

This announcement does not constitute an offer or an invitation to induce an offer by any person to acquire, subscribe for or purchase any securities.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Hunan Nonferrous Metals Corporation Limited*

湖南有色金屬股份有限公司

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

(Stock Code: 2626)

OVERSEAS REGULATORY ANNOUNCEMENT

This overseas regulatory announcement is being published pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

Please refer to the attached copy of the Announcement.

As at the date of this announcement, the Board of Directors of the Company comprises Messrs. He Renchun, Li li, Liao Luhai, and Chen Zhixin as executive directors, Messrs. Cao Xiuyun, Wu Longyun, Zhang Yixian, and Yu Jiang as non-executive directors and Messrs. Gu Desheng, Chan Wai Dune, Wan Ten Lap and Chen Xiaohong as independent non-executive directors.

By order of the Board
Hunan Nonferrous Metals Corporation Limited
He Renchun
Chairman

Changsha, the PRC, 13 May 2008

**The Company's English name is for identification purpose only.*



Hunan Nonferrous Metals Corporation Limited
湖南有色金属股份有限公司



Abra Mining Limited
ACN 110 233 577

13 May 2008

Hunan announces proportional takeover offer for Abra Mining Limited

at \$0.83 cash per share for 7 of every 10 Abra shares

Abra Mining board unanimously recommends Hunan's offer

Hunan Nonferrous Metals Corporation Limited (**Hunan**) today announces that it intends to make a proportional takeover offer for 70% of the shares in Abra Mining Limited (**Abra**) which Hunan does not currently own (the **Offer**). Hunan currently owns 17.8% of the Abra shares.

Under the Offer, Hunan will offer \$0.83 cash per Abra share for 7 of every 10 Abra shares not held by Hunan.

The Board of Abra unanimously recommends that Abra shareholders accept the Offer, in the absence of a superior proposal.

Further, each of the Abra directors intends to accept the Offer in respect of the Abra shares they own or control, in the absence of a superior proposal. The directors collectively own or control approximately 17.32% of the Abra shares on issue.

The Offer of \$0.83 per Abra share is highly attractive as it represents:

- a 44% premium to the ten day volume weighted average share price up to and including 9 May 2008, being the last day of trading on ASX in Abra shares before this announcement; and

- a 62% premium to the one month volume weighted average share price up to and including 9 May 2008.

HNC's Chairman, Mr Renchun He, said: "The Offer provides Abra shareholders with the opportunity to realise an attractive value now for part of their shareholding, and benefit from future upside in respect of their remaining Abra shares. The Offer also reinforces Hunan's commitment to assist in the development of Abra's 100%-owned lead-silver-(zinc)-copper-gold deposit located within the Mulgul Project in central Western Australia."

Abra's Chairman, Robert Anderson QC, said: "The board of Abra welcomes Hunan's bid. Implementation of the proposed proportional takeover will not only provide a cash reward to Abra shareholders while leaving them with a continuing stake in the Company but will also greatly enhance the capacity of Abra to continue to explore and develop the Mulgul Project and pursue other opportunities. On completion of the offer HNC and Abra will immediately start the joint venture negotiations referred to in the Letter of Intent signed in December 2007."

The Offer will be subject to various conditions, including a minimum acceptance condition of 50.1%, approval from the Foreign Investment Review Board and Chinese regulatory approvals. These conditions are set out in **Annexure A**.

Abra and Hunan have entered into a Takeover Bid Implementation Deed in relation to the Offer. The key terms of that Deed are summarised in **Annexure B**.

The Australian Securities & Investments Commission (**ASIC**) has granted to Hunan a modification of sections 618(2) and 653B(3) of the Corporations Act. The effect of section 618(2) is that if accepting an offer under an off-market takeover bid a shareholder would be left with a parcel of shares that is less than marketable parcel (ie. has a market value of less than \$500), the offer automatically extends to that parcel. The effect of the modification granted by ASIC is that section 618(2) will not apply to Abra shares that are acquired after this announcement has been released. The purpose of the modification is to address the risk of "share-splitting" which would frustrate the objective of the Offer being structured as a proportional takeover bid. The modification granted in respect of section 653B(3) is related to the modification of section 618(2), and concerns the holding of shares by nominees.

