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中广核矿业有限公司*
CGN Mining Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1164)

INSIDE INFORMATION
MINING PRINCIPLES AGREEMENT ON THE DEVELOPMENT
OF THE MINING PROJECT

This announcement is made by the Company pursuant to the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09(2)(a) of the Listing Rules.

The Company announces that on 4 October 2016, the Company and Kazatomprom entered into the Mining Principles Agreement to record their respective rights and obligations with respect to the commercial obligations of the Parties to implement the Mining Project.

Reference is made to the paragraph headed “Listing Rules Implications” in the Announcement, the entering into of the Mining Purchase Agreement will constitute a connected transaction for the Company under Chapter 14A of the Listing Rules. As at the date of this announcement, the Mining Purchase Agreement has not been entered into by the Parties and the Mining Interest Purchase Price has not been determined. The Company will comply with the relevant requirements of the Listing Rules with respect to the entering into of the Mining Purchase Agreement as and when appropriate and required by the Listing Rules.

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BACKGROUND

As disclosed in the Announcement, the Company entered into the Agreement with CGNPC, CGNPC-URC, Kazatomprom and UMP setting out key principles and terms for the parties’ cooperation in the Fuel Project and the Mining Project. Within five months after the execution of the Agreement and the incorporation of the Fuel Partnership, CGNPC and Kazatomprom shall enter into a mining principles agreement setting out the key principles and terms for cooperation in connection with the Mining Project.

MINING PRINCIPLES AGREEMENT

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PRINCIPAL TERMS OF THE MINING PRINCIPLES AGREEMENT

Mining Deposits

The Company confirms that it has made final decision on the selection of the Mining Deposits for the joint development under the Mining Project, provided that there shall be no encumbrances on any of the material properties or assets of the Mining Partnership which have material adverse effect on the operations or assets of the Mining Partnership.

Kazatomprom acknowledges that CGNPC Mining Participant still needs to carry out detailed due diligence with respect to the Mining Partnership and Kazatomprom agrees to use all reasonable endeavors to assist CGNPC Mining Participant during the due diligence.

Mining Partnership

Kazatomprom shall procure that Kazatomprom's rights and obligations under the Subsoil Use Contracts and any other contracts identified by Kazatomprom as expressly relating to the Mining Deposits together with the Assets will be transferred into the Mining Partnership not later than 1 October 2017 (by way of the contribution to the registered capital or such other manner as agreed between the Parties acting reasonably).

Mining Purchase Agreement

Kazatomprom will sell and the CGNPC Mining Participant will buy 49% Participating Interests in the Mining Partnership pursuant to the Mining Purchase Agreement incorporating certain commercial terms (unless the Parties agree modifications) as set out in the Mining Principles Agreement. The principal commercial terms, among others, are summarized below:

Conditions precedent: Completion of the Transfer shall be conditional upon the completion of the Initial Transfer; in the case of Kazatomprom Mining Participant, receipt of certain written waiver and written permission regarding the Transfer issued by government authorities of Kazakhstan; and in the case of CGNPC Mining Participant, receipt of the approval of the Transfer by its shareholders, the Stock Exchange, such other competent authorities as required from time to time pursuant to the legislation of the PRC and/or Hong Kong and (if applicable) the Kazakh merger authority.

