



中国五矿集团公司
CHINA MINMETALS CORPORATION

**Special Presentation for
Canada-China Mining Investment Forum 2006**

Minmetals' Resource Strategy

Mr. Song, Yufang

Senior Vice President of China Minmetals Corporation

March, 2006



Topics

- **I . Review of Resources Market**
- **II. Minmetals**
- **III. Minmetals' Resource Strategy**

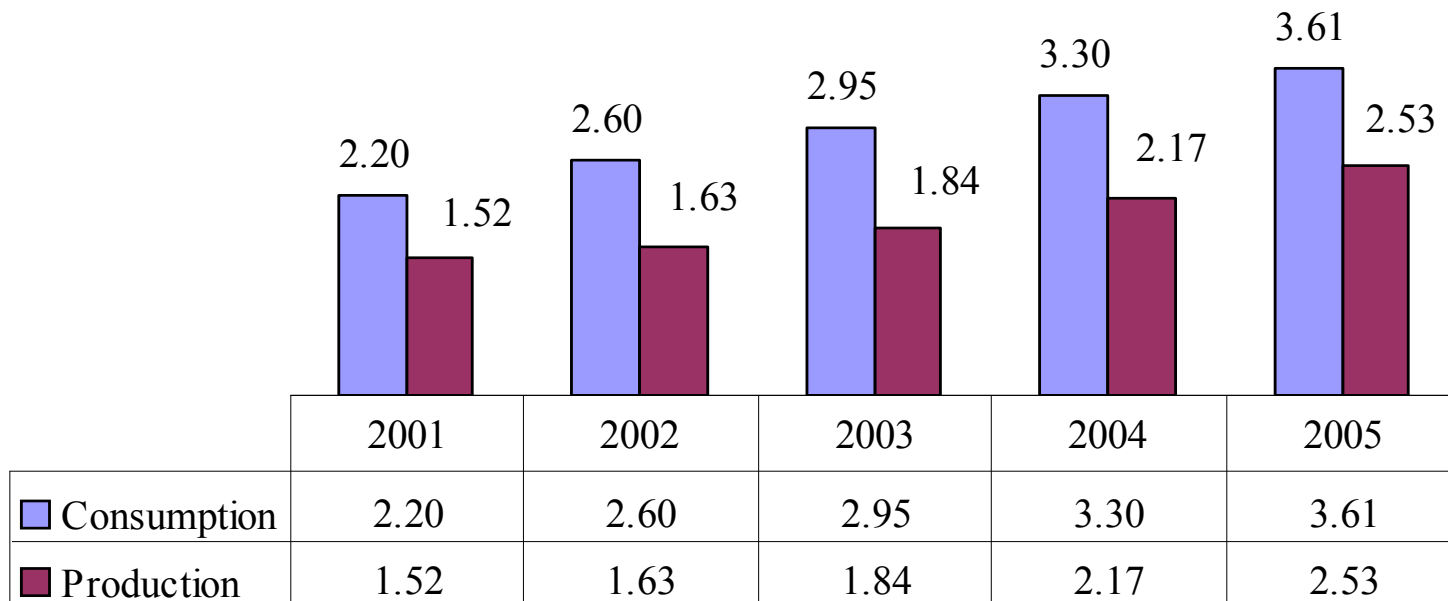
I . Review of Resources Market



1. Review of Chinese Nonferrous Metals Market

(1). Copper

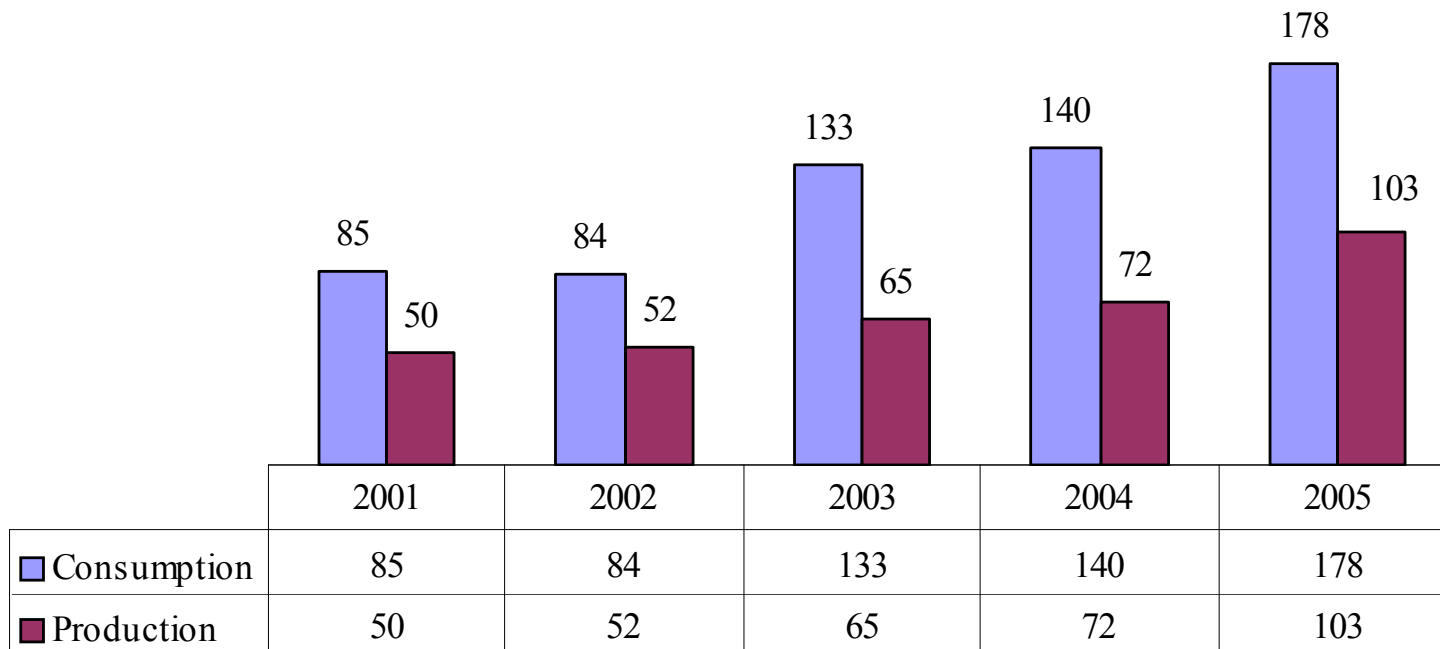
2001-2005 Chinese Copper Consumption vs. Production
(million tons)



1. Review of Chinese Nonferrous Metals Market

(2). Nickel

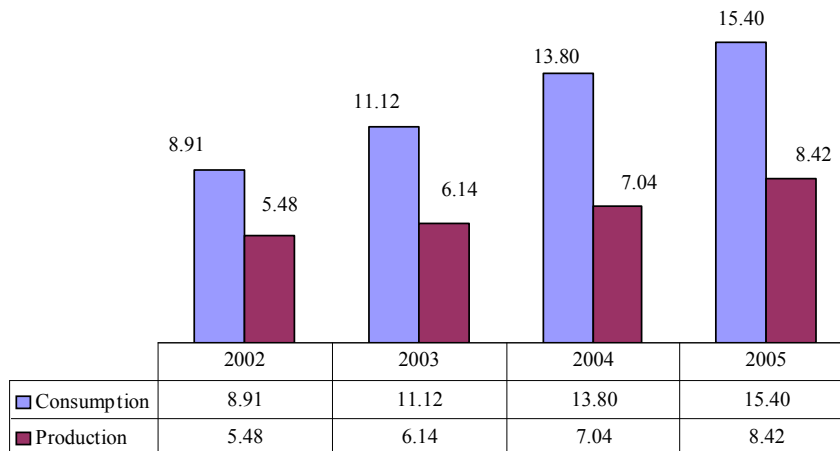
2001-2005 Chinese Nickel Consumption vs. Production
(000' tons)



1. Review of Chinese Nonferrous Metals Market

(3). Alumina and aluminum

2002-2005 Chinese Alumina Consumption vs. Production
(million tons)



2002-2005 Chinese Aluminum Consumption vs. Production
(million tons)



2. Chinese fast-growing economy and Cooperation opportunities

(1). The Prospect of China's Economic Growth

- The Chinese government has set a target to quadruple per capita GDP by 2020.
- The Development Research Center of State Council in China has updated its forecast for China's economic growth to year 2020.

Period \ Scenario	2000-2005	2005-2010	2010-2015	2015-2020	2000-2020	2005-2020
Base Case(%)	8.5	8.1	7.5	6.8	7.7	7.5
High Case(%)	8.5	8.5	8.2	7.7	8.2	8.1
Low Case(%)	8.5	7.5	5.8	4.8	6.6	6.0

2. Chinese fast-growing economy and Cooperation opportunities

(2). China's economy growth vs. cooperation opportunities

- China's energy, base metals and iron ores consumption have increased over the last 20 years, especially during recent years.
- China's economic growth places more cooperation opportunities.



