

China's Largest HREE Producer Lists on the Shenzhen Stock Exchange

✘ China Minmetals Rare Earth, China's largest heavy rare earth producer, the biggest shareholder of Shanxi Guanlu Co Ltd (000831.SZ), listed in the Shenzhen Stock Exchange, saw its shares skyrocket more than 115.3 per cent on February 8 at the first day of stock trading. The stock opened at 28.00 Yuan in the morning, hit a high of 28.00 Yuan and closed the day at 19.70 Yuan; it last traded at 9.15 Yuan two years ago. Shanxi Guanlu announced on February 7 that it would be officially listed as "China Minmetals Rare Earth Co., Ltd.", (000831.SZ) thereafter.

According to the major asset reorganization plan announced by Shanxi Guanlu, the company's aluminum and aluminum deep processing segment business assets have all been divested, as well as the rare earth business assets injected into the listed company. The rare earth business assets include China Minmetals Rare Earth (Ganzhou) Co., Ltd. and China Minmetal Research Institute of Rare Earths Co., Ltd., respectively. "The downstream production of rare earth assets and Xunwu Xinzhou Rare Earth Smelting Co., Ltd. (part of China Minmetals Rare Earth – Ganzhou) has been stripped, including two rare earth separation and smelting subsidiaries – Dingnan Dahua Advanced Material Resources Co., Ltd. and Ganxian Hongjin Rare Earth Co., Ltd – according to the announcement.

Dingnan Dahua Advanced Material Resources has 4,600 metric tons of annual rare earth separation capacity; Ganxian Hongjin Rare Earth has 4,400 metric tons of annual rare earth separation capacity. These two companies obtained a quota of no more than 2,300 tons of HREE smelting and separating from the Ministry of Industry and Information Technology (MIIT) in

2012, which forecast the total net profit for fiscal year 2012 to be 535.84 million Yuan and fiscal year 2013 to be 366.24 million Yuan. Moreover, China Minmetal Research Institute of Rare Earths, the company mainly engaged in the R&D of rare earth extraction and separation.

Moreover, on January 30 this year, Shanxi Guanlu announced that it expects its net profit for fiscal year 2012 to be in the range from 280 million to 310 million Yuan, which represents an astronomical increase of some 4,325.69% – 4,799.87%, respectively, when compared to FY 2011 (6.3267 million Yuan). The Company cited the increased rare earth assets income as the main reason for this forecast, however, its net profit for the first eleven months of fiscal year (FY) 2012 was actually a loss of 206.76 million Yuan, due to the decreased price and increased costs of its aluminum ingot products.

In recent years, China Minmetals Rare Earth, through a series of measures to speed up the merger, acquisition and reorganization in China's rare earth market, the company has extended its footprint in five regions while successfully signing strategic cooperation framework agreements with the local governments of the Provinces of Jiangxi, Hunan, Fujian, Guangdong and Yunnan. It has also managed to obtain three heavy rare earth mining rights so far this month in Jianghua county Yongzhou City, Hunan province, Shanming City, Fujian province and Longchuan County, Yunnan province, respectively. It also has started exploration of heavy rare-earth minerals in Heyuan city, Guangdong province last year.

China Minmetals Rare Earth, which is in the process of constructing the Jianghua Xinghua Rare Earth New Material project. This is scheduled to enter production by the end of 2013 at a total annual rare earth medium and heavy separation capacity of 17,000 metric tons. Thanks to its five rare earth separation and smelting subsidiaries, it has become the biggest heavy and middle rare earth elements producer and

supplier for China's domestic market.

China Minmetals Rare Earths serves as the investing and financing platform for China Minmetals Corporation. The company aims to create a complete supply chain and production technology platform, expecting to become one of the top three heavy rare earth producers in southern China and potentially to offer the most comprehensive services of any heavy rare earth producer in the global market. After the dust settles on the reorganization plan, the listed company will continue to carry out merger, acquisition and integration deals in rare earth resources with assets in domestic and foreign rare earth markets said China Minmetals Corporation. So, it would seem that China Minmetals, after listing, has turned from ugly duckling turns into a magnificent swan.