Further information about the Offer will be contained in Hunan's bidder's statement which Hunan expects to despatch to Abra shareholders within 4 weeks, and in Abra's target's statement which will be despatched at the same time as or after the bidder's statement.

Allens Arthur Robinson is acting as legal adviser to Hunan in relation to the Offer.

For further information contact

At Abra Mining Limited:

Jeffrey Moore, Managing Director

Tel: (61) 8 9226 0200

At Hunan Nonferrous Metals Corporation Limited:

David Bo, Adviser to Hunan

Tel: (86) 1390 107 9833 (China mobile)

(1) 778 238 8052 (Canada mobile)

About Abra Mining Limited

Abra Mining Limited (**Abra**) is a public company listed on ASX. Its head office is in West Perth, Western Australia.

Abra is an Australian mineral exploration company which was incorporated in 2004 for the purpose of acquiring and exploring the Abra deposit and the surrounding ground, and advance it to development.

Abra's current focus is exploring the 100% owned Abra lead, silver, (zinc), copper, gold deposit and surrounding South Bangemall Projects area in Western Australia's Mid-West region. Abra holds title to, or is securing interests in, tenements covering an area of more than 2,850km² within the South Bangemall and Havelock Projects. The South Bangemall Project area is located approximately 200 kilometres north of Meekatharra in Western Australia and the Havelock Project is located 35 kilometres northwest of Wiluna.

About Hunan Nonferrous Metals Corporation Limited

Hunan Nonferrous Metals Corporation Limited (**Hunan**) is a joint stock company incorporated in China and listed on the Hong Kong Stock Exchange. Hunan Nonferrous Metals Holding Group Co., Ltd (a Chinese state-owned entity) holds approximately 53% of the shares in Hunan.

Hunan (together with its subsidiaries) is the largest integrated producer of nonferrous metals, excluding aluminium, in China, as measured by production volume.

Hunan has a vertically-integrated and centralised production chain that includes upstream exploration, mining and ore processing as well as midstream smelting and downstream refining and value-added processing. It is the largest producer of cemented carbides, zinc and antimony in the PRC (as measured by production volume), as well as major producer of products such as lead, silver, indium, tantalum and niobium.

Annexure A - Offer conditions

The Offer is subject to the fulfilment of the following conditions:

(a) Minimum acceptance

At or before the end of the Offer Period, Hunan has a relevant interest in such number of Abra Shares which represents at least 50.1% of the aggregate of all the Abra Shares on issue and all the Abra Shares that would be issued if all the Abra Options on issue are exercised.

(b) Foreign investment approval

One of the following occurs before the end of the Offer Period:

- (i) the Treasurer or his agent advises Hunan to the effect that there are no objections to the acquisition by Hunan of up to 70% of the Abra Shares not already held by Hunan (by any means permitted by the Corporations Act) in terms of the Commonwealth Government's foreign investment policy; or
- (ii) no order is made in relation to the Offer under section 22 of the FATA within a period of 40 days after Hunan has notified the Treasurer that it proposes to acquire Abra Shares under the Offer, and no notice is given by the Treasurer to Hunan during that period to the effect that there are any objections to the acquisition of the Abra Shares by Hunan (by any means permitted by the Corporations Act) in terms of the Commonwealth Government's foreign investment policy; or
- (iii) where an order is made under section 22 of the FATA, a period of 90 days has expired after the order comes into operation and no notice has been given by the Treasurer to Hunan during that period to the effect that there are any objections to the acquisition of the Abra Shares by Hunan (by any means permitted by the Corporations Act) in terms of the Commonwealth Government's foreign investment policy.

(c) Chinese regulatory approvals

Before the end of the Offer Period, Hunan obtains all legal and regulatory approvals, authorisations and consents required under any Chinese laws, regulations or policies relevant to Hunan and necessary to enable Hunan to acquire Abra Shares under the Offer.

