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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)

Overseas Regulatory Announcement

This announcement was published on the website of Shanghai Stock Exchange of the People's Republic of China by Zijin Mining Group Co., Ltd.* (the "Company").

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

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

1 January 2019, Fujian, the PRC

**The Company's English name is for identification purposes only*

Zijin Mining Group Co., Ltd.***Announcement in relation to the Dilutive Impact of the Public Issuance of A Shares on Immediate Returns and the Adoption of Recovery Measures**

The Company and the board of directors of the Company hereby warrant that the contents contained herein are true, accurate and complete, and there are no false representations or misleading statements contained in, or material omissions from this announcement, and jointly and severally accept responsibility for the authenticity, accuracy and completeness of the content herein.

Matters relating to the public issuance of A Shares (the “Public Issuance” or “Issuance”) of Zijin Mining Group Co., Ltd.* (the “Company”) have been considered and approved at the fifteenth extraordinary meeting of the sixth term of the board of directors of the Company (the “Board”). The Public Issuance is still subject to the approvals of the shareholders’ general meetings and the China Securities Regulatory Commission (the “CSRC”). Pursuant to the relevant regulations including “Opinion of the General Office of the State Council on Further Strengthening the Protection of the Legitimate Rights and Interests of Minority Investors in the Capital Market” (Guobanfa [2013] No.110), “Certain Opinion of the State Council on Further Promoting the Healthy Development of the Capital Market” (Guofa [2014] No. 17), and “Guiding Opinion on Matters Relating to Dilution of Immediate Return in Initial Public Offering, Refinancing and Material Asset Restructuring” (CSRC Announcement [2015] No. 31), the Company hereby conducts intensive analysis on the dilutive impact of matters relating to the Public Issuance on immediate returns, and detailed recovery measures in response to the dilutive impact were formulated. Undertakings are made by the relevant parties for the rigorous implementation of the Company’s recovery measures in response to the dilutive impact on immediate returns. Details are as follows:

I. The necessity and rationality of the Issuance**(1) Increase resources reserve volume and enhance core competitiveness**

The Company insists on emphasising on internationalisation strategy, strengthens its comparative advantages in gold, copper, zinc and other mineral products. The acquisition of Nevsun Resources Ltd. (“Nevsun”) to obtain the control of the upper zone of the Timok copper-gold mine and the Bisha copper-zinc mine will substantially increase the quality resources reserve volume of the Company. Upon completion of the acquisition, the copper resources reserve of the Company will increase by 8.253 million tonnes (on equity basis), representing 26.22% of the Company’s current copper resources reserve; the gold resources reserve of the Company will increase by 241.80 tonnes (on equity basis), representing 18.32% of the Company’s current gold resources reserve; the zinc resources reserve of the Company will increase by 1.877 million tonnes (on equity basis), representing 23.97% of the Company’s current zinc resources reserve. Therefore, the acquisition can contribute to the continuous increase in the resources reserve volume of the Company, enhance its core competitiveness and elevate its global industrial status.

(2) Expand the production scale and enhance the corporate profitability

Nevsun owns two core assets including the Timok copper-gold mine and the Bisha copper-zinc mine. The Timok copper-gold mine is yet to be developed, while the Bisha copper-zinc mine is currently in production. The Timok copper-gold mine possesses large resources reserve volume with high-grade mineral resources

at the upper zone. It is expected that promising returns can be brought to the Company in the future. The profit of the Bisha copper-zinc mine for the period from January to September 2018 was USD23.12 million.

In addition, during the period of project construction and operation, the Company will use its own technological advantages and experience in operation and management to optimise and adjust construction plan and production process, in order to reduce costs of investment, production and operation, and enhance the profit contribution of the project acquired. The smooth implementation of the project to be invested by the proceeds raised will create a new source of profit growth for the Company and boost its profits.

