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If you have sold or transferred all your shares in Zijin Mining Group Co., Ltd.*, you should at once pass this circular to the purchaser, the transferee, the bank, the stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of Zijin Mining Group Co., Ltd.*



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)

**(1) PROPOSED PUBLIC ISSUANCE OF A SHARES;
(2) POSSIBLE DISCLOSEABLE AND POSSIBLE CONNECTED
TRANSACTION — SUBSCRIPTION OF A SHARES UNDER THE PUBLIC
ISSUANCE OF A SHARES BY MINXI XINGHANG;
(3) POSSIBLE CONNECTED TRANSACTIONS — SUBSCRIPTIONS OF A
SHARES UNDER THE PUBLIC ISSUANCE OF A SHARES BY THE
RELEVANT DIRECTORS AND SUPERVISORS AND/OR THE RELEVANT
DIRECTORS UNDER THE EMPLOYEE STOCK OWNERSHIP SCHEME**

**INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT BOARD COMMITTEE AND
THE INDEPENDENT SHAREHOLDERS**

MESSIS  **大有融資**

A letter from the Board is set out on pages 5 to 23 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 24 to 25 of this circular. A letter from the Independent Financial Adviser, Messis Capital Limited, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 26 to 44 of this circular.

Notices convening the EGM and the H Shareholders' Class Meeting to be held at the conference room at 21/F., Zijin Headquarters, No. 1 Zijin Road, Shanghang County, Longyan City, Fujian Province, the PRC on Friday, 12 April 2019 at 9 a.m. and 11:30 a.m., respectively, were both issued on 26 February 2019 and set out on pages 130 to 137 of this circular.

Reply slips and proxy forms for H Shareholders for use at the said meetings were issued on 26 February 2019. H Shareholders who intend to attend the respective meetings shall complete and return the reply slip(s) in accordance with the instructions printed on or before Friday, 22 March 2019.

Whether or not you are able to attend the respective meetings, please complete the applicable proxy form(s) in accordance with the instructions printed thereon. The applicable proxy form(s) shall be lodged with the registrar of H Shares of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 24 hours before the time appointed for the holding of the relevant meeting(s) or any adjournment thereof (as the case may be). Completion and return of the applicable proxy form(s) will not prevent you from attending and voting in person at the relevant meeting(s) or any adjournment thereof should you so wish.

* The English name of the Company is for identification purpose only

28 March 2019

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“A Share(s)”	the domestic share(s) issued by the Company to domestic investors with a nominal value of RMB0.10 each, which are listed on the Shanghai Stock Exchange;
“A Shareholder(s)”	holder(s) of A Share(s);
“A Shareholders’ Class Meeting”	the first A Shareholders’ class meeting in 2019 to be held at the conference room at 21/F., Zijin Headquarters, No. 1 Zijin Road, Shanghang County, Longyan City, Fujian Province, the PRC on Friday, 12 April 2019 at 11 a.m.;
“Articles of Association”	the articles of association of the Company, as amended, modified or otherwise supplemented from time to time;
“Associate(s)”	has the meaning ascribed thereto under the Listing Rules;
“Board”	the board of Directors of the Company;
“CAD”	Canadian dollar, the lawful currency of Canada;
“Class Meetings”	the A Shareholders’ Class Meeting and the H Shareholders’ Class Meeting;
“Company”	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 PRC with limited liability;
“Connected Person(s)”	has the meaning ascribed thereto under the Listing Rules;
“Connected Transaction(s)”	has the meaning ascribed thereto under the Listing Rules;
“Controlling Shareholder”	has the meaning ascribed thereto under the Listing Rules;
“CSRC”	China Securities Regulatory Commission;
“Director(s)”	the director(s) of the Company;
“EGM”	the first extraordinary general meeting in 2019 to be held at the conference room at 21/F., Zijin Headquarters, No. 1 Zijin Road, Shanghang County, Longyan City, Fujian Province, the PRC on Friday, 12 April 2019 at 9 a.m.;
“Employee Stock Ownership Scheme” or “Scheme”	Phase 1 of the Employee Stock Ownership Scheme of Zijin Mining Group Co., Ltd.*;
“Group”	the Company and its subsidiaries;

DEFINITIONS

“H Share(s)”	the overseas-listed foreign invested share(s) in the Company’s share capital, with a nominal value of RMB0.10 each, which are listed on the Hong Kong Stock Exchange;
“H Shareholder(s)”	holder(s) of H Share(s);
“H Shareholders’ Class Meeting”	the first H Shareholders’ class meeting in 2019 to be held at the conference room at 21/F., Zijin Headquarters, No. 1 Zijin Road, Shanghang County, Longyan City, Fujian Province, the PRC on Friday, 12 April 2019 at 11:30 a.m.;
“HKD”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Independent Board Committee”	the independent board committee of the Company comprising all independent non-executive Directors established to advise the Independent Shareholders on voting in relation to the possible Connected Transactions of Subscriptions of A Shares under the Public Issuance of A Shares by Minxi Xinghang, the Relevant Directors and Supervisors and/or the Relevant Directors under the Employee Stock Ownership Scheme;
“Independent Financial Adviser”	Messis Capital Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the possible Connected Transactions of Subscriptions of A Shares under the Public Issuance of A Shares by Minxi Xinghang, the Relevant Directors and Supervisors and/or the Relevant Directors under the Employee Stock Ownership Scheme;
“Independent Shareholder(s)”	any Shareholder(s) of the Company that is not required to abstain from voting at the EGM to approve the possible Connected Transactions of Subscriptions of A Shares under the Public Issuance of A Shares by Minxi Xinghang, the Relevant Directors and Supervisors and/or the Relevant Directors under the Employee Stock Ownership Scheme;
“Latest Practicable Date”	19 March 2019, being the latest practicable date prior to the issuance of this circular for ascertaining certain information contained herein;

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange;
“Minxi Xinghang”	Minxi Xinghang State-owned Assets Investment Company Limited, a state-owned limited company incorporated in the PRC. It is the Controlling Shareholder of the Company currently holding approximately 25.88% of the number of total issued Shares;
“Nevsun”	Nevsun Resources Ltd.;
“PRC”	The People’s Republic of China but for the purpose of this circular, excludes Hong Kong SAR, Macau SAR and Taiwan;
“Public Issuance of A Shares”, “Public Issuance” or “Issuance”	the proposal of the Company to apply to the CSRC for public issuance of not more than 3,400,000,000 A Shares (including 3,400,000,000 A Shares, with nominal value of RMB0.10 each) which are intended to be listed on the Shanghai Stock Exchange to unspecific investors in the PRC, which would raise gross proceeds of up to RMB8 billion (including RMB8 billion, issuance expenses inclusive);
“Relevant Directors”	the Directors holding A Shares of the Company as at the Latest Practicable Date, namely Chen Jinghe, Lan Fusheng, Zou Laichang, Lin Hongfu, Fang Qixue and Lin Hongying;
“Relevant Directors and Supervisors”	the Relevant Directors and the Relevant Supervisors;
“Relevant Supervisors”	the Supervisors holding A Shares of the Company as at the Latest Practicable Date, namely Lin Shuiqing and Liu Wenhong;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong);
“Shanghai Stock Exchange”	Shanghai Stock Exchange of the PRC;
“Share(s)”	ordinary share(s) with a nominal value of RMB0.10 each in the share capital of the Company including A Share(s) and H Share(s);
“Shareholder(s)”	the shareholder(s) of the Company including A Shareholder(s) and H Shareholder(s);
“Shareholders’ General Meetings”	the EGM and the Class Meetings;

DEFINITIONS

“Subscriptions”	the possible Connected Transactions of subscriptions of A Shares under the Public Issuance by Minxi Xinghang, the Relevant Directors and Supervisors and/or the Relevant Directors under the Employee Stock Ownership Scheme;
“Supervisor(s)”	the supervisor(s) of the Company;
“USD”	United States dollar, the lawful currency of the United States of America;
“%”	per cent.

LETTER FROM THE BOARD



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)

Executive Directors:

Chen Jinghe (*Chairman*)
Lan Fusheng (*President*)
Zou Laichang
Lin Hongfu
Fang Qixue
Lin Hongying

Non-executive Director:

Li Jian

Independent non-executive Directors:

Lu Shihua
Zhu Guang
Sit Hoi Wah, Kenneth
Cai Meifeng

*Registered office and principal place of
business in the PRC:*

No. 1 Zijin Road
Shanghang County
Fujian Province
The PRC

Place of business in Hong Kong:

Unit 7503A, Level 75
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

28 March 2019

To the Shareholders

Dear Sir/Madam,

(1) PROPOSED PUBLIC ISSUANCE OF A SHARES;
(2) POSSIBLE DISCLOSEABLE AND POSSIBLE CONNECTED
TRANSACTION — SUBSCRIPTION OF A SHARES UNDER THE PUBLIC
ISSUANCE OF A SHARES BY MINXI XINGHANG;
(3) POSSIBLE CONNECTED TRANSACTIONS — SUBSCRIPTIONS OF A
SHARES UNDER THE PUBLIC ISSUANCE OF A SHARES BY THE
RELEVANT DIRECTORS AND SUPERVISORS AND/OR THE RELEVANT
DIRECTORS UNDER THE EMPLOYEE STOCK OWNERSHIP SCHEME

1. INTRODUCTION

References are made to the announcement of the Company dated 1 January 2019 in relation to the proposed Public Issuance of A Shares, and the announcement dated 25 February 2019 in relation

LETTER FROM THE BOARD

to the possible Connected Transactions of Subscriptions of A Shares under the Public Issuance of A Shares by Minxi Xinghang, the Relevant Directors and Supervisors and/or the Relevant Directors under the Employee Stock Ownership Scheme.

The purpose of this circular is to provide you with information in relation to (i) the proposed Public Issuance of A Shares and (ii) the possible Connected Transactions of Subscriptions of A Shares under the Public Issuance of A Shares by Minxi Xinghang, the Relevant Directors and Supervisors and/or the Relevant Directors under the Employee Stock Ownership Scheme, which are among the proposals to be proposed at the EGM, and proposed Public Issuance of A Shares is also among the proposals to be proposed at the A Shareholders' Class Meeting and the H Shareholders' Class Meeting, and to set out the letter from the Independent Financial Adviser to the Independent Shareholders and the recommendation of the Independent Board Committee as advised by the Independent Financial Adviser and other information relevant to the proposals to be tabled at the EGM, the A Shareholders' Class Meeting (where applicable) and the H Shareholders' Class Meeting (where applicable) as required under the Listing Rules, in order to enable you to make an informed decision on whether to vote for or against the proposals at the EGM, the A Shareholders' Class Meeting (where applicable) and the H Shareholders' Class Meeting (where applicable).

2. PROPOSED PUBLIC ISSUANCE OF A SHARES

The fifteenth extraordinary meeting in 2018 of the sixth term of the Board convened on 29 December 2018 and held in Xiamen reviewed and resolved that the Company shall apply to the CSRC for public issuance of not more than 3,400,000,000 A Shares (including 3,400,000,000 A Shares, with nominal value of RMB0.10 each) to unspecific investors in the PRC, which would raise gross proceeds of up to RMB8 billion (including RMB8 billion, issuance expenses inclusive). The proposed Public Issuance of A Shares will be subject to the approvals of the Shareholders at the EGM, the Class Meetings and the approvals of the CSRC.

Structure of the Public Issuance of A Shares

Class of the Shares to be issued	The Shares to be issued under the Issuance will be Renminbi-denominated ordinary shares (A Shares) which will be listed in the PRC.
Nominal value of the Shares to be issued	The nominal value of the Shares to be issued under the Issuance will be RMB0.10 each.

LETTER FROM THE BOARD

Number of A Shares to be issued	<p>The maximum number of A Shares to be issued under the Issuance will be 3,400,000,000 (3,400,000,000 inclusive, not more than 15% of the number of total issued Shares of the Company).</p> <p>As the issuance price of the Public Issuance cannot be determined currently, during the formulation of the plan for the Public Issuance of A Shares, the Company made reference to the relevant regulation of non-public issuance issued by the CSRC, “the number of shares to be issued shall not exceed 20% of the total share capital before the issuance”. The Company followed the common practice of the market and took into account the actual situation that the current total amount of share capital of the Company being comparatively large. The maximum number of A Shares to be issued under the Public Issuance was set as 15% of the number of total issued Shares of the Company, i.e. not exceeding 3,400,000,000. 15% (3,400,000,000 shares) is only a broad maximum number, which shall not represent an indication of the actual issuance price and number of A Shares to be issued by the Company in the Public Issuance. The total amount of the proceeds to be raised under the Public Issuance is RMB8 billion (including RMB8 billion, issuance expenses inclusive). The actual number of A Shares to be issued = the amount of proceeds raised ÷ issuance price. As the price under the Public Issuance cannot be determined currently, it is also unable to determine the actual number of A Shares to be issued in the Public Issuance currently.</p> <p>The total number of A Shares to be issued will be adjusted correspondingly if any ex-rights or ex-dividends event such as distribution of dividends or bonus shares, conversion of capital reserve into share capital, etc., or any other event which leads to changes in the total share capital of the Company before the Issuance occurs during the period from the issuance date of the Board resolutions announcement to the date of the Issuance.</p> <p>The final number of A Shares to be issued will be determined based on the prevailing supervisory policies and market situation at the Issuance, and negotiations between the Board or its authorised persons under the authorisation of the Shareholders’ General Meetings and the sponsor (the lead underwriter) within the abovementioned maximum number of A Shares to be issued after obtaining the approvals of the Issuance of the CSRC.</p>
Methods of issuance	<p>The Issuance, being a public issuance to unspecific investors, will be conducted through methods as approved by the CSRC including but not limited to online and offline price determination. The offering will be underwritten by the lead underwriter on a standby commitment basis, i.e., the lead underwriter will purchase all the outstanding A Shares after subscription, if any, upon the end of underwriting period. The specific methods of the Issuance will be determined based on negotiations between the Board or its authorised persons under the authorisation of the Shareholders’ General Meetings and the sponsor (the lead underwriter).</p>

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Issuing objects and methods of subscription	<p>The issuing objects will be domestic natural persons, legal entities, securities investment funds and other legitimate investors in compliance with the stipulations of laws and regulations who maintain A share accounts with the China Securities Depository and Clearing Co., Ltd. Shanghai Branch (save for those investors who are not permitted to subscribe for the A Shares by national laws, regulations, rules and policies of the PRC).</p> <p>All the issuing objects will subscribe for the A Shares to be issued under the Public Issuance at the same price in cash.</p>
Subscription arrangement for the existing A Shareholders	<p>The A Shares proposed to be issued will be firstly offered to all the A Shareholders whose names appeared on the share register on the record date after the stock market closes at a certain portion. The specific proportion of the offer will be determined based on market situation and negotiations between the Board or its authorised persons under the authorisation of the Shareholders' General Meetings and the sponsor (the lead underwriter). Unsubscribed portion will be allotted and issued to other potential investors with indicated interest.</p> <p>Minxi Xinghang, the Controlling Shareholder of the Company, intends to participate in the Public Issuance.</p>
Pricing principles and issuance price	<p>Pursuant to the provisions of Administrative Measures for the Issuance of Securities by Listed Companies, the issuance price under the Issuance shall be no less than the lower of the average trading price of the A Shares for the 20 trading days or the average trading price of the A Shares on the trading day preceding the date of publication of the offering documents. Assuming the date of publication of the offering documents is day T, the issuance price under the Public Issuance shall be no less than the lower of the average trading price of the A Shares for the 20 trading days or the average trading price of the A Shares on the trading day preceding day T, and in any event, shall not be lower than the nominal value of the A Share. The Company confirms that the issuance price under the Public Issuance will not be less than the latest audited net asset value per Share before the date of publication of the offering documents. The latest audited net asset value per Share as at the Latest Practicable Date is approximately RMB1.63 per Share.</p> <p>The final issuance price will be determined based on the prevailing supervisory policies and market situation at the Issuance, and negotiations between the Board or its authorised persons under the authorisation of the Shareholders' General Meetings and the sponsor (the lead underwriter) after obtaining the approvals of the CSRC.</p>

LETTER FROM THE BOARD

If there are any changes in the relevant laws, regulations, rules and policies or supervisory requirements newly issued by the securities regulatory authorities before the Issuance, the Company will correspondingly adjust the issuance price under the Issuance, which will be determined based on negotiations between the Board or its authorised persons under the authorisation of the Shareholders' General Meetings and the sponsor (the lead underwriter).

Time of issuance	After obtaining the approvals of the CSRC regarding the Issuance, the Company will seek favourable time to carry out the Issuance within the period as approved by the approvals and relevant regulations.
Place of listing	The Company will apply to the Shanghai Stock Exchange for the listing of and permission to deal in the A Shares to be issued.
Lock-up period of the Issued A Shares	There is no lock-up period for the A Shares issued under the Issuance. If there are other restrictions for the lock-up period of the A Shares issued to the issuing objects pursuant to relevant laws and regulations, the lock-up period pursuant to the relevant laws and regulations shall prevail.

If there are any policies or supervisory requirements on public issuance of listed companies newly issued by the securities regulatory authorities in the future, the lock-up period pursuant to the policies or supervisory requirements newly issued shall prevail.

Amount of proceeds to be raised under the Issuance and the project to be invested by the proceeds raised

The Issuance shall raise gross proceeds (including issuance expenses) of up to RMB8 billion (including RMB8 billion) and intends to be used in the following project:

Unit: RMB billion

No.	Project name	Total investment amount of the project	Amount of the proceeds raised intended to be used in the project
1	All cash takeover of 100% interest of Nevsun Resources Ltd.	9.3633060	8
	Total	<u>9.3633060</u>	<u>8</u>

Note 1: Pursuant to the pre-acquisition agreement entered into between the Company and Nevsun in September 2018 with respect to the acquisition, the consideration for acquiring 100% interest of Nevsun is CAD1,858,499,430, equivalent to approximately RMB9.3633060 billion (based on the middle rate of foreign exchange rate quotation of CAD1:RMB5.0381 of China Foreign Exchange Trade System on 29 December 2018) and approximately USD1.3642770 billion (based on the middle rate of foreign exchange rate quotation of USD1:RMB6.8632 of China Foreign Exchange Trade System on 29 December 2018).

Note 2: The total assets, operating income, net profit, net assets and consideration of the project to be invested by the proceeds raised do not reach the standard of material asset restructuring as stipulated in Administrative Measures for the Material Asset Restructuring of Listed Companies. The acquisition does not constitute a material asset restructuring of listed company.

LETTER FROM THE BOARD

The project to be invested by the proceeds raised is acquisition of the issued common shares of Nevsun by all cash takeover. As at the closing of market on 22 February 2019 (Toronto time), the total number of common shares of Nevsun (the “Nevsun Shares”) tendered to the offer was 286,572,704, representing approximately 92.52% of the total issued and outstanding Nevsun Shares. The all cash takeover was successful. Since the acquisition met all the conditions for compulsory acquisition under the Canadian securities laws, the Company would complete the acquisition of the balance of the Nevsun Shares by way of compulsory acquisition. The Company also intended to apply for privatisation of Nevsun by de-listing the Nevsun Shares from the Toronto Stock Exchange and the New York Stock Exchange after the completion of the acquisition. On 12 March 2019 (Toronto time), the Company acquired the remaining 23,184,095 Nevsun Shares pursuant to compulsory acquisition. As at the Latest Practicable Date, the Company holds 309,749,905 Nevsun Shares, representing 100% of the total issued and outstanding Nevsun Shares. The total consideration of the Nevsun Shares of CAD1,858,499,430 was paid by the Company with self-financed fund.

As the actual proceeds to be raised in the Public Issuance are expected to be less than the total consideration, the outstanding portion was funded by self-financed fund of the Company. The Company invested in the project with self-financed fund before the proceeds raised in the Public Issuance are deposited in the account, and the proceeds raised in the Public Issuance will be used to substitute the Company’s self-financed fund after they are deposited in the account.

Arrangement of the accumulated distributable profits before the Public Issuance of A Shares

The current and new Shareholders after the completion of the Public Issuance will rank pari-passu to the entitlement of the accumulated distributable profits before the Public Issuance.

Effective period of the resolutions

The resolutions in relation to the Public Issuance will be valid within 12 months from the date of considering and approving the resolutions at the Shareholders’ General Meetings of the Company.

The Public Issuance not leading to changes in the right of control of the Company

After the completion of the Public Issuance, there will be no change in the right of control of the Company, and the distribution of shareholding of the Company will satisfy relevant listing conditions.

Procedures of approval for the Public Issuance

Matters relating to the Public Issuance of A Shares have been considered and approved at the fifteenth extraordinary meeting in 2018 of the sixth term of the Board convened on 29 December 2018 and the third extraordinary meeting in 2019 of the sixth term of the Board convened on 25 February 2019. Pursuant to the provisions of the relevant laws and regulations, the implementation of the Public Issuance will be subject to the approvals at the Shareholders’ General Meetings and the approvals of the CSRC.

LETTER FROM THE BOARD

3. POSSIBLE CONNECTED TRANSACTIONS OF SUBSCRIPTIONS OF A SHARES UNDER THE PUBLIC ISSUANCE OF A SHARES BY MINXI XINGHANG, THE RELEVANT DIRECTORS AND SUPERVISORS AND/OR THE RELEVANT DIRECTORS UNDER THE EMPLOYEE STOCK OWNERSHIP SCHEME

The number of A Shares which may be subscribed under the below possible discloseable transaction and possible Connected Transactions are based on the assumptions that 3,400,000,000 A Shares will be issued by the Company under the Public Issuance and all the A Shares will be firstly offered to the existing A Shareholders.

Possible subscription of A Shares under the Public Issuance of A Shares by Minxi Xinghang

As at the Latest Practicable Date, Minxi Xinghang holds 5,960,742,247 A Shares and shall have the right to subscribe for A Shares to be issued under the Public Issuance of A Shares and right to surrender such right of subscription. Minxi Xinghang may subscribe for a maximum of 1,171,862,889 A Shares under the Public Issuance of A Shares.

Minxi Xinghang, the Controlling Shareholder of the Company, intends to participate in the Public Issuance.

Possible subscriptions of A Shares under the Public Issuance of A Shares by the Relevant Directors and Supervisors and/or the Relevant Directors under the Employee Stock Ownership Scheme

As at the Latest Practicable Date, the Relevant Directors and Supervisors directly hold 112,648,460 A Shares in aggregate and the Relevant Directors indirectly hold 18,183,280 A Shares in aggregate through their interests in the Employee Stock Ownership Scheme. Each of the Relevant Directors and Supervisors shall have the right to subscribe directly or through the Scheme for A Shares to be issued under the Public Issuance of A Shares and right to surrender such right of subscription.

The Relevant Directors and Supervisors may directly subscribe for a maximum of 22,146,324 A Shares in aggregate under the Public Issuance of A Shares based on their shareholding proportion. The Relevant Directors may subscribe through the Scheme for a maximum of 3,574,772 A Shares in aggregate under the Public Issuance of A Shares.

The proposal in relation to the possible Connected Transactions of Subscriptions of A Shares under the Public Issuance by the Controlling Shareholder, Directors and Supervisors of the Company and/or the Directors under Phase 1 of the Employee Stock Ownership Scheme of the Company

According to the terms of the Issuance and subject to the approval of the CSRC, the A Shares proposed to be issued will be firstly offered to all the A Shareholders whose names appeared on the share register on the record date after the stock market closes at a certain portion. The specific proportion of the offer will be determined based on market situation and negotiations between the Board or its authorised persons under the authorisation of the Shareholders' General Meetings and the sponsor (the lead underwriter). Unsubscribed portion will be allotted and issued to other potential investors with indicated interest.

LETTER FROM THE BOARD

Based on the abovementioned, Minxi Xinghang, the Relevant Directors and Supervisors holding the A Shares of the Company and the Employee Stock Ownership Scheme can decide on whether to subscribe for the A Shares to be placed on pro-rata basis based on their shareholding proportion by exercising the right at their sole discretion.

Pursuant to the regulations of Implementation Guidelines on Connected Transactions of Listed Companies of the Shanghai Stock Exchange, if the abovementioned connected persons subscribe for the A Shares to be issued by the Company under the Public Issuance, the transactions are exempted from the approval and disclosure requirements required for connected transactions. Pursuant to the Listing Rules, Minxi Xinghang and the Relevant Directors and Supervisors are the Connected Persons of the Company. If Minxi Xinghang, the Relevant Directors and Supervisors and/or the Relevant Directors through the Employee Stock Ownership Scheme subscribe for the A Shares to be issued under the Public Issuance, the Subscriptions will constitute the Connected Transactions of the Company and are subject to the relevant reporting, announcement, circular and Independent Shareholders' approval requirements.

LETTER FROM THE BOARD

Assuming that 100% of the A Shares will be firstly offered and issued to the existing A Shareholders under the Issuance, and Minxi Xinghang, the Relevant Directors and Supervisors and/or the Directors through the Employee Stock Ownership Scheme will exercise the right to subscribe in full, based on the shareholding proportion of the abovementioned parties on the convention date of the Board meeting (i.e. 25 February 2019) and the maximum number of A shares to be issued by the Company (i.e. 3,400,000,000), the maximum numbers of A Shares to be subscribed by the abovementioned parties are as follows:

Controlling Shareholder/ Directors/ Supervisors	Approximate percentage of A Shares directly held to the number of total issued A Shares	Maximum number of A Shares to be subscribed based on the proportion of A Shares directly held	Approximate percentage of A Shares indirectly held under the Employee Stock Ownership Scheme to the number of total issued A Shares	Maximum number of A Shares to be subscribed based on the proportion of A Shares indirectly held under the Employee Stock Ownership Scheme	Total maximum number of A Shares to be subscribed
Minxi Xinghang	34.47%	1,171,862,889	—	—	1,171,862,889
Chen Jinghe	0.59%	20,052,874	0.058%	1,965,968	22,018,842
Lan Fusheng	0.04%	1,480,474	0.0116%	393,193	1,873,667
Zou Laichang	0.01%	281,133	0.0087%	294,895	576,028
Lin Hongfu	0.005%	169,564	0.0087%	293,946	463,510
Fang Qixue	0.002%	59,175	0.0098%	331,875	391,050
Lin Hongying	0.0012%	39,319	0.0087%	294,895	334,214
Lin Shuiqing	0.002%	58,979	—	—	58,979
Liu Wenhong	0.0001%	4,806	—	—	4,806
In which, the total maximum number of A Shares to be subscribed by the Directors and the Supervisors	0.6503%	22,146,324	0.1055%	3,574,772	25,721,096

Therefore, it is proposed that the shareholders' general meeting approves that if Minxi Xinghang, the Relevant Directors and Supervisors and/or the Relevant Directors under Employee Stock Ownership Scheme decide to subscribe for the A Shares to be issued under the Public Issuance after the required approvals are granted for the Public Issuance, the abovementioned parties will have the rights to participate in the Public Issuance to subscribe for the A Shares pursuant to the proposal of the Public Issuance to be approved by the CSRC, subject to the abovementioned maximum number of A Shares to be subscribed.

LETTER FROM THE BOARD

This proposal refers to the matters in relation to Subscriptions of A Shares by the Connected Persons under the Public Issuance only. Consideration and approval of this proposal and whether this proposal will be implemented do not constitute a prerequisite of consideration and implementation of the overall proposal for the Issuance and other relevant proposals.

This proposal is subject to consideration at the Shareholders' General Meeting.