2. Chinese fast-growing economy and Cooperation opportunities

(3). Some countermeasures should be emphasized

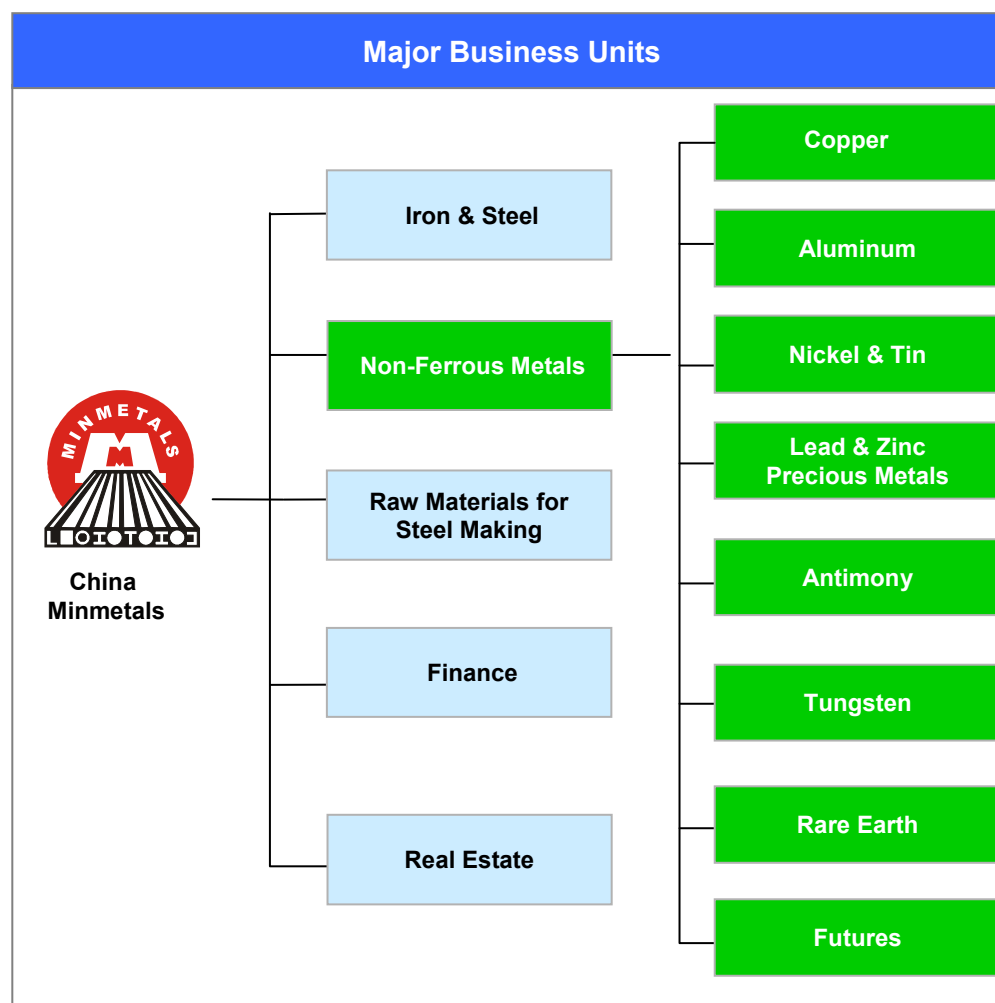
Based on the outlook for mineral resources and economic development globally, our focus will be on:

- Exploration and increasing the level of mineral reserves globally.
- Create a win-win situation to develop and utilize global resources together.
- Improve related technologies and apply those to mining exploration and development.
- China will actively promote a global strategy for mineral resources and build its strategic reserve of mineral resources.