(3) Meet the capital demand and optimise financial structure

As at 30 September 2018, the debt-to-asset ratio of the Company (under consolidation basis) was 58.08%. In accordance with the pre-acquisition agreement, the consideration for acquiring 100% interest of Nevsun is CAD\$ 1,858,499,430, equivalent to approximately RMB9.3633060 billion. The Company will invest in the project with self-financed fund according to the actual development progress of the project before the proceeds raised in the Public Issuance are deposited in the account. If the acquisition is entirely funded by debt financing, the debt-to-asset ratio of the Company will rise. After the proceeds raised in the Public Issuance are deposited in the account, the proceeds raised in the Public Issuance will be used to substitute the Company's self-financed fund, thus reducing finance cost and optimising the Company's financial structure.

II. The relationship between the project to be invested by the proceeds raised and the Company's current business, and talent, technology, and market reserves of the Company in relation to the project to be invested by the proceeds raised

(1) The relationship between the project to be invested by the proceeds raised and the Company's current business

The Company is a large-scale mining group focusing on exploration and development of mineral resources including gold, copper, zinc and other base metals with high technology and efficiency. It is mainly engaged in the exploration, mining, refining and processing of gold, copper, lead and zinc and other mineral resources, and sales of related products. Through the project to be invested by the proceeds raised, the Company will increase reserve volume and production capacity of copper, gold and zinc, building a solid foundation for the sustainable development of the Company in the long run.

(2) Talent reserve

After years of practice, the Company has accumulated much valuable experience in the aspects of overseas capital operation, operation and management. A set of sound and rigorous operating procedures has been formed. A professional team with global vision has been nurtured for overseas operation. The progress of internationalisation has been accelerated with good operating results.

When the Company introduces quality talent with international operation experience, expatriate of Chinese employees, and nurture of local employees and localisation for overseas projects are highly emphasised as well. As at the date of this announcement, the number of core technicians and management personnel assigned overseas from China exceeds 110, and the number of Chinese and foreign staff in overseas projects exceeds 9,100.

(3) Technology reserve

Innovation in science and technology is the core competitiveness to support the Company's development. After years of investment in technological research, development and accumulation, a technological innovation system with Zijin characteristics and a batch of independent intellectual property rights and scientific research achievements have been formed. The Company has core technology and comparative competitiveness in the industry in the aspects of geological exploration, conventional mining and processing, hydrometallurgy, integrated recovery and utilisation of low-grade refractory resources and large-scale engineering development, etc. The Company owns high-level research and development platforms and design entities for scientific research including the State Key Laboratory for integrated utilisation of low grade refractory gold resources, which is the only laboratory of its kind in the gold industry, the state-level enterprise technology centre, workstations for academicians/experts, workstations for post-doctors' scientific research, research institutes of mining and metallurgy, testing companies, etc. The Company and several of its subsidiaries obtained the honour of "High and New Technology Enterprises".

(4) Market conditions

China is the largest consumption market for metal mineral products in the world. China consumes 40-50% of the global base metal products, but domestic supply is scarce. China imports over 50% of iron, copper, aluminium and gold, etc. The main products of the project acquired this time are domestically scarce strategic resources.

III. Estimation on the impact of the Public Issuance on the major financial indicators of the Company

(1) The major assumptions for estimation on the impact of the Public Issuance on the major financial indicators of the Company

The following assumptions only apply to the estimation on the impact of the Public Issuance on the major financial indicators of the Company. It does not represent the Company's judgement on its operating situation and trend for the years of 2018 and 2019, and does not constitute a profit forecast of the Company. Investors shall not make investment decisions based on such estimation and the Company will not be liable for any loss arising from any investment decision thus made.

1. Assuming that there is no material adverse change in the macroeconomic environment, industrial policies, industrial development and the securities market;
2. Assuming that the Company completes the Public Issuance in October 2019.
3. Assuming that the number of shares to be issued in the Public Issuance is 3.4 billion;
4. Assuming that the final total amount of proceeds raised in the Public Issuance is RMB8 billion (including issuance expenses);
5. Assuming that the Company's net profits before and after non-recurring profit or loss attributable to the shareholders of listed company in 2018 are 4/3 times of those disclosed in the third quarterly report 2018; assuming that the Company's net profits before and after non-recurring profit or loss attributable to the shareholders of listed company in 2019 remain approximately the same with those in the year of 2018;
6. Assuming that there is no change in the total share capital of the Company due to conversion of capital reserve into share capital or distribution of bonus shares in the years of 2018 and 2019;
7. The effects of the proceeds raised in the Issuance after deposited in the account on the Company's operating status, financial situation (financial expenses, investment income, etc.) are not taken into consideration.