Implications under the Listing Rules

As at the Latest Practicable Date, Minxi Xinghang holds 5,960,742,247 A Shares, representing approximately 25.88% of the number of total issued Shares. Minxi Xinghang is the Controlling Shareholder of the Company and a Connected Person of the Company. Under Chapter 14A of the Listing Rules, if Minxi Xinghang subscribes for A Shares under the Public Issuance of A Shares, it will constitute a Connected Transaction of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules. In addition, as one or more of the applicable percentage ratios in relation to the possible transaction is/are more than 5% but less than 25%, the transaction, if materialised, may constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

As at the Latest Practicable Date, the Relevant Directors and Supervisors hold 112,648,460 A Shares in aggregate, representing approximately 0.49% of the number of total issued Shares. The Relevant Directors indirectly hold 18,183,280 A Shares in aggregate through their interests in the Employee Stock Ownership Scheme, representing approximately 0.08% of the number of total issued Shares. Under Chapter 14A of the Listing Rules, if each of the Relevant Directors and Supervisors and/or the Relevant Directors under the Employee Stock Ownership Scheme subscribe for A Shares under the Public Issuance of A Shares, it will constitute a Connected Transaction of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

An Independent Board Committee has been established by the Company to give recommendations to the Independent Shareholders in respect of the possible Connected Transactions of Subscriptions of A Shares under the Public Issuance of A Shares by Minxi Xinghang, the Relevant Directors and Supervisors and/or the Relevant Directors under the Employee Stock Ownership Scheme and the transactions contemplated thereunder. An Independent Financial Adviser has also been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders as to whether or not the terms of the Subscriptions are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group so far as the Independent Shareholders are concerned and are in the interest of the Company and the Shareholders as a whole. The Company applied for, and the Hong Kong Stock Exchange rejected on 22 February 2019 the application of the Company for, a waiver from strict compliance with the requirements under Chapter 14A of the Listing Rules in respect of the Subscriptions. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no Director has a material interest in the Subscriptions save and except the Relevant Directors and Li Jian, the Director, are required to abstain and have abstained from voting at the Board meeting in respect of the resolution approving the Subscriptions.

LETTER FROM THE BOARD

The Board expects that the Company will maintain sufficient public float to meet the applicable minimum requirement under the Listing Rules.

Reasons for and benefits of the Subscriptions

Subscriptions of A Shares by Minxi Xinghang, the Relevant Directors and Supervisors and/or the Relevant Directors under the Employee Stock Ownership Scheme in the Issuance are beneficial to the smooth implementation of the Public Issuance and help promote the continuation of the Company's long-term strategy.

The independent non-executive Directors are of the view that based on the abovementioned arrangement, the Connected Persons of the Company (including Minxi Xinghang and the Relevant Directors and Supervisors) are subject to the same price and terms as those of other issuing objects in their participation in the subscriptions for A Shares under the Public Issuance in cash within the scope of the right. They will not receive any preferential benefit, and the interests of the Company and other Shareholders will not be prejudiced.

Information of the Company

The Company is principally engaged in mining, production, refining and sales of gold and other mineral resources in the PRC.

Information of Minxi Xinghang

Minxi Xinghang is a state-owned limited company incorporated in the PRC whose principal activities are operation and management of state-owned assets within the authorised scope and project investment. It is the Controlling Shareholder of the Company, currently holding 25.88% equity interest in the Company.

Information of the Relevant Directors and Supervisors

The Relevant Directors and Supervisors are the Directors and the Supervisors of the Company respectively holding A Shares of the Company as at the Latest Practicable Date and shall have the right to subscribe for the A Shares to be issued under the Public Issuance and right to surrender such right of subscription, namely Chen Jinghe, Lan Fusheng, Zou Laichang, Lin Hongfu, Fang Qixue and Lin Hongying, the Relevant Directors, and Lin Shuiqing and Liu Wenhong, the Relevant Supervisors. Among which, the Relevant Directors, namely Chen Jinghe, Lan Fusheng, Zou Laichang, Lin Hongfu, Fang Qixue and Lin Hongying own approximately 7.74%, 1.55%, 1.16%, 1.16%, 1.31% and 1.16% of the interest in the Employee Stock Ownership Scheme respectively.

Ancillary matters relating to the proposed Public Issuance of A Shares and the Subscriptions

The Public Issuance and the Subscriptions not leading to changes in the right of control of the Company

As at the Latest Practicable Date, Minxi Xinghang, the Controlling Shareholder of the Company, directly holds 5,960,742,247 Shares, representing approximately 25.88% of the total number of Shares.

LETTER FROM THE BOARD

Pursuant to the plan of the Issuance, the number of A Shares to be issued by the Company under the Public Issuance will not exceed 3,400,000,000. If Minxi Xinghang does not exercise the right and does not subscribe for the A Shares issued under the Public Issuance, Minxi Xinghang will still remain the Controlling Shareholder of the Company after completion of the Issuance.

Therefore, the Public Issuance and the Subscriptions will not lead to changes in the right of control of the Company, and will not lead to a distribution of shareholding which cannot satisfy relevant listing conditions.

Authorisation to be granted to the Board

Subject to approvals of the Shareholders at the EGM and the Class Meetings, the Board shall be authorised to make such decisions, enter into such documents, amend the Articles of Association, carry out such procedures and take such any other actions as are in its discretion necessary to effect and complete the Public Issuance of A Shares.

Reasons for and benefits of the Public Issuance of A Shares

The Public Issuance will have positive impacts on the Company's financial situation. If the proceeds under the Issuance can be fully raised under the plan, the amount of total assets and net assets of the Company will significantly increase. The implementation of the project to be invested by the proceed raised can help the Company expand its production scale and maintain a continuous growth in its operating results, which will enhance the sustainability of the Company's long-term profitability.

When the proceeds raised are deposited in the account, the Company's cash inflows from financing activities will be increased significantly; after using the received proceeds raised, the Company's cash outflows used in investing activities will be increased; after the project generates profits, the Company's cash inflows from operating activities will be improved. The Directors therefore considered that the Public Issuance of A Shares is in the interests of the Company and the Shareholders as a whole.

Reasons for adopting the Public Issuance of A Shares

Taking into account the current gearing level and debt to asset ratio of the Group, the Directors considered that raising funds by equity financing with interest-free nature could reduce the debt to assets ratio and gearing ratio. Equity financing can improve the leverage position of the Group as compared to debt financing. Having considered that (i) equity financing can improve the leverage position of the Group as compared to debt financing; (ii) the greater dilution effect to the shareholding of the existing Shareholders if the Company conducts a fund raising exercise by issuance of new H Shares in Hong Kong with a proceed of RMB8 billion with the same pricing basis as the Public Issuance of A Shares; and (iii) the issue price represents a premium over the historical trading prices of the H Shares if the Company conducts a fund raising by issuing both new A Shares and new H Shares, assuming a pricing basis of not less than the average trading price of the A Share in the 20 trading days preceding the base day, the Directors considered that it is in the interests of the Company and the Shareholders as a whole to raise funds by the proposed Public Issuance of A Shares.

LETTER FROM THE BOARD

Relevant risks of the Public Issuance of A Shares

The Public Issuance of A Shares is subject to certain relevant risks, including but not limited to risk of price fluctuation of major products, risk of the resources reserve volume unable to meet the expectation, risk of economic benefits of the project to be invested by the proceeds raised in the Issuance, risk of dilution in return on net assets after completion of the Issuance, production safety risk, risks associated with environmental protection, risk of share price fluctuation, implementation risk and approval risk of overseas projects, etc. When evaluating the Public Issuance of A Shares, investors shall take the aforementioned risk factors into due consideration.

Equity financing activities in the past 12 months

The Company has not conducted any equity financing activities in the past 12 months before the Latest Practicable Date.

Effects of the Public Issuance of A Shares and the Subscriptions on the shareholding structure of the Company

Assuming that a total of 3,400,000,000 A Shares (nominal value of RMB0.10 each) will be issued under the Public Issuance of A Shares, the Company will not issue and allot any Shares prior to the Public Issuance of A Shares and all the A Shareholders subscribe for the respective maximum number of A Shares under the Public Issuance of A Shares on pro-rata basis on their current shareholding, the shareholding structure as at the Latest Practicable Date and the expected shareholding structure immediately after the completion of the Public Issuance of A Shares are set out and summarised as follows:

	As at the Latest Practicable Date			Immediately after the completion of the Public Issuance of A Shares		
		Approximate percentage of the number of total issued A Shares	Approximate percentage of the number of total issued Shares		Approximate percentage of the number of total issued A Shares	Approximate percentage of the number of total issued Shares
A Shareholders						
Minxi Xinghang	5,960,742,247	34.47%	25.88%	7,132,605,136	34.47%	26.99%
Directors						
Chen Jinghe (Note)	102,000,000	0.59%	0.44%	122,052,874	0.59%	0.46%
Lan Fusheng (Note)	7,530,510	0.04%	0.03%	9,010,984	0.04%	0.03%
Zou Laichang (Note)	1,430,000	0.01%	0.01%	1,711,133	0.01%	0.01%
Lin Hongfu (Note)	862,500	0.01%	0.01%	1,032,064	0.01%	0.01%
Fang Qixue (Note)	301,000	0.01%	0.01%	360,175	0.01%	0.01%
Lin Hongying (Note)	200,000	0.01%	0.01%	239,319	0.01%	0.01%

LETTER FROM THE BOARD

	As at the Latest Practicable Date			Immediately after the completion of the Public Issuance of A Shares		
		Approximate percentage of the number of total issued A Shares	Approximate percentage of the number of total issued Shares		Approximate percentage of the number of total issued A Shares	Approximate percentage of the number of total issued Shares
	Number of Shares			Number of Shares		
Supervisors						
Lin Shuiqing	300,000	0.01%	0.01%	358,979	0.01%	0.01%
Liu Wenhong	24,450	0.01%	0.01%	29,256	0.01%	0.01%
Employee Stock Ownership Scheme	129,163,987	0.75%	0.56%	154,557,214	0.75%	0.58%
Other A Shareholders	11,091,724,197	64.09%	48.12%	13,272,321,757	64.09%	50.17%
H Shareholders						
Director						
Chen Jinghe	8,000,000	—	0.03%	8,000,000	—	0.03%
Supervisor						
Liu Wenhong	10,000	—	0.01%	10,000	—	0.01%
Other H Shareholders	5,728,930,000	—	24.87%	5,728,930,000	—	21.67%
	<u>23,031,218,891</u>	<u>100%</u>	<u>100%</u>	<u>26,431,218,891</u>	<u>100%</u>	<u>100%</u>

Note: Under the Public Issuance of A Shares, the Employee Stock Ownership Scheme will be entitled to, on pro-rata basis based on its current shareholding, subscribe for a maximum of 25,393,227 A Shares. Under the Employee Stock Ownership Scheme, participants of the Scheme, including the Relevant Directors, could subscribe for A Shares under the Employee Stock Ownership Scheme on pro-rata basis based on their respective interests under the Scheme. Assuming that a total of 3,400,000,000 A Shares (nominal value of RMB0.10 each) will be issued under the Public Issuance of A Shares, the Company will not issue and allot any Shares prior to the Public Issuance of A Shares and the Relevant Directors participating in the Employee Stock Ownership Scheme subscribe for the respective maximum number of A Shares under the Public Issuance of A Shares on pro-rata basis based on their respective interests in the Employee Stock Ownership Scheme, the maximum shareholding of the Relevant Directors (inclusive of their interests in the Employee Stock Ownership Scheme) as at the Latest Practicable Date and immediately after completion of the Public Issuance of A Shares are set out and summarised as follows, for illustrative purpose only:

	As at the Latest Practicable Date					Immediately after the completion of the Public Issuance of A Shares				
			Approximate percentage of the number of total issued A Shares	Approximate percentage of the number of total issued Shares				Approximate percentage of the number of total issued A Shares	Approximate percentage of the number of total issued Shares	
	Number of A Shares	Number of H Shares	Number of total Shares (Note)			Number of A Shares	Number of H Shares	Number of total Shares (Note)		
Chen Jinghe	112,000,000	8,000,000	120,000,000	0.65%	0.52%	134,018,842	8,000,000	142,018,842	0.69%	0.54%
Lan Fusheng	9,530,510	—	9,530,510	0.06%	0.04%	11,404,177	—	11,404,177	0.06%	0.04%
Zou Laichang	2,930,000	—	2,930,000	0.02%	0.01%	3,506,028	—	3,506,028	0.02%	0.01%
Lin Hongfu	2,357,677	—	2,357,677	0.01%	0.01%	2,821,187	—	2,821,187	0.01%	0.01%
Fang Qixue	1,989,103	—	1,989,103	0.01%	0.01%	2,380,153	—	2,380,153	0.01%	0.01%
Lin Hongying	1,700,000	—	1,700,000	0.01%	0.01%	2,034,214	—	2,034,214	0.01%	0.01%

Note: inclusive of their interests in the Employee Stock Ownership Scheme

LETTER FROM THE BOARD

Use of proceeds to be raised in the Public Issuance of A Shares

It is proposed that the proceeds to be raised in the Public Issuance of A Shares will be used for the project of acquisition of 100% interest in Nevsun Resources Ltd. Nevsun owns interest in the Timok copper-gold mine project in Serbia, which is not yet developed (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 will be diluted to 46% eventually), which contains resources of large-scale porphyry type of copper deposits), and interest in the Bisha copper-zinc mine project in Eritrea, Africa (currently 60%) which is currently in production. It also owns 27 exploration permits in Serbia, Eritrea and Macedonia. Details of this project are set out in appendix 1 to the circular.

Proposal in relation to the authorisation to the Board of Directors of the Company or its authorised persons to handle all the matters relating to the Public Issuance of A Shares of the Company

In order to ensure that the matters relating to the Public Issuance of A Shares can be carried out smoothly and the relevant work can be completed effectively and orderly, the Company proposed that the Shareholders' General Meetings authorised the Board or its authorised persons to handle all the matters relating to the Public Issuance of A Shares, including but not limited to:

- (1) Determine and handle all the specific matters relating to the Issuance within the scope permitted by the relevant laws, regulations, regulatory documents and under the supervisory policies of the CSRC, taking into account the approval status and market conditions relating to the Issuance, and in accordance with the proposal on the Issuance considered and approved at the Shareholders' General Meetings;
- (2) Formulate, adjust and implement the specific proposal for the Issuance in accordance with the supervisory policies of the CSRC, approval status of the Issuance and market conditions, including but not limited to determining or adjusting the time of issuance, number of shares to be issued, issuance price, amount of proceeds to be raised, methods of subscription, issuing objects, subscription arrangement for the existing A Shareholders, specific subscription methods, or terminate the Issuance;
- (3) Handle various work relating to the project to be invested by the proceeds raised under the Issuance, adjust the specific arrangement for the project to be invested by the proceeds raised in accordance with the actual situation, negotiate, draft, sign, amend, supplement, submit, report and execute the agreements relevant to the implementation process of the project to be invested by the proceeds raised, and approve the relevant financial statements, auditor's reports, asset valuation reports, profit forecast reports and other documents;
- (4) Engage relevant intermediate institutions to participate in the Public Issuance of A Shares including sponsors (the lead underwriter), audit firms, law firms, etc., and enter into legal documents such as sponsorship and underwriting agreements, entrustment agreements, engagement letters, etc. with relevant intermediate institutions;

LETTER FROM THE BOARD

- (5) Carry out filings relating to the Public Issuance of A Shares including but not limited to liaising the Company to prepare the reporting materials of the Public Issuance of A Shares together with the intermediate institutions, handling formalities of approval, registration, filing and verification with related government authorities, regulatory authorities, stock exchanges and securities registration and clearing institutions, and approving, signing, executing, amending and completing all the documents necessary for the report of the Public Issuance of A Shares;
- (6) If there are any new policies, laws, regulations, guidance, rules enacted by government departments in the future or there are any feedback, opinion or requirements from securities regulatory authorities or other authorised departments on the proposal on the Issuance or other reporting materials, or there are any changes in market conditions, the Board is authorised to carry out necessary supplement, adjustment and amendment on the proposal on the Issuance and relevant reporting materials;
- (7) Produce, amend, supplement, sign, deliver, receive and execute all agreements and documents (e.g. share subscription agreements) in relation to the Issuance after the Issuance is approved by the CSRC, open bank accounts for specifically handling the proceeds raised under the Issuance, handle relevant matters including registration, entrustment, lock-up (if applicable) of the A Shares to be issued under the Issuance at the Shanghai Stock Exchange and securities registration and clearing institutions, and listing of the A Shares on the Shanghai Stock Exchange;
- (8) Amend the relevant articles in the Articles of Association, handle the relevant procedures including increasing the share capital of the Company, change of business registration, etc. based on the results of implementation of the Issuance after the completion of the Issuance;
- (9) Authorise other persons to handle the matters relating to the Issuance where the Board considers necessary; and
- (10) Decide and handle all other matters relating to the Issuance under the permitted scope of laws, regulations and regulatory documents.

The above authorisation is valid within 12 months from the date of considering and approving the proposal at the Shareholders' General Meetings of the Company. If the Company obtained the approval documents for the Issuance from the CSRC during the effective period, the effective period of the abovementioned authorisation will be automatically extended to the date the Issuance are completed.

The aforesaid proposal has been considered and approved at the fifteenth extraordinary meeting in 2018 of the sixth term of the Board and is hereby tabled to the Shareholders' General Meetings for consideration.

LETTER FROM THE BOARD

4. THE EXTRAORDINARY GENERAL MEETING AND THE CLASS MEETINGS

The Company will convene and hold the EGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting at the conference room at 21/F., Zijin Headquarters, No. 1 Zijin Road, Shanghang County, Longyan City, Fujian Province, the PRC on Friday, 12 April 2019 at 9 a.m., 11 a.m. and 11:30 a.m. respectively.

An EGM will be convened and held for the purpose of, inter alia, considering and approving, by the Shareholders, the Public Issuance of A Shares, and by the Independent Shareholders, the possible Connected Transactions of Subscriptions of A Shares under the Public Issuance of A Shares by Minxi Xinghang, the Relevant Directors and Supervisors and/or the Relevant Directors under the Employee Stock Ownership Scheme.

The A Shareholders' Class Meeting will be convened and held for the purpose of, inter alia, considering and approving, by the A Shareholders, the Public Issuance of A Shares and the related matters. The H Shareholders' Class Meeting will be convened and held for the purpose of, inter alia, considering and approving, by the H Shareholders, the Public Issuance of A Shares and the related matters. Votes for all resolution(s) at the EGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting shall be taken by way of poll.

Minxi Xinghang and its Associates shall abstain from voting in respect of the proposal relating to the subscription of A Shares under the Public Issuance of A Shares by Minxi Xinghang at the EGM, and the Relevant Directors and Supervisors and their Associates shall abstain from voting in respect of the proposal relating to subscriptions of A Shares under the Public Issuance of A Shares by the Relevant Directors and Supervisors and/or the Relevant Directors under the Employee Stock Ownership Scheme at the EGM.

In order to determine the H Shareholders who are entitled to attend the EGM and the H Shareholders' Class Meeting, the Company's register of H Shares members will be closed from 13 March 2019 (Wednesday) to 12 April 2019 (Friday) (both days inclusive), during which period no transfer of H Shares will be registered. H Shareholders who intend to attend the EGM and the H Shareholders' Class Meeting but have not registered the transfer documents are required to deposit the transfer documents together with the relevant share certificates at the registrar of H Shares of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, at or before 4:30 p.m. on 12 March 2019 (Tuesday). H Shareholders whose names appear on the register of H Shares members on 12 April 2019 (Friday) are entitled to attend the EGM and the H Shareholders' Class Meeting.

Reply slips and proxy forms for H Shareholders for use at the said meetings were issued on 26 February 2019 respectively. H Shareholders who intend to attend the respective meetings shall complete and return the reply slip(s) in accordance with the instructions printed thereon before Friday, 22 March 2019.

LETTER FROM THE BOARD

Whether or not you are able to attend the respective meetings, please complete the applicable proxy form(s) in accordance with the instructions printed thereon. The applicable proxy form(s) shall be lodged with the registrar of H Shares of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 24 hours before the time appointed for the holding of the relevant meeting(s) or any adjournment thereof (as the case may be). Completion and return of the applicable proxy form(s) will not prevent you from attending and voting in person at the relevant meeting(s) or any adjournment thereof should you so wish.

5. INDEPENDENT FINANCIAL ADVISER

As required by the Listing Rules, an independent financial adviser has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the possible Connected Transactions of Subscriptions of A Shares under the Public Issuance of A Shares by Minxi Xinghang, the Relevant Directors and Supervisors and/or the Relevant Directors under the Employee Stock Ownership Scheme. As at 28 March 2019, the Independent Financial Adviser had given and had not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they were included.

6. RECOMMENDATION

Messis Capital Limited has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the possible Connected Transactions of Subscriptions of A Shares under the Public Issuance of A Shares by Minxi Xinghang, the Relevant Directors and Supervisors and/or the Relevant Directors under the Employee Stock Ownership Scheme. The Independent Financial Adviser is of the view that the Subscriptions and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole, and the terms of the Subscriptions and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned. The Independent Financial Adviser therefore recommends the Independent Shareholders, as well as the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the relevant proposal to be proposed at the EGM to approve the Subscriptions and the transactions contemplated thereunder.

The Directors (including the independent non-executive Directors after receiving the advice from the Independent Financial Adviser) consider that the possible Connected Transactions of Subscriptions of A Shares under the Public Issuance of A Shares by Minxi Xinghang, the Relevant Directors and Supervisors and/or the Relevant Directors under the Employee Stock Ownership Scheme mentioned above are in the best interests of the Company and its Shareholders as a whole, and recommend that all Independent Shareholders should vote in favour of the relevant proposal to be proposed at the EGM.

LETTER FROM THE BOARD

7. FURTHER INFORMATION

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

Your attention is drawn to the letter from the Independent Board Committee set out on pages 24 to 25 of this circular and the letter from the Independent Financial Adviser set out on pages 26 to 44 of this circular which contains the recommendation of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the possible Connected Transactions of Subscriptions of A Shares under the Public Issuance of A Shares by Minxi Xinghang, the Relevant Directors and Supervisors and/or the Relevant Directors under the Employee Stock Ownership Scheme and the principal factors and reasons considered by the Independent Financial Adviser in arriving at its recommendation.

By order of the Board
Zijin Mining Group Co., Ltd.*
Chen Jinghe
Chairman

** The English name of the Company is for identification purpose only*

Should there be any discrepancy, the Chinese text of this circular shall prevail over its English text.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

28 March 2019

To the Independent Shareholders

Dear Sir/Madam,

**POSSIBLE CONNECTED TRANSACTIONS OF SUBSCRIPTIONS OF
A SHARES UNDER THE PUBLIC ISSUANCE OF A SHARES BY MINXI
XINGHANG, THE RELEVANT DIRECTORS AND SUPERVISORS AND/OR
THE RELEVANT DIRECTORS UNDER THE EMPLOYEE STOCK
OWNERSHIP SCHEME**

We, the Independent Board Committee of Zijin Mining Group Co., Ltd.* (the “**Company**”), are advising the Independent Shareholders in connection with the possible Connected Transactions of Subscriptions of A Shares under the Public Issuance of A Shares by Minxi Xinghang, the Relevant Directors and Supervisors and/or the Relevant Directors under the Employee Stock Ownership Scheme, which are set out in the letter from the Board contained in the circular (the “**Circular**”) of the Company to the Shareholders dated 28 March 2019, of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

Under the Listing Rules, the Subscriptions of A Shares under the Public Issuance of A Shares by Minxi Xinghang, the Relevant Directors and Supervisors and/or the Relevant Directors under the Employee Stock Ownership Scheme may constitute Connected Transactions of the Company. Accordingly, the Subscriptions will require the approval of the Independent Shareholders at the EGM. We wish to draw your attention to the letter from the Independent Financial Adviser set out on pages 26 to 44 of the Circular, which contains advices and recommendations in respect of the Subscriptions.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered, inter alia, the terms of the Subscriptions and reasons considered by, and the recommendations of, the Independent Financial Adviser, as stated in its aforementioned letter, we consider the terms of the Subscriptions are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned. We are of the view that the Subscriptions are in the interests of the Company and its Shareholders as a whole. Accordingly, we recommend that the Independent Shareholders vote in favour of the proposal to be proposed at the EGM to approve the Subscriptions and the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of

The Independent Board Committee of

Zijin Mining Group Co., Ltd.*

Lu Shihua, Zhu Guang, Sit Hoi Wah, Kenneth, Cai Meifeng

** The English name of the Company is for identification purpose only*

Should there be any discrepancy, the Chinese text of this letter shall prevail over its English text.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from Messis Capital Limited, the Independent Financial Adviser, for the purpose of inclusion in this circular, to the Independent Board Committee and the Independent Shareholders in respect of the Subscriptions and the transactions contemplated thereunder.



28 March 2019

*To: The Independent Board Committee and the Independent Shareholders of
Zijin Mining Group Co., Ltd.**

Dear Sir or Madam,

- (1) PROPOSED PUBLIC ISSUANCE OF A SHARES;
(2) POSSIBLE DISCLOSEABLE AND POSSIBLE CONNECTED TRANSACTION —
SUBSCRIPTION OF A SHARES UNDER THE PUBLIC ISSUANCE OF A SHARES BY
MINXI XINGHANG;
(3) POSSIBLE CONNECTED TRANSACTIONS — SUBSCRIPTIONS OF A SHARES UNDER
THE PUBLIC ISSUANCE OF A SHARES BY THE RELEVANT DIRECTORS AND
SUPERVISORS AND/OR THE RELEVANT DIRECTORS UNDER THE EMPLOYEE STOCK
OWNERSHIP SCHEME**

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscriptions and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the H Shareholders dated 28 March 2019 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

The fifteenth extraordinary meeting in 2018 of the sixth term of the Board convened on 29 December 2018 and held in Xiamen reviewed and resolved that the Company shall apply to the CSRC for public issuance of not more than 3,400,000,000 A Shares (including 3,400,000,000 A Shares, with nominal value of RMB0.10 each) to unspecific investors in the PRC, which would raise gross proceeds of up to RMB8 billion (including RMB8 billion, issuance expenses inclusive). The proposed Public Issuance of A Shares will be subject to the approvals of the Shareholders at the EGM and the Class Meetings and the approvals of the CSRC. Each of Minxi Xinghang, the Relevant Directors and Supervisors holds certain A Shares as at the Latest Practicable Date and shall have rights to subscribe for a certain portion of the A Shares to be issued under the Public Issuance of A Shares.

