

FOREIGN INVESTMENT REVIEW BOARD MINUTE

Minute No. 09/3040

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ASSISTANT TREASURER9 November 2009
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Assistant Treasurer

HANLONG MINING INVESTMENTS PTY LTD – ACQUISITION OF AN
APPROXIMATELY 51 PER CENT INTEREST IN MOLY MINES LIMITED**Timing:** The statutory deadline is 13 November 2009.**Recommendation:** That you note:

- the acquisition by Hanlong Mining Investments Pty Ltd (**Hanlong**) Section 45
Section 45 of Moly Mines Limited (**Moly**), and Section 45 ; and
- that unless you indicate any concerns by noon on the deadline day, the applicant will be advised in writing that the Government has raised no objections.

Noted

12.11.2009

KEY POINTS

- Moly, a 58 per cent foreign-owned exploration and feasibility stage mining company with reported total assets of \$343 million and a focus on base metals, was impacted severely by both the problems in global credit markets and the subsequent 70 per cent fall in the molybdenum price early last financial year. It requires funding to meet debt obligations and to finance development of the Spinifex Ridge Molybdenum/Copper Project mine.

Section 45

Section 45

- Hanlong is a newly formed Australian subsidiary of a Chinese company in the Hanlong Group and ultimately owned by four Chinese individuals Section 45
It has no Chinese SOE ownership. The Hanlong Group operates in mining, construction, natural resources, hydroelectric power and telecommunications.

Section 47C

Section 22

Section 22

Executive Member

Foreign Investment Review Board

Contact Officer: Section 22**Telephone:** Section 22

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ADDITIONAL INFORMATION

CONSULTATIONS

Section 47C & 47E

FOREIGN INVESTMENT POLICY

The proposal is subject to the *Foreign Acquisitions and Takeovers Act 1975* (the **FATA**) as a foreign person is proposing to acquire a substantial shareholding in an Australian corporation valued at more than \$219 million. If the applicant would be in a position to determine the control of the target company and it was decided to be contrary to the national interest, action to either prohibit the proposal or attach ameliorating conditions would be available under the FATA. The concept of national interest is not defined by the FATA and embodies a number of elements, including considerations of national security matters, community interests, economic development, environmental issues and Australia's international obligations.

Under the foreign investment policy, approval is normally only given for a specific transaction which is expected to be completed in a timely manner. If an approved transaction does not proceed at that time and/or the parties enter into new agreements at a later date, or if a transaction is not completed within 12 months, further approval must be sought for the transaction.

Section 47C & 47E

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PARTIES TO THE PROPOSAL

1. Hanlong is a newly formed Australian private limited company and a subsidiary of Sichuan Hanlong High Technology Co., Ltd), a Chinese company which is, in turn, wholly owned by Sichuan Hanlong (Group) Limited. The Sichuan Hanlong (Group) Limited is also incorporated in China and ultimately owned by four Chinese individuals. Section 45

Hanlong has no mining operations in Australia, although the Hanlong Group does have significant molybdenum assets in China.

2. Moly is an exploration and feasibility stage mining company listed on both the Australian and Toronto Stock Exchanges and with offices in Perth and Toronto. As at 30 June 2009, it reported total shareholders' equity of approximately \$115 million. It focuses on the development of base metal projects including the Spinifex Ridge Molybdenum project and the Spinifex Ridge Iron Ore project in Western Australia. Section 45
Section 45

BACKGROUND

Section 45

Section 45

PROPOSAL

5. The proposal would see Hanlong (or potentially another nominee of the Hanlong Group):

Section 45