The abovementioned assumptions are only the estimations made by the Company, which do not represent the Company's judgement on the completion time, number of shares to be issued and amount of the proceeds raised in the Public Issuance. The number of shares to be issued, amount of the proceeds raised and actual completion time as approved by the CSRC shall prevail.

(2) Impact on the major financial indicators of the Company

Based on the abovementioned assumptions, pursuant to the "Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No. 9 - Calculation and Disclosure of Return on Net Assets and Earnings per Share" (2010 Amendment) and other relevant regulations, the Company estimates the dilutive impact of the Public Issuance on the immediate returns to the shareholders as below:

Items	Amount/Number	Calculation
I. Number of shares		
Total number of shares as at the end of 2017	23,031,218,891	a
Total number of shares as at the end of 2018	23,031,218,891	b=a
Total number of shares to be issued	3,400,000,000	c
Total number of shares after the Public Issuance	26,431,218,891	d=b+c
Weighted average number of total shares in 2018	23,031,218,891	e=b
Weighted average number of total shares in 2019	23,597,885,558	f=b+c*2/12
II. Net profit		
Net profit attributable to owners of the parent after non-recurring profit or loss in 2018	RMB4,302,340,984	g
Net profit attributable to owners of the parent after non-recurring profit or loss in 2019	RMB4,302,340,984	h=g
Net profit attributable to owners of the parent before non-recurring profit or loss in 2018	RMB4,469,825,420	i
Net profit attributable to owners of the parent before non-recurring profit or loss in 2019	RMB4,469,825,420	j=i
III. Earnings per share		
Earnings per share of 2018 (basic and dilutive, after non-recurring profit or loss)	RMB0.1868	k=g/e
Earnings per share of 2019 (basic and dilutive, after non-recurring profit or loss)	RMB0.1823	l=h/f
Change in earnings per share (after non-recurring profit or loss)	-RMB0.0045	m=l-k
Earnings per share of 2018 (basic and dilutive, before non-recurring profit or loss)	RMB0.1941	n=i/e
Earnings per share of 2019 (basic and dilutive, before non-recurring profit or loss)	RMB0.1894	o=j/f
Change in earnings per share (before non-recurring profit or loss)	-RMB0.0047	p=o-n

(3) The dilutive impact on immediate returns

Based on the above assumptions and calculation, if the net profit for the year of completion of the Public Issuance (2019) is approximately the same with that of the previous year (2018), the basic and dilutive earnings per share before and after non-recurring profit or loss of the year when proceeds raised are deposited in the account (2019) are lower than those of the previous year (2018), and thus the immediate returns of the Company is diluted.

IV. Special risk warning on the dilutive impact of the Public Issuance on immediate returns

The Public Issuance will increase the total amount of share capital and net assets scale of the Company, while the immediate and future earnings per share and return on net assets may be subject to the risk of dilution.

The proceeds raised in the Public Issuance are proposed to be used in the project of all cash takeover of 100% interest of Nevsun. Although it is expected that the project to be invested by the proceeds raised will generate relatively high income, the development and construction of the Timok copper-gold mine project and the optimisation and upgrade of the Bisha copper-zinc mine project still require a certain period of time. The growth rate of the Company's net profit may be lower than those of its share capital and net assets in the short run. Therefore, the Company's immediate and future earnings per share and return on net assets may be diluted.

Investors are advised to exercise caution on the investment risks.

