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**Zijin Mining Group Co., Ltd.\***

**紫金礦業集團股份有限公司**

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

**(Stock code: 2899)**

## **Announcement in relation to the Transfer of 15% Interest in Kamoia Copper in the DR Congo**

Zijin Mining Group Co., Ltd.\* (the "Company") made the Announcement in relation to its investment in the Kamoia Copper Mine Project in the DR Congo (the "Announcement") on 26 May 2015. The Company entered into a share acquisition agreement with Ivanhoe Mines Ltd. of Canada ("Ivanhoe") to acquire 49.5% equity interest in Kamoia Holding Limited ("KHL", a joint venture of the Company) and 49.5% of its shareholder's loans. KHL holds 95% interest in Kamoia Copper SA ("Kamoia Copper") while the Government of the Democratic Republic of the Congo (the "DR Congo") holds the remaining 5% interest in Kamoia Copper. The Announcement also mentioned that based on previous consent, an additional 15% interest in Kamoia Copper may also be required to be transferred to the Government of the DR Congo. Kamoia Copper is the 100% holder of Kamoia copper mining rights and permits in the DR Congo.

Recently, KHL entered into a share transfer agreement (the "Agreement") with the Government of the DR Congo. KHL will transfer 15% interest in Kamoia Copper to the Government of the DR Congo. The major terms of the Agreement are as follows:

### **1. Transfer of shares**

KHL will transfer 300 Class A shares of Kamoia Copper to the Government of the DR Congo, representing 15% of the interest in Kamoia Copper. The 300 Class A shares shall be non-dilutable until the earlier of (i) five years from the date of the first commercial production and (ii) the date on which the Government of the DR Congo ceases to hold all of its 300 Class A shares.

Shareholding structure of Kamoia Copper after the share transfer will be: KHL will hold 1,600 Class A shares, representing 80% of the share capital; the Government of the DR Congo will hold 300 Class A shares and 100 Class B shares, representing 20% of the share capital in aggregate. Among which, the Class B shares are non-dilutable for so long as the Government of the DR Congo remains the holder thereof.

## **2. Consideration of the transfer and commitments**

Consideration of the transfer of shares is one Congolese franc, and the Government of the DR Congo has made the following commitments, guarantees and preferential policies:

1. The Government of the DR Congo undertakes that it will provide, at KHL's request and subject to satisfaction of the applicable conditions, its assistance, from the date of execution of the Agreement, to Kamo Copper, its affiliates and subcontractors in obtaining the advantages contemplated by the DR Congo's special law, No. 14/005, relating to the tax, customs, non-tax revenues and currency exchange regime applicable to projects of cooperation.
2. The Government of the DR Congo acknowledges and confirms that all permits and mining rights in respect of the Kamo Copper project are valid, and in good standing without defect in all respects.
3. The Government of the DR Congo acknowledges and confirms that Kamo Copper is not subject to any change in its rights, or to any revocation proceeding of those rights or the mining permits, and that the mining rights of Kamo Copper are not subject to any cancellation, or to any dispute whatsoever or conflict with the Government of the DR Congo or third parties. The Government of the DR Congo recognizes and guarantees the peaceful enjoyment of its mining rights by Kamo Copper.
4. The Government of the DR Congo acknowledges and confirms that Kamo Copper is a company duly incorporated under the laws of the DR Congo, qualified to hold mining rights, and is the holder of the Kamo Copper project mining rights.
5. The Government of the DR Congo acknowledges and confirms the validity and legality of the investment in KHL by the Company through its wholly-owned subsidiary Gold Mountains (H.K.) International Mining Company Limited.
6. The Government of the DR Congo further confirms that the Kamo Copper project will be developed, with the support of the Government of the DR Congo and its Ministry of Mines, by Kamo Copper and the current and future shareholders of KHL.
7. The Government of the DR Congo confirms and guarantees that the Kamo Copper project will not be subject to any taxes or duties other than those legally required by the applicable statutory and regulatory provisions.
8. KHL undertakes to provide all shareholder loans (including the portion related to the Government of the DR Congo) to Kamo Copper and/or procure third party project financing for the development of the Kamo Copper project approved by the board of directors of Kamo Copper. The Government of the DR Congo confirms that the interest rate of shareholder loan, being 12-month LIBOR+7%, is consistent with the interest rate specified in the letter approved by the Ministry of Mines dated 13 November 2015.
9. The Government of the DR Congo acknowledges that it shall not be entitled to any dividends on its shares in the capital of Kamo Copper prior to the repayment of 80% of all shareholder loan and of 100% of any financing of the project by third parties.
10. KHL shall have a pre-emptive right and right of first refusal should the Government of the DR Congo wish to directly or indirectly sell, transfer or otherwise dispose of any or all of its shares in Kamo Copper.

### **3. Effective date of the transfer**

The Agreement will become effective on the date of its execution by the parties.

### **4. The law applicable and dispute settlement**

The jurisdiction and interpretation of the Agreement will be governed by the laws of the DR Congo.

Any dispute will be subject to binding arbitration, conducted in the French language, in Paris, France, in full accordance with the Convention on the Settlement of Investment Disputes between States and Nationals of Other States. An arbitral decision will be subject to enforcement under the New York Convention of 10 December 1958, to which the Government of the DR Congo is a contracting party.

The Company considers that the execution of the Agreement for transfer of 15% equity interest in Kamo Copper between KHL and the Government of the DR Congo further clarifies the rights and obligations of the Government of the DR Congo, creates a favorable business environment for the Kamo copper mine and is conducive to the stable and orderly development of the Kamo copper mine project.

This announcement is made on a voluntary basis.

**Investors and shareholders are advised by the board of directors to exercise caution when dealing in the shares of the Company.**

As at the date of this announcement, the Board of Directors of the Company comprises Messrs. Chen Jinghe (Chairman), Wang Jianhua, Qiu Xiaohua, Lan Fusheng, Zou Laichang, Fang Qixue and Lin Hongfu as executive directors, Mister. Li Jian as non-executive director, and Messrs. Lu Shihua, Ding Shida, Zhu Guang, and Sit Hoi Wah, Kenneth as independent non-executive directors.

By Order of the Board of Directors  
**Zijin Mining Group Co., Ltd.\***  
**Chen Jinghe**  
*Chairman*

Fujian, the PRC, 18 November 2016

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