000 Shares (subject to adjustment)
Number of International Placing Shares	: 450,000,000 Shares (subject to adjustment and the over-allotment option)
Offer Price	: HK\$2.22 to HK\$2.54 per Offer Share
Over-allotment Option	: Up to 75,000,000 Shares, or approximately 15% of the initial number of offer shares
Board Lot	: 1,000 Shares
Maximum Offer Price per Board Lot	: HK\$2.54 per offer share, HK\$2,565.61 (including brokerage of 1%, SFC transaction levy of 0.003%, and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)) per board lot
Hong Kong Public Offer Begins	: 9:00 a.m., 2 December 2011, Friday
Hong Kong Public Offer Ends	: 12:00 noon, 7 December 2011, Wednesday
Expected Price Determination Date	: 8 December 2011, Thursday
Announcement of Allotment Results	: 13 December 2011, Tuesday
Expected Listing Date	: 14 December 2011, Wednesday
Stock Code	: 2133

### Use of Proceeds:

The Company estimates that the net proceeds from the Global Offering will be HK\$1,082 million (assuming that the over-allotment option is not exercised), after deducting the underwriting commissions and other estimated offerings expenses payable by the Company and assuming the initial public offer price of HK\$2.38 per share, being the mid-point of the indicative offer price range. The Company intends to use the net proceeds from the global offering for the purposes and in the amounts set out below:

	Amount (HK\$ in million)	As a percentage of Proceeds (%)
Acquire and develop additional non-ferrous and/or precious metal resources, including two mines with respect to which the Group has entered into a share transfer agreement and an option agreement.	649	60
Finance the ramp-up of the mining capacity of the Shizishan Mine and the expansion of the tailing storage facility capacity at the Shizishan Mine	195	18
Finance the Company's activities relating to the Dazhupeng Mine and the Lushan Mine	238	22