V. Recovery measures to be taken by the Company in response to the dilutive impact of the Public Issuance on immediate returns

In view of the above circumstances, the Company will boost its core competitiveness by expanding its resource reserve volume and business scale; optimise the Company's capital structure and reduce finance costs to enhance its profitability; ensure efficient use of the proceeds raised by strengthening their management and use; and boost return to investors by rigorous execution of distribution policies of cash dividends. Specific measures are as follows:

(1) Business operation status, developing trend, major risks and measures for improvement of the Company

1. Increase the production capacity of gold, copper and zinc and elevate the industrial status

The Company is one of domestic companies with the largest resource reserve of metallic mineral resources, and is also the largest producer of mine-produced gold, the third largest producer of mine-produced copper, the largest producer of mine-produced zinc and a significant producer of silver, iron and other metals in China. It is one of the listed mining companies in China with the best efficiency and profitability. The rankings published by the Forbes Magazine in 2018 show that the Company ranks the 947th in the list of "Global 2,000 Leading Companies", the 14th among the global non-ferrous metals corporations and the 2nd among the global gold corporations. The Company will further enlarge the production capacity, increase resources reserve volume and elevate the industrial status through the implementation of the project to be invested by the proceeds raised.

2. Boost capital strength and improve market risk resistance

The sources of capital of the Company are mainly from retained earnings and debt financing. If the Public Issuance is successful, the Company's capital strength and risk resistance will be improved.

(2) Measures to enhance daily operational efficiency, reduce the operating costs and improve the operating results of the Company

1. Strengthen management and use of the proceeds raised

For the purpose of regulating the management and use of the proceeds raised and ensuring the raised fund will be exclusively used in the project to be invested by the proceeds raised, pursuant to the Company Law of the People's Republic of China, Securities Law of the People's Republic of China, Rules Governing the Listing of Stocks on Shanghai Stock Exchange and other laws, regulations and regulatory documents, on the basis of the practical situation of the Company, the Company formulated and revised the "Management Methods of Proceeds Raised", which were considered and approved at the ninth meeting of the fifth term of the Board. The Company will manage and use the proceeds raised in strict accordance with exclusive management, deposit and way of use, in order to improve the efficiency of fully using the proceeds raised in the designated manner.

2. Reduce costs in all aspects to reach the expected return of the project to be invested by the proceeds raised

The project to be invested by the proceeds raised is the acquisition of 100% interest of Nevsun. The target company owns the undeveloped Timok copper-gold mine project in Serbia (Nevsun owns 100% interest of the upper zone, which contains resources of high-grade copper-gold deposits, and 60.4% interest of the lower zone (which may be diluted to 46% finally) which contains resources of large-scale porphyry type copper deposits) and the Bisha copper-zinc mine project in current production in Eritrea, Africa (Nevsun owns 60% interest currently), as well as 27 exploration permits in total in Serbia, Eritrea and Macedonia. In 2017, the Bisha copper-zinc mine produced approximately 95 thousand tonnes of zinc metal and 8,000 tonnes of copper metal.

It is expected that the project acquired can realise greater economic returns in the future with relatively strong risk resistance. During the process of future development, construction, production and operation of the mines, the Company will devote itself to reducing costs in all aspects, and striving to reach expected results of the project to be invested by the proceeds raised.

3. Optimise the Company's capital structure, improve overall risk resistance and further raise the overall profitability

As at 30 September 2018, the debt-to-asset ratio of the Company (under consolidation basis) was 58.08%. In accordance with the pre-acquisition agreement, the total consideration for acquiring 100% interest of Nevsun is CAD\$ 1,858,499,430, equivalent to approximately RMB9.3633060 billion. The Company will invest in the project by self-financed fund according to the actual development progress of the project before the proceeds raised in the Public Issuance are deposited in the account. If the acquisition is entirely funded by debt financing, the debt-to-asset ratio of the Company will rise. After the proceeds raised in the Public Issuance are deposited in the account, the proceeds raised in the Public Issuance will be used to substitute the Company's self-financed fund, thus reducing the finance cost, optimising capital structure and increasing the overall profitability of the Company.