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As at the Latest Practicable Date, Minxi Xinghang holds 5,960,742,247 A Shares, representing approximately 25.88% of the number of total issued Shares. Minxi Xinghang is the Controlling Shareholder and hence a Connected Person of the Company. Under Chapter 14A of the Listing Rules, if Minxi Xinghang subscribes for A Shares under the Public Issuance of A Shares, it will constitute a Connected Transaction of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules. In addition, as one or more of the applicable percentage ratios in relation to the possible transaction is/are more than 5% but less than 25%, the transaction, if materialised, may constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

As at the Latest Practicable Date, the Relevant Directors and Supervisors hold 112,648,460 A Shares in aggregate, representing approximately 0.49% of the number of total issued Shares. The Relevant Directors also indirectly hold 18,183,280 A Shares in aggregate through their interests in the Employee Stock Ownership Scheme, representing approximately 0.08% of the number of total issued Shares. Under Chapter 14A of the Listing Rules, if each of the Relevant Directors and Supervisors and/or the Relevant Directors under the Employee Stock Ownership Scheme subscribe for A Shares under the Public Issuance of A Shares, it will constitute a Connected Transaction of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

An EGM will be convened and held for the purpose of, inter alia, considering and approving, by the Shareholders, the Public Issuance of A Shares, and by the Independent Shareholders, the possible Connected Transactions of Subscriptions of A Shares under the Public Issuance of A Shares by Minxi Xinghang, the Relevant Directors and Supervisors and/or the Relevant Directors under the Employee Stock Ownership Scheme. The A Shareholders' Class Meeting will be convened and held for the purpose of, inter alia, considering and approving, by the A Shareholders, the Public Issuance of A Shares and the related matters. The H Shareholders' Class Meeting will be convened and held for the purpose of, inter alia, considering and approving, by the H Shareholders, the Public Issuance of A Shares and the related matters. Votes for all resolution(s) at the EGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting shall be taken by way of poll.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no Director has a material interest in the Subscriptions save and except the Relevant Directors and Li Jian, the Director, are required to abstain and have abstained from voting at the Board meeting in respect of the resolution approving the Subscriptions. Minxi Xinghang and its Associates shall abstain from voting in respect of the proposal relating to the subscription of A Shares under the Public Issuance of A Shares by Minxi Xinghang at the EGM, and the Relevant Directors and Supervisors and their Associates shall abstain from voting in respect of the proposal relating to subscription of A Shares under the Public Issuance of A Shares by the Relevant Directors and Supervisors and/or the Relevant Directors under the Employee Stock Ownership Scheme at the EGM.

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The Independent Board Committee (comprising all independent non-executive Directors, namely Messrs. Lu Shihua, Zhu Guang, Sit Hoi Wah, Kenneth and Cai Meifeng), has been formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders in respect of the Subscriptions and the transactions contemplated thereunder. We, Messis Capital Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in these regards.

As at the Latest Practicable Date, we did not have any relationships with or interests in the Company and any other parties that could reasonably be regarded as relevant to our independence. During the past two years, we have not acted as the independent financial adviser on any other transactions for the Company. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence and we are independent from the Company pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In arriving at our recommendations, we have relied on the statements, information and representations contained in the Circular and the information and representations provided to us by the Company, the Directors and the management of the Company. We have assumed that all information, representations and opinions contained or referred to in the Circular and all information and representations which have been provided by the Company, the Directors and the management of the Company for which they are solely and wholly responsible, are true and accurate at the time they were made and will continue to be accurate as at the Latest Practicable Date. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the management of the Company.

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any material facts or circumstances which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided by the Company, the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs of the Group and any parties in relation to the Subscriptions.

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This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Subscriptions and the transactions contemplated thereunder. Except for its inclusion in the Circular, this letter is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinions and recommendations, we have taken into consideration the following principal factors and reasons:

1. BACKGROUND OF PROPOSED PUBLIC ISSUANCE OF A SHARES AND THE SUBSCRIPTIONS

1.1 Background of the proposed Public Issuance of A Shares and the Subscriptions

The fifteenth extraordinary meeting in 2018 of the sixth term of the Board convened on 29 December 2018 and held in Xiamen reviewed and resolved that the Company shall apply to the CSRC for public issuance of not more than 3,400,000,000 A Shares (including 3,400,000,000 A Shares, with nominal value of RMB0.10 each) to unspecific investors in the PRC, which would raise gross proceeds of up to RMB8 billion (including RMB8 billion, issuance expenses inclusive).

According to the terms of the proposed Public Issuance of A Shares, Minxi Xinghang shall have the right to subscribe for A Shares to be issued under the Public Issuance of A Shares and right to surrender such right of subscription. Minxi Xinghang may subscribe for a maximum of 1,171,862,889 A Shares under the Public Issuance of A Shares. Each of the Relevant Directors and Supervisors shall have the right to subscribe directly or through the Scheme for A Shares to be issued under the Public Issuance of A Shares and right to surrender such right of subscription. The Relevant Directors and Supervisors may directly subscribe for a maximum of 22,146,324 A Shares in aggregate under the Public Issuance of A Shares based on their shareholding proportion. The Relevant Directors may subscribe through the Scheme for a maximum of 3,574,772 A Shares in aggregate under the Public Issuance of A Shares.

1.2 Background information of the Group

The Company is a joint stock company established under the laws of the PRC with limited liability, the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange and the A Shares of which are listed on the Shanghai Stock Exchange. The Group is mainly engaged in the exploration and mining of gold, copper, zinc and other metal mineral resources, supplemented by refining, processing and sales of related products. Exploitation of gold, copper and zinc mineral resources is the core component of the Group's business. The Group also covers refining and processing businesses to an optimal extent, as well as other mining-related businesses such as research and development, construction, trade and finance, etc.

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According to the annual report of the Group for the year ended 31 December 2017 (the “**2017 Annual Report**”), the Company ranked the 1,200th place in Forbes’ “Global 2,000 Leading Companies”, the 18th place in global non-ferrous metal mining companies, and the 3rd place in global gold corporations in 2017. It also ranked the 82nd place in “China’s 500 Leading Companies” published by Fortune. The Company’s mineral products possess preeminent standing and clear competitive edge in the domestic gold, copper and zinc industries, its profitability also leads the peers. Apart from a higher gold production volume than other listed domestic gold corporations, the Company’s production volumes in mine-produced copper and mine-produced zinc are also growing rapidly, making the Company one of the most important producers of mine-produced copper and mine-produced zinc in China.

1.3 Financial information of the Group

Set out below is a summary of the financial information of the Group for the two years ended 31 December 2016 and 2017 and the six months ended 30 June 2017 and 2018, which are extracted from the 2017 Annual Report and the Company’s interim report for the six months ended 30 June 2018 (the “**2018 Interim Report**”):

Financial performance of the Group

	For the year ended 31 December		For the six months ended 30 June	
	2016	2017	2017	2018
	RMB’million	RMB’million	RMB’million	RMB’million
	(audited)	(audited)	(unaudited)	(unaudited)
Operating income	78,851	94,549	37,524	49,814
Operating profit	2,313	5,027	2,363	3,777
Net profit	1,687	3,248	1,763	3,069

For the two years ended 31 December 2016 and 2017

According to the 2017 Annual Report, the Group’s operating income increased by approximately 19.9% from approximately RMB78,851 million for the year ended 31 December 2016 to approximately RMB94,549 million for the year ended 31 December 2017. Such increase was mainly attributable to (i) the increase in mineral products’ sales and production volumes (excluding mine-produced gold) of the Group; and (ii) the significant increase in unit prices of mine-produced zinc and mine-produced copper in 2017 as compared with 2016.

The overall gross profit margin of the Group increased by approximately 2.44 percentage points from approximately 11.50% for the year ended 31 December 2016 to approximately 13.94% for the year ended 31 December 2017. The overall gross profit margin of mineral products (excluding processed and refined products) was 47.24%, representing an increase of 9.29 percentage points compared with the same period last year, which was mainly owing to the rise in the mineral products’ prices. As a result of the improved gross profit margin of the Group, the Group recorded an increase

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in operating profit from approximately RMB2,313 million for the year ended 31 December 2016 to approximately RMB5,027 million for the year ended 31 December 2017 and an increase in net profit from approximately RMB1,687 million for the year ended 31 December 2016 to approximately RMB3,248 million for the year ended 31 December 2017.

For the six months ended 30 June 2017 and 2018

According to the 2018 Interim Report, the Group's operating income increased by approximately 32.8% from approximately RMB37,524 million for the six months ended 30 June 2017 to approximately RMB49,814 million for the six months ended 30 June 2018. Such increase was mainly attributable to the increase in sales volume of refining, processed and trading gold and mine-produced copper and zinc products for the six months ended 30 June 2018.

The Group's overall gross profit margin was approximately 14.25%, representing a decrease of approximately 0.34 percentage point compared with the same period last year. This was mainly due to the increase in the proportion of trading income. In which, the overall gross profit margin of mining entities was approximately 49.82%, representing an increase of approximately 5.13 percentage points compared with the same period last year; the overall gross profit margin of refining entities was approximately 1.59%, representing a decrease of 1.03 percentage points compared with the same period last year. In line with the increase in operating income of the Group, the Group recorded an increase in operating profit from approximately RMB2,363 million for the six months ended 30 June 2017 to approximately RMB3,777 million for the six months ended 30 June 2018.

Financial position of the Group

	As at 31 December 2016	As at 30 June 2017	As at 30 June 2018
	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>
	(audited)	(audited)	(unaudited)
Current assets	24,140	28,675	29,185
Non-current assets	65,078	60,640	61,804
Total assets	89,218	89,315	90,989
Current liabilities	33,852	28,793	30,118
Non-current liabilities	24,249	22,879	23,150
Total liabilities	58,101	51,672	53,268
Net assets	31,117	37,643	37,721

The total assets of the Group mainly comprised of fixed assets (including mining assets, buildings and plant, machinery and equipment) and inventories. The Group's fixed assets amounted to approximately RMB32,531 million, RMB30,136 million and RMB28,990 million as at 31 December 2016, 31 December 2017 and 30 June 2018 respectively, representing approximately 36.46%, 33.74%

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and 31.86% of the Group's total assets of the respective periods. The Group's inventories balance amounted to approximately RMB12,003 million, RMB11,090 million and RMB11,816 million as at 31 December 2016, 31 December 2017 and 30 June 2018 respectively, representing approximately 13.45%, 12.42% and 12.99% of the Group's total assets of the respective periods.

The Group's total liabilities decreased from approximately RMB58,101 million as at 31 December 2016 to approximately RMB51,672 million as at 31 December 2017 which was mainly attributable to (i) the decrease in short-term borrowings from approximately RMB12,350 million as at 31 December 2016 to approximately RMB9,856 million as at 31 December 2017 and (ii) the decrease in bond payable from approximately RMB16,270 million as at 31 December 2016 to approximately RMB13,779 million as at 31 December 2017. The Group's total liabilities subsequently increased to approximately RMB53,268 million as at 30 June 2018 which was mainly attributable to the increase in short-term borrowings from approximately RMB9,856 million as at 31 December 2017 to approximately RMB12,553 million as at 30 June 2018. According to the 2017 Annual Report and 2018 Interim Report, the Group's short-term borrowings mainly consisted of gold leasing which the Group financed through entering into gold leasing agreements with banks to lease gold from banks and subsequently sold the gold through the Shanghai Gold Exchange.

1.4 Information of Minxi Xinghang

Minxi Xinghang is a state-owned limited company incorporated in the PRC whose principal activities are operation and management of state-owned assets within the authorised scope and project investment. It is the Controlling Shareholder of the Company. As at the Latest Practicable Date, Minxi Xinghang holds 5,960,742,247 A Shares, representing approximately 25.88% of the number of total issued shares of the Company.

1.5 Information of the Relevant Directors and Supervisors

The Relevant Directors and Supervisors are the Directors and the Supervisors of the Company respectively holding A Shares of the Company as at the Latest Practicable Date and shall have the right to subscribe for the A Shares to be issued under the Public Issuance and right to surrender such right of subscription. The Relevant Directors include Chen Jinghe, Lan Fusheng, Zou Laichang, Lin Hongfu, Fang Qixue and Lin Hongying. The Relevant Supervisors include Lin Shuiqing and Liu Wenhong. Among which Chen Jinghe, Lan Fusheng, Zou Laichang, Lin Hongfu, Fang Qixue and Lin Hongying own approximately 7.74%, 1.55%, 1.16%, 1.16%, 1.31% and 1.16% of the interest in the Employee Stock Ownership Scheme respectively. As at the Latest Practicable Date, the Relevant Directors and Supervisors directly hold 112,648,460 A Shares in aggregate and the Relevant Directors indirectly hold 18,183,280 A Shares in aggregate through their interests in the Employee Stock Ownership Scheme.

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2. REASONS FOR AND BENEFITS OF THE PUBLIC ISSUANCE OF A SHARES AND THE SUBSCRIPTIONS

2.1 Reasons for and benefits of the proposed Public Issuance of A Shares and the Subscriptions

According to the Letter from the Board, the Public Issuance will have positive impacts on the Company's financial situation. If the proceeds under the Issuance can be fully raised under the plan, the amount of the total assets and net assets of the Company will significantly increase. The implementation of the project to be invested by the proceed raised can help the Company expand its production scale and maintain a continuous growth in its operating results, which will enhance the sustainability of the Company's long-term profitability.

As advised by the Directors, the Directors believe that the subscriptions of A Shares by Minxi Xinghang, the Relevant Directors and Supervisors and/or the Relevant Directors under the Employee Stock Ownership Scheme under the Issuance are beneficial to the smooth implementation of the Public Issuance and help promote the continuation of the Company's long-term strategy.

Assuming that 100% of the A Shares will be firstly offered and issued to the existing A Shareholders under the Proposed Public Issuance of A Shares and Minxi Xinghang, the Relevant Directors and Supervisors and/or the Relevant Directors through the Employee Stock Ownership Scheme will exercise the right to subscribe in full, based on the shareholding proportion of the abovementioned parties on the convention date of the Board meeting (i.e. 25 February 2019) and the maximum number of A shares to be issued by the Company (i.e. 3,400,000,000), the maximum numbers of A Shares to be subscribed by the abovementioned parties are as follows:

Controlling Shareholder/ Directors/ Supervisors	Approximate percentage of A Shares directly held to the number of total issued A Shares	Maximum number of A Shares to be subscribed based on the proportion of A Shares directly held	Approximate percentage of A Shares indirectly held under the Employee Ownership Scheme to the number of total issued A Shares	Maximum number of A Shares to be subscribed based on the proportion of A Shares indirectly held under the Employee Ownership Scheme	
				Total maximum number of A Shares to be subscribed	
Minxi Xinghang	34.47%	1,171,862,889	—	—	1,171,862,889
Chen Jinghe	0.59%	20,052,874	0.058%	1,965,968	22,018,842
Lan Fusheng	0.04%	1,480,474	0.0116%	393,193	1,873,667
Zou Laichang	0.01%	281,133	0.0087%	294,895	576,028
Lin Hongfu	0.005%	169,564	0.0087%	293,946	463,510
Fang Qixue	0.002%	59,175	0.0098%	331,875	391,050

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Controlling Shareholder/ Directors/ Supervisors	Approximate percentage of A Shares directly held to the number of total issued A Shares	Maximum number of A Shares to be subscribed based on the proportion of A Shares directly held	Approximate percentage of A Shares indirectly held under the Employee Ownership Scheme to the number of total issued A Shares	Maximum number of A Shares to be subscribed based on the proportion of A Shares indirectly held under the Employee Ownership Scheme	Total maximum number of A Shares to be subscribed
Lin Hongying	0.0012%	39,319	0.0087%	294,895	334,214
Lin Shuiqing	0.002%	58,979	—	—	58,979
Liu Wenhong	0.0001%	4,806	—	—	4,806
In which, the total maximum number of A Shares to be subscribed by the Directors and the Supervisors	0.6503%	22,146,324	0.1055%	3,574,772	25,721,096

Use of proceeds

As advised by the management of the Company, the Public Issuance shall raise gross proceed (including issuing expenses) of up to RMB8 billion (including RMB8 billion) and intends to be used in the following project:

Unit: RMB billion

No.	Project name	Total investment amount of the project	Amount of the proceeds raised intended to be used in the project
1	All cash takeover of 100% interest of Nevsun	9.3633060	8
Total		9.3633060	8

Note 1: Pursuant to the pre-acquisition agreement entered into between the Company and Nevsun in September 2018 with respect to the acquisition, the consideration for acquiring 100% interest of Nevsun is CAD1,858,499,430, equivalent to approximately RMB9.3633060 billion (based on the middle rate of foreign exchange rate quotation of CAD1:RMB5.0381 of China Foreign Exchange Trade System on 29 December 2018) and approximately USD1.3642770 billion (based on the middle rate of foreign exchange rate quotation of USD1:RMB6.8632 of China Foreign Exchange Trade System on 29 December 2018).

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Note 2: The total assets, operating income, net profit, net assets and consideration of the project to be invested by the proceeds raised do not reach the standard of material asset restructuring as stipulated in Administrative Measures for the Material Asset Restructuring of Listed Companies. The acquisition does not constitute a material asset restructuring of listed company.

It is the intention of the Group to utilise the proceeds raised towards the acquisition of the issued common shares of Nevsun by all cash takeover. As at the closing of market on 22 February 2019 (Toronto time), the number of common shares of Nevsun (the “**Nevsun Shares**”) tendered to the offer totalled 286,572,704, representing approximately 92.52% of the total issued and outstanding Nevsun Shares. The all cash takeover was successful. Since the acquisition met all the conditions for compulsory acquisition under the Canadian securities laws, the Company would complete the acquisition of the balance of the Nevsun Shares by way of compulsory acquisition. The Company also intended to apply for privatisation of Nevsun by de-listing the Nevsun Shares from the Toronto Stock Exchange and the New York Stock Exchange after the completion of the acquisition. On 12 March 2019 (Toronto time), the Company acquired the remaining 23,184,095 Nevsun Shares pursuant to compulsory acquisition. As at the Latest Practicable Date, the Company holds 309,749,905 Nevsun Shares, representing 100% of the total issued and outstanding Nevsun Shares. The total consideration of the Nevsun Shares of CAD1,858,499,430 was paid by the Company with self-financed fund.

As the actual proceeds to be raised in the Public Issuance are expected to be less than the total consideration, the outstanding portion was funded by self-financed fund of the Company. The Company invested in the project with self-financed fund before the proceeds raised in the Public Issuance are deposited in the account, and the proceeds raised in the Public Issuance will be used to substitute the Company’s self-financed fund after they are deposited in the account.

We have reviewed the “Feasibility Report on the Use of Proceeds Raised in the Public Issuance of A Shares (Revised Version)” (the “**Feasibility Report**”) as set out in Appendix 1 to the Circular. The Feasibility Report set out the details of the project to be invested by the proceeds raised from the Public Issuance of A Shares (the “**Project**”), including the feasibility and the future prospects of the Project.

According to the Feasibility Report, Nevsun is a mine exploration and development company focusing on copper, zinc and gold. It is dual-listed on the Toronto Stock Exchange in Canada and the New York Stock Exchange in the United States. Nevsun owns interest in the Timok copper-gold mine project in Serbia, which is not yet developed (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 will be diluted to 46% eventually), which contains resources of large-scale porphyry type copper deposits), and interest in the Bisha copper-zinc mine project in Eritrea, Africa (currently 60%) which is currently in production. It also owns 27 exploration permits in Serbia, Eritrea and Macedonia.

As extracted from the Feasibility Report, the implementation of the Project can help the Company enhance profitability and sustainability of its principal activity and provide new sources of profit growth for the Company and raise the Company’s profitability. According to the Feasibility

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Report, the Upper Zone of the Timok copper-gold mine, after the completion of construction and commencement of production of the Project, the average annual operating income and average annual net profit will be amounted to approximately USD439.23 million and USD201.02 million respectively. After-tax financial internal rate of return of the project investment will be 60.54%, with a payback period of 3.5 years (including construction period); while the Bisha copper-zinc mine, after consistent investment and upgrade of the project, the average annual operating income and average annual net profit of the project in the years of full production will be amounted to USD247.22 million and USD27.57 million, respectively.

Having considered that (i) the proposed Public Issuance of A Shares is to finance the acquisition of the Nevsun Shares; and (ii) the acquisition of the Nevsun Shares would allow the Company to maintain a continuous growth in its operating results and is hence in line with the Group's business strategy in further developing its mining business, we concur with the view of the Directors that the proposed Public Issuance of A Shares and the Subscriptions are in the interests of the Company and the Shareholders as a whole.

2.2 Financial alternatives of the Company

As advised by the management of the Company, the Company considers that the proposed Public Issuance of A Shares would be an appropriate fund raising method as compared with other methods such as debt financing or rights issue or public offering or issuance of both A Shares and H Shares.

2.2.1 Debt financing

According to the 2018 Interim Report, the Group's total assets amounted to approximately RMB91.0 billion as at 30 June 2018, whilst its total liabilities was approximately RMB53.3 billion as at 30 June 2018, resulting in a debt to assets ratio (calculated as total liabilities divided by total assets) of approximately 58.54% (as at 31 December 2017: 58.0%). As at 30 June 2018, the Group's gearing ratio (calculated as total liabilities divided by total equity) was 1.412 (as at 31 December 2017: 1.373), which reflected that the Group's total liabilities was more than its net assets.

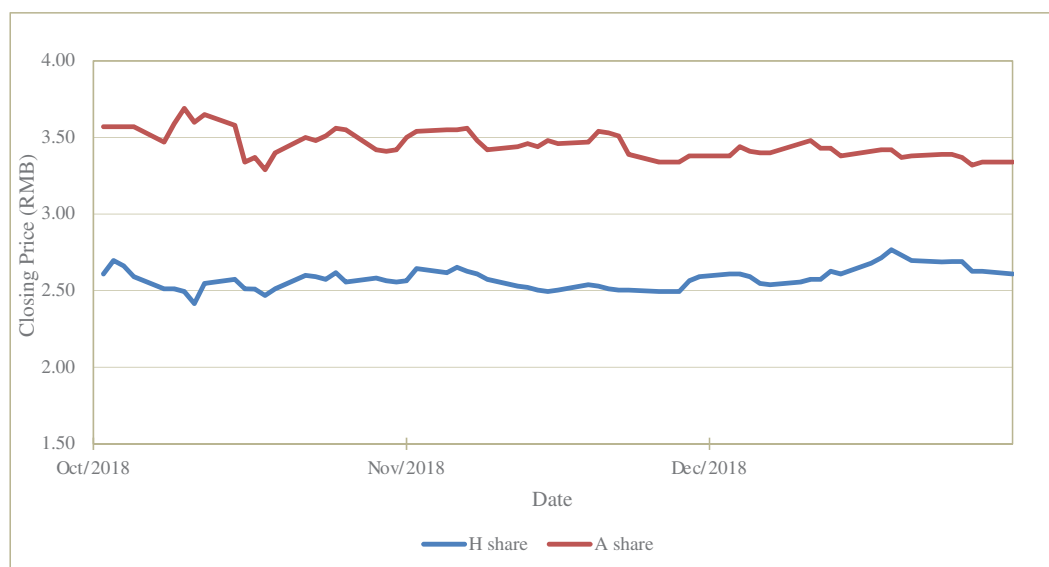
The Directors considered that taking into account of the current gearing level and debt to asset ratio of the Group, raising funds by equity financing with interest-free nature could reduce the debt to assets ratio and gearing ratio. The Directors thus concluded that equity financing can improve the leverage position of the Group as compared to debt financing.

2.2.2 Other equity financing alternatives

The chart below illustrates a comparison between the daily closing prices of the A Shares and the daily closing prices of the H Shares (presented in RMB equivalent based on an exchange rate of RMB1 to HK\$1.14) from 2 October 2018 up to the last trading day before the announcement of the proposed

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Public Issuance of A Shares published on the Shanghai Stock Exchange and the Hong Kong Stock Exchange (the “**Review Period**”):



Source: Website of the Hong Kong Stock Exchange and Cninfo*

During the Review Period, the H Shares were traded with closing prices in the range of HK\$2.75 (or approximately RMB2.42) to HK\$3.15 (or approximately RMB2.77) per H Share and the A Shares were traded with the closing prices in the range of RMB3.29 to RMB3.69 per A Share.

In other words, as the closing prices of H Shares was lower than that of A Shares, if the Company conducts a fund raising exercise by issuance of new H Shares in Hong Kong with a proceed of RMB8 billion, assuming a pricing basis of not less than the average trading price of the H Shares in the 20 trading days preceding the base day, the number of H Shares to be issued will be substantially greater than that required for the Public Issuance of A Shares, which will lead to a greater dilution effect to the shareholding of the existing Shareholders and will not be in the interests of the Independent Shareholders. As advised by the Directors, if the Company conducts a fund raising exercise by issuing both new A Shares and new H Shares, assuming a pricing basis of not less than the average trading price of the A Share in the 20 trading days preceding the base day, the issue price will represent a premium over the historical trading prices of H Shares which the H Shareholders are not likely to subscribe the new H Shares.

Having considered that (i) equity financing can improve the leverage position of the Group as compared to debt financing; (ii) the greater dilution effect to the shareholding of the existing Shareholders if the Company conducts a fund raising exercise by issuance of new H Shares in Hong Kong with a proceed of RMB8 billion with the same pricing basis as the Public Issuance of A Shares; and (iii) the issue price represents a premium over the historical trading prices of the H Shares if the Company conducts a fund raising by issuing both new A Shares and new H Shares, assuming a pricing

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basis of not less than the average trading price of the A Share in the 20 trading days preceding the base day, we concur with the Directors' view that it is in the interests of the Company and the Shareholders as a whole to raise funds by the proposed Public Issuance of A Shares (including the Subscriptions).

3. THE TERMS OF THE PROPOSED PUBLIC ISSUANCE OF A SHARES AND THE SUBSCRIPTIONS

3.1 Principal terms of the proposed Public Issuance of A Shares

Set out below are the key terms of the proposed Public Issuance of A Shares and the Subscriptions:

Class of the Shares to be issued:	The Shares to be issued under the Issuance will be Renminbi-denominated ordinary shares (A Shares) which will be listed in the PRC.
Nominal value of the Shares to be issued:	The nominal value of the Shares to be issued under the Issuance will be RMB0.10 each.
Number of A Shares to be issued:	The maximum number of A Shares to be issued under the Issuance will be 3,400,000,000 (3,400,000,000 inclusive, not more than 15% of the number of total issued Shares of the Company).
Methods of issuance:	The Issuance, being a public issuance to unspecific investors, will be conducted through methods as approved by the CSRC including but not limited to online and offline price determination. The offering will be underwritten by the lead underwriter on a standby commitment basis, i.e. the lead underwriter will purchase all the outstanding A Shares after subscription, if any, upon the end of underwriting period. The specific methods of the Issuance will be determined based on negotiations between the Board or its authorised persons under the authorisation of the Shareholders' General Meetings and the sponsor (the lead underwriter).
Pricing principles and issuance price:	Pursuant to the provisions of Administrative Measures for the Issuance of Securities by Listed Companies, the issuance price under the Issuance shall be no less than the lower of the average trading price of the A Shares for the 20 trading days or the average trading price of the A Shares on the trading day preceding the date of publication of the offering documents.

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The final issuance price will be determined based on the prevailing supervisory policies and market situation at the Issuance, and negotiations between the Board or its authorised persons under the authorisation of the Shareholders' General Meetings and the sponsor (the lead underwriter) after obtaining the approvals of the CSRC.

If there are any changes in the relevant laws, regulations, rules and policies or supervisory requirements newly issued by the securities regulatory authorities before the Issuance, the Company will correspondingly adjust the issuance price under the Issuance, which will be determined based on negotiations between the Board or its authorised persons under the authorisation of the Shareholders' General Meetings and the sponsor (the lead underwriter).

Time of issuance: After obtaining the approvals of the CSRC regarding the Issuance, the Company will seek favourable time to carry out the Issuance within the period as approved by the approvals and relevant regulations.

Place of listing: The Company will apply to the Shanghai Stock Exchange for the listing of and permission to deal in the A Shares to be issued.

