

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.*



**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 Progress of Participation in Public Bidding of a State-owned Copper Company in Serbia**

### **Important notice:**

- Zijin Mining Group Co., Ltd.\* (the “Company”) participated in a public bidding in relation to the selection of strategic partner of RTB Bor Group (Rudarsko Topioninarski Basen Bor Grupa, the “Target Company”) in Serbia, and was elected as the best bidder. At this moment, the Company has not yet entered into any formal agreement with the Serbian government and other transaction parties, and it is still necessary for the Company to carry out further commercial negotiations with those parties in relation to the particulars in the formal agreements. There are uncertainties with respect to the transaction.
- The Company will fulfill its information disclosure obligation in time subject to the progress of the agreements to be entered into subsequently. Investors are advised to exercise caution and be cautious of investment risks.

### **I. Basic information of the bidding**

The Target Company is a state-owned copper company in Serbia. The Republic of Serbia Development Fund holds 99.99996% of its equity interest, and another 9 minority shareholders in aggregate hold the remaining 0.00004% equity interest. The Target Company owns 3 subsidiaries, namely RBB, RBM and TIR, which control 4 low-grade porphyry type copper (gold) mines (3 open pit mines and 1 underground mine) and one smelter (designated to produce 80,000 tonnes of copper cathode per annum) respectively. Mining of the Jama underground mine dates back to 1903 with mining history of over one hundred years. According to the estimation results of resources volume under the JORC Code, as at the end of 2014, the Target Company owns 1.999 billion tonnes of indicated + inferred resources with copper grading 0.39% and 7.86 million tonnes of copper metal; gold grading 0.15g/t and 297 tonnes of gold metal; silver grading 1.10g/t and 2,197 tonnes of silver metal. In 2017, the Target Company produced 69,200 tonnes of copper

cathode, 1,087kg of gold and 11,858kg of silver from the smelter plant, of which 43,500 tonnes of copper, 700kg of gold and 5,000kg of silver were from its own mines.

Due to low metal prices, insufficient investment and obsolescence of equipment, etc. in recent years, the Target Company faced difficulties in its operation and management. Therefore, the Serbian government decided to initiate restructuring process and debt reorganisation plan on the Target Company and its subsidiaries. Through a global public invitation of bids, strategic partnership will be introduced to carry out production expansion and technological reform, in order to secure the operation of the enterprise.

## **II. Information of the bidding**

The Company has followed up closely and conducted in-depth researches on the Target Company, concluding that the project has a large volume of resources reserves, and has good potential for technological reform and production expansion. The Company proposed to push forward the acquisition and participate actively in the bidding of the project.

On 17 July 2018, the Ministry of Economy of Serbia announced the formal launch of the public bidding to introduce strategic partner to restructure the Target Company. On 20 August 2018, the Company completed all the bidding documents and submitted them to the bidding committee, including:

(i) Commercial bidding: the Company proposed to contribute USD350 million for capital increase of the Target Company and obtain 63% of its shares.

(ii) Technical bidding: According to the business development plan of the Target Company submitted by the Company, it was proposed that the Target Company shall invest approximately USD1.46 billion in aggregate in the following six years, in which, USD1.26 billion (including the abovementioned USD350 million for capital increase) will be used for technological reform, expansion or construction of its 4 mines and 1 smelter plant. It is expected that after reaching the designated production capacity, approximately 120,000 tonnes of copper, 1.45 tonnes of gold and 10.6 tonnes of silver can be produced from the mines annually, and approximately 150,000 tonnes of copper cathode can be produced from the smelter plant annually; approximately USD0.2 billion will be used for repaying the liabilities of the Target Company which ought be repaid under the debt reorganisation plan (the specific terms for the repayment are subject to further negotiations). The sources of fund of the above business development plan are mainly from the abovementioned capital increase, the net cash flows from the operation of and loans from commercial banks to the Target Company, etc.

On 31 August 2018, the Serbian government announced on its website that the Company was elected as the best bidder for the selection of strategic partnership of the Target Company, issued a formal confirmation to the Company and invited the Company for negotiations. The Company will carry out negotiations regarding the commercial agreements with the Serbian government and other transaction parties.

### **III. Impacts on the Company**

The Company considers that all four mines of the Target Company are porphyry type copper, gold and silver deposits, with thick orebodies which are suitable for large-scale development. With gradual improvement or expansion of the mining, processing and smelting scale, it is expected that the production volume can increase substantially. The mines of the Target Company are situated on the famous Eurasian metallogenic belt, which have a good prospect for mineral formation, great potential for exploration, and considerable opportunities for integration with the surroundings. If the transaction is successful, the Company can further increase its resources reserves and production volume and raise the Company's comprehensive capacity and position in the industry, which aligns with the Company's development strategies and is in the interests of all the shareholders of the Company.

### **IV. Risk warning**

At this moment, the Company has not yet entered into any formal agreement with the Serbian government and other transaction parties, and it is still necessary for the Company to carry out further commercial negotiations with those parties in relation to the particulars in the formal agreements. There are uncertainties with respect to the transaction.

The Company will fulfill its information disclosure obligation in time subject to the progress of the agreements to be entered into subsequently. Investors are advised to exercise caution and be cautious of investment risks.

**This announcement is written in both Chinese and English. In the case of any discrepancies, the Chinese version shall prevail over its English version.**

**Investors and shareholders are advised by the Board to exercise caution when dealing in the securities of the Company.**

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

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

Fujian, the PRC, 2 September 2018

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