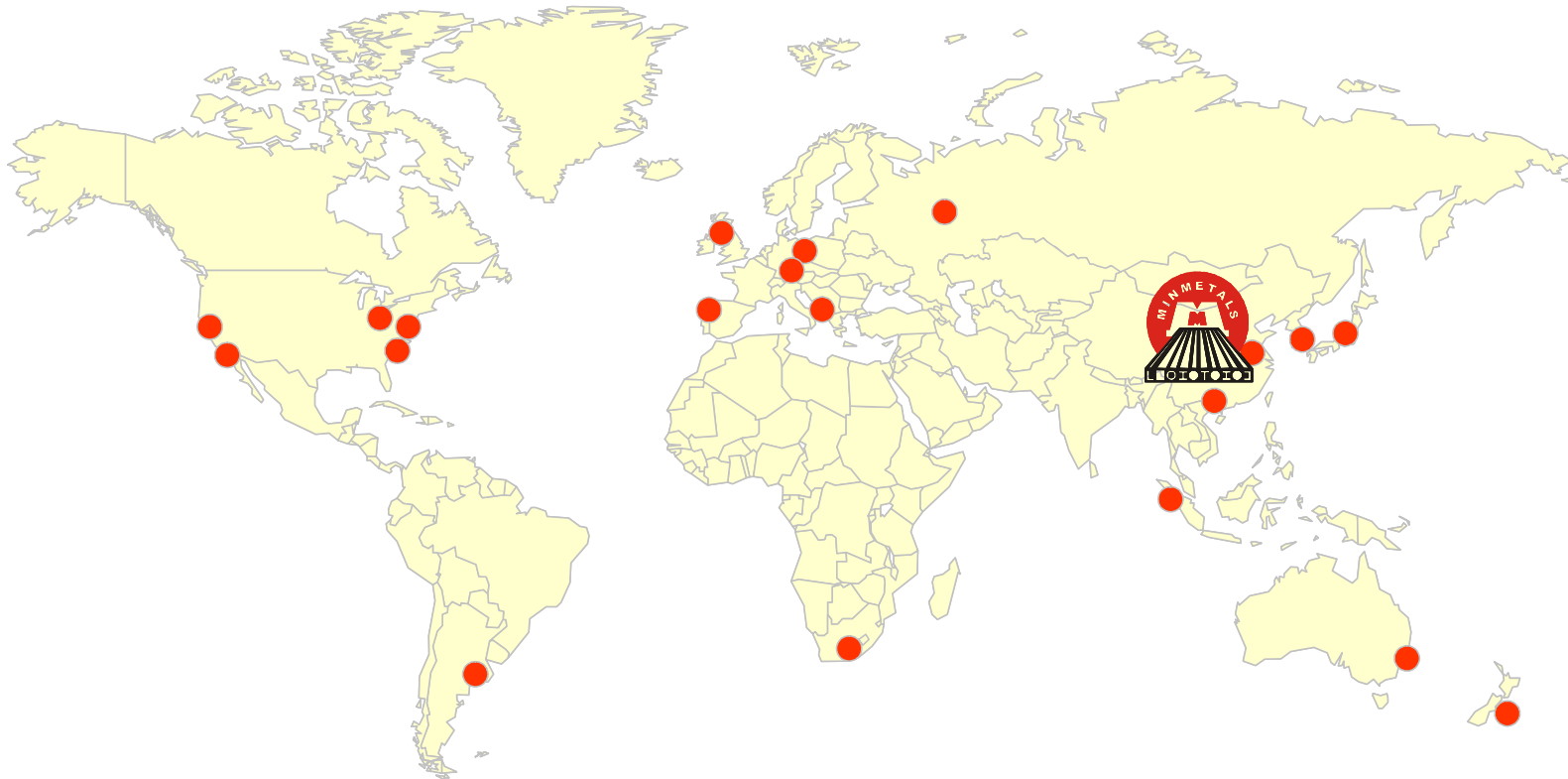
II. Minmetals



1. Historically a trading-oriented company, Minmetals is in the process of transforming into a resources company



2. Strong Worldwide Presence



International: 50 subsidiaries in 17 countries and regions



China: 8 solely or jointly founded ventures in 13 provinces



中国五矿集团公司
CHINA MINMETALS CORPORATION

3. Minmetals' Vision

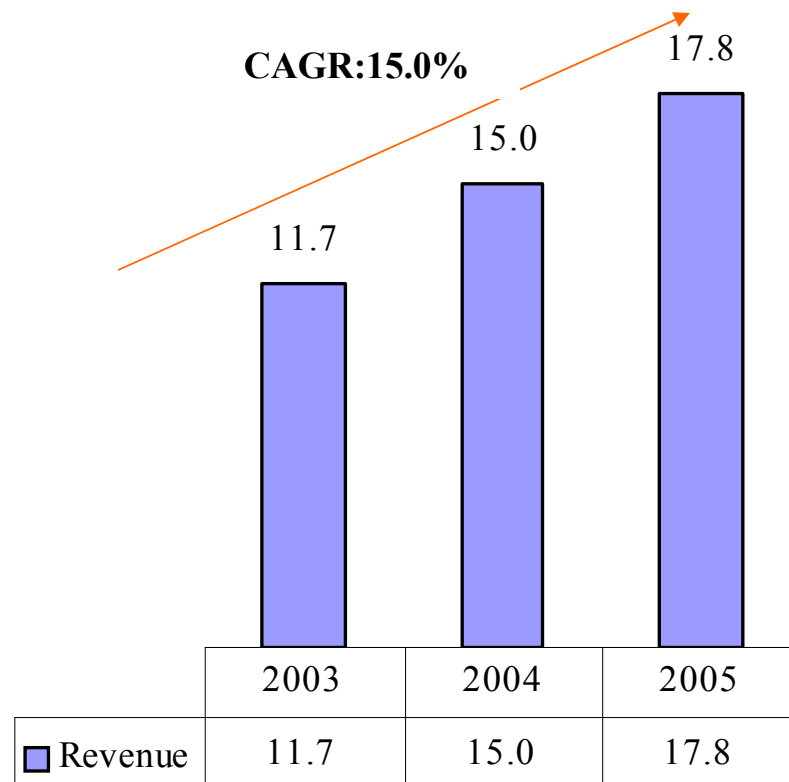
- Become a world leading metals and minerals group based on trading and resources development.

以贸易为基础，以资源为依托，国际领先的跨国金属和矿产企业集团

4. Good performance

In 2005, Minmetals achieved revenue of US\$ 17.8 billion.

Revenue (US\$ Billion)



4. *Good performance*

Minmetals Nonferrous plays a very important role in the Chinese nonferrous metals industry.

Import:

- the largest importer of copper cathodes, copper concentrate, and alumina in China, accounting for about 40% of China's total import of copper concentrate, 15% of copper cathodes, and 40% of alumina each year.

Export:

- The largest exporter of tungsten, antimony and rare earth products in China, accounting for about 40% of China's total export of tungsten products, 40% of antimony products, 10% of rare earth products.



III. Minmetals' Resources Strategy



1. Minmetals' Strategy

Strategy:

- to transform Minmetals into a world leading metals and minerals group able to provide excellent customer service globally.

Strategy Measures:

- marketing and sales network development
- mineral resources development

Five year plan:

- to double revenue to US\$ 30 billion

2. *Implementation of Strategy*___ Mineral resources development

(1). Raw materials for steel making

- Finalized a restructuring with Hanxing Metallurgical Mining Administration.
- We now have 2.7 million tons of iron concentrate capacity, the largest single mine producer in China.
- Stable raw material supply through investments in Guizhou Ferro Alloy Plant and Yingkou Steel Plate Plant.