- Consideration: The consideration payable by the CGNPC Mining Participant for the Mining Partnership shall be the Mining Interest Purchase Price and shall be payable upon completion in United States dollars.
- Pre-completion obligations: Between the date of completion of the Valuation Process and completion of the Mining Purchase Agreement, the Mining Partnership shall commit to continue to operate the Mining Deposits in the ordinary course of business. The Mining Partnership shall not approve any distribution of net income (dividends), save for such distribution which is not taken into account for the purposes of the determination of the Market Value, nor shall the Mining Partnership carry out other activities which will have a materially adversely effect on the operations or assets of the Mining Partnership.
- Commercial protection: Kazatomprom shall provide customary warranties as to the title of the Participating Interest to be transferred in the Mining Partnership and its capacity to do so. Such warranties shall be provided by Kazatomprom as of the signing date of the Mining Purchase Agreement and be repeated at completion.
- Completion: Completion shall take place, subject to satisfaction of the conditions precedent, not later than six months following completion of the Valuation Process and determination of the Mining Interest Purchase Price.
- Additional conditions: The execution of the Mining Purchase Agreement shall be conditional upon (a) receipt by CGNPC-URC of all necessary approvals of competent authorities of the PRC in connection with certain quantity of additional offtake of fuel assemblies; and (b) inclusion of the obligations and liabilities of CGNPC-URC into the Fuel Principles Agreement in connection with such additional off-take of fuel assemblies.

Off-take from the Mining Partnership

The Parties agree that concurrently with the execution of the Mining Purchase Agreement, the Mining Partnership shall enter into off-take arrangements with Company or its affiliate and with Kazatomprom or its affiliate. The Parties shall off-take the share in the total uranium product of the Mining Partnership in proportion to their Participatory Interests. If the off-take is not sufficient to ensure the procurement of 20,000 tons of uranium by the Company or its affiliate during the life of the Fuel Partnership, Kazatomprom shall ensure that such further off-take is made available to the Company or its affiliate from its entitlement of the off-take from the Mining Partnership. The Company or its affiliate shall be required to accept such further off-take unless CGNPC and the CGNPC Mining Participant irrevocably waive in writing their right to claim non-compliance with the relevant term of the Agreement. The price mechanism of the off-take shall be set by adjusting the existing trading contracts which have been executed by Kazatomprom or its affiliate and the Company or its affiliate with attractive commercial conditions, subject to transfer pricing legislation of Kazakhstan.

LISTING RULES IMPLICATIONS

Reference is made to the paragraph headed “Listing Rules Implications” in the Announcement, the entering into of the Mining Purchase Agreement will constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

As at the date of this announcement, the Mining Purchase Agreement has not been entered into by the parties and the Mining Interest Purchase Price has not been determined. The Company will comply with the relevant requirements of the Listing Rules with respect to the entering into of the Mining Purchase Agreement as and when appropriate and required by the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Agreement”	<i>the Agreement on Commercial Terms in relation to the Design and Construction of a Fuel Assembly Fabrication Plant in Kazakhstan and the Joint Development of Kazakhstan Uranium Deposits</i> dated 14 December 2015 entered into among the Company, CGNPC, CGNPC-URC, Kazatomprom and UMP
“Announcement”	the announcement of the Company dated 14 December 2015 relating to participation in the development of the Mining Project
“Approved Valuer”	a valuer appointed in accordance with the rules and policies applicable to Kazatomprom and the Mining Partnership (as applicable) in appointing a valuer
“Assets”	property owned by Kazatomprom and identified by Kazatomprom as to be directly used for the subsoil use and processing operations at the Mining Deposits
“Board”	the board of Directors
“CGNPC”	中國廣核集團有限公司 (China General Nuclear Power Corporation*) (formerly known as 中國廣東核電集團有限公司 (China Guangdong Nuclear Power Holding Corporation, Ltd.*)), a state-owned enterprise established in the PRC and the ultimate controlling shareholder of the Company
“CGNPC Mining Participant”	the Company or an affiliate of the Company as nominated by the Company or an affiliate of CGNPC as nominated by CGNPC