Lock-up period of the Issued A Shares: There is no lock-up period for the A Shares issued under the Issuance. If there are other restrictions for the lock-up period of the A Shares issued to the issuing objects pursuant to relevant laws and regulations, the lock-up period pursuant to the relevant laws and regulations shall prevail. If there are any policies or supervisory requirements on public issuance of listed companies newly issued by the securities regulatory authorities in the future, the lock-up period pursuant to the policies or supervisory requirements newly issued shall prevail.

3.2 Subscription price and pricing principles

Pursuant to the provisions of Administrative Measures for the Issuance of Securities by Listed Companies, the issue price of the A Shares to be issued under the Public Issuance of A Shares shall be no less than the lower of the average trading price of the A Shares for the 20 trading days or the average trading price of the A Shares on the trading day preceding the date of publication of the offering documents.

Subject to the abovementioned pricing principles, the final issuance price will be determined based on the prevailing supervisory policies and market situation at the proposed Public Issuance of A Shares, and negotiations between the Board or its authorised persons under the authorisation of the

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Shareholders' General Meetings and the sponsor (the lead underwriter) after obtaining the approvals of the CSRC. If there are any changes in the relevant laws, regulations, rules and policies or supervisory requirements newly issued by the securities regulatory authorities before the Issuance, the Company will correspondingly adjust the issuance price under the proposed Public Issuance of A Shares, which will be determined based on negotiations between the Board or its authorised persons under the authorisation of the Shareholders' General Meetings and the sponsor (the lead underwriter).

In assessing whether the terms of the Subscriptions are fair and reasonable and on normal commercial terms, we have conducted searches over 巨潮資訊網 (Cninfo*, www.cninfo.com.cn, being a website designated by CSRC for the purpose of information disclosure) with companies listed on the Shanghai Stock Exchange to identify transactions in nature similar to the proposed Issuance of A Shares (the “**Comparables**”) for comparison purpose. Through the search from 26 August 2018 up to the date of the announcement in relation to the Subscriptions, to the best of our knowledge, an exhaustive list of 2 Comparables have been identified based on the aforesaid selection criteria.

As each of the Comparable has its own unique nature and characteristic in terms of, inter alia, business operation and environment, size, profitability and financial position, the comparison of the terms of the Subscriptions between the Company and the Comparables may not represent an identical comparison. We, however, consider such comparison could be treated as an indication as to the reasonableness and fairness of the terms of the Subscriptions. The relevant details of the Comparables are set forth in the table below:

Company	Stock Code	Date of proposal/ latest revised proposal	Basis for A-share issue price
Nancal Technology Co., Ltd. 能科科技股份有限公司	SH603859	29/1/2019	Not less than the lower of the average trading price of the A Shares for the 20 trading days or the average trading price of the A Shares on the trading day preceding the date of publication of the offering documents
Jiangsu Xinquan Automotive Trim Co., Ltd. 江蘇新泉汽車飾件股份有限公司	SH603179	29/10/2018	Not less than the lower of the average trading price of the A Shares for the 20 trading days or the average trading price of the A Shares on the trading day preceding the date of publication of the offering documents

It is noted that the issue prices of the Comparables were not fixed as at the date when the relevant proposals were announced. Moreover, we noted that the basis on determining the issue price of the Comparables is identical to the proposed Public Issuance of A Shares.

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Having considered that (i) the issue price under the Public Issuance of A Shares will reflect the then latest market prices of A Share; (ii) the basis on determining the issue price is identical to those of the Comparables; (iii) the basis of the issue price is in compliance with the Administrative Measures for the Issuance of Securities by Listed Company; and (iv) the issue price is applied to all subscribers (including Minxi Xinghang, the Relevant Directors and Relevant Supervisors), we concur with the Directors that the basis for the determination of the issue price is on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

4. POSSIBLE EFFECTS OF THE PROPOSED PUBLIC ISSUANCE OF A SHARES

4.1 Financial effects to the Group

As advised by the Directors, the Public Issuance of A Shares (including the Subscriptions) would have the following financial effects to the Group:

(i) *Net assets value*

According to the 2018 Interim Report, the net assets value of the Group attributable to the owners of the Company was approximately RMB37.72 billion as at 30 June 2018. The net asset value would increase upon completion of the Public Issuance of A Shares as total proceeds from the Public Issuance of A Shares (estimated to be no more than approximately RMB8 billion in cash) will bring an additional funds to the Group.

(ii) *Gearing*

According to the 2018 Interim Report, the Group reported a gearing ratio of 1.4121 as at 30 June 2018. Upon completion of the Public Issuance of A Shares, the proceeds raised from the Public Issuance of A Shares will be used to substitute the Company's self-financed fund, thus reducing finance cost and optimising the Company's financial structure.

Based on the above, we concur with the Directors' view that the proposed Public Issuance of A Shares would not have any material adverse impact on the Group's financial position.

It should be noted that the aforementioned analysis is for illustrative purposes only and do not purport to represent how the financial position of the Group will be upon completion of the proposed Public Issuance of A Shares.

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4.2 Potential effect of the Public Issuance of A Shares and the Subscriptions on the shareholding structure of the Company

Assuming that a total of 3,400,000,000 A Shares (nominal value of RMB0.10 each) will be issued under the Public Issuance of A Shares, the Company will not issue and allot any Shares prior to the Public Issuance of A Shares and all the A Shareholders subscribe for the respective maximum number of A Shares under the Public Issuance of A Shares on pro-rata basis on their current shareholding, the shareholding structure as at the Latest Practicable Date and the expected shareholding structure immediately after the completion of the Public Issuance of A Shares are set out and summarised as follows:

	As at the Latest Practicable Date			Immediately after completion of the proposed Public Issuance of A Shares		
	Number of Shares	Approximate percentage of total issued A Shares	Approximate percentage of total issued Shares	Number of Shares	Approximate percentage of total issued A Shares	Approximate percentage of total issued Shares
A Shareholders						
Minxi Xinghang	5,960,742,247	34.47%	25.88%	7,132,605,136	34.47%	26.99%
<i>Directors</i>						
Chen Jinghe (Note)	102,000,000	0.59%	0.44%	122,052,874	0.59%	0.46%
Lan Fusheng (Note)	7,530,510	0.04%	0.03%	9,010,984	0.04%	0.03%
Zou Laichang (Note)	1,430,000	0.01%	0.01%	1,711,133	0.01%	0.01%
Lin Hongfu (Note)	862,500	0.01%	0.01%	1,032,064	0.01%	0.01%
Fang Qixue (Note)	301,000	0.01%	0.01%	360,175	0.01%	0.01%
Lin Hongying (Note)	200,000	0.01%	0.01%	239,319	0.01%	0.01%
<i>Supervisors</i>						
Lin Shuiqing	300,000	0.01%	0.01%	358,979	0.01%	0.01%
Liu Wenhong	24,450	0.01%	0.01%	29,256	0.01%	0.01%
Employee Stock Ownership Scheme	129,163,987	0.75%	0.56%	154,557,214	0.75%	0.58%
Other A Shareholders	11,091,724,197	64.09%	48.12%	13,272,321,757	64.09%	50.17%
H Shareholders						
<i>Director</i>						
Chen Jinghe	8,000,000	—	0.03%	8,000,000	—	0.03%
<i>Supervisor</i>						
Liu Wenhong	10,000	—	0.01%	10,000	—	0.01%
Other H Shareholders	5,728,930,000	—	24.87%	5,728,930,000	—	21.67%
Total	23,031,218,891	100%	100%	26,431,218,891	100%	100%

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Note:

Under the Public Issuance of A Shares, the Employee Stock Ownership Scheme will be entitled to, on pro-rata basis based on its current shareholding, subscribe for a maximum of 25,393,227 A Shares. Under the Employee Stock Ownership Scheme, participants of the Scheme, including the Relevant Directors, could subscribe for A Shares under the Employee Stock Ownership Scheme on pro-rata basis based on their respective interests under the Scheme. Assuming that a total of 3,400,000,000 A Shares (nominal value of RMB0.10 each) will be issued under the Public Issuance of A Shares, the Company will not issue and allot any Shares prior to the Public Issuance of A Shares and the Relevant Directors participating in the Employee Stock Ownership Scheme subscribe for the respective maximum number of A Shares under the Public Issuance of A Shares on pro-rata basis based on their respective interests in the Employee Stock Ownership Scheme, the maximum shareholding of the Relevant Directors (inclusive of their interests in the Employee Stock Ownership Scheme) as at the Latest Practicable Date and immediately after completion of the Public Issuance of A Shares are set out and summarised as follows, for illustrative purpose only:

	As at the Latest Practicable Date					Immediately after the completion of the Public Issuance of A Shares				
	Number of A Shares	Number of H Shares	Number of total Shares (Note)	Approximate percentage of the number of total issued A Shares	Approximate percentage of the number of total issued Shares	Number of A Shares	Number of H Shares	Number of total Shares (Note)	Approximate percentage of the number of total issued A Shares	Approximate percentage of the number of total issued Shares
Chen Jinghe	112,000,000	8,000,000	120,000,000	0.65%	0.52%	134,018,842	8,000,000	142,018,842	0.69%	0.54%
Lan Fusheng	9,530,510	—	9,530,510	0.06%	0.04%	11,404,177	—	11,404,177	0.06%	0.04%
Zou Laichang	2,930,000	—	2,930,000	0.02%	0.01%	3,506,028	—	3,506,028	0.02%	0.01%
Lin Hongfu	2,357,677	—	2,357,677	0.01%	0.01%	2,821,187	—	2,821,187	0.01%	0.01%
Fang Qixue	1,989,103	—	1,989,103	0.01%	0.01%	2,380,153	—	2,380,153	0.01%	0.01%
Lin Hongying	1,700,000	—	1,700,000	0.01%	0.01%	2,034,214	—	2,034,214	0.01%	0.01%

Note: inclusive of their interests in the Employee Stock Ownership Scheme

Upon completion of the proposed Public Issuance of A Shares, (i) the shareholding of the public A Shareholders will be increased from approximately 48.12% to approximately 50.17%; and (ii) the shareholding of the public H Shareholders will be decreased from approximately 24.87% to approximately 21.67%.

Although there will be dilution effect to the shareholding interest of existing public shareholders of H Shares as a result of the proposed Public Issuance of A Shares, having taken into account (i) the reasons for and benefits of the proposed Public Issuance of A Shares, the Subscriptions and proposed use of proceeds as set out in the section headed “2.1 Reasons for and benefits of the proposed Public Issuance of A Shares and the Subscriptions”; (ii) the alternative fund raising methods available to the Company as set out in the section headed “2.2 Financing alternatives of the Company”; and (iii) the fairness and reasonableness of the basis of determining the subscription price of the A Shares to be issued as set out in the section headed “3. The Terms of the Proposed Public Issuance of A Shares and the Subscriptions”, we consider that the proposed Public Issuance of A Shares is an appropriate mean of funds raising by the Company and the shareholding dilution effects upon completion of the Proposed Public Issuance of A Shares is acceptable so far as the Independent Shareholders are concerned.

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RECOMMENDATION AND CONCLUSION

Having taken into account the above-mentioned principal factors and reasons, in particular (i) the reasons for and benefits of the proposed Public Issuance of A Shares and Subscriptions as set out in the section headed “2.1 Reasons for and benefits of the proposed Public Issuance of A Shares and the Subscriptions”; (ii) the details of the proposed Public Issuance of A Shares as set out in the section headed “3. The terms of the proposed Public Issuance of A Shares and the Subscriptions”; (iii) the financing alternatives considered by the Company as set out in the section headed “2.2 Financing alternatives of the Company”; (iv) our analysis on the fairness and reasonableness of the subscription price under the Subscriptions as set out in the section headed “3.2. Subscription price and pricing principals”; and (v) the potential effects on the Group’s financial and the shareholding of the existing Shareholdings as set out in the section headed “4. Possible Effects of the Proposed Public Issuance of A Shares”, we are of the view that although the proposed Public Issuance of A Shares and the Subscriptions are not in the ordinary and usual course of the business of the Group, the Subscriptions and the transactions contemplated thereunder is in the interests of the Company and the Shareholders as a whole, and the terms of the Subscriptions are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the resolution to be proposed at the EGM to approve the Subscriptions and the transactions contemplated thereunder.

** for identification purpose only*

Yours faithfully,
For and on behalf of
Messis Capital Limited
Vincent Cheung
Managing Director

Mr. Vincent Cheung is a licensed person registered with the Securities and Futures Commission and regarded as a responsible officer of Mesis Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 10 years of experience in corporate finance industry.



Zijin Mining Group Co., Ltd.*

**Feasibility Report on the Use of Proceeds
Raised in the Public Issuance of A Shares
(Revised Version)**

February 2019

DEFINITIONS

In this Report, unless otherwise indicated in the context, the following expressions have the meanings set out below:

Definitions of commonly used and technical terms

Issuer, Zijin Mining or Company	Zijin Mining Group Co., Ltd.*
Issuance or Public Issuance	The act of public issuance of not more than 3,400,000,000 Renminbi-denominated ordinary shares (A Shares) in the People's Republic of China (the "PRC") by Zijin Mining Group Co., Ltd.*
Report	Feasibility Report on the Use of Proceeds Raised in the Public Issuance of A Shares in 2018 of Zijin Mining Group Co., Ltd.*
Project to be Invested by the Proceeds Raised or Project to be Invested	The project to be invested by the proceeds raised in the Public Issuance of A Shares, i.e. acquisition of all of the common shares of Nevsun Resources Ltd.
Transaction	The Company's acquisition of all of the common shares of Nevsun Resources Ltd. pursuant to an all cash friendly takeover bid
Target Company or Nevsun	Nevsun Resources Ltd.
RMB	Renminbi
USD	United States dollar, the lawful currency of the United States of America
CAD	Canadian dollar, the lawful currency of Canada
Feasibility Report	The feasibility study report
Pre-Acquisition Agreement	"ZIJIN MINING GROUP CO., LTD. and NEVSUN RESOURCES LTD. PRE-ACQUISITION AGREEMENT" entered into between the Company and Nevsun in September 2018
Gold Mountains (H.K.)	Gold Mountains (H.K.) International Mining Company Limited, a wholly-owned subsidiary of the Company
Freeport	Freeport-McMoRan Exploration Corporation, an international mining company

APPENDIX 1**FEASIBILITY REPORT ON THE USE OF PROCEEDS
RAISED IN THE PUBLIC ISSUANCE
OF A SHARES (REVISED VERSION)**

GRMB	Global Reservoir Minerals (BVI) Inc., a wholly-owned subsidiary of Nevsun
FIHB	Freeport International Holdings (BVI) Ltd., a company jointly established by GRMB and Freeport
BMSC	Bisha Mining Share Company, a company jointly established by Nevsun and Eritrean National Mining Corporation
Rakita	Rakita Explorations d.o.o. Bor, a company jointly established by GRMB and FIHB
Lundin	Lundin Mining Corporation, a Canadian non-ferrous metals mining company which made a hostile takeover bid for Nevsun
RTB Bor Group	Rudarsko Topionickarski Basen Bor Grupa, a Serbian state-owned copper company
Feasibility Report of the Upper Zone of the Timok Copper-Gold Mine	Feasibility Report of the Mining and Processing Project at the Upper Zone of Rakita's Timok Copper-Gold Mine in Serbia
Feasibility Report of the Bisha Copper-Zinc Mine	Feasibility Report of the Mining and Processing Project of BMSC's Bisha Copper-Zinc Mine in Eritrea
ZGC	JV Zeravshan LLC, a subsidiary of the Company
Xinjiang Ashele	Xinjiang Ashele Copper Company Limited, a subsidiary of the Company
Heilongjiang Duobaoshan Copper	Heilongjiang Duobaoshan Copper Company Limited, a subsidiary of the Company
Minxi Xinghang	Minxi Xinghang State-owned Assets Investment Company Limited, the controlling shareholder of the Company
Grade 333 or above	Grade 333 represents the inferred intrinsic economic resources; grade 333 or above represents the economic significance having surpassed the inferred intrinsic economic resources, the stage of feasibility study having surpassed the stage of probable study, and geological assurance having surpassed the inferred resources volume

Hydrometallurgy

Hydrometallurgy is a process of adding ores, concentrates after ore processing and other raw materials to solutions or other liquids to turn the useful metals in the raw materials into liquid phase through chemical reactions, separating and enriching various useful metals in the liquid, and finally recovering them in the form of metals or other compounds

**Comprehensive utilisation of
resources**

During the mining of mineral resources, the co-existing and associated ores are comprehensively developed and reasonably utilised; slag, wastewater (liquid), exhaust gas, waste heat and residual pressure are recovered and reasonably utilised; multiple residues generated in the process of social production and consumption are recovered and recycled

Unless otherwise indicated, all the figures in the Report are rounded off to 2 decimal places. The rounding off may result in the total amount of figures being different from the last digits of the summation amount.

I. Background and objectives of the Public Issuance**(1) Background of the Public Issuance**

Zijin Mining 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.

After continuous, rapid and leaping development for more than two decades, the Company realises consistent growth in asset scale and significant increase in profitability, taking a leading position in domestic metal mining industry in terms of various indicators and competitiveness, and gradually becomes an important global producer of mineral products including gold, copper and zinc. Subsidiaries of the Company spread across most of the provinces and regions of China, with mining projects operating in 9 overseas countries. It is one of the listed mining companies in China with the best efficiency. At this moment, the Company is one of the companies with the largest volume of metallic mineral resources reserve in China. It is the largest listed gold mining company in China, and is also 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. The rankings published by the Forbes Magazine in 2018 show that the Company ranks the 947th in the list of “Global 2000: World’s Largest Public Companies”, the 14th among the global non-ferrous metals corporations and the 2nd among the global gold corporations.

Innovation in science and technology is the core competitiveness to support the Company’s development. The Company is in a leading position in the industry in the aspects of technologies of geological exploration, hydrometallurgy and large-scale integrated utilisation of low-grade refractory resources, etc. The Company ranks among the best in China in terms of technology and capability of management innovation. Mr. Chen Jinghe, the founder and Chairman of the Company, is the discoverer and major leader of the exploration and development of the Zijinshan gold and copper mine.

The Company was successfully listed on the Hong Kong stock market in 2003 as the first H share company in the gold mining industry in China; it was also listed on the A share market in 2008, and was regarded as an exemplary enterprise for reformation and innovation by being the first company to issue shares with nominal value of RMB0.1 in the A share market.

Owing to the leading science and technology, advanced system, dedicated management and steady profits, the Company has earned recognition across the capital market. Several top-tier local and international institutional investors have holdings in the shares of the Company.

1. Business operation of the Company

As at the end of 2017, the Company's total assets and net assets attributable to owners of the parent was RMB89.315 billion and RMB35.0 billion respectively. The Company realised operating income of RMB94.549 billion in 2017, in which sales income from gold, copper, lead and zinc, iron, silver and other metals represented 49.33%, 22.35%, 8.08% and 20.24% of the operating income (after internal elimination) respectively, the gross profit of which represented 24.87%, 33.57%, 24.25% and 17.31% of the operating gross profit respectively.

In the aspect of gold production, the Company produced 213.77 tonnes of gold in 2017, in which the volume of mine-produced gold reached 37.48 tonnes, representing approximately 10.15% of the total volume of mine-produced gold in the PRC. The volume of mine-produced gold and the income generated herefrom of the Company are comparatively stable.

In the aspect of copper production, the Company produced 636 thousand tonnes of copper in 2017, in which the volume of mine-produced copper reached 208 thousand tonnes, representing 12.56% of the total volume of mine-produced copper in the PRC. As the Kolwezi copper mine in the Democratic Republic of the Congo (the "DR Congo") gradually commenced production and reached full production, the expansion project of Heilongjiang Duobaoshan Copper was completed and reached full production, and the construction of the Kamoa copper mine in the DR Congo will be completed and production will commence in the future as well, mine-produced copper will become the new significant source of profit growth for the Company in the coming years.

In the aspect of zinc production, the Company produced 467 thousand tonnes of zinc in 2017, in which the volume of mine-produced zinc reached 270 thousand tonnes, representing 8.26% of the total volume of mine-produced zinc in the PRC. As an important sector of the Company's business, the production volume of zinc increased steadily. Zinc will contribute stably and continuously to the profits of the Company.

In the aspect of overseas operation, the proportion of contribution from overseas operation projects to the Company is consistently increasing. As at the issuance date of the Report, the Company owns 9 overseas projects in production. In 2017, the mine-produced gold produced by the Company's overseas projects reached 19.65 tonnes, representing 52.42% of the total volume of mine-produced gold of the Company; the mine-produced copper produced by the Company's overseas projects reached 29,300 tonnes, representing 14.09% of the total volume of mine-produced copper of the Company; the mine-produced zinc produced by the Company's overseas projects reached 93,300 tonnes, representing 34.56% of the total volume of mine-produced zinc of the Company. As at the end of 2017, the resources reserve volume of the Company's overseas projects were 687.65 tonnes of gold, 20.3987 million tonnes of copper and 0.9427 million tonnes of lead and zinc respectively, representing 52.09%, 64.81% and 10.17% of the total resources reserve volume of the Company respectively.

As at the end of 2017, resources reserve volumes of the Company's major mines on equity basis (after evaluation) are: 1,320.07 tonnes of gold, 31.4751 million tonnes of copper, 9.2707 million tonnes of lead and zinc, 836.05 tonnes of silver, 206 million tonnes of iron ore (grade 333 or above) respectively, which are close to those of the first-tier global mining companies.

2. Development strategies of the Company

In February 2016, the Company's board of directors (the "Board" or the "Board of Directors") convened a meeting in Gutian, at which "2020 Strategic Plan and 2030 Long-Term Plan and Goals" was formulated. In August 2018, the Board considered and revised the new goals of business development according to the latest internal and external situations and based on the "2020 Strategic Plan and 2030 Long-Term Plan and Goals" formulated in the Board meeting convened in Gutian, and proposed the key work for strategic implementation and several issues to be focused on and solved. "2018-2022 Strategic Plan of Zijin Mining Group Company Limited*" was also formulated in the meeting.

3. Major competitiveness of the Company

The following major competitive advantages have been formed gradually during the development process of the Company:

(1) Strategy-oriented with clear goals

The current term of the Board persists in following the development needs in the new era and devotedly carries out the strategic decisions and resolutions formulated in Gutian. The Board formulated "2018-2022 Strategic Plan of Zijin Mining Group Company Limited*" in 2018, which outlined the overall goals, strategic measures and key points in implementation in the plan of the Company for the coming 5 years (to 2022, which is the 30th anniversary of the Company). The Company proposed to highlight the direction of internationalisation development and mineral products with competitive advantages including gold and copper, strive to realise significant increase in major economic indicators in 2022 above those of 2017, become an important global producer of mineral products including gold, copper and zinc, and strive to enter the top rank of global companies with the largest resources reserve volume and production volume in terms of mining products.

(2) Significant increase in major technical and economic indicators

In 2017, the year-end total assets and operating income of the Company was RMB89.315 billion and RMB94.549 billion respectively, and the profit before tax and net profit attributable to owners of the parent realised a favourable growth. Resources utilisation level of the Company was improved and elevated considerably. Ore dilution rate and recovery rate are sustainably making progress. The Company's assets are of high-quality, especially the fundamental mineral resources supporting the Company's continuous development. The Company's gold sector continues to lead the industry, with copper and zinc sectors emerging as the new crucial sources of growth.

(3) Significant lift of industrial status and brand of the Company

The rankings published by the Forbes Magazine in 2018 show that the Company ranks the 947th in the list of “Global 2000: The World’s Largest Public Companies”, the 14th among the global non-ferrous metals corporations and the 2nd among the global gold corporations. According to Fortune in 2018, the Company ranks the 82nd in Fortune China 500. The Company is one of the first batch of 234 large-cap A Share companies being included in the MSCI Index. The top three renowned credit rating institutions including Moody’s, Standard & Poor’s and Fitch released credit rating reports of the Company for the first time, which are all investment-grade with stable outlook. The amount of comprehensive facilities provided by various commercial banks exceeds RMB100 billion. The environmental protection work of the Company realised considerable improvement, with leading technologies in the industry in the aspects of geological exploration, hydrometallurgy, large-scale comprehensive utilisation of low-grade refractory resources, etc. The technology and capability of management innovation of the Company rank among the best in China.

(4) Evident acceleration of internationalisation process

The increasing overseas projects of the Company step up to be the largest sources of growth of the Group, among which the Kolwezi copper mine gradually releases production capacity, and the Kamoa copper mine raises its reserve volume significantly, with its construction being pushed forward smoothly. In 2018, the Company completed the acquisition of RTB Bor Group; Nevsun, the Target Company of the Project to be Invested by the Proceeds Raised, owns the Timok copper-gold mine in Serbia and the Bisha copper-zinc mine in Eritrea. The Company’s resources reserve volumes of gold, copper and zinc have a substantial increase. The Timok copper-gold mine and RTB Bor Group, which are both located in Serbia, can synergise with each other.

(5) Comprehensive deepening and active promotion of reform

In respect of the corporate governance system, the Company completed the important revision of adding establishment and development of the Party in its articles of association, affirming the leading role of the Party Committee in direction, overall situation and implementation, as well as making important decisions and reform. The Company clarifies the key role of the Board and Executive and Investment Committee in crucial production, operation and decision making for investment of the Company. In respect of the management system, upholding the key values of “conciseness, regulation and efficiency”, the Company completed the reform in management system with emphasis on business departments, featured functions of management and services in daily production and operation, enhanced subsidiaries’ own responsibilities and rights, further optimised the process, improved the efficiency of decision implementation, consolidated the governance and management systems with distinct Zijin characteristics in the new era and enhanced modern management capacity.

4. Safety and environment protection first to safeguard sustainable development

The Company firmly upholds the environmental protection ideas of “green mountains and clear waters are our invaluable assets” and “life comes first, give priority to environmental protection”. It aims at “zero work fatality, zero occupational disease and zero environmental incident”, always takes safe production and environmental protection as the lifeblood in its existence and development, and keeps increasing the investment in and raising the level of safe production and environmental protection in order to comprehensively promote the development of ecological civilisation and green mines, and sustain the leading position in the industry in terms of the level of comprehensive utilisation of resources and energy consumption indicators.

The Zijinshan gold and copper mine and the Xinjiang Ashele copper mine of the Company were awarded the title “National Industrial Tourism Demonstration Site”; the Zijinshan gold and copper mine is among the first batch of National Mining Park, in which the accomplishment of re-vegetation technology was acknowledged by industrial experts as “a model to lead ecological restoration in Chinese mines with overall results reaching international advanced standard”; Zijin Copper Company Limited entered the “First Batch of National Industrial Ecological Product Design Experimental Company” recognised by the Ministry of Industry and Information Technology of the PRC; the copper refinery with annual production capacity of 0.2 million tonnes in Zijin Copper Company Limited was awarded “National Water and Soil Engineering Ecological Civilised Project” by the Ministry of Water Resources of the PRC; Zijin Copper Company Limited and Bayannaoer Zijin Non-ferrous Metals Company Limited received the honourable title of “Green Factory” of China by the Ministry of Industry and Information Technology of the PRC. At present, 8 subsidiaries of the Company were selected as green mines and green mine pilot units by the Ministry of Natural Resources of the PRC in total, and 2 subsidiaries were selected as green mines or green mine pilot units of the province (autonomous region).