- Granted mining license for a coal deposit (260 million tons resource is expected).



2. *Implementation of Strategy*___ Mineral resources development

(2). Nonferrous Metals

- Minmetals Nonferrous has made substantial progress in building its nonferrous metal business and resource development.
- In 2004, acquired Sherwin Alumina Refinery in United States(1.6 million tons of alumina capacity)
- Total annual alumina production capacity of CMN is approximately 2 million tons.



2. *Implementation of Strategy*__ Mineral resources development

(2). Nonferrous Metals

- Commenced construction of Phase One of the 1.6 million ton Guangxi Huayin Alumina Project in June 2005.
- Project is sponsored by Minmetals, Chalco and Guangxi Government.



2. *Implementation of Strategy*__ Mineral resources development

(2). Nonferrous Metals

- In 2005, Cooperation with Jamaica to develop bauxite resources.



2. *Implementation of Strategy*__ Mineral resources development

(2). Nonferrous Metals

- On Feb. 22, 2006, finalized our agreement with Codelco to jointly develop copper resources in Chile and secure a stable long-term copper supply.



2. *Implementation of Strategy*__ Mineral resources development

(2). Nonferrous Metals

- Minmetals Nonferrous is the controlling shareholder of Jiangxi Tungsten Group, Xianglushan Tungsten Group and Nanchang Cemented Carbide Ltd, providing a supply chain in tungsten.



2. *Implementation of Strategy*___ Mineral resources development

(2). Nonferrous Metals

- Minmetals Resources Co., Limited and Oriental Nonferrous, two listed companies in Hong Kong, were successfully restructured in 2005.
- Starting point for Minmetals to enter the overseas' capital markets.



3. Coming years

In the next couple of years, our focus will be on:

- sticking to our strategy of securing resources supply.
- becoming actively involved in world capital markets.

Domestically,

- Tungsten
- Antimony
- Rare earth metals
- Tin

Overseas,

- Copper
- Alumina
- Nickel
- Iron ore

The End

Thank you all!