(d) Regulatory actions

Between the Announcement Date and the end of the Offer Period (each inclusive):

- (i) there is not in effect any preliminary or final decision, order or decree issued by a Public Authority;
- (ii) no action or investigation is announced, commenced or threatened by any Public Authority; and
- (iii) no application is made to any Public Authority (other than by Hunan or any of its associates),

in consequence of or in connection with the Offer (other than an application to, or a decision or order of, ASIC or the Takeovers Panel under, or relating to a breach of, Chapter 6, 6A, 6B or 6C of the Corporations Act or relating to unacceptable circumstances within the meaning of section 657A of the Corporations Act) which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, the making of the Offer or the acquisition of Abra Shares under the Offer or the completion of any transaction contemplated by the bidder's statement, or seeks to require the divestiture by Hunan of any Abra Shares, or the divestiture of any material assets of the Abra Group or Hunan Group.

(e) No material adverse change

Between the Announcement Date and the end of the Offer Period, no event, change or condition occurs, is announced or becomes known to Hunan (whether or not it becomes public) where that event, change or condition has had, or could reasonably be expected to have, a material adverse effect on:

- (i) the business, assets, liabilities, financial or trading position, profitability or prospects of the Abra Group, taken as a whole, since 31 December 2007;
- (ii) the status or terms of arrangements entered into by the Abra Group; or
- (iii) the status or terms of any approvals, licences or permits from Public Authorities applicable to the Abra Group,

except for events, changes and conditions publicly announced by Abra or otherwise disclosed in public filings by Abra or any of its subsidiaries prior to the Announcement Date where the relevant disclosure is not, and is not likely to be, incomplete, incorrect, untrue or misleading.

(f) No material acquisitions, disposals or new commitments

Except for any proposed transaction publicly announced by Abra before the Announcement Date, none of the following events occurs during the period from the Announcement Date to the end of the Offer Period (each inclusive):

- (i) Abra or any subsidiary of Abra acquires, offers to acquire or agrees to acquire one or more entities, businesses or assets (or any interest in one or more entities, businesses or assets) for an amount in aggregate greater than \$250,000, or makes an announcement in relation to such an acquisition, offer or agreement;
- (ii) Abra or any subsidiary of Abra disposes of, offers to dispose of or agrees to dispose of one or more entities, businesses or assets (or any interest in one or more entities, businesses or assets) for an amount, or in respect of which the book value (as recorded in Abra's consolidated statement of financial position as at 30 June 2007) is, in aggregate, greater than \$250,000, or makes an announcement in relation to such a disposition, offer or agreement; or
- (iii) Abra or any subsidiary of Abra enters into, or offers to enter into or agrees to enter into, any agreement, joint venture or partnership which would require expenditure, or the foregoing of revenue, by the Abra Group of an amount which is, in aggregate, more than \$250,000, other than in the ordinary course of business, or makes an announcement in relation to such an entry, offer or agreement.

(g) Non-existence of certain rights

No person (other than a member of the Hunan Group) has or will have any right (whether subject to conditions or not) as a result of Hunan acquiring Abra Shares under the Offer to:

- (i) acquire, or require the disposal of, or require Abra or a subsidiary of Abra to offer to dispose of, any material asset of Abra or a subsidiary of Abra; or
- (ii) terminate, or vary the terms or performance of, any material agreement with Abra or a subsidiary of Abra.

(h) Prescribed Occurrences

None of the occurrences specified in s652C of the Corporations Act happens either:

- (i) between the Announcement Date and the time the bidder's statement is given to Abra; or
- (ii) between the time the bidder's statement is given to Abra and the end of the Offer Period.

Definitions

In this Annexure A:

Abra means Abra Mining Limited.

Abra Group means Abra and its related bodies corporate (as defined in the Corporations Act).

Abra Options means options to subscribe for Abra Shares.

Abra Shares means fully paid ordinary shares issued in the capital of Abra.