5. Strive to be an outstanding corporate citizen and provide considerable returns to the shareholders

Listing of the Company’s H Shares and A Shares raised proceeds of RMB1.408 billion and RMB9.982 billion in its IPOs, respectively. The non-public issuance of A Shares in 2016 raised proceeds of RMB4.635 billion, which made the total amount of equity financing RMB16.025 billion. After listing, the Company’s H Shares and A Shares distributed dividends of RMB20.337 billion accumulatively to shareholders, exceeding the total equity raised. The Company’s shareholders received considerable returns. The Company proactively carried out social responsibilities and set up Zijin Mining Charity Foundation, which has accumulatively donated over RMB2 billion in aggregate. It was awarded “China Charity Award”, the top national charity award in China, for three times. The Company ranked 13th in the Top 100 Charity Development Index of Chinese State-owned Enterprises published by the Chinese Academy of Social Science in 2015, 14th in the 14th China Charity Ranking in 2017 and 18th in the List of Non-Public Fundraising Foundations in China respectively.

6. Driven by national policy of overseas investment and strive to be the pioneer in Chinese mining industry for “Belt and Road Initiative”

In March 2015, China launched and implemented the strategy of “Belt and Road Initiative”. Fujian Province is identified as the “Core Area of the 21st Century Maritime Silk Road”. The “Belt and Road Initiative” strategy promotes international cooperation in exploration and development of traditional and strategic energy and resources including mineral products, and brings about an unprecedented opportunity for the development of Chinese mining industry. Countries along “Belt and Road Initiative” possess rich mineral resources and have a significant share and position in the industrial chain of global mining industry. The Company is headquartered in the core area of Maritime Silk Road. The integration of its accumulated competitive advantages, including talent, technology and capital and rich mineral resources and broad market along the countries in “Belt and Road Initiative” provides a good prospect for development. For the overseas areas of “Belt and Road Initiative”, ZGC, a subsidiary of the Company, becomes the most important gold enterprise in Tajikistan; the Tuva zinc polymetallic mine of Russia Longxing Company Limited is one of the earliest and best models of Sino-Russian cooperation in the mining industry; the Zuoan gold mine is the third largest gold mine in Kyrgyzstan.

Nevsun, the Target Company of the Project to be Invested by the Proceeds Raised of the Company, owns the Timok copper-gold mine in Serbia and the Bisha copper-zinc mine in current production in Eritrea, Africa. In total, Nevsun owns 27 exploration permits in Serbia, Eritrea and Macedonia. The mining projects are located at the geostrategic important areas where “Belt and Road Initiative” stretches into Europe.

7. Risks and challenges

- (1) The Company needs to increase resources reserve continuously to ensure long-term sustainable development

Through years of overseas merger and acquisition, the Company’s business scale in mine-produced gold, mine-produced copper and mine-produced zinc experienced significant increase. Resources reserve is the main asset and core competitiveness of the Company. The Company still needs to increase resources reserve continuously to ensure long-term sustainable development.

- (2) Limitation of insufficient capital

With considerable profit distribution, expanding operating scale and increasing investment, the Company requires much more capital to support its development. Currently, the sources of fund of the Company are mainly retained profits and debt financing. Single channel of financing may limit the future development of the Company.

(2) Objectives and significance of the Public Issuance**1. Meet the capital demand and optimise financial structure**

As at 30 September 2018, the Company's debt-to-asset ratio (on consolidation basis) was 58.08%. In accordance with the Pre-Acquisition Agreement, the consideration for acquiring 100% interest of Nevsun is CAD1,858,499,430, 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 Company's debt-to-asset ratio will increase. 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 costs and optimising the Company's financial structure.

2. Expand production scale and enhance 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, and is expected to bring promising returns to the Company in the future. According to the Feasibility Report of the Upper Zone of the Timok Copper-Gold Mine, the construction period of the Timok copper-gold mine is 2.5 years with production and service period of 13 years (in which, the pilot production period, full production period and production decline period will be 2 years, 7 years and 4 years respectively). After the completion of construction and commencement of production of the project, the average annual net profit estimation will be approximately USD201,024,300, with after-tax financial internal rate of return of the project investment of 60.54% and pay-back period of 3.50 years (including construction period). In which, the profit and cash flows estimation for the first 3 years after the commencement of production of the project are as follows:

Unit: USD million

Year	Year 1	Year 2	Year 3
Production rate	50%	70%	100%
Upper Zone of the Timok copper-gold mine			
Operating income	341.4310	880.3230	876.7020
Net profit	212.4220	587.9530	553.7600
Net cash flows from operating activities	243.4780	629.5460	590.9180

The Bisha copper-zinc mine is currently in production with good operating conditions. In 2018, the mine produced 125,000 tonnes of zinc metal, 17,000 tonnes of copper metal, 429 kg of gold metal and 31 tonnes of silver metal respectively. According to the Feasibility Report of the Bisha Copper-Zinc Mine, after upgrading the mine, the subsequent service period of the Bisha copper-zinc mine will be 9 years and the average annual net profit estimation will be USD27.5712 million in the years of full production. In which, the profit and cash flows estimation for the first 3 years are as follows:

Unit: USD million			
Year	Year 1	Year 2	Year 3
The Bisha copper-zinc mine			
Operating income	278.9620	266.7040	248.0780
Net profit	43.4940	34.5250	31.3300
Net cash flows from operating activities	79.4980	70.9470	68.0100

The smooth implementation of the abovementioned projects can provide new sources of profit growth for the Company.

3. Increase resources reserve volume and enhance core competitiveness

The Company will strengthen mineral products with comparative advantages including gold, copper and zinc, and uphold the direction of internationalisation strategy. The acquisition of Nevsun to obtain the control of the Upper Zone of the Timok copper-gold mine and the Bisha copper-zinc mine as well as 60.4% interest in the Lower Zone of the Timok copper-gold mine (which will be diluted to 46% eventually) will substantially increase the quality resources reserve volume of the Company. According to the Feasibility Report of the Upper Zone of the Timok Copper-Gold Mine and the Feasibility Report of the Bisha Copper-Zinc Mine issued by the Xiamen Design Branch Company of Zijin Mining Construction Company Limited in January 2019 and the NI43-101 technical report of the Timok project issued by Nevsun in August 2018, upon completion of the acquisition, the copper resources reserve of the Company will increase by 8.1901 million tonnes (on equity basis), representing 26.02% of the Company's current copper resources reserve; the gold resources reserve of the Company will increase by 236.36 tonnes (on equity basis), representing 17.90% of the Company's current gold resources reserve; the zinc resources reserve of the Company will increase by 1.8769 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.

II. Use of the proceeds raised under the Issuance

The Issuance shall raise gross proceeds (including issuance expenses) of up to RMB8 billion (including RMB8 billion) and intends to be used in the following project:

Unit: RMB billion

No.	Project name	Total investment amount of the project	Amount of the proceeds raised intended to be used in the project
1	All cash takeover of 100% interest of Nevsun Resources Ltd.	9.3633060	8
	Total	<u>9.3633060</u>	<u>8</u>

Note 1: Pursuant to the Pre-Acquisition Agreement entered into between the Company and Nevsun in September 2018 with respect to the acquisition, the consideration for acquiring 100% interest of Nevsun is CAD1,858,499,430, equivalent to approximately RMB9.3633060 billion (based on the middle rate of foreign exchange rate quotation of CAD1:RMB5.0381 of China Foreign Exchange Trade System on 29 December 2018) and approximately USD1.3642770 billion (based on the middle rate of foreign exchange rate quotation of USD1:RMB6.8632 of China Foreign Exchange Trade System on 29 December 2018).

Note 2: The total assets, operating income, net profit, net assets and consideration of the Project to be Invested by the Proceeds Raised do not reach the standard of material asset restructuring as stipulated in Administrative Measures for the Material Asset Restructuring of Listed Companies. The Transaction does not constitute a material asset restructuring of listed company.

The Project to be Invested by the Proceeds Raised is acquisition of the issued common shares of Nevsun by all cash takeover. As at the closing of market on 22 February 2019 (Toronto time), the total number of common shares of Nevsun (the “Nevsun Shares”) tendered to the offer was 286,572,704, representing approximately 92.52% of the total issued and outstanding Nevsun Shares. The all cash takeover is successful. Since the acquisition meets all the conditions for compulsory acquisition under the Canadian securities laws, the Company will complete the acquisition of the balance of the Nevsun Shares by way of compulsory acquisition. The Company also intends to apply for privatisation of Nevsun by de-listing the Nevsun Shares from the Toronto Stock Exchange and the New York Stock Exchange after the completion of the acquisition.

As the actual proceeds to be raised in the Public Issuance are expected to be less than the amount required for project investment, the Company will finance the outstanding portion through self-financed fund. 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, and the proceeds raised in the Public Issuance will be used to substitute the Company's self-financed fund after they are deposited in the account.

III. All cash takeover of 100% interest of Nevsun Resources Ltd.

(1) Background of the project

The Target Company to be acquired under the Issuance is Nevsun, a mine exploration and development company focusing on copper, zinc and gold. It is dual-listed on the Toronto Stock Exchange in Canada and the New York Stock Exchange in the United States.

Nevsun owns interest in the Timok copper-gold mine project in Serbia, which is not yet developed (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 will be diluted to 46% eventually), which contains resources of large-scale porphyry type copper deposits), and interest in the Bisha copper-zinc mine project in Eritrea, Africa (currently 60%) which is currently in production. It also owns 27 exploration permits in Serbia, Eritrea and Macedonia.

The Company proposed to make an all cash takeover through a subsidiary of an overseas wholly-owned subsidiary, Gold Mountains (H.K.), to acquire all of the Nevsun's issued common shares which is approximately 302,592,672 common shares (of which, 3,197,191 Nevsun's common shares are held by Zijin Global Fund, which is managed by a subsidiary of the Company) and any other common shares that are issued after the date of the offer (including any but prior to the expiry time) at a consideration of CAD6 per common share. As at the convention date of the third extraordinary meeting in 2019 of the sixth term of the Board (i.e. 25 February 2019), the total number of issued Nevsun Shares was 309,749,905.

(2) Major contents of the agreements relating to the acquisition by takeover

On 5 September 2018, the Company entered into the Pre-Acquisition Agreement with Nevsun and the Lock-up Agreement with Nevsun's directors and executive officers. The major contents of the abovementioned two agreements are as follows:

1. Pre-Acquisition Agreement

(1) Parties to the agreement

① Zijin Mining Group Co., Ltd.*

② Nevsun

(2) Acquisition targets and the consideration

- ① Acquisition target: all of the 302,592,672 common shares issued by Nevsun (of which, 3,197,191 common shares are held by Zijin Global Fund, which is managed by a subsidiary of the Company) and any other common shares that are issued after the date of the offer (including any but prior to the expiry time).
- ② Consideration: CAD6 per share. The final amount of the acquisition consideration shall prevail.

The offer price represents a premium of 21% over the closing price of CAD4.94 per share of Nevsun's common shares on 4 September 2018 on the Toronto Stock Exchange; a premium of 26% or CAD1.25 over the CAD4.75 per share of the hostile takeover bid made by Lundin on 26 July 2018; and a premium of 57% over the closing price of CAD3.82 per share on 7 May 2018 before the impact of Lundin's hostile takeover bid.

The Company conducted due diligence investigation with regards to the technology, finance and legal compliance of Nevsun. The consideration of the Transaction was determined in accordance with the due diligence investigation results and multiple careful assessments on the asset value of Nevsun, after arm's length negotiations between the parties thereto and on normal commercial terms, and with reference to Nevsun's stock price.

The major source of fund for the acquisition will be self-financed by the Company.

(3) The major terms of the offer

- ① Offer period: The initial expiry time of the offer period is the 105th day following the commencement date of the offer.
- ② The conditions precedent of the offer
 - A. the Pre-Acquisition Agreement shall not have been terminated;
 - B. no circumstance, fact, change, event or occurrence shall have occurred that would render it impossible or impracticable for one or more of the conditions of the offer to be satisfied;
 - C. Nevsun's board of directors ("Nevsun's Board") shall have approved the entering into the Pre-Acquisition Agreement and the making of a unanimous recommendation that Nevsun's shareholders accept the offer, tender their shares to the offer and not tender their shares to the offer made by Lundin Mining Corporation ("Lundin Offer"), and Nevsun's Board shall not have withdrawn this recommendation or changed, modified or qualified it in a manner that is adverse to the Company, or taken any other action that is materially inconsistent with the recommendation or that could otherwise prejudice the Company;

- D. Nevsun shall not be in default, in any material respect, of any covenant or obligation under the Pre-Acquisition Agreement;
- E. Nevsun's Board shall have made prepared and approved in final form and printed for mailing with the offer documents sufficient copies of the Nevsun Directors' Circular;
- F. no prohibition at law shall exist against the Company making the offer or taking up or paying for shares deposited under the offer;
- G. each of the representations and warranties of Nevsun set forth in the Pre-Acquisition Agreement that are qualified by a reference to material adverse effect or materiality shall be true and correct in all respects at the time of the making of the offer and those that are not qualified by a material adverse effect or materiality, shall be true and correct in all material respects at the time of the making of the offer;
- H. no material adverse effect shall have occurred since the date of the Pre-Acquisition Agreement; and
- I. no person shall have made an acquisition proposal for Nevsun after the date of the Pre-Acquisition Agreement unless Nevsun's Board has confirmed in writing that such acquisition proposal is not a superior proposal ("Superior Proposal").

③ Conditions of the offer

Notwithstanding any other provision of the offer, but subject to applicable law, the Company will not take up, purchase or pay for, any Nevsun's shares unless, at the end of the initial deposit period or such earlier or later time during which Nevsun's shares may be deposited under the offer, excluding the mandatory 10-day extension period or any extension thereafter, there shall have been validly deposited under the offer and not withdrawn that number of shares, together with any associated shareholder rights plan rights, that constitutes more than 50% of the outstanding shares of Nevsun, excluding any shares beneficially owned, or over which control or direction is exercised, by the Company or by any person acting jointly or in concert with the Company (the "Statutory Minimum Condition"). In the event that the Statutory Minimum Condition is not satisfied, the Company will have the right to withdraw or terminate the offer or to extend the period of time during which the offer is open for acceptance. The Statutory Minimum Condition cannot be waived by the Company.

Subject to the preceding paragraph, the provisions of the Pre-Acquisition Agreement and applicable laws, the Company shall have the right to withdraw or terminate the offer (or extend the offer or postpone taking up and paying for any shares deposited under the offer), shall not be required to take up and pay for any shares deposited under the offer unless all of the following conditions are satisfied or waived by the Company at or prior to the expiry time of the offer:

- A. the Company holds at least 66⅔% of the outstanding shares of Nevsun at the expiry time of the offer;

- B. the Pre-Acquisition Agreement shall not have been terminated in accordance with its terms;
 - C. no decision, order, ruling or injunction of a governmental entity shall be in effect and no law shall prevent or prohibit the ability of the Company to proceed with the offer or complete the Transaction and no law shall exist that prohibits the Company from the making of the offer and the taking up and paying for any shares deposited under the offer;
 - D. the regulatory approvals shall have been obtained;
 - E. no material adverse effect shall have occurred since the date of the Pre-Acquisition Agreement;
 - F. Nevsun shall have complied in all material respects with each of its covenants and obligations under the Pre-Acquisition Agreement to be complied with at or prior to the expiry time of the offer and all representations and warranties made by Nevsun in the Pre-Acquisition Agreement shall have been true and correct as of the date of the Pre-Acquisition Agreement and shall be true and correct as at the expiry time of the offer;
 - G. no shares have been taken up under the Lundin Offer (under its current terms and conditions or as such terms and conditions may be modified, amended or varied on or after the date of the Pre-Acquisition Agreement) or under any other take-over bid, tender offer or exchange offer made on or after the date of the Pre-Acquisition Agreement that results in persons owning more than one-third of the voting or equity interests of Nevsun or any of its subsidiaries.
- (4) Representations, warranties and covenants
- ① The accuracy of the representations and warranties of Nevsun set forth in the Pre-Acquisition Agreement shall be one of the conditions for the completion of the Transaction.
 - ② Nevsun makes certain covenants including that Nevsun shall conduct business only in the ordinary course for the period from the date of the Pre-Acquisition Agreement to the completion of the Transaction.
- (5) Protective clauses to the Transaction
- ① Non-Solicitation: After the Pre-Acquisition Agreement is entered into, Nevsun shall cease, and shall not participate in any discussions or negotiations with any third party regarding any offer, unless the terms of the offer are more superior; Nevsun shall not solicit or assist any other offer.
 - ② Right to Match: The Company shall, within five business days from the date that is the later of (i) the date on which the Company received a Superior Proposal notice and (ii) the date on which

the Company received a copy of the definitive agreement for the Superior Proposal, have the opportunity to offer to amend in writing the Pre-Acquisition Agreement and the offer in order for such acquisition proposal to cease to be a Superior Proposal; Nevsun shall firstly consider the Company's proposal.

③ Events triggering a termination fee payable by Nevsun:

If any of the following events occurs, Nevsun shall pay the Company the termination fee of USD50,000,000:

- A. If Nevsun's Board or any committee of Nevsun's Board fails to unanimously recommend that Nevsun's shareholders accept the offer;
- B. If Nevsun's Board or any committee of Nevsun's Board fails to publicly reaffirm its approval and recommendation of the offer;
- C. If there is another acquisition proposal from the date of the Pre-Acquisition Agreement and Nevsun's Board accepts or recommends such acquisition proposal or enter into any agreement in respect of such acquisition proposal;
- D. If Nevsun is in material violation of the non-solicitation provisions in the Pre-Acquisition Agreement;
- E. If Nevsun's Board authorises Nevsun to enter into a definitive written agreement with respect to a Superior Proposal; or
- F. If, following the date of the Pre-Acquisition Agreement and prior to the expiry time of the offer, an acquisition proposal is publicly announced and not withdrawn prior to the expiry time by any person other than the Company or any of its subsidiaries and within 6 months of termination of the Pre-Acquisition Agreement an acquisition proposal (whether or not it is the same acquisition proposal that may have been publicly announced) is consummated or an agreement in respect of an acquisition proposal is entered into and such acquisition proposal is consummated at any time after the termination of the Pre-Acquisition Agreement.

④ Events triggering a termination fee payable by the Company:

If Nevsun terminates the Pre-Acquisition Agreement because (i) the Company fails to obtain, by January 31, 2019, the regulatory approvals from the Chinese authorities (provided such failure is not caused by the occurrence of a material adverse effect or a breach by Nevsun of its representations and warranties or failure by Nevsun to perform its covenants) or (ii) the Company fails to take up and pay for the shares deposited under the offer, then the Company shall pay Nevsun a reverse termination fee in the amount of USD50,000,000. The reverse termination amount shall be deposited in an account with a deposit agent.

(6) Termination of the Pre-Acquisition Agreement

The Pre-Acquisition Agreement may be terminated by the mutual written agreement of the parties.

① By either of the parties if:

- A. after the date of the Pre-Acquisition Agreement, any law is enacted or enforced that makes the consummation of the offer and the Transactions contemplated therein illegal or otherwise prohibits the parties from consummating the offer;
- B. the effective time for the completion of the offer does not occur on or prior to January 31, 2019, if the failure of the effective time to so occur has been caused by, or is a result of, a breach by such party of any of its representations or warranties or the failure of such party to perform any of its covenants or agreements under the Pre-Acquisition Agreement;
- C. the other party is in default, in any material respect, of any covenant or obligation under the Pre-Acquisition Agreement; or
- D. if any representation or warranty of the other party to the Pre-Acquisition Agreement is untrue or incorrect as of the date of the Pre-Acquisition Agreement or shall become untrue or incorrect at any time prior to the expiry time of the offer, subject to certain exceptions.

② By Nevsun if:

- A. the Company does not mail the offer documents by September 18, 2018;
- B. Nevsun's Board authorizes Nevsun to enter into a definitive written agreement with respect to a Superior Proposal; or
- C. the Company is in default of its obligations to obtain regulatory approvals from the Chinese authorities by January 31, 2019 (subject to certain exceptions) or take up and pay for the shares tendered under the offer.

③ By the Company if:

- A. any condition of the offer is not satisfied or could not reasonably be expected to be satisfied and the Company has not elected to waive such condition, at or by January 31, 2019 provided that the Company cannot terminate the Pre-Acquisition Agreement pursuant to this provision if all of the conditions of the offer are satisfied other than (a) the Statutory Minimum Condition and/or minimum condition and (b) the receipt of regulatory approvals from the Chinese authorities (subject to certain exceptions);

- B. Nevsun's Board or any committee of Nevsun's Board fails to unanimously recommend that Nevsun's shareholders accept the offer;
- C. If Nevsun's Board or any committee of Nevsun's Board fails to publicly reaffirm its approval and recommendation of the offer or if there is another acquisition proposal from the date of the Pre-Acquisition Agreement and Nevsun's Board accepts or recommends such acquisition proposal or enter into any agreement in respect of such acquisition proposal;
- D. Nevsun breaches the non-solicitation provisions in the Pre-Acquisition Agreement in any material respect; or
- E. since the date of the Pre-Acquisition Agreement there has been a material adverse effect.

2. Lock-up Agreement

The Company has entered into the Lock-up Agreement with each of the directors and executive officers of Nevsun (the "Locked-up Shareholders") who directly or indirectly control certain securities of Nevsun. Pursuant to the Lock-up Agreement, the Locked-up Shareholders have agreed to tender their securities to the offer.

They are also subject to the terms and conditions in the Lock-up Agreement, including but not limited to:

- (1) not initiate or participate in any negotiation or enter into any form of agreement that could lead to an acquisition proposal;
- (2) exercise all options owned directly or indirectly by the Locked-up Shareholders and deposit the shares issuable therefrom to the offer;
- (3) not tender or vote their shares in favour of an acquisition proposal, except for a Superior Proposal; and
- (4) immediately terminate any negotiation or solicitation with any parties with respect to an acquisition proposal that was commenced prior to the execution date of the Lock-up Agreement.

(3) Basic information of Nevsun

1. Basic information of the company

Company name: Nevsun Resources Ltd.

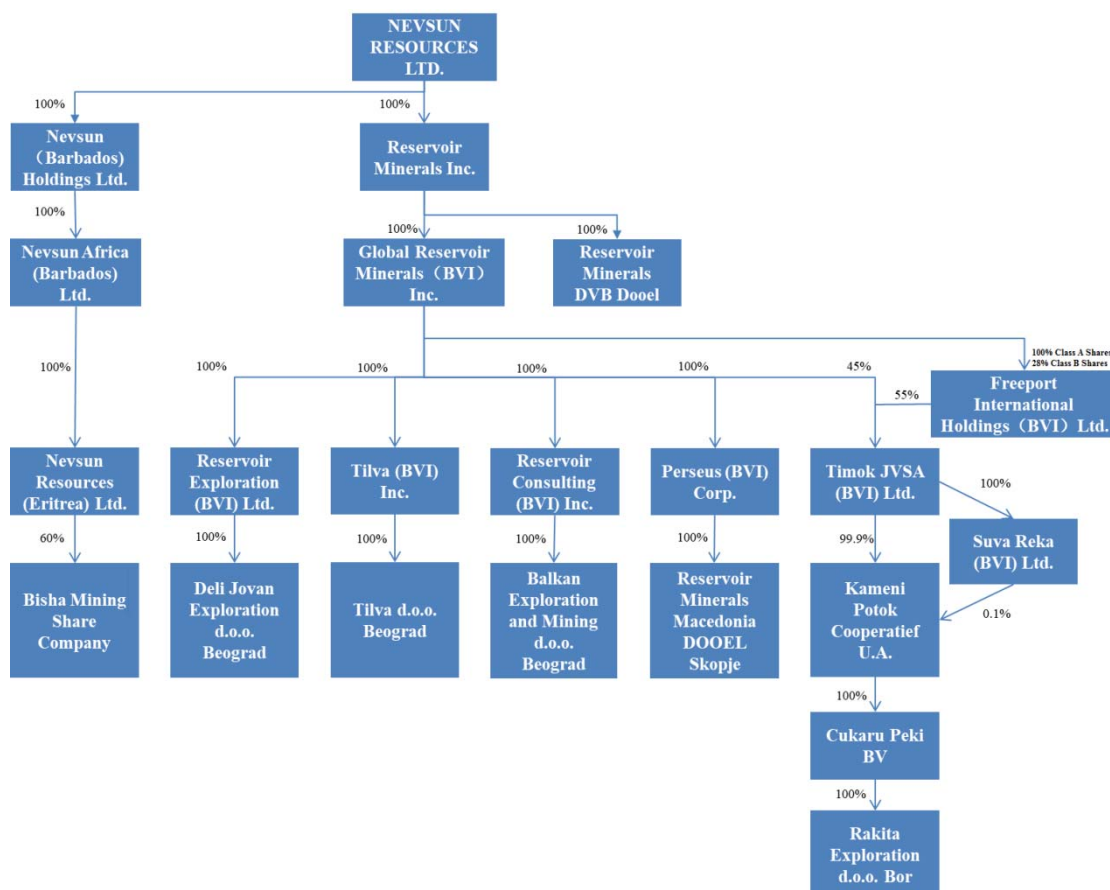
Listing venues: Toronto Stock Exchange in Canada and New York Stock Exchange in the United States

Stock code: NSU

Registered address: 2600-595 Burrard Street, Vancouver, British Columbia, Canada

2. Information of the subsidiaries

According to Nevsun's 2017 annual report, the major subsidiaries of Nevsun are as follows:



The core assets which Nevsun currently owns are the Timok copper-gold mine in Serbia (held by Rakita) and the Bisha copper-zinc mine in Eritrea (held by BMSC).