“CGNPC-URC”	中廣核鈾業發展有限公司 (CGNPC Uranium Resources Co., Ltd.*), a company established in the PRC with limited liability and the sole shareholder of China Uranium Development
“China Uranium Development”	China Uranium Development Company Limited (中國鈾業發展有限公司), a company incorporated in Hong Kong with limited liability and the controlling shareholder of the Company holding approximately 72.02% equity interest in the Company
“Company”	CGN Mining Company Limited (中廣核礦業有限公司*), a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the main board of the Stock Exchange (stock code: 1164)
“controlling shareholder”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Fuel Partnership”	Ulba-FA Limited Liability Partnership (烏里賓燃料組件有限責任合夥企業*), a limited liability partnership which has been incorporated on 3 December 2015 in Kazakhstan to undertake the Fuel Project
“Fuel Principles Agreement”	a binding framework agreement to be executed by CGNPC, Kazatomprom, UMP, CGNPC-URC and the Fuel Partnership with respect to the material terms on the off-take of fuel assemblies and other commercial obligations of the Parties to operate the Fuel Partnership
“Fuel Project”	the development of a fuel assemblies fabrication plant in Kazakhstan
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Initial Transfer”	the transfer of Kazatomprom’s rights and obligations under the Subsoil Use Contracts and any other contracts identified by Kazatomprom as expressly relating to the Mining Deposits together with the Assets into the Mining Partnership
“Kazakhstan”	the Republic of Kazakhstan
“Kazatomprom”	National Atomic Company Kazatomprom, a joint stock company established according to the laws of Kazakhstan
“Kazatomprom Mining Participant”	Kazatomprom or its affiliate
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Market Value”	market value of the Mining Partnership, which shall be determined by the Approved Valuer
“Mining Deposits”	mining deposits to be developed and operated by the Mining Partnership and in relation to which Kazatomprom holds the subsoil use rights under the relevant Subsoil Use Contracts
“Mining Interest Purchase Price”	the purchase price for the Participatory Interest to be acquired by the CGNPC Mining Participant, which shall be an amount equal to the percentage of the Market Value equal to the Participatory Interest in the Mining Partnership to be acquired by the CGNPC Mining Participant pursuant to the Mining Purchase Agreement
“Mining Partnership”	an entity incorporated in the Republic of Kazakhstan and wholly owned by Kazatomprom to undertake the Mining Project
“Mining Principles Agreement”	the <i>Mining Principles Agreement on the joint development of Kazakhstan Uranium Deposit</i> dated 4 October 2016 entered into between the Parties
“Mining Project”	the development of a uranium producing mining in Kazakhstan
“Mining Purchase Agreement”	a purchase agreement to be entered into between the Kazatomprom and the CGNPC Mining Participant in relation to the acquisition by the CGNPC Mining Participant of 49% Participatory Interests
“PRC”	The People’s Republic of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transfer”	the sale by Kazatomprom and purchase by the CGNPC Mining Participant of 49% Participatory Interests in the Mining Partnership
“Parties”	collectively, the Company and Kazatomprom, being the parties to the Mining Principles Agreement
“Participating Interests”	a party’s participatory interest in the charter capital of the Mining Partnership, expressed as a percentage as stated in the foundation agreement of the Mining Partnership to be agreed by the Parties
“Valuation Process”	the process for determining the Market Value which shall be completed prior to execution of the Mining Purchase Agreement

“Subsoil Use Contracts”	the contracts for exploration and extraction of uranium at the Mining Deposits signed between Kazatomprom and the relevant government authorities of Kazakhstan
“UMP”	Ulba Metallurgical Plant, a joint stock company established according to the laws of Kazakhstan and a subsidiary of Kazatomprom

By order of the Board
CGN Mining Company Limited
Yu Zhiping
Chief Executive Officer

Hong Kong, 4 October 2016

As at the date of this announcement, the Board comprises two executive Directors: Mr. Yu Zhiping (chief executive officer) and Mr. Xing Jianhua; three non-executive Directors: Mr. Zhou Zhenxing (chairman), Mr. Fang Chunfa and Mr. Wu Junfeng; and three independent non-executive Directors: Mr. Qiu Xianhong, Mr. Gao Pei Ji and Mr. Lee Kwok Tung Louis.

* *For identification purpose only*