Announcement Date means the date of this announcement.

ASIC means the Australian Securities and Investments Commission.

Corporations Act means the *Corporations Act 2001* (Cth).

FATA means the *Foreign Acquisitions and Takeovers Act 1975* (Cth).

Hunan means Hunan Nonferrous Metals Corporation Limited.

Hunan Group means Hunan and its related bodies corporate (as defined in the Corporations Act).

Offer means the offer to acquire Abra Shares to be made by Hunan to Abra shareholders in connection with the proposed takeover bid.

Offer Period means the period during which the Offer will remain open for acceptance.

Public Authority means any government or any governmental, semi-governmental, statutory or judicial entity or authority, or any minister, department, office or delegate of any government, whether in Australia or elsewhere. It also includes any self-regulatory organisation established under statute and any stock exchange.

Treasurer means the Treasurer of the Commonwealth of Australia.

Annexure B - Summary of Takeover Bid Implementation Deed

Hunan and Abra have entered into a Takeover Bid Implementation Deed dated 12 May 2008 (**Deed**) to facilitate the making of a proportional takeover bid by Hunan in respect of Abra shares. The following is a brief summary of the key terms of the Deed.

1. Takeover Bid

Under the Deed, Hunan agrees, among other things, to make an off-market proportional takeover offer to acquire 70% of the Abra Shares which are not already held by Hunan. The offer will not extend to Abra Shares which are issued during the period from the date set by Hunan under section 633(2) (the **Register Date**) of the Corporations Act to the end of the Offer Period due to a conversion or exercise of rights attached to securities which exist, or will exist, as at the Register Date.

Under the Deed, Abra agrees, among other things, to use its best endeavours to procure that all of the Abra directors:

- (a) maintain their unanimous recommendation that Abra shareholders accept the Offer, in the absence of a superior proposal; and
- (b) their stated intention to accept the offer in respect of the Abra Shares they own or control, in the absence of a superior proposal.

2. Exclusivity arrangements

(a) No-shop restriction

During the term of the Deed, Abra must ensure that neither it nor any of its Representatives directly or indirectly solicits, invites, facilitates or encourages any person, or communicates any intention to do any of these things, with a view to obtaining any offer or proposal from any person in relation to a Competing Proposal.

(b) No-talk restriction

Subject to the above, during the term of the Deed, Abra must ensure that neither it nor any of its Representatives negotiates or enters into, continues or participates in negotiations or discussions with any other person regarding a Competing Proposal, even if:

- (i) that person's Competing Proposal was not directly or indirectly solicited, initiated, or encouraged by Abra or any of its Representatives; or
- (ii) that person has publicly announced their Competing Proposal.

(c) No due diligence

During the term of the Deed, Abra must not without Hunan's prior written consent:

- (i) solicit, invite, facilitate or encourage any party (other than Hunan or its Representatives) to undertake due diligence investigations on Abra or any

of its related bodies corporate where to do so would involve a breach of the 'no-shop restriction'; or

- (ii) make available to any person (other than to Hunan or its Representatives) or permit any such person to receive any non-public information relating to Abra or any of its related bodies corporate.

(d) Notification

During the term of the Deed, Abra must immediately inform Hunan if it is approached by any person to engage in any activity that would breach its obligations in paragraphs (b) or (c), in which case Abra must also keep Hunan reasonably informed about the nature of any further or ongoing interaction with any such persons.

(e) Exceptions

The obligations referred to in paragraphs (b), (c) and (d) do not apply to the extent that they:

- (i) restrict Abra or the Abra Board from taking any action in respect of a bona fide Competing Proposal which was not encouraged, solicited, invited, facilitated or initiated by Abra in contravention of the 'no-shop' clause; or
- (ii) require Abra to provide the notification referred to in paragraph (d),

provided in each case that the Abra Board has determined in good faith and acting reasonably, that failing to respond to that Competing Proposal or providing the notification referred to in paragraph (d) (as applicable) would be likely to constitute a breach of the Abra directors' fiduciary or statutory obligations, after receiving written advice to that effect from Abra's external lawyers.