3. Information of mining licences and exploration permits

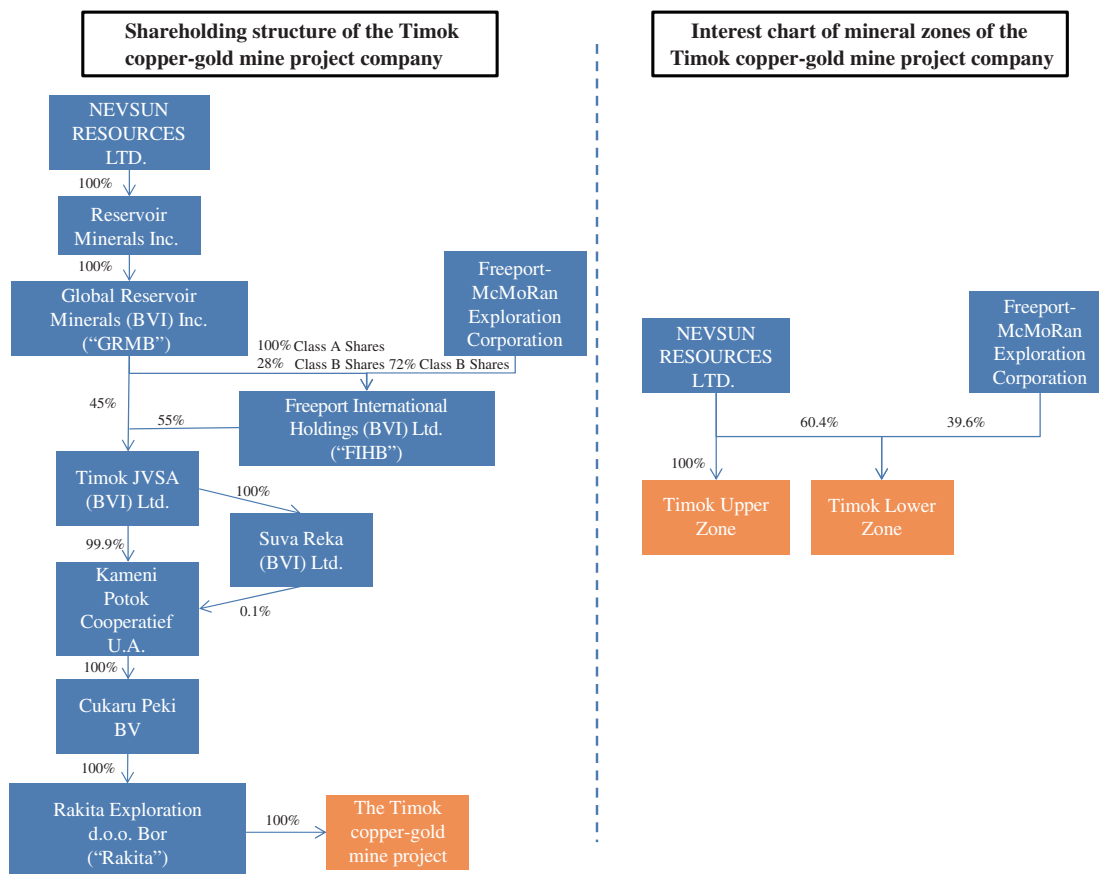
Nevsun owns 2 mining licences in aggregate, which are both located in Eritrea and held by its subsidiary, BMSC. Nevsun owns 27 exploration permits in aggregate, among which its subsidiaries, Rakita, Tilva d.o.o. Beograd and Balkan Exploration and Mining d.o.o. Beograd own 5, 8 and 8 exploration permits in Serbia respectively; its subsidiaries, Reservoir Minerals Macedonia DOOEL Skopje and Reservoir Minerals DVB dooel, own 3 and 1 exploration permits in Macedonia respectively (all of which are expired, and extension for or change of the exploration permits are being processed); and its subsidiary, BMSC, owns 2 exploration permits in Eritrea.

4. Major assets and operation information**(1) The Timok copper-gold mine****① Basic information**

Upper and lower copper-gold deposits related to the same mineralizing process but two distinct mineralization styles were discovered at the Timok copper-gold mine project. 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 contains resources of large-scale porphyry type copper deposits (in accordance with the relevant agreements between Nevsun and Freeport, Nevsun's ownership interest in the Lower Zone will decline to 46%).

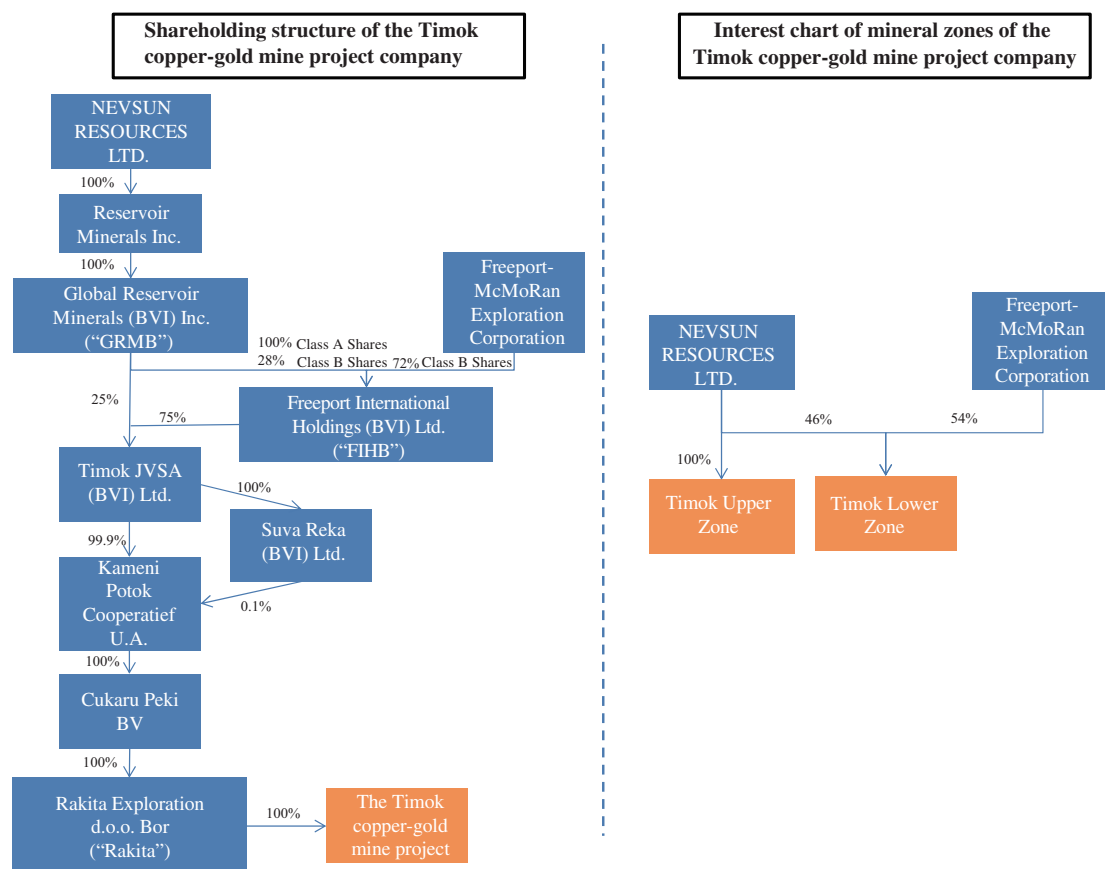
The development of the Timok copper-gold mine has not been commenced yet. According to the Feasibility Report of the Upper Zone of the Timok Copper-Gold Mine, as at the end of June 2018, the measured + indicated ore resources volume of the Upper Zone of the Timok copper-gold mine was 46.15 million tonnes, with 1.2189 million tonnes of copper metal grading 2.71% in average and 76.17 tonnes of gold metal grading 1.70 g/t in average. According to the NI43-101 technical report of the Timok project, as at the end of June 2018, the inferred ore resources volume of the Lower Zone of the Timok copper-gold mine was 1.659 billion tonnes, with 14.30 million tonnes of copper metal grading 0.86% in average and 298.59 tonnes of gold metal grading 0.18 g/t in average. The total metal volumes at the Upper Zone and the Lower Zone of the Timok copper-gold mine were 15.5189 million tonnes of copper metal and 374.76 tonnes of gold metal respectively. On equity basis, Nevsun's ultimate interest in the Timok copper-gold mine was 7.7969 million tonnes of copper metal and 213.52 tonnes of gold metal respectively.

② Shareholding structure

**Structure chart of the Timok copper-gold mine project (current)**

Nevsun jointly set up a company, Rakita, with Freeport in Serbia. Nevsun owns 45% shareholding in Rakita through its wholly-owned subsidiary, GRMB. Nevsun also owns the shareholding of FIHB with Freeport through GRMB. FIHB owns 55% shareholding in Rakita. Rakita owns 100% interest of the Timok copper-gold mine project.

Nevsun owns 100% of Class A shares and 28% of Class B shares of FIHB through GRMB, while Freeport owns 72% of Class B shares. Under the relevant agreements, subject to certain exceptions which are not currently applicable, the Class A shares correspond to all the interest of FIHB in the Upper Zone of the Timok project, while the Class B shares correspond to all the interest of FIHB in the Lower Zone of the Timok project. Therefore, currently, Nevsun directly and indirectly owns 100% of the Upper Zone and 60.4% of the Lower Zone in total; Freeport owns 39.6% of the Lower Zone.



Structure chart of the Timok copper-gold mine project (after dilution)

In accordance with the relevant agreements between Nevsun and Freeport, FIHB's shares in Rakita will increase to 75%, while Nevsun's direct interest in Rakita would decline to 25%. Upon then, Nevsun's ownership interest in the Lower Zone will decline to 46% and Freeport's ownership interest in the Lower Zone will increase to 54%, while Nevsun maintains 100% actual ownership in the Upper Zone.

Upon completion of the Transaction, the Company will hold 100% equity interest in Nevsun through a subsidiary of Gold Mountains (H.K.), and it will indirectly hold 100% and 60.4% interest in the Upper Zone and the Lower Zone of the Timok copper-gold mine respectively (the interest in the Lower Zone will be diluted to 46% eventually).

③ Geographical location and transportation

The Timok copper-gold mine project is located in eastern Serbia. The area is under the administration of Bor, a mining city. The mining area, which is 5 kilometres from Bor, has fine transportation. There are good rail and road networks, which are accessible to other areas of the country. Water transport is available near the Danube. The rails of Bor, which are linked with Belgrade

and other major rails, are important components of the Serbian railway network. Bor is suitable to be a logistics centre. Bor and Belgrade (the capital) are linked by State Roads 37/36 and European high-speed routes E75/E761 of the Trans-European Transport Networks, with a highway mileage of 250 kilometres and accessible within three hours by road.

④ Investment environment

The Timok copper-gold mine project is located in Serbia, which is situated in central and eastern Europe and is easily accessible by water and land transportation. The Serbian economy has grown rapidly in recent years amid a stable political environment. Serbia has adopted a long-term friendly diplomatic policy towards China.

⑤ Land use

The development of the Timok copper-gold mine has not been commenced yet. According to Nevsun's 2018 third quarterly report, Nevsun acquired 100% of the land required for development of the exploration decline and 74% of the required private land for construction of the Upper Zone project at the end of September 2018.

⑥ Production and operation of the project

As at the issuance date of the Report, the construction and production of the Timok copper-gold mine have not commenced yet. According to the Feasibility Report of the Upper Zone of the Timok Copper-Gold Mine, details of the mining and processing plan and major cost indicators of the Upper Zone of the Timok copper-gold mine are as follows:

A. Mining

According to the Feasibility Report of the Upper Zone of the Timok Copper-Gold Mine, the depth of the orebody of the Upper Zone of the Timok copper-gold mine exceeds 430 meters, which is not qualified for open-pit mining. Therefore, underground mining is intended to be adopted. In the meantime, upward drift cut-and-fill stopping method and segmented open stopping and delayed backfill method are intended to be adopted for mining.

The production plan after the completion of infrastructure constructions of the mine is as follow:

Production period	Pilot production period		Full production period							Production decline period			
	1	2	3	4	5	6	7	8	9	10	11	12	13
Ore volume (million tonnes)	0.825	2.31	3.30	3.30	3.30	3.30	3.30	3.30	3.30	2.97	2.97	2.715	2.102

B. Processing

According to the Feasibility Report of the Upper Zone of the Timok Copper-Gold Mine, the processing plan includes milling process, selection techniques and dehydration process.

Milling process: Semi-autogenous grinding will be adopted due to the advantages of low investment and operating costs. In addition, semi-autogenous grinding is characterised by a smaller plant area and a lesser number of departments. Comparing with the ordinary grinding, semi-autogenous grinding is neater and simpler. The project will be more environmentally friendly with lesser amount of equipment. It will be easier to achieve automatic management.

Selection techniques: The techniques of mixed total sulphur flotation - re-grinding of mixed concentrates - copper-sulphur floatation separation will be adopted for the high-grade ores. For the low-grade ores, the techniques of high-speed selective floatation for partial copper - mixed copper-sulphur floatation - re-grinding of mixed copper-sulphur concentrate - sulphur separation from copper tailings will be adopted.

Dehydration process: Two phases of dehydration process, “concentration + filtering” will be adopted. The final water content of the copper concentrates will be less than 12%. The concentrates will be transported by road to other places for sale after packaging. Part of the tailing ores will be directly pumped into filling pump room after flotation processing while the rest will flow into tailing ores thickening machine for concentration. The tailings, with final undercurrent concentration of 55%, will be pumped into tailing storage facility.

C. Major cost indicators

According to the Feasibility Report of the Upper Zone of the Timok Copper-Gold Mine, the direct production costs for mining of the Upper Zone of the Timok copper-gold mine in the years of full production will be USD22.88/tonne, and the direct production costs for processing will be USD8.05/tonne. After the completion of construction and commencement of production of the project, the average annual total costs of the project will be USD213.4625 million at a unit total cost of USD75.02/tonne; the average annual operating costs will be USD174.688 million at a unit operational cost of USD61.39/tonne.

⑦ Tax incentive policies

During the formulation of the Feasibility Report of the Upper Zone of the Timok Copper-Gold Mine, the expected impact from local tax incentives was taken into account during the estimation of profitability.

Pursuant to the current Corporate Income Tax Law of the Republic of Serbia, the corporate income tax rate is 15%. If certain conditions can be satisfied, a ten-year tax exemption period will be granted.

The future investment in Rakita will meet the requirements for granting a tax exemption period. It is expected that tax concession will be granted, and the corporate income tax will be reduced at a certain proportion from the year taxable income is generated.

⑧ Production scale and benefit analysis of the project

A. Production scale of the project

According to the Feasibility Report of the Upper Zone of the Timok Copper-Gold Mine, after the completion of construction and commencement of production of the project, the production volume of products estimated by the Company is as follow:

Production period	Pilot production period		Full production period							Production decline period			
Year	1	2	3	4	5	6	7	8	9	10	11	12	13
Copper metal volume (thousand tonnes)	51.5	135.4	144.9	120.0	87.0	47.7	46.8	68.8	68.5	64.2	64.2	59.7	45.8
Gold metal volume (kg)	2,462	6,076	5,029	3,637	1,951	730	696	1,299	1,267	1,197	1,197	1,120	855

B. Benefit analysis

According to the Feasibility Report of the Upper Zone of the Timok Copper-Gold Mine, after the completion of construction and commencement of production of the project, average annual net profit will amount to USD201.0243 million. The after-tax financial internal rate of return of the project investment will be 60.54%, with a payback period of 3.5 years (including construction period).

Based on the abovementioned, the Upper Zone of the Timok copper-gold mine project exhibits a good economic prospect and strong risk-resistance ability.

⑨ Environmental impact assessment report of the project

As at the issuance date of the Report, the documents of environment impact assessment for the Timok copper-gold mine project is in progress.

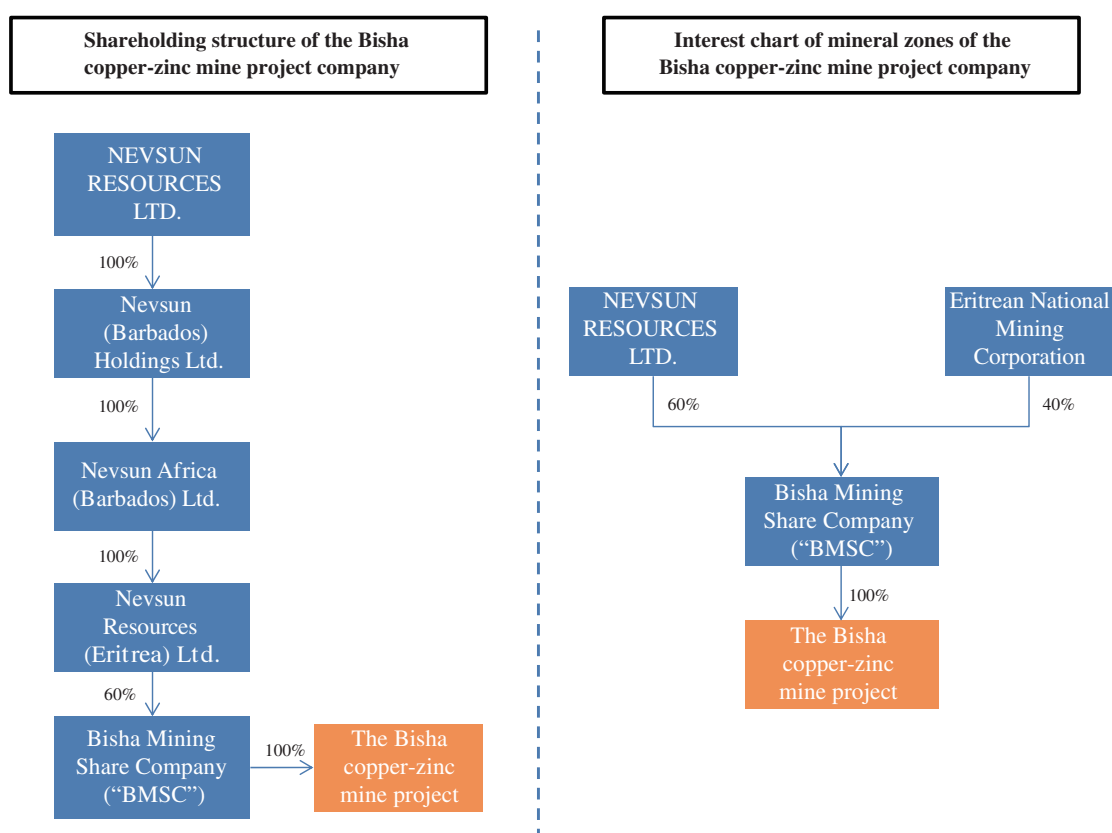
(2) The Bisha copper-zinc mine

① Basic information

Nevsun owns 60% interest in the Bisha copper-zinc mine project. The mine, currently in operation, was put into commercial production since 2011. From mid-2016 to the present, zinc is the current main product with copper as a co-product. The Bisha deposit includes five mining sections, namely Bisha, Harena, Northwest, Hambok and Asheli. Among which, Bisha and Harena are the main mining sections.

According to the Feasibility Report of the Bisha Copper-Zinc Mine, as at 31 December 2017, the measured + indicated + inferred ore resources/reserve volume of the five mining sections of the Bisha deposit totalled 67.19 million tonnes, with 3.1281 million tonnes of zinc metal grading 4.66% in average, 655.4 thousand tonnes of copper metal grading 1.02% in average, 38.06 tonnes of gold metal grading 0.57 g/t in average and 2,007.25 tonnes of silver metal grading 29.87 g/t in average. On equity basis, the interest of Nevsun in the Bisha copper-zinc mine was 1.8769 million tonnes of zinc metal, 393.2 thousand tonnes of copper metal, 22.84 tonnes of gold metal and 1,204.35 tonnes of silver metal respectively. In 2018, the total mining and stripping volume of the Bisha copper-zinc mine was 22.068 million tonnes. The designated processing capacity was 2.4 million tonnes/year.

② Shareholding structure



Structure chart of the Bisha copper-zinc mine project

Nevsun jointly set up BMSC with Eritrean National Mining Corporation. Nevsun and Eritrean National Mining Corporation own 60% and 40% interest in BMSC respectively. BMSC is the main operator for the two mining licences at the Bisha area as well as two other exploration permits at the surrounding. It owns 100% interest in the Bisha copper-zinc mine.

Upon completion of the Transaction, the Company will own 100% equity interest in Nevsun through a subsidiary of Gold Mountains (H.K.), and it will indirectly own 60% interest in the Bisha copper-zinc mine.

③ Geographical location and transportation

The Bisha copper-zinc mine is located 150km west of Asmara, the capital of Eritrea, and 50km north of Barentu, the capital of Gash-Barka Region. The mining area has a fine transportation. It is linked with Asmara, the capital, by 56km of weathered stone road and 181km of high-speed two-lane highway, with a highway mileage of 237km and is accessible within approximately four hours by road. The capital is linked with Massawa, a port city, with high-speed two-lane highway. The highway mileage is 113km and is accessible in 2 hours by road.

④ Investment environment

The Bisha copper-zinc mine project is located in Eritrea, which is situated in East Africa and the northernmost point of the Horn of Africa. It also is located at the strait of Bab-el-Mandeb, an entrance of the Suez Canal from the Red Sea. Eritrea occupies a significant geographical location. There is a stable political situation and society. Although its overall economy, social and infrastructure development are relatively less developed and it is necessary to import the energy, materials and other mining materials required for mine production, there is fast improvement in the recent years. Eritrea maintains relatively sound policies towards foreign investors and a friendly relationship with China. Eritrea has rich mineral resources, providing many investment opportunities.

⑤ Land use

Currently, Nevsun owns 2 mining licences of the Bisha copper-zinc mine through its subsidiary, BMSC. Pursuant to the stipulations of the Eritrean mining law, holders of mining licences can enter and occupy the land covered by the mining licences during the licence period.

⑥ Production and operation of the project

As at the issuance date of the Report, the Bisha copper-zinc mine project is in current production. According to the Feasibility Report of the Bisha Copper-Zinc Mine, details of the mining and processing plan and major cost indicators of the Bisha copper-zinc mine are as follows:

A. Mining

According to the Feasibility Report of the Bisha Copper-Zinc Mine, the mineral deposit of the Bisha copper-zinc mine is divided into 5 mining sections, namely Bisha, Harena, Northwest, Hambok and Asheli. Bisha and Harena are the main mining sections. Bisha and Harena are either in current production or previously mined by way of open-pit mining. The three other mining sections are buried more deeply with smaller orebody scale locating around the two main sections, which are currently still at the exploration stage.

The construction and production of the Bisha mining section were initiated and commenced in 2008 and February 2011 respectively. Open-pit mining was adopted. In the first two years of production, the Bisha mine was mainly engaged in mining of oxidised gold ore near the surface; in

2013, mining of high-grade copper ore in the secondary enrichment zone began, and realised an annual production scale of 2.4 million tonnes; after 2016, the mining was shifted to the copper-zinc mine in the primary sulphide zone, which was buried more deeply underground. In 2018, the ore volume mined in the mine was 2.35 million tonnes, with zinc grading 7.02%, copper grading 1.15%, gold grading 0.79g/tonne and silver grading 48.55g/tonne at a stripping ratio of 8.38 tonne/tonne. As at the end of 2018, the Bisha copper-zinc mine project had been put into production for 8 years. After the upgrade of the Bisha copper-zinc mine project, the service life will be 9 years (5 years of full production and 4 years of production decline), and the average stripping ratio of the Bisha and Harena mining sections will be 9.96 tonne/tonne.

The future production plan of the Bisha copper-zinc mine after upgrade is as follow:

Production period	Full production period					Production decline period			
Year	1	2	3	4	5	6	7	8	9
Ore volume (million tonnes)	2.4	2.4	2.4	2.4	2.4	2.3	1.2	1	0.66

B. Processing

According to the Feasibility Report of the Bisha Copper-Zinc Mine, the techniques and processes currently adopted by Bisha's processing plant are "crushing + semi-autogenous grinding + ball milling (SAB process) + copper floatation processing (re-grinding of rough copper concentrate) + zinc floatation processing (re-grinding of rough zinc concentrate) + dehydration". The processing techniques and equipment currently used are relatively advanced and are capable of adapting to changes in ore nature. In addition, the existing equipment and instruments of the processing plant can meet the requirements for the subsequent production scale. Therefore, it is proposed that the current techniques and processes at the processing plant and the current production facilities will be used for the subsequent production.

C. Major cost indicators

According to the Feasibility Report of the Bisha Copper-Zinc Mine, after upgrade of the Bisha copper-zinc mine project, the average annual direct production costs for mining of the Bisha mining section and the Harena mining section in the years of full production will be USD13.86/tonne and USD10.70/tonne respectively. The average annual direct production costs for processing will be USD30.46/tonne. In the year of full production, the average annual total costs will be USD191.3966 million at a unit total cost of USD79.75/tonne; the average annual operating costs will be USD154.8902 million at a unit operational cost of 64.54/tonne.

⑦ Production scale and benefit analysis of the project

A. Production scale of the project

According to the Feasibility Report of the Bisha Copper-Zinc Mine, in 2019, which is the first year after upgrade, the Bisha copper-zinc mine will produce 139.8 thousand tonnes of zinc metal, 19 thousand tonnes of copper metal, 298kg of gold metal and 59.74 tonnes of silver metal respectively. The production volume of products estimated by the Company is as follow:

Production period	Full production period					Production decline period			
Year	1	2	3	4	5	6	7	8	9
Volume of zinc metal (thousand tonnes)	139.8	129.5	124.7	117.2	103.3	92.2	29.5	24.4	15.1
Volume of copper metal (thousand tonnes)	19.0	19.0	16.1	15.1	14.9	15.5	7.7	5.9	3.8
Volume of gold metal (kg)	298	294	300	280	283	274	166	113	71
Volume of silver metal (tonnes)	59.74	59.85	56.64	50.25	43.22	45.05	18.95	17.49	11.27

B. Benefit analysis

According to Feasibility Report of the Bisha Copper-Zinc Mine, after consistent investment and upgrade of the project, average annual operating income and average annual net profit of the project in the years of full production will amount to USD247.2222 million and USD27.5712 million respectively.

Based on the abovementioned, the Bisha copper-zinc mine project exhibits a good economic prospect and strong risk-resistance ability.

⑧ Environment impact assessment report of the project

According to the Social and Environmental Impact Assessment Report published by Citrus Partners LLP, a consulting firm, and Environmental Management Plans regularly published by BMSC, the environmental protection status of BMSC complies with relevant legal requirements of the Eritrean government.

(4) Consideration of the Transaction

The consideration of the Transaction was determined after arm's length negotiations between the parties thereto and on normal commercial terms, and after a comprehensive and careful analysis which was based on due diligence investigation with regards to the technology, finance and legal compliance of NevSun, with reference to the resources reserve volumes of the Timok copper-gold mine and the Bisha copper-zinc mine, estimated valuation of the project, comparable market data, estimated valuation of the capital market, and taking into account the Company's evaluation on the prospect of the target assets, impact on the Company's future operation and strategy, etc.

Pursuant to the Pre-Acquisition Agreement, the acquisition targets under the offer are all of the common shares issued by Nevsun and any other common shares that are issued before the expiry of the offer. The consideration is CAD6 per common share. As at the convention date of the third extraordinary meeting in 2019 of the sixth term of the Board of Directors (i.e. 25 February 2019), the total number of issued Nevsun's common shares was 309,749,905. The total consideration is approximately RMB9.363306 billion, equivalent to approximately USD1.364277 billion. After deducting 3,197,191 shares owned by Zijin Global Fund, the consideration is CAD1,839,316,284, equivalent to approximately RMB9,266,659,400 and USD1,350,195,200. The final amount of consideration of the acquisition shall prevail for the amount of the Transaction.

Under estimation, the total assets, operating income, net profit, net assets and consideration of the Project to be Invested by the Proceeds Raised do not reach the standard of material asset restructuring as stipulated in Administrative Measures for the Material Asset Restructuring of Listed Companies. The Transaction does not constitute a material asset restructuring of listed company.

(5) Feasibility of the project

The two key assets of Nevsun are the Timok copper-gold mine and the Bisha copper-zinc mine, which own rich resources reserve of copper, zinc, gold and other metals.

According to the Feasibility Report of the Upper Zone of the Timok Copper-Gold Mine and the Feasibility Report of the Bisha Copper-Zinc Mine, the Timok copper-gold mine project and the Bisha copper-zinc mine project show positive feasibility in the aspects of technology and economy.

