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DONGYUE GROUP LIMITED

東岳集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 189)

**VOLUNTARY ANNOUNCEMENT
ACQUISITION OF EXPLORATION RIGHTS OF TWO MINES IN INNER MONGOLIA**

The board of directors (the “**Board**”) of Dongyue Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) announces that, on 5 October 2011, 內蒙古東岳氟材料有限公司 (Inner Mongolia Dongyue Fluorine Chemicals Co., Ltd.*) (“**Dongyue Fluorine**”), a wholly-owned subsidiary of the Company, entered into agreements with 山西遠鑫實業有限公司 (Shanxi Yuan Xin Industrial Co., Ltd.*) and its wholly-owned subsidiary, 內蒙古遠鑫鎳業有限公司 (Inner Mongolia Yuan Xin Nickel Co., Ltd.*) respectively, for the acquisition of exploration rights of two mines.

Pursuant to the agreements, Dongyue Fluorine has agreed to acquire:

- (i) the exploration rights with a term from 27 October 2009 to 26 October 2011 (which has been extended to a term from 27 October 2011 to 26 October 2013 pursuant to the renewed mining rights certificate) of a fluorspar, rare earth and iron mine (the “**Fluorspar Mine**”) situated in the Inner Mongolia Autonomous Region in the People’s Republic of China (“**Inner Mongolia**”), which occupies an aggregate area of approximately 33.39 square kilometers;
- (ii) the exploration rights with a term from 11 November 2008 to 11 November 2011 (which has been extended to a term from 12 November 2011 to 11 November 2013 pursuant to the renewed mining rights certificate) of a nickel mine (the “**Nickel Mine**”, together with the Fluorspar Mine, the “**Mines**”) situated in the Inner Mongolia, which occupies an aggregate area of approximately 34.51 square kilometers; and
- (iii) in respect of each of the Mines, its ancillary equipments, facilities and processing plants at the ground level within the exploration area (the “**Acquisition**”).

The aggregate consideration for the acquisition of the Mines is RMB80,000,000.

The Board is pleased to announce that, on 15 March 2012, it has obtained a preliminary approval from the relevant governmental authorities of Inner Mongolia at the county level for the issue of new exploration licences in respect of the Mines to Dongyue Fluorine after the Acquisition. Notwithstanding that the Acquisition remains subject to fulfilment of other conditions including approval by the government authorities at the city and autonomous region levels and issue of new exploration licences in respect of the Mines to Dongyue Fluorine, the Board considers the approval by the government authorities at the county level a material development with regard to completion of the Acquisition, and expects the Acquisition to take place in or around April 2012 as agreed in the relevant agreements.

Upon inspection and consultation with qualified mining experts and based on analysis of relevant geological data, the Board is satisfied that each of the two Mines is abundant with fluorspar resources, which is a major raw material for the existing businesses of the Group. The acquisition of the Mines will enable the Group to secure a reliable supply of high-quality fluorspar resources at a reasonable

cost. Therefore, the Board considers the acquisition of the Mines an important milestone in the Group's strategy to vertically integrate its business across the entire fluorine value chain.

The Acquisition may or may not proceed or complete, depending upon fulfilment of other conditions including the issue of new exploration licences in respect of the Mines to Dongyue Fluorine. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company. The Company will make a further announcement after the Acquisition has been completed according to its terms.

By Order of the Board
Dongyue Group Limited
Zhang Jianhong
Chairman

**For identification purposes only.*

The People's Republic of China, 18 March 2012

As at the date of this announcement, the Directors of the Company are Mr. Zhang Jianhong, Mr. Fu Kwan, Mr. Liu Chuanqi, Mr. Cui Tongzheng, Mr. Yan Jianhua and Mr. Zhang Jian as executive Directors, and Mr. Yue Run Dong, Mr. Liu Yi and Mr. Ting Leung Huel, Stephen as independent non-executive Directors