3. Break fee arrangements

(a) When break fee payable

Abra must pay a break fee of A\$670,000 (the **Break Fee**) if:

- (i) the following occur:
 - (A) before the end of the Offer Period, a Competing Proposal is announced or open for acceptance; and
 - (B) a person acquires an interest in all or a substantial part of the assets of the Abra or its subsidiaries or a relevant interest in more than 50% of the Abra Shares under that Competing Proposal; and
 - (C) in the case of a Competing Proposal that is a takeover bid made under Chapter 6 of the Corporations Act, the Competing Proposal becomes free from all defeating conditions either before or after the end of the offer period under the Competing Proposal; or
- (ii) all of the Abra directors do not recommend Hunan's takeover bid or any one or more Abra directors withdraws an earlier recommendation or recommends a Competing Proposal (or announces an intention to do any of the foregoing); or

- (iii) Abra or any of its Directors does (or omits to do) anything (whether or not it may be permitted by the terms of this Deed) which results in any of the conditions of Hunan's takeover bid being breached and Hunan does not declare the takeover bid free of the breached condition (which Hunan is under no obligation to do); or
- (iv) there is a breach of the exclusivity arrangements by Abra.

(b) Payment

If obliged to pay the Break Fee, Abra must pay that amount to Hunan within two business days of receipt of the demand.

(c) Repayment

If, notwithstanding the occurrence of any of the events referred to in section 3(a) above, Hunan ultimately declares the Offer unconditional (whether after the satisfaction or waiver of the conditions) and acquires relevant interests in at least 50% of the Abra Shares, Hunan must repay to Abra any amount received by it under the 'Break Fee' clause.

Also, if:

- (i) it is found by the Takeovers Panel or a Court that all or any part of the Break Fee is unlawful, involves a breach of director's duties or constitutes unacceptable circumstances within the meaning of section 657A of the Corporations Act and the period for lodging an application for review or a notice of appeal (as applicable) has expired without such an application or notice having been lodged; or
- (ii) an application for review or a notice of appeal having been lodged with the Takeovers Panel or a Court within the prescribed period, it is found by the relevant review panel or appeal Court that all or any part of the Break Fee is unlawful, involves a breach of director's duties or constitutes unacceptable circumstances within the meaning of section 657A of the Corporations Act,

then:

- (iii) Abra's undertaking to pay the Break Fee does not apply in respect of that part of the payment which is found to be unlawful, involving a breach of director's duties or constituting unacceptable circumstances; and
- (iv) Hunan must refund to Abra that part of the payment paid to Hunan under this Deed.

4. Definitions

In this Annexure B:

Abra means Abra Mining Limited.

Abra Board means the board of directors of Abra.

Abra Share means a fully paid ordinary share issued in the capital of Abra.

Competing Proposal means a proposal pursuant to which a person (other than Hunan or another entity in the Hunan Group) would, if the proposal were implemented:

- (a) directly or indirectly, acquire an interest, a relevant interest in or become the holder of:
 - (i) more than 20% of the Abra Shares; or
 - (ii) the whole or a substantial part or a material part of the business or property of Abra;
- (b) acquire control of Abra, within the meaning of section 50AA of the Corporations Act; or
- (c) otherwise acquire or merge with Abra (including by way of a scheme of arrangement, reverse takeover bid or dual listed companies structure).

Corporations Act means the *Corporations Act 2001* (Cth).

Hunan means Hunan Nonferrous Metals Corporation Limited.

Hunan Group means Hunan and its related bodies corporate (as defined in the Corporations Act).

Offer means each offer to acquire Abra Shares to be made by Hunan to Abra shareholders in connection with the proposed takeover bid.

Offer Period means the period during which the Offer is open for acceptance.

Representative means, in relation to a party:

- (a) a related body corporate of the party;
- (b) an officer of the party or any of the party's related bodies corporate; or
- (c) an adviser to the party or any of the party's related bodies corporate.