1. The Timok copper-gold mine

The Timok copper-gold mine in Serbia is the most quality asset of Nevsun. It has a large resources/reserves volume of high-grade copper and gold and a high potential of economic value. According to the Feasibility Report of the Upper Zone of the Timok Copper-Gold Mine, as at the end of June 2018, the volume of measured + indicated ore resources of the Upper Zone of the Timok copper-gold mine was 46.15 million tonnes, with 1.2189 million tonnes of copper metal grading 2.71% in average and 76.17 tonnes of gold metal grading 1.70 g/t in average. According to the NI43-101 technical report of the Timok project, as at the end of June 2018, the volume of inferred resources of the Lower Zone of the Timok copper-gold mine was 1.659 billion tonnes, with 14.30 million tonnes of copper metal grading 0.86% in average and 298.59 tonnes of gold metal grading 0.18 g/t in average. The construction period of the Upper Zone of the Timok copper-gold mine is 2.5 years with production and service period of 13 years (in which, the pilot production period, full production period and production decline period will be 2 years, 7 years and 4 years respectively). In the years of full production, annual mining and raw ore processing capacity will be 3.3 million tonnes/year. After the completion of construction and commencement of production of the project, the average annual operating income and net profit will be approximately USD439,226,700 and USD201,024,300 respectively, with after-tax financial internal rate of return of the project investment of 60.54% and pay-back period of 3.50 years (including construction period). The project has high efficiency.

2. The Bisha copper-zinc mine

The Bisha copper-zinc mine is a large-scale mine in current production of Nevsun in Africa. It is the first open-pit mine in production in Eritrea, with considerable volume of resources/reserve volumes, abundant amount of beneficial elements and ores with high value. According to the Feasibility Report of the Bisha Copper-Zinc Mine, as at 31 December 2017, the total measured + indicated + inferred ore resources/reserve volume of the five mining sections of the Bisha deposit was 67.19 million tonnes, with 3.1281 million tonnes of zinc metal grading 4.66% in average, 655.4 thousand tonnes of copper metal grading 1.02% in average, 38.06 tonnes of gold metal grading 0.57 g/t in average, and 2,007.25 tonnes of silver metal grading 29.87 g/t in average. The subsequent service period of the Bisha copper-zinc mine project will be 9 years (5 years of full production period and 4 years of production declined period). After optimising, in the years of full production, the annual mining and ore processing capacity will be 2.4 million tonnes/year, and the project will generate annual operating income and net profit of USD247.2222 million and USD27.5712 million respectively. The project has a relatively high efficiency.

In addition, Nevsun possesses a number of exploration permits in Serbia, Eritrea and Macedonia. The permits offer potential in increasing resources reserve. The acquisition can further raise the volumes of resources reserve and production volumes of mine-produced copper, mine-produced zinc and mine-produced gold as well as enhance the profitability of the Company. Furthermore, the Timok copper-gold mine is approximately 7 kilometres away from the smelter of RTB Bor Group, which was acquired by the Company in 2018, while the 15 exploration permits of Nevsun are located in the surrounding areas of the major projects of RTB Bor Group. Hence the two projects can synergise with each other.

In conclusion, the Project to be Invested by the Proceeds Raised clearly shows a high level of feasibility.

(6) Status of audit

On 25 February 2019, KPMG Huazhen LLP issued an auditor's report (KPMG Huazhen Shen Zi No. 1900257), in which the major financial data of Nevsun for the most recent year (under consolidation basis) is as follow:

Unit: RMB

Item	31 December 2018	
	Nevsun	In which, BMSC (Note)
Total assets	7,074,372,119	2,954,093,146
Total liabilities	938,737,858	799,175,604
Owners' equity	6,135,634,261	2,154,917,542

APPENDIX 1**FEASIBILITY REPORT ON THE USE OF PROCEEDS
RAISED IN THE PUBLIC ISSUANCE
OF A SHARES (REVISED VERSION)**

Item	Year 2018	
	Nevsun	In which, BMSC
Operating income	2,559,689,500	2,364,330,917
Net profit	-444,990,267	83,023,788
Net profit attributable to owners of the parent	-478,199,782	—
Net cash inflows from operating activities	-50,863,615	505,114,656

Note: BMSC is the subsidiary of Nevsun and the main operator of the Bisha copper-zinc mine. The financial data of BMSC shown in the table above are the amounts before intra-group elimination, while adjustments were made for the fair value at the acquisition date and unification of accounting policies.

Nevsun's current major project under operation is the Bisha copper-zinc mine which is in a good operating condition. The loss incurred by Nevsun in 2018 was mainly due to: (1) the Timok copper-gold mine was still under exploration and feasibility study stage, hence payments for exploration, feasibility study and administrative purposes were accounted for as expenses; and (2) expenses spent for acquisition of Nevsun. In the future, after the completion of construction and commencement of production of the Timok copper-gold mine project and optimisation and adjustment of the Bisha copper-zinc mine project, it is expected that Nevsun's overall profitability will increase significantly.

(7) Status of valuation

Pursuant to the relevant laws, regulations, asset valuation standards and principles, China United Assets Appraisal Group Company Limited ("China United Assets Appraisal Group") performed valuation on all owners' equity of Nevsun, and issued the Valuation Report of All Shareholders' Equity of Nevsun Resources Limited to be Paid in Cash from Proposed Issuance of A Shares of Zijin Mining Group Co., Ltd.* (Zhong Lian Ping Bao Zi [2019] No. 141).

1. Valuation of all owners' equity of Nevsun

China United Assets Appraisal Group performed valuation on all owners' equity of Nevsun by adopting the asset-based approach and the income approach respectively.

(1) Valuation results under the asset-based approach

The China United Assets Appraisal Group performed valuation on the assets and liabilities of Nevsun as at 31 December 2018 (the base date of the valuation) by using the asset-based approach. The results are as follows:

The carrying amount and the valuation amount of assets are USD698,377,500 and USD1,403,032,500 respectively, appreciated by USD704,655,000 after valuation. The appreciation rate is 100.90%.

APPENDIX 1**FEASIBILITY REPORT ON THE USE OF PROCEEDS
RAISED IN THE PUBLIC ISSUANCE
OF A SHARES (REVISED VERSION)**

The carrying amount and the valuation amount of liabilities are USD4,383,500 and USD4,383,500 respectively. Both the carrying amount and the valuation amount are the same.

The carrying amount and the valuation amount of net assets are USD693,994,000 and USD1,398,649,000 respectively, appreciated by USD704,655,000 after valuation. The appreciation rate is 101.54%.

The valuation results of assets under the asset-based approach are as follows:

Item	Carrying amount (USD million)	Valuation amount (USD million)	Appreciation/ depreciation amount (USD million)	Appreciation rate (%)
Current assets	37.2139	37.2139	—	—
Non-current assets				
In which, long-term receivables	157.2766	157.2766	—	—
Long-term equity investments	498.7658	1,203.2988	704.533	141.26
Fixed assets	0.3564	0.5507	0.1943	54.52
Other non-current assets	4.7649	4.6925	-0.0724	-1.52
Total assets	698.3775	1,403.0325	704.655	100.9
Current liabilities	4.3835	4.3835	—	—
Non-current liabilities	—	—	—	—
Total liabilities	4.3835	4.3835	—	—
Net assets (owners' equity)	693.994	1,398.649	704.655	101.54

(2) Valuation results under the income approach

After performing procedures such as checking and verification, on-site survey, market research, confirmation and estimation, etc., discounted cash flow method (“DCF”) was adopted for performing valuation of all owners’ equity of Nevsun. As at 31 December 2018 (the base date of the valuation), the carrying amount and valuation amount of all owners’ equity of Nevsun (in separate financial statements) were USD693,994,000 and USD1,395,940,200 respectively, appreciated by USD701,946,200 after valuation.

(3) Comparison and selection of valuation method

Under the asset-based approach, the value of all assets is calculated by the investment amount required for establishing a same enterprise or independent profit-generating entity as the company which is required to be valued on the base date of the valuation. Under the income approach, the valuation of an enterprise is based on its own profitability. Compared with the income approach, the asset-based approach illustrates better the overall value of a company. Under the asset-based approach, the valuation amount of all owners’ equity of Nevsun (in separate financial statements) as at the base date was USD1,398,649,000.

Based on the middle rate of foreign exchange rate quotation of USD1 to RMB6.8632 as at 31 December 2018 issued by the People's Bank of China, the valuation amount of all owners' equity of Nevsun (in separate financial statements) was RMB9,599,207,800.

The conclusion of the valuation did not take into account the effect of liquidity on the valuation subject.

2. Valuation of the core assets

Nevsun has a number of subsidiaries which are mostly investment holding companies. Taking into account this characteristic, Nevsun's core assets were valued first, and gradually added to the single entity of Nevsun level by level. Nevsun's core assets are the Timok copper-gold mine (Rakita is the main operating entity) and the Bisha copper-zinc mine (BMSC is the main operating entity). Taking into consideration that the annual expected income of the projects and the risks in the future can be reasonably estimated and there are several similar Canadian listed companies, valuation were conducted by income approach and market approach.

(1) Comparison and selection of valuation method

Under the market approach, valuation of an enterprise is determined by its operation status and overall market performance. Under the income approach, the valuation of an enterprise is based on its own profitability. The two approaches complement with each other. The results under the market approach reveal the market performance under the income approach, while the results under income approach are the solid fundamentals of the results of market approach, which is a reasonable reflection of the intrinsic value of an enterprise.

For the resource mining industry which the valuation subjects belong to, based on the fact that factors including resources reserve volume, service life, product price, cost and expenditure structure, investment scale, etc. can be reasonably confirmed, the results under income approach can reflect better the value of the valuation subject objectively. Under the market approach, as the information of reference objects may be limited, it may be unable to fully consider all correction factors. By considering the economic behaviour of the valuation subjects, the income approach was adopted to value all owners' equity of Rakita and BMSC.

① Rakita, the main operator of the Timok copper-gold mine

Based on the judgement of the asset holder and enterprise's management on the future development trend and operation plan, assuming mine construction and production can be carried out under the plan, on the base date of the valuation (31 December 2018), the valuation amount of all owners' equity of Rakita is:

- A. Taking into account the apportionment of headquarters expenditures, value of all owners' equity of the valuation subject was USD1,050,563,600.

- B. Without taking into account the apportionment of headquarters expenditures, value of operating assets of the valuation subject was USD1,129,249,600.

The conclusion of the valuation did not take into account the effect of liquidity on the valuation subject.

The valuation of owners' equity of Rakita will be included as a long-term investment in the valuation of Nevsun under the asset-based approach. Under the asset-based approach, administrative expenses of parent company are apportioned among subsidiaries.

② BMSC, the main operator of the Bisha copper-zinc mine

Based on the judgement of the asset holder and enterprise's management on the future development trend and operation plan, assuming mine construction and production can be carried out under the plan, on the base date of the valuation (31 December 2018), the valuation amount of all owners' equity of BMSC was:

- A. Taking into account the apportionment of headquarters expenditures, value of all owners' equity of the valuation subject was USD320,081,900.
- B. Without taking into account the apportionment of headquarters expenditures, value of operating assets of the valuation subject was USD396,390,100.

The conclusion of the valuation did not take into account the effect of liquidity on the valuation subject.

The valuation of owners' equity of BMSC will be injected as a long-term investment in the valuation of Nevsun under the asset-based approach. Under the asset-based approach, administrative expenses of parent company are apportioned among subsidiaries.

(2) Valuation method under the income approach

The income approach is the quantification and present value calculation of the expected profitability of an enterprise's overall assets, which emphasises on the overall expected profitability of an enterprise. As the annual expected income and risks of Rakita and BMSC in the future can be reasonably estimated, it is suitable for carrying out valuation by the income approach. By considering the purpose of the valuation, discounted cash flow method ("DCF") was adopted for performing valuation on all owners' equity of Rakita and BMSC.

① Basic valuation model

The basic valuation model is:

$$E = B - D$$

E: Value of all owners' equity of the valuation subject;

B: Corporate value of the valuation subject;

$$B = P + \sum C_i$$

P: Value of operating assets of the valuation subject;

$$p = \sum_{i=1}^n \frac{R_i}{(1 + r)^i}$$

R_i : Expected revenue of the valuation subject in year i (free cash flows);

r: Discount rate;

n: Operating period of the valuation subject in the future;

$\sum C_i$: Value of the non-operating or surplus assets of the valuation subject on the base date.

$$\sum C_i = C_1 + C_2$$

C_1 : Value of liquid surplus or non-operating assets (liabilities) of the valuation subject existed on the base date;

C_2 : Value of non-liquid surplus or non-operating assets (liabilities) of the valuation subject existed on the base date;

D: Value of interest-bearing debts of the valuation subject.

② Revenue indicator

For the current valuation, the free cash flows of an enterprise was chosen to be the revenue indicator of operating assets of the units subject to valuation. The basic definition is:

$R = \text{Net profit} + \text{depreciation and amortisation} + \text{interest paid for interest-bearing debts after tax}$
- additional capital + recovery of assets

The amounts of free cash flows in the future operation periods were estimated in accordance with the operation history of the units to be valued and the future market development. The amounts of free cash flows in the future operation periods were discounted and summed in order to obtain the valuation amount of the enterprise's operating assets.

③ Discount rate

Under the valuation, weighted average cost of capital model ("WACC") was adopted for obtaining the discount rate (r).

$$r = r_d \times w_d + r_e \times w_e$$

w_d : Debt ratio of the unit to be valued;

$$w_d = \frac{D}{(E + D)}$$

w_e : Equity ratio of the unit to be valued;

$$w_e = \frac{E}{(E + D)}$$

r_d : After-tax cost of debt of the unit to be valued;

r_e : Cost of equity. Under the valuation, capital asset pricing model ("CAPM") was adopted for obtaining cost of equity (r_e);

$$r_e = r_f + \beta_e \times (r_m - r_f) + \varepsilon$$

r_f : Risk-free rate of return;

r_m : Expected return of the market;

ε : Firm-specific risk adjustment factor of the unit to be valued;

β_e : Expected market risk factor of the cost of equity of the unit to be valued;

$$\beta_e = \beta_u \times (1 + (1 - t) \times \frac{D}{E})$$

β_u : Market risk factor with no leverage of comparable companies;

$$\beta_u = \frac{\beta_t}{(1 + (1-t) \frac{D_i}{E_i})}$$

β_t : Average expected market risk factor of the stocks of comparable companies;

$$\beta_t = 34\%K + 66\%\beta_x$$

K: Average risk factor of the stock market at a specific period. It is usually assumed that K=1;

β_x : Average historical market risk factor of the stocks of comparable companies;

D_i , E_i : Interest-bearing debts and equity of comparable companies respectively.

(3) Major parameters for the valuation

① The Timok copper-gold mine

A. Selling price

a. Copper metal price

For the sake of prudence and taking into account that copper price exhibits a comparatively high volatility with a strong periodicity in the history, after considering the average price for the last 8 - 10 years before the valuation date and the average price in 2018, it was decided that the copper metal price used was USD6,500/tonne.

b. Gold price

For the sake of prudence and after considering the average price for the last 8 - 10 years before the valuation date and the average price in 2018, it was decided that the gold price used was USD1,300/ounce.

B. Discount rate

The discount rates for the estimation period are as follows:

			January- June 2021	July- December 2021	2022	2023 and after 2023
	2019	2020	2021	2021	2022	2023
Discount rate r (WACC, %)	11.97	11.77	11.58	11.54	11.63	11.97

② The Bisha copper-zinc mine

A. Selling price

a. Copper price

For the sake of prudence and taking into account that copper price exhibits a high volatility with a strong periodicity in the history, after considering the average price for the last 8 - 10 years and the average price in 2018, it was decided that the copper metal price used was USD6,500/tonne.

b. Zinc bullion price

For the sake of prudence and after considering the average price for the last 8 - 10 years before the valuation date, it was decided that the zinc price used was USD2,200/tonne.

c. Gold and silver price

For the sake of prudence and after considering the average price for the last 8 - 10 years before the valuation date and the estimated future price by professional institutions, it was decided that the gold and silver price used in the valuation was USD1,300/ounce and USD17/ounce respectively.

B. Discount rate

The discount rate in the estimation period, r , =11.97%.

3. Specific issues

- (1) Pursuant to the current Corporate Income Tax Law of the Republic of Serbia, the corporate income tax rate is 15%. If certain conditions can be satisfied, a ten-year tax exemption period will be granted.

According to the Feasibility Report of the Upper Zone of the Timok Copper-Gold Mine, Rakita will satisfy the requirements for enjoying the tax exemption period in the future. Therefore, it is possible that tax concession can be obtained. However, for the sake of prudence, the above issue was not taken into account in the estimation of the future cash flows.

- (2) According to the agreements between Nevsun and Freeport, as at the base date of the valuation, Nevsun indirectly owns 60.4% of the interest in the Lower Zone of the Timok copper-gold mine (i.e., Class B shares) and such proportion will decrease to 46% in the future. For the sake of prudence, 46% of the interest in the Lower Zone was included in the scope of the valuation.

(8) Implementation subject of the project

The implementation subject of the project is a subsidiary of Gold Mountains (H.K.), a wholly-owned overseas subsidiary of the Company. The Company intends to invest the proceeds raised in the implementation subject of the project by way of capital enlargement or borrowing, in order to complete the acquisition.

(9) Progress, filing and approval of the Transaction

The Company entered into the Pre-Acquisition Agreement with Nevsun and the Lock-up Agreement with Nevsun's directors and executive officers on 5 September 2018. The Company issued an all cash takeover offer proposal to Nevsun at a consideration of CAD6 per common share.

On 15 September 2018, the Company issued a take-over circular to all Nevsun's shareholders through its overseas subsidiary, Gold Mountains (H.K.) and officially launched the all cash takeover of Nevsun. The initial expiry time of the offer period would be 28 December 2018 (Toronto time).

On 16 October 2018, the Company received a no-action letter from the Canadian Competition Bureau, which approved the Company to proceed with the Transaction.

On 18 October 2018, the Company received the Notice of Approval for Filing of Outbound Investment Project (Fa Gai Ban Wai Zi Bei [2018] No. 748) issued by the National Development and Reform Commission of the PRC, which approved the filing of the Company's proposed acquisition of 100% equity interest in Nevsun of Canada. The approval would be effective for 2 years from the date of the notice.

On 30 October 2018, the Company received the Enterprise Overseas Investment Certificate (Overseas Investment Certificate No. N3500201800132) issued by the Department of Commerce of Fujian Province, which approved the filing of the Company's proposed acquisition of 100% equity interest in Nevsun of Canada. The filing number is Min Jing Wai Tou Zi [2018] N00132.

On 15 November 2018, the Company received Investment Canada Act ("ICA") approval for the offer.

On 16 November 2018, the Company completed State Administration of Foreign Exchange ("SAFE") registration.

As at the issuance date of the Report, the Company's project of acquisition of 100% equity interest in Nevsun has satisfied all the supervisory requirements of the PRC and Canada.

As at the closing of market on 22 February 2019 (Toronto time), the number of Nevsun Shares tendered to the offer totalled 286,572,704, representing approximately 92.52% of the total issued and outstanding Nevsun Shares. The all cash takeover was successful. Since the acquisition meets all the conditions for compulsory acquisition under the Canadian securities laws, the Company will complete the acquisition of the balance of the Nevsun Shares by way of compulsory acquisition. The Company will also apply for privatisation of Nevsun by de-listing the Nevsun Shares from the Toronto Stock Exchange and the New York Stock Exchange after the completion of the acquisition.

IV. Effects of the Public Issuance of A Shares on the operation, management and financial status of the Company

(1) Effects of the Public Issuance on the operation and management of the Company

The principle activity of the Company is exploration and development of mineral resources. The proceeds raised by the Public Issuance will be used in the principal activity of the Company. The implementation of the Project to be Invested by the Proceeds Raised can help the Company enhance profitability and sustainability of its principal activity.

(2) Effects of the Public Issuance on the financial status of the Company

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. According to the Feasibility Report of the Upper Zone of the Timok Copper-Gold Mine, after completion of construction and commencement of production, the average annual operating income and net profit of the Timok copper-gold mine will be approximately USD439,226,700 and USD201,024,300 respectively; according to the Feasibility Report of the Bisha Copper-Zinc Mine, after upgrade, in the years of full production, the average annual operating income and average annual net profit of the Bisha copper-zinc mine will be approximately USD247,222,200 and USD27,571,200 respectively. The smooth implementation of the Project to be Invested by the Proceeds Raised can provide new sources of profit growth for the Company, and raise the Company's profitability.

In accordance with the Pre-Acquisition Agreement, the consideration for the acquisition is approximately RMB9.3633060 billion. Currently, the Company has partially invested in the project with self-financed fund according to the actual development progress of the project, leading to increase in its debt-to-asset ratio (as at 30 September 2018, the debt-to-asset ratio was 58.08%). 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 costs and optimising the Company's financial structure.

In 2016, 2017 and January to September 2018, the net cash flows generated from operating activities of the Company was RMB8,601,671,900, RMB9,764,355,500 and RMB6,619,580,900 respectively. The Company had a high liquidity. According to the Feasibility Report of the Upper Zone of the Timok Copper-Gold Mine, after completion of construction and commencement of production

of the Upper Zone of the Timok copper-gold mine, the average annual net cash flows generated from operating activities will be USD239,798,500; according to the Feasibility Report of the Bisha Copper-Zinc Mine, after upgrade, in the years of full production, the average annual net cash flows generated from operating activities of the Bisha copper-zinc mine will be USD64,077,600. Hence, the Timok copper-gold mine and the Bisha copper-zinc mine can increase the operating cash flows of the Company in the future. The total investment of the Upper Zone of the Timok copper-gold mine will be USD474,418,000 while the continuous total investment of the Bisha copper-zinc mine will be USD54,448,000. The investment amounts are comparatively small.

In summary, the smooth implementation of the Project to be Invested by the Proceeds Raised will be beneficial for optimising the Company's financial structure, raising the Company's profit and enhancing the operating cash flows of the Company.

V. Discussion and analysis of the Board of Directors of the Company on the rationality of pricing of the assets acquired

(1) Opinion of the Board of Directors on the independence of the valuer, reasonableness of the assumptions, relevance between the valuation methods and objectives and fairness of the valuation price

The Company engaged China United Assets Appraisal Group to value all owners' equity of Nevsun and issued a valuation report as at the base date of 31 December 2018.

On 25 February 2019, the third extraordinary meeting in 2019 of the sixth term of the Board considered and approved the Proposal on the Independence of the Valuer, Reasonableness of the Assumptions, Relevance between the Valuation Methods and Objectives and Fairness of the Valuation Price.

The Board of Directors is of the view that in the asset valuation of the target assets concerned in the Project to be Invested by the Proceeds Raised in the Public Issuance, the Company conducted legitimate and effective procedures to engage the valuer; China United Assets Appraisal Group, the engaged valuer, is independent and capable of performing asset valuation with respect to the acquisition; the assumptions used are reasonable and the methods and objectives of the valuation are in line with each other; and the conclusion in the valuation report published by the valuer is reasonable, which can be taken as a fair reference.

(2) Independent opinion of the independent directors of the Company

Independent directors of the Company are of the view that the Company conducted legitimate and effective procedures to engage the valuer; China United Assets Appraisal Group, the engaged valuer, is independent and capable of performing asset valuation with respect of the acquisition; the assumptions used are reasonable and the methods and objectives of the valuation are in line with each other; and the conclusion in the valuation report published by the valuation agency is reasonable, which can be taken as a fair reference.

VI. Conclusion of the feasibility analysis

In conclusion, the Public Issuance of A Shares aligns with the Company's strategy of focusing on the development of gold, copper, and zinc mineral resources. The Issuance is a significant measure of the Board for full implementation of the new round of development featured by internationalisation, project upsizing, and asset securitisation. The competitiveness of the Company can be enhanced, offering protection to the fundamental interests of the investors.

Zijin Mining Group Co., Ltd.*
Board of Directors
25 February 2019

Should there be any discrepancy, the Chinese text of this appendix shall prevail over its English text.

Zijin Mining Group Co., Ltd.*
Specific Report on the Use of Proceeds Previously Raised

According to the requirements of “Regulations of the Report on the Use of Proceeds Previously Raised” issued by the China Securities Regulatory Commission (“CSRC”) (Zheng Jian Fa Xing Zi [2007] No. 500), Zijin Mining Group Co., Ltd.* (the “Company”) produced the report on the use of proceeds previously raised as at 31 December 2018 (the “Report”).

1. Status of raising and depositing of the proceeds previously raised

(1) Amount and time of deposit of the proceeds previously raised

Pursuant to the Approval for Non-public Issuance of A Shares of Zijin Mining Group Co., Ltd.* (Zhengjian Xuke [2017] No. 289) issued by the CSRC, the Company non-publicly issued 1,490,475,241 Renminbi-denominated ordinary shares (A shares) at the issuance price of RMB3.11 per share in May 2017. The total amount of proceeds raised was RMB4,635,377,999.51. After deduction of issuance expenses of RMB38,458,040.59, the actual net amount of proceeds raised was RMB4,596,919,958.92. The abovementioned proceeds raised were deposited in the account on 23 May 2017. Ernst & Young Hua Ming LLP verified the deposit of the proceeds raised and issued Capital Verification Report of Zijin Mining Group Co., Ltd.* (Ernst & Young Hua Ming (2017) Yanzi No. 60468092_H02).

(2) Deposit status of the proceeds previously raised in the specific bank accounts

As at 31 December 2018, the balances and deposit status of the specific accounts for the proceeds raised are as follows:

Unit: RMB million

Name of account	Bank and branch	Account number	Initial amount of the specific account for the proceeds raised	Amount transferred		Amount invested in the project to be invested by the proceeds raised as at 31 December 2018	Amount of wealth management products purchased with idle proceeds as at 31 December 2018	Amount of principal recovered from wealth management products as at 31 December 2018	Interest income after deduction of service charges	Balance of specific account for the proceeds raised
				transferred into the specific account for the proceeds raised as at 31 December 2018	out from the specific account for the proceeds raised as at 31 December 2018					
			A	B	C	D	E	F	G	H=A+B-C-D-E+F+G
Zijin Mining Group Co., Ltd.*	Shanghai Branch, Industrial and Commercial Bank of China (“ICBC”)	1410030129002098997	—	—	—	—	—	—	0.1459	0.1459
Zijin Copper Company Limited (“Zijin Copper”)	Gujiao Branch, ICBC	1410030329100009793	105.1022	—	—	66.6752	—	—	0.6359	39.0629

APPENDIX 2

SPECIFIC REPORT ON THE USE OF PROCEEDS PREVIOUSLY RAISED

Name of account	Bank and branch	Account number	Initial amount of the specific account for the proceeds raised	Amount transferred into the specific account for the proceeds raised at 31 December 2018	Amount transferred out from the specific account for the proceeds raised at 31 December 2018	Amount invested in the project to be invested by the proceeds raised at 31 December 2018	Amount of wealth management products purchased with idle proceeds as at 31 December 2018	Amount of principal recovered from wealth management products as at 31 December 2018	Interest income after deduction of service charges	Balance of specific account for the proceeds raised
			A	B	C	D	E	F	G	H=A+B-C-D-E+F+G
Zijin Mining Group Co., Ltd.*	Shanghang Branch, Agricultural Bank of China ("ABC")	13740101040016314	1,870.3821	—	1,948.5741	—	8,800.0000	8,800.0000	78.1920	—
Gold Mountains (H.K.) International Mining Company Limited ("Gold Mountains (H.K.)", Note 1)	Shanghang Branch, ABC	13740114048400059	381.3275	1,160.6741	936.1635	—	—	—	0.3944	606.2325
La Compagnie Minière de Musonoie Global SAS ("Musonoie", Note 1)	Shanghang Branch, ABC	13740114048400042	979.4725	936.1635	—	1,817.1555	—	—	0.0557	98.5362
Zijin Mining Group Co., Ltd.*	Shanghang Branch, Industrial Bank	175010100100093303	1,261.0307	—	—	1,261.9343	—	—	0.9036	—
Zijin International Mining Company Limited	Shanghang Branch, ICBC	1410030119002111021	—	787.9000	787.9000	—	—	—	—	—
Heilongjiang Duobaoshan Copper Company Limited	Shanghang Branch, ICBC	1410030119002111145	—	787.9000	787.9000	—	—	—	—	—
Heilongjiang Zijin Copper Company Limited ("Heilongjiang Zijin Copper", Note 2)	Shanghang Branch, ICBC	1410030129002110601	—	787.9000	—	418.0782	600.0000	600.0000	5.1340	374.9558
Total (Note 3)			4,597.3150	4,460.5376	4,460.5376	3,563.8432	9,400.0000	9,400.0000	85.4615	1,118.9333

Note 1: The specific accounts for the proceeds raised of Gold Mountains (H.K.) and Musonoie are United States dollar accounts. The Company converted Renminbi in the proceeds raised to United States dollar at the exchange rate of USD1: RMB6.8426 to increase the share capital of Gold Mountains (H.K.). As at 31 December 2018, the balance of the specific account for the proceeds raised of Gold Mountains (H.K.) was USD88,596,800, equivalent to approximately RMB606,232,500; the balance of the specific account for the proceeds raised of Musonoie was USD14,400,400, equivalent to approximately RMB98,536,200.

Note 2: RMB787,900,000 was transferred into the specific account for the proceeds raised for the copper refining project of Heilongjiang Zijin Copper Company Limited on 27 June 2018. As at 31 December 2018, the balance of the specific account for the proceeds raised was RMB374,955,800.

Note 3: The total initial amount of the specific accounts for the proceeds raised, RMB4,597,315,000, differed by RMB395,000 from the original net amount of the proceeds raised, i.e. RMB4,596,920,000, which was due to the issuance expenses of RMB395,000 paid to intermediaries by using funds not from the proceeds raised before the receipt of the proceeds raised from non-public issuance. A portion of the issuance expenses was deducted from the initial net amount of the proceeds raised but not from specific accounts for the proceeds raised.

2. Use of the proceeds previously raised

For details of the actual use of the proceeds previously raised as at 31 December 2018, please refer to Attachment 1, Comparison Table of the Use of the Proceeds Previously Raised.

3. Changes of the proceeds previously raised

In the development of the Kolwezi copper mine construction project in the Democratic Republic of the Congo (the “DR Congo”), the Company made full use of its strengths in the aspects of technology, management, etc. and comprehensively optimised and adjusted the development plan; meanwhile, Musonoie enhanced the geographical exploration in the area covered by the mining right, therefore the copper resources volume continued to increase, and cobalt mine with industrial value associated with the copper mine was discovered. In order to further recover and utilise the copper and cobalt resources, Musonoie will continue to develop the hydrometallurgy system according to the design plan in feasibility study report and upgrade the system for the purpose of increasing the copper production volume while recovering cobalt resources.

Based on the abovementioned, an accumulative sum of RMB954,028,500 of the proceeds raised was invested in the Kolwezi copper mine construction project. It was estimated that only a further investment of RMB1,536,750,100 from the proceeds raised would be required to complete all the project construction. The estimated total amount to be invested with the proceeds raised was RMB2,490,778,600. The adjusted construction plan can reduce the use of proceeds raised by RMB740,403,500. After the completion of the project and reaching full production, the production capacity of Musonoie will reach 100 thousand tonnes of copper metal and 2,400 tonnes of cobalt metal per annum.

For the purpose of enhancing the utilisation efficiency of the proceeds raised, the Company will change the use of the remaining proceeds raised for the Kolwezi copper mine construction project, which is estimated to be RMB740,403,500, and interest income of RMB47,496,500, totalled RMB787,900,000. The amount will be invested in the Heilongjiang Zijin Copper Company Limited copper refining project by way of capital increase level by level.

The abovementioned change of the use of proceeds raised was considered and approved at the seventh meeting of the sixth term of the Board convened on 23 March 2018 and the annual general meeting for the year 2017 convened on 17 May 2018. A Four-Party Supervisory Agreement on the Specific Accounts for the Deposit of the Proceeds Raised was entered into accordingly.

Through the change of the use of a portion of the proceeds raised, not only the utilisation efficiency of the proceeds raised can be improved, but the finance costs can also be reduced, which is in the interest of the Company’s shareholders as a whole.

4. Status of transfer and substitution of projects to be invested by the proceeds previously raised invested with self-financed fund in advance**(1) Status of transfer of projects to be invested by the proceeds previously raised invested with self-financed fund in advance**

There is no transfer of projects to be invested by the proceeds previously raised invested with self-financed funds in advance.

(2) Status of the substitution of the proceeds previously raised

Before the proceeds previously raised in the non-public issuance was deposited in the account, the Company invested in the projects to be invested by the proceeds raised with self-financed fund in advance according to the actual situation. As at 31 May 2017, the actual self-financed fund of the Company invested in the projects to be invested by the proceeds raised in advance amounted to RMB556.2197 million.

Relevant matters with respect to the substitution of the Company's self-financed fund invested in the projects to be invested by the proceeds raised in advance was considered and approved at the eleventh extraordinary meeting in 2017 of the sixth term of the Board and the second extraordinary meeting in 2017 of the sixth term of the supervisory committee of the Company (the "Supervisory Committee") convened on 21 July 2017 respectively, at which all the independent directors of the Company provided clear approval opinion as well. Ernst & Young Hua Ming LLP conducted specific verification on the projects to be invested by the proceeds raised as at 31 May 2017 and issued "Specific Verification Report on Projects to be Invested by the Proceeds Raised Invested with Self-financed Fund in Advance of Zijin Mining Group Co., Ltd.*" (Ernst & Young Hua Ming Zhuan Zi No. 60468092_H03). As at 27 September 2017, the implementation of the substitution was completed.

Details of the substitution of self-financed fund invested in advance by the proceeds previously raised are as follows:

Unit: RMB million

Number	Project name	Total amount of investment	Proposed amount to be invested by the proceeds raised	Amount invested by self-financed fund	Amount substituted by the proceeds raised
1	The Kolwezi copper mine construction project in the DR Congo	3,861.8809	3,231.1821	525.6034	525.6034
2	Zijin Copper Company Limited's capacity expansion project for comprehensive recovery of end materials in production	228.3914	105.1022	30.6163	30.6163
	Total	4,090.2723	3,336.2843	556.2197	556.2197

Note: The self-financed fund invested in advance in the Kolwezi copper mine construction project in the DR Congo was settled in United States dollar. The total amount was USD76.5817 million, equivalent to RMB525.6034 million based on the middle rate of foreign exchange rate quotation of USD1:RMB6.8633 on 31 May 2017.

5. Status of realised benefits of the projects to be invested by the proceeds previously raised in the last three years

- (1) For the realised benefits of the Kolwezi copper mine construction project in the DR Congo, Zijin Copper Company Limited's capacity expansion project for comprehensive recovery of end materials in production and Heilongjiang Zijin Copper Company Limited copper refining project, please refer to Attachment 2, "Comparison Table of the Realised Benefits of the Projects to be Invested by the Proceeds Previously Raised".
- (2) The benefits from the use of the proceeds raised in supplementing working capital and repayment of bank borrowings, lowering the debt-to-asset ratio and finance costs and effectively improving the financial position of the Company are not directly relevant to efficiency. The amount of benefits cannot be accounted for individually.
- (3) The basis and calculation method of the realised benefits in the Comparison Table of the Realised Benefits of the Projects to be Invested by the Proceeds Previously Raised are the same with those of the committed benefits.

6. Operating status of the relevant assets used for subscribing for shares in the previous issuance

There is no relevant asset used for subscribing for shares in the previous issuance.

7. Use of the idle proceeds raised

In order to enhance the utilisation efficiency of the proceeds raised of the Company and protect the interests of the Company and the shareholders, the Company convened the ninth extraordinary meeting in 2017 of the sixth term of the Board and the first extraordinary meeting in 2017 of the sixth term of the Supervisory Committee on 14 June 2017 respectively, at which the Proposal in relation to Cash Management of the Temporarily Idle Proceeds Raised of the Company was considered and approved. It was agreed that cash management will be conducted on a portion of the temporarily idle proceeds raised under the non-public issuance in 2016 subject to a maximum amount of RMB1.9 billion (RMB1.9 billion inclusive). The approval was valid for a period of 12 months from the date of consideration and approval of the Board. Independent directors and the underwriter provided opinion on approval for cash management of a portion of the temporarily idle proceeds raised of the Company. For details, please refer to the announcement published on the websites of the Shanghai Stock Exchange and the Company on 15 June 2017 (announcement number: Lin 2017-033).

After the expiration of the abovementioned authorisation, the Company convened the ninth meeting of the sixth term of the Board and the ninth meeting of the sixth term of the Supervisory Committee on 24 August 2018 respectively, at which the Proposal in relation to Cash Management of

the Temporarily Idle Proceeds Raised of the Company was considered and approved. It was agreed that cash management will be conducted on a portion of the temporarily idle proceeds raised under the non-public issuance in 2016 subject to a maximum amount of RMB1.5 billion (RMB1.5 billion inclusive). The approval was valid for a period of 12 months from the date of consideration and approval of the Board. Independent directors and the underwriter provided opinion on approval for cash management of a portion of the temporarily idle proceeds raised of the Company. For details, please refer to the announcement published on the websites of the Shanghai Stock Exchange and the Company on 25 August 2018 (announcement number: Lin 2017-047).

As at 31 December 2018, income from investment and wealth management in relation to cash management of a portion of the temporarily idle proceeds raised of the Company amounted to RMB70.3878 million in total. There was no investment or wealth management not yet expired.

8. Use of the balance of the proceeds raised

There is no balance of the proceeds raised of the Company.

9. Comparison between the actual use of the proceeds previously raised and the relevant contents disclosed in regular reports of the Company

Based on the comparison between the actual use of the proceeds previously raised as at 31 December 2018 in this Report and the relevant contents disclosed in regular reports of the Company, there is no deviation in the disclosure of the projects to be invested by the proceeds previously raised.

10. Other matters in relation to the use of the proceeds previously raised

There is no other matter in relation to the use of the proceeds previously raised.

11. Conclusion

The Board considered that the Company used the proceeds previously raised in accordance with their designated use and there was no violation of regulations in relation to management of the proceeds raised. The Company fulfilled the responsibility of information disclosure regarding the use of the proceeds previously raised and its progress according to the stipulations in the “Regulations of the Report on the Use of Proceeds Previously Raised” issued by the CSRC (Zheng Jian Fa Xing Zi [2007] No. 500).

Zijin Mining Group Co., Ltd.*
Board of Directors
28 March 2019

APPENDIX 2

SPECIFIC REPORT ON THE USE OF PROCEEDS PREVIOUSLY RAISED

Attachment 1: Comparison Table of the Use of the Proceeds Previously Raised

Unit: RMB million

Total amount of the proceeds raised	4,597.3150	Accumulated total amount of proceeds raised used	3,563.8432
		Total amount of proceeds raised used for the year	3,563.8432
Total amount of change of the use of the proceeds raised	787.9000	2017	2,261.8368
Percentage of the total amount of change in the use of the proceeds raised	17.14%	2018	1,302.0064

	Project to be invested		Total amount of investment with the proceeds raised			Accumulative amount of investment with the proceeds raised as at 31 December 2018 (the “Cut-off Date”)			Difference between amount of the actual investment and amount of the committed investment after fund-raising	Date of the project for reaching the designated use (or progress of construction of the project as at the Cut-off Date)
			Amount of the committed investment before fund-raising	Amount of the committed investment after fund-raising	Amount of the actual investment	Amount of the committed investment before fund-raising	Amount of the committed investment after fund-raising	Amount of the actual investment		
1	The Kolwezi copper mine construction project in the DR Congo	The Kolwezi copper mine construction project in the DR Congo	3,231.1821	2,443.2821	2,443.2821	3,231.1821	2,443.2821	1,817.1555	-626.1266	30 June 2019
2	Zijin Copper Company Limited’s capacity expansion project for comprehensive recovery of end materials in production	Zijin Copper Company Limited’s capacity expansion project for comprehensive recovery of end materials in production	105.1022	105.1022	105.1022	105.1022	105.1022	66.6752	-38.4270	30 June 2018
3	Supplementing working capital	Supplementing working capital	1,261.0307	1,261.0307	1,261.0307	1,261.0307	1,261.0307	1,261.9343	0.9036	N/A
4	Heilongjiang Zijin Copper Company Limited copper refining project	Heilongjiang Zijin Copper Company Limited copper refining project	—	787.9000	787.9000	—	787.9000	418.0782	-369.8218	30 June 2019

APPENDIX 2

SPECIFIC REPORT ON THE USE OF PROCEEDS PREVIOUSLY RAISED

Attachment 2: Comparison Table of the Realised Benefits of the Projects to be Invested by the Proceeds Previously Raised

Unit: RMB million

Project actually invested			Actual benefits for the last 3 years					
Number	Name of project	Accumulative utilisation rate of production capacity of the project as at the Cut-off Date	Committed benefits	2016	2017	2018	Accumulative realised benefits as at the Cut-off Date	Whether the expected benefits were met
		Cut-off Date					Cut-off Date	
1	The Kolwezi copper mine construction project in the DR Congo	50%	Average annual net profit after tax of USD78.139 million after reaching full production	—	170.9209	494.2907	665.2116	N/A (Note 1)
2	Zijin Copper Company Limited's capacity expansion project for comprehensive recovery of end materials in production	60%	Annual net profit of RMB71.8675 million after expansion of the project completed and reaching anode slime processing capacity of 5,000 tonnes/annum	—	—	50.4104	50.4104	N/A (Note 2)
3	Supplementing working capital	N/A	N/A	N/A	N/A	N/A	N/A	N/A
4	Heilongjiang Zijin Copper Company Limited copper refining project	N/A	Average annual profit before tax of RMB475.2870 million	N/A	N/A	N/A	N/A	N/A (Note 3)

Note: 1. The floatation processing system of the Kolwezi copper mine construction project has been completed and put into production, and it is expected that the hydrometallurgy system will become usable before 30 June 2019.

2. Zijin Copper Company Limited's capacity expansion project for comprehensive recovery of end materials in production became ready for production and started pilot production in June 2018. In January 2019, the project completed all the acceptance checks. The production capacity has already reached 5,000 tonnes per annum of anode slime processing. Yet, the utilisation rate of production capacity was only about 60% of the designated capacity. The major raw material of the project to be invested by the proceeds raised is the anode slime produced from the end of production of the Company's refining projects. As the new and expansion projects of the Company's refineries will be completed at different times, the current processing volume is temporarily below 5,000 tonnes per annum. With the gradual commencement of production and entering into full production of the refining projects of the Company's subsidiaries including Heilongjiang Zijin Copper, Jilin Zijin Copper, Zijin Copper, etc., the processing capacity of anode slime in 2021 is estimated to be above 5,000 tonnes per annum.

3. Heilongjiang Zijin Copper Company Limited copper refining project is expected to be ready for production on 30 June 2019.

Should there be any discrepancy, the Chinese text of this appendix shall prevail over its English text.

Zijin Mining Group Co., Ltd.***Recovery Measures and the Undertakings on the Dilutive Impact of the Public Issuance of A
Shares on Immediate Returns of the Company (Revised Version)**

To all Shareholders,

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 in 2018 and the third extraordinary meeting in 2019 of the sixth term of the board of directors of the Company (the “Board” or “Board of Directors”). 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 formulated detailed recovery measures in response to the dilutive impact. Undertakings are made by the relevant parties for the earnest 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) 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 Resources Ltd. (“Nevsun”) is CAD1,858,499,430, 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 increase. 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 costs and optimising the Company’s financial structure.

(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.

APPENDIX 3**RECOVERY MEASURES AND THE UNDERTAKINGS ON THE
DILUTIVE IMPACT OF THE PUBLIC ISSUANCE OF A SHARES ON
IMMEDIATE RETURNS OF THE COMPANY (REVISED VERSION)**

The Timok copper-gold mine possesses large resources reserve volume with high-grade mineral resources at the Upper Zone, and is expected to bring promising returns to the Company in the future. According to the Feasibility Report of the Upper Zone of the Timok Copper-Gold Mine, the construction period of the Upper Zone of the Timok copper-gold mine is 2.5 years with production and service period of 13 years (in which, the pilot production period, full production period and production decline period will be 2 years, 7 years and 4 years respectively). After the completion of construction and commencement of production of the project, the average annual net profit estimation will be approximately USD201,024,300, with after-tax financial internal rate of return of the project investment of 60.54% and pay-back period of 3.50 years (including construction period). In which, the profit and cash flows estimation for the first 3 years after the commencement of production of the project are as follows:

Unit: USD million

Year	Year 1	Year 2	Year 3
Production rate	50%	70%	100%
Upper Zone of the Timok copper-gold mine			
Operating income	341.4310	880.3230	876.7020
Net profit	212.4220	587.9530	553.7600
Net cash flows from operating activities	243.4780	629.5460	590.9180

The Bisha copper-zinc mine is currently in production with good operating conditions. In 2018, the mine produced 125,000 tonnes of zinc metal, 17,000 tonnes of copper metal, 429 kg of gold metal and 31 tonnes of silver metal respectively. According to the Feasibility Report of the Bisha Copper-Zinc Mine, after upgrading the mine, the subsequent service period of the Bisha copper-zinc mine will be 9 years and the average annual net profit estimation will be USD27.5712 million in the years of full production. In which, the profit and cash flows estimation for the first 3 years are as follows:

Unit: USD million

Year	Year 1	Year 2	Year 3
The Bisha copper-zinc mine			
Operating income	278.9620	266.7040	248.0780
Net profit	43.4940	34.5250	31.3300
Net cash flows from operating activities	79.4980	70.9470	68.0100

The smooth implementation of the abovementioned projects can provide new sources of profit growth for the Company.

(3) Increase resources reserve volume and enhance core competitiveness

The Company will strengthen mineral products with comparative advantages including gold, copper, zinc, etc. and uphold the direction of internationalisation strategy. The acquisition of Nevsun to obtain the control of the Upper Zone of the Timok copper-gold mine and the Bisha copper-zinc mine as well as 60.4% interest in the Lower Zone of the Timok copper-gold mine (which will be diluted to 46% eventually) will substantially increase the quality resources reserve volume of the Company. According to the Feasibility Report of the Mining and Processing Project at the Upper Zone of Rakita's Timok Copper-Gold Mine in Serbia and the Feasibility Report of the Mining and Processing Project at the Bisha Copper-Zinc Mine in Eritrea issued by the Xiamen Design Branch Company of Zijin Mining Construction Company Limited in January 2019 and the NI43-101 technical report of the Timok project issued by Nevsun in August 2018, upon completion of the acquisition, the copper resources reserve of the Company will increase by 8.1901 million tonnes (on equity basis), representing 26.02% of the Company's current copper resources reserve; the gold resources reserve of the Company will increase by 236.36 tonnes (on equity basis), representing 17.90% of the Company's current gold resources reserve; the zinc resources reserve of the Company will increase by 1.8769 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.

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. Implementation of the project to be invested by the proceeds raised will increase the Company's 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 relation to overseas capital operation and operation 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 Company's 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 localisation of the expatriates for overseas projects are highly emphasised as well. As at 31 January 2019, the number of personnel assigned overseas from China exceeds 610, and the number of Chinese and foreign staff in overseas projects exceeds 9,400.

(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 and accumulation of technology, 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 industrial comparative competitiveness 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 and 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 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 condition and securities market;

APPENDIX 3**RECOVERY MEASURES AND THE UNDERTAKINGS ON THE
DILUTIVE IMPACT OF THE PUBLIC ISSUANCE OF A SHARES ON
IMMEDIATE RETURNS OF THE COMPANY (REVISED VERSION)**

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 3,400,000,000;
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 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 2018 and 2019; and
7. The effects of the deposit of proceeds raised in the Issuance on the Company's production, operation and 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.

APPENDIX 3**RECOVERY MEASURES AND THE UNDERTAKINGS ON THE
DILUTIVE IMPACT OF THE PUBLIC ISSUANCE OF A SHARES ON
IMMEDIATE RETURNS OF THE COMPANY (REVISED VERSION)****(2) Impact on the major financial indicators of the Company**

Based on the abovementioned assumptions, pursuant to the relevant provisions in “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. Details are 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 Company's net profit for the year of completion of the Public Issuance (2019) is approximately the same as that of the previous year (2018), the Company's 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 in response to the dilutive impact of the Public Issuance on immediate returns**(1) Business operation status, developing trend, major risks and measures for improvement of the Company**

The Company is one of the companies with the largest volume of metallic mineral resources reserve in China. It is the largest listed gold mining company in China, and is also 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. The rankings published by the Forbes Magazine in 2018 show that the Company ranks the 947th in the list of "Global 2000: World's Largest Public 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.

The sources of funds 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 operating costs and improve operating results of the Company

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

As at 30 September 2018, the Company's debt-to-asset ratio (on consolidation basis) was 58.08%. In accordance with the pre-acquisition agreement, the consideration for acquiring 100% interest of Nevsun is CAD1,858,499,430, 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 Company's debt-to-asset ratio 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 costs, optimising the Company's financial structure and raising the profitability.

2. 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.

3. Reduce costs in all aspects to reach the expected returns 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 Timok copper-gold mine project in Serbia, which is not yet developed (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 will diluted to 46% eventually) 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 2018, the Bisha copper-zinc mine produced 125,000 tonnes of zinc metal, 17,000 tonnes of copper metal, 429 kg of gold metal and 31 tonnes of silver metal respectively.

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.

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 “Guidelines for the Supervision of Listed Companies No. 3 — Cash Dividend Distribution of Listed Companies” issued by the CSRC, the Company will rigorously implement 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 implementation of the 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 under unfair terms or otherwise jeopardise the interests of the Company.
3. I undertake to limit my spending when performing my duties as a director and/or a senior management.
4. I undertake not to use the assets of the Company in making investments or expenditures 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 will correspond to the implementation of the recovery measures of returns of the Company, and I will vote in favour of the relevant proposals 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 will correspond to the implementation of the recovery measures of returns of the Company, and I will vote in favour of the relevant proposals 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 explain and apologise for the breach, perform other relevant obligations, 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 implementation 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 with the operating and management activities of the Company, will not occupy interests of the Company and will strictly implement 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 returns 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 and the third extraordinary meeting in 2019 of the sixth term of the Board, and they will be submitted to shareholders' general meeting of the Company for approval.

APPENDIX 3**RECOVERY MEASURES AND THE UNDERTAKINGS ON THE
DILUTIVE IMPACT OF THE PUBLIC ISSUANCE OF A SHARES ON
IMMEDIATE RETURNS OF THE COMPANY (REVISED VERSION)**

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

Zijin Mining Group Co., Ltd.*
Board of Directors
28 March 2019

Should there be any discrepancy, the Chinese text of this appendix shall prevail over its English text.

APPENDIX 4 PROPOSAL IN RELATION TO PROFIT DISTRIBUTION AND RETURN PLAN FOR THE NEXT THREE YEARS (YEAR 2018-2020) OF THE COMPANY

Zijin Mining Group Co., Ltd.*

**Proposal in relation to the Profit Distribution and Return Plan for the Next Three Years
(Year 2018-2020) of the Company**

To all Shareholders,

Pursuant to “Notice in relation to Further Implementation of Cash Dividend Distribution of Listed Companies” (Zheng Jian Fa [2012] No. 37) and “Guidelines for the Supervision of Listed Companies No. 3 - Cash Dividend Distribution of Listed Companies” (Zheng Jian Fa [2013] No. 43) issued by the China Securities Regulatory Commission, requirements of other relevant laws, regulations and regulatory documents, and provisions of the articles of association of the Company (the “Articles of Association”), in order to improve the decision making and supervisory mechanism in relation to the profit distribution of Zijin Mining Group Co., Ltd.* (the “Company”), while taking into consideration the Company’s production, operation and sustainable development, as well as providing reasonable returns to investors, the Company formulated the “Profit Distribution and Return Plan for the Next Three Years (Year 2018-2020) of Zijin Mining Group Co., Ltd.*” (the “Profit Distribution and Return Plan”). The details are as follows:

1. Factors to be considered in the formulation of the Profit Distribution and Return Plan

Through the formulation of the Profit Distribution and Return Plan, the Company intends to distribute profits systematically and establish a sustainable, stable and scientific return mechanism for its investors, by paying attention to the long-term and sustainable development of the Company, while comprehensively analysing the Company’s actual operating conditions, shareholders’ views, capital cost of the society and external financing environment, etc., and giving full consideration to the current and future profit scale, cash flow conditions, development stage, capital demand for project investment, bank credit facilities and debt financing environment, etc.

2. Principles for formulating the Profit Distribution and Return Plan

The Company shall fully regard reasonable returns to investors as an important consideration in profit distribution, while taking into account the sustainable development of the Company and maintaining the continuity and stability of the profit distribution policies, which shall comply with the provisions of the relevant laws and regulations. The profits distributed by the Company shall not exceed the amount of accumulated distributable profits, and shall not impair the Company’s capacity in sustainable operation. The Company shall actively promote distribution of cash dividends.

**APPENDIX 4 PROPOSAL IN RELATION TO PROFIT DISTRIBUTION
AND RETURN PLAN FOR THE NEXT THREE YEARS
(YEAR 2018-2020) OF THE COMPANY**

3. Details of Profit Distribution and Return Plan for the Next Three Years of the Company

(1) Forms of profit distribution

The Company may distribute dividends in cash, bonus shares or by other means as allowed by laws and regulations. Among the above means of profit distribution, the Company shall take distribution of cash dividends as the preferential means.

(2) Conditions of profit distribution in cash

In accordance with the Company Law of the People's Republic of China, other relevant laws and regulations and the provisions of the Articles of Association, when the net profit of the Company, which includes the current year's net realised profit after deducting losses, full provisions of statutory reserve and discretionary reserve, is positive, and the audit body has issued a standard and unqualified auditor's report for the Company's annual financial report (financial report in relation to interim profit distribution in cash can be unaudited), the Company shall propose a cash dividend distribution plan except in special circumstances (such as the existence of material investment plans or the occurrence of material cash expenditures, etc.).

When the Company fulfills the above conditions of profit distribution in cash but does not distribute cash dividends for special reasons, the board of directors shall give detailed and specific explanation and reasons for not distributing cash dividends and the use of undistributed profits. After the independent directors have provided their opinion, it shall be tabled to the shareholders' general meeting for consideration.

(3) The board of directors of the Company shall comprehensively take into account factors including the characteristics of the industry of the Company, the Company's development stage, its own business model, profitability, and whether there are any substantial capital expenditure arrangements, etc., to categorise the Company's situation into the followings and propose a differentiated cash dividend distribution policy according to the procedures as stipulated in the Articles of Association:

1. If the Company's development is in maturity stage without substantial capital expenditure arrangement, during profit distribution, cash dividends shall account for not less than 80% of profit distribution;
2. If the Company's development is in maturity stage with substantial capital expenditure arrangements, during profit distribution, cash dividends shall account for not less than 40% of profit distribution; and
3. If the Company's development is in growing stage with substantial capital expenditure arrangements, during profit distribution, cash dividends shall account for not less than 20% of profit distribution.

APPENDIX 4 PROPOSAL IN RELATION TO PROFIT DISTRIBUTION AND RETURN PLAN FOR THE NEXT THREE YEARS (YEAR 2018-2020) OF THE COMPANY

If the development stage of the