4. Execute cash dividend distribution policies rigorously and improve investors return mechanism

In accordance with the stipulations of the “Opinion on Further Strengthening the Protection of the Legitimate Rights and Interests of Minority Investors in the Capital Market” issued by the State Council, “Notice in Relation to Further Implementing Cash Dividend Distribution of Listed Companies” and “Regulatory Guidelines of Listed Companies No. 3 - Cash Dividends of Listed Companies” issued by the CSRC, the Company will rigorously execute the cash dividend distribution policies as stipulated in the articles of association of the Company and implement the Profit Distribution and Return Plan for the Next Three Years (Year 2018-2020) of Zijin Mining Group Co., Ltd.* to provide consistent and stable returns to investors.

VI. Undertakings made by the relevant parties

In order to ensure the effective execution of the specific recovery measures in response to the dilutive impact on the immediate returns formulated by the Company, pursuant to the stipulations in “Guiding Opinion on Matters Relating to Dilution of Immediate Return in Initial Public Offering, Refinancing and Material Asset Restructuring” (CSRC Announcement [2015] No. 31), the Directors and senior management of the Company hereby undertake as follows:

- (1) I undertake to perform my duties and uphold the legitimate rights and interests of the Company and all shareholders of the Company faithfully and diligently.
- (2) I undertake not to convey any benefits to other entities or individuals for free or on unfair terms or otherwise jeopardise the interests of the Company.
- (3) I undertake to restrict my spending in the performance of my duties as a director and a senior management.
- (4) I undertake not to use the assets of the Company in making any investment or expenditure other than in relation to the performance of my duties.
- (5) Within my duties and scope of my lawful authorisation, I undertake to procure that the remuneration system formulated by the Board or the nomination and remuneration committee is linked up with the implementation status of the recovery measures of returns of the Company, and I will vote in favour of the relevant agendas considered by the Board and the shareholders’ general meeting (if voting rights are applicable).
- (6) If the Company proposes to adopt an incentive share scheme subsequently, within my duties and scope of my lawful authorisation, I undertake to fully procure that the conditions for the exercise of the right of the incentive share scheme are linked up with the implementation status of the recovery measures of returns of the Company, and I will vote in favour of the relevant agendas considered by the Board and the shareholders’ general meeting (if voting rights are applicable).
- (7) I guarantee that the above undertakings are true and are subject to supervision of securities regulatory authorities, self-disciplinary organisations and the public. If I breach or refuse to perform any of my undertakings, I shall perform the obligation to explain and apologise for the breach as well as other relevant obligations, and accept related penalties and take on regulatory responsibilities as defined by the regulations, rules as stipulated or announced by the CSRC, Shanghai Stock Exchange and China Association for Public Companies. If I incur loss for the Company or shareholders, I am willing to assume compensation responsibility pursuant to the laws.

In addition, in order to ensure the effective execution of the specific recovery measures in response to the

dilutive impact on the immediate returns formulated by the Company, the controlling shareholder of the Company undertakes as follows: the undertaker will strictly follow the laws, regulations and the articles of association of the listed company, will not abuse its power to interfere in the operating and management activities of the Company, will not occupy any interest of the Company, and will strictly perform specific recovery measures for the dilutive impact on immediate returns as formulated by the Company.

If the Company or the relevant parties breach the abovementioned undertakings, the fact and reasons for the breaches shall be announced to the public in a timely manner. Apart from failure due to force majeure and other factors not attributable to the Company, apology shall be made to the shareholders of the Company and the public investors. Meanwhile, supplementary or alternative undertakings shall be proposed, in order to make the best efforts to protect the interest of investors. The supplementary or alternative undertakings shall be implemented after consideration and approval at the shareholders' general meeting of the Company.

VII. Procedures to consider the recovery measures in response to the dilutive impact of the Public Issuance on immediate return and the undertakings

The analysis, recovery measures for dilutive impact on immediate returns and undertakings made by the relevant parties were considered and approved by the Board at the fifteenth extraordinary meeting in 2018 of the sixth term of the Board, and they will be submitted to shareholders' general meeting of the Company for approval.

The Company will disclose the progress of the recovery measures for the dilutive impact on the immediate returns and the execution of undertakings by relevant parties in its regular reports.

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

Zijin Mining Group Co., Ltd.*

Board of directors

2 January 2019

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