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YUE DA MINING HOLDINGS LIMITED

悦達礦業控股有限公司

(incorporated in the Cayman Islands with limited liability)

(stock code: 629)

MEMORANDUM OF UNDERSTANDING ENTERED INTO WITH PINGCHUAN IRON MINING COMPANY

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

The Board is pleased to announce that on 14 January 2010, the Company and Pingchuan Iron Mining Company entered into the MOU. Pursuant to the MOU, it is proposed that the Company (or its subsidiary) and Pingchuan Iron Mining Company are to establish a sino-foreign enterprise as the platform for the development of Pingchuan Iron Mine and other mining sites in Yanyuan County, Sichuan Province, the PRC, including the exploration, mining and processing of metal reserves in Pingchuan Iron Mine and other mining sites in Yanyuan County, Sichuan Province, the PRC.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

This announcement is made pursuant to Rule 13.09 of the Listing Rules. The purpose of this announcement is to keep Shareholders and potential investors of the Company informed of the latest business development of the Group.

MEMORANDUM OF UNDERSTANDING ENTERED INTO WITH PINGCHUAN IRON MINING COMPANY

Reference is made to the announcement of the Company dated 16 December 2009. Following the execution of the Strategic Co-operation Agreement between Jiangsu Yue Da and Yanyuan People's Government on 16 December 2009, the Board is pleased to announce that on 14 January 2010, the Company and Pingchuan Iron Mining Company entered into the MOU. Pursuant to the MOU, it is proposed that the Company (or its subsidiary) and Pingchuan Iron Mining Company are to establish a sino-foreign enterprise as the platform for the development of Pingchuan Iron Mine and other mining sites in Yanyuan County, Sichuan Province, the PRC, including the exploration, mining and processing of metal reserves in Pingchuan Iron Mine and other mining sites in Yanyuan County, Sichuan Province, the PRC.

Based on the information provided by Pingchuan Iron Mining Company, it is a State-owned enterprise under the authority of Yanyuan People's Government and currently holds the exploration rights of Pingchuan Iron Mine. The annual production scale of Pingchuan Iron Mining Company is approximately 1,500,000 tonnes of ores and its competitive edge is enhanced by its registered brandname of “平鐵” in the PRC, which is commonly known as blast furnace additives. After the completion of the construction of relevant transport facilities, the distance of Pingchuan Iron Mining Company from Panzhihua Iron and Steel (Group) Company (攀鋼集團有限公司) Base No. 2 will be approximately 70 kilometres.

Based on the information provided by Pingchuan Iron Mining Company, the field works carried out by the relevant PRC bureau on Pingchuan Iron Mine was completed in November 2009. The relevant report reveals approximately 7,900,000 tonnes of resources (category 332), approximately 19,000,000 tonnes of resources (category 333) and approximately 10,000,000 tonnes of resources (category 334) (*Note*). The average grade of the first-exploitation-lot of Pingchuan Iron Mine is 40.96%. In respect of the said first-exploitation-lot of Pingchuan Iron Mine, all field works have been completed and it is expected that approval procedures in the PRC will be launched pending the compilation of the relevant reports, which is expected to take place at or around the end of January 2010.

Under the MOU, it is proposed that Pingchuan Iron Mining Company shall establish a wholly owned subsidiary in the PRC first, followed by the subscription of the equity interest of such subsidiary by the Company (or its subsidiary) to form the sino-foreign enterprise. Such sino-foreign enterprise is expected to be owned as to 51% by Pingchuan Iron Mining Company and as to 49% by the Company (or its subsidiary). The subscription price payable by the Company (or its subsidiary) shall be determined by reference to the valuation by a valuer to be jointly agreed by Pingchuan Iron Mining Company and the Company, and may be paid in cash or partially in cash and partially by Shares. The board of such sino-foreign enterprise is proposed to comprise of five persons, three to be nominated by the Company, and the rest to be nominated by Pingchuan Iron Mining Company, wherein a majority of the members of the board can pass resolutions approving the daily operation and management of the sino-foreign enterprise.

Pursuant to the MOU, parties shall endeavour to establish the above sino-foreign enterprise in the PRC in or before the end of March 2010. The sino-foreign enterprise is expected to embark on the development of Pingchuan Iron Mine which includes, without limitation:

- (1) the exploration, mining and processing of the reserves in Pingchuan Iron Mine which mainly comprise of iron;
- (2) the acquisition, restructuring and/or investment in other iron mining enterprises in Yanyuan County, Sichuan Province, the PRC, targeted to be implemented towards the end of 2010;
- (3) the in-depth exploration of other mining sites in Yanyuan County, Sichuan Province, the PRC, the reserves in which are mainly expected to be iron, copper and gold; and
- (4) the cleansing and processing of copper of other mining sites in Yanyuan County, Sichuan Province, the PRC.

The Directors consider that if the transaction contemplated under the MOU proceeds, the mine portfolios of the Group can be further diversified and may bring a revenue stream for the Group, which is in the interest of the Company and its Shareholders as a whole.

Other than the confidentiality clause in the MOU, the MOU is not legally binding on the parties, though the parties shall act in good faith towards the establishment of the sino-foreign enterprise. Further announcement(s) in respect of the above co-operation will be made by the Company in accordance with the Listing Rules if there is any material development or there is any binding agreement entered into.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Yue Da Mining Holdings Limited 悦達礦業控股有限公司, a company incorporated in the Cayman Islands and the issued Shares of which are listed on the main board of the Stock Exchange
“Director(s)”	director(s) of the Company
“Group”	collectively, the Company and its subsidiaries from time to time
“Jiangsu Yue Da”	江蘇悦達集團有限公司 (Jiangsu Yue Da Group Company Limited*), a state-owned company in the PRC
“Pingchuan Iron Mine”	平川鐵礦後備礦山爛紙廠段 (Pingchuan Iron Reserve Mine (Lanzhichang lot)*), a mine situated at Pingchuan County, Sichuan Province, the PRC
“Pingchuan Iron Mining Company”	四川省鹽源縣平川鐵礦 (Sichuan Province Yanyuan County Pingchuan Iron Mine*), a State-owned enterprise under the authority of Yanyuan People’s Government
“PRC”	the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the memorandum of understanding dated 14 January 2010 entered into between Pingchuan Iron Mining Company and the Company
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategic Co-operation Agreement”	the strategic co-operation agreement dated 16 December 2009 entered into between Yanyuan People’s Government and Jiangsu Yue Da

“Yanyuan People’s Government” 四川省鹽源縣人民政府 (Sichuan Province Yanyuan County People’s Government, the PRC*)

* *Unofficial transliteration from Chinese name(s) for identification purposes only*

Note: In China’s Solid Minerals Resource Classification, the three-number categories are used to denote the level of geologic assurance and the level of economic viability. Such categories incorporate three aspects of deposit as determined from the field works conducted, namely economic viability, type of feasibility study and level of geologic assurance.

By order of the Board
Yue Da Mining Holdings Limited
Chen Yunhua
Chairman

Hong Kong, 14 January 2010

As at the date of this announcement, the Board comprises the following members: (a) as executive Directors, Mr Dong Li Yong and Mr Liu Xiaoguang; (b) as non-executive Directors, Mr Chen Yunhua and Mr Qi Guang Ya; and (c) as independent non-executive Directors, Mr Cai Chuan Bing, Ms Leung Mei Han, Mr Han Run Sheng and Mr Cui Shu Ming.