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**洛陽欒川鉬業集團股份有限公司**  
**China Molybdenum Co., Ltd. \***

*(a joint stock company incorporated in the People's Republic of China with limited liability)*

(Stock Code: 03993)

**SUPPLEMENTAL ANNOUNCEMENT  
IN RELATION TO  
CONTINUING CONNECTED TRANSACTION UNDER  
PRODUCTS PURCHASE AGREEMENT**

We refer to the announcement of the Company dated 27 March 2020 (the “**Announcement**”), in relation to, among others, the Products Purchase Agreement entered into between the Company and Fuchuan Mining, pursuant to which, Fuchuan Mining agrees to provide and the Company agreed to purchase certain products, including among others, raw molybdenum ore, molybdenum ore concentrates and iron ore concentrates meeting the technical requirements of mineral processing on a continuing basis. Unless otherwise stated herein, capitalized terms used in this supplemental announcement (the “**Supplemental Announcement**”) shall have the same meaning as defined in the Announcement.

The Company wishes to inform the shareholders of the Company and potential investors the following additional information relating to (1) the pricing policies and estimate purchase quantity of molybdenum ore concentrates and iron ore concentrates, and (2) methods and procedures the Company will follow to ensure that the unit price of the products purchased under the Products Purchase Agreement is comparable to the prices offered to/by other independent third parties of similar products in the market.

## **Additional information in relation to molybdenum ore concentrates and iron ore concentrates**

The unit price of molybdenum ore concentrates shall be determined with reference to the following factors: (i) the average market prices as quoted in two internet websites, namely, [www.molyworld.com](http://www.molyworld.com) and [www.comelan.com](http://www.comelan.com), which are two major recognized molybdenum products trading and pricing platforms in China; (ii) the quality of the molybdenum ore concentrates supplied by Fuchuan Mining, including moisture content and impurity content, and (iii) the sale price of molybdenum ore concentrates with similar quality supplied by the Group to other third parties from time to time, which all applied the same pricing system and standards. For details of the comparison mechanism for determining the final purchase price molybdenum ore concentrates, please refer to the information below.

According to the internal estimation of the Company, the expected purchase quantity of molybdenum ore concentrates (with a content of molybdenum of 47%) is approximately 1,100 tonnes during the term of the Products Purchase Agreement, which is calculated based on (i) the expected production capacity of molybdenum ore concentrates of Fuchuan Mining, and (ii) the quality of raw molybdenum ore produced by Fuchuan Mining, and a certain buffer.

The unit price of iron ore concentrates shall be determined with reference to the following factors: (i) the average market price of iron ore concentrates with similar quality in the adjacent areas of Fuchuan Mining and the Group as the unit price of the iron ore concentrate itself is relatively low and its sale price could be materially affected by its transportation cost; (ii) the quality of the iron ore concentrates supplied by Fuchuan Mining, including moisture content and impurity content, and (iii) the sale price of iron ore concentrates with similar quality supplied by the Group to other third parties from time to time. For details of the comparison mechanism for determining the final purchase price of iron ore concentrates, please refer to the information below.

According to the internal estimation of the Company, the expected purchase quantity of iron ore concentrates (with a content of iron of 65%) is approximately 30,000 tonnes during the term of the Products Purchase Agreement, which is calculated based on (i) the expected production capacity of iron ore concentrates of Fuchuan Mining, and (ii) the quality of raw iron ore produced by Fuchuan Mining, and a certain buffer.

## **Internal control methods and procedures adopted by the Company**

The Company has adopted the following internal control methods and procedures to ensure that the unit price of the products purchased under the Products Purchase Agreement is comparable to the prices offered to/by other independent third parties of similar products in the market.

The Company has designated a specific department to monitor the market price of the products purchased under the Products Purchase Agreement, in particular, (1) as to molybdenum ore concentrates, designated department of the Company will (i) check quotations of molybdenum ore concentrates which are of the similar quality as those provided by Fuchuan Mining on the website of [www.comelan.com](http://www.comelan.com) and [www.molyworld.com](http://www.molyworld.com) on a daily basis; and (ii) check the final contract price of molybdenum ore concentrates offered to other third parties by the Group from time to time; (2) as to iron ore concentrates, given the unit price of iron ore concentrate itself is relatively low and its sale price could be materially affected by its transportation cost, designated department of the Company will (i) check the asking price proposed by local customers in adjacent areas of Fuchuan Mining and the Group in respect of iron ore concentrates of the similar quality as those provided by Fuchuan Mining at least once a week; (ii) check the final contract price of iron ore concentrates offered to other third parties by the Group from time to time (all the checked prices above referred to as the “**Reference Price**”). The Company will compare the Reference Price against the purchase price of each purchase contemplated under the Products Purchase Agreement at the time of delivery of relevant products.

After taking into consideration of the (i) pricing policies of the transaction contemplated under the Products Purchase Agreement as disclosed in the Announcement and the Supplemental Announcement which are in line with the common practice in the industry, and (ii) internal control methods and monitoring procedures provided in the Supplemental Announcement to be adopted by the Company to closely monitor and control the purchase price of molybdenum ore concentrates and iron ore concentrates during the term of the Products Purchase Agreement, the Directors are of the view that the pricing policies in relation to the transaction under the Products Purchase Agreement can ensure that the transactions under Products Purchase Agreement will be conducted on normal commercial terms.

By Order of the Board  
**China Molybdenum Co., Ltd.\***  
**Li Chaochun**  
*Chairman*

Luoyang City, Henan Province, the People’s Republic of China, 6 April 2020

*As at the date of this announcement, the Company’s executive directors are Mr. Li Chaochun and Mr. Li Faben; the Company’s non-executive directors are Mr. Guo Yimin, Mr. Yuan Honglin and Mr. Cheng Yunlei; and the Company’s independent non-executive directors are Mr. Wang Gerry Yougui, Ms. Yan Ye and Mr. Li Shuhua.*

\* *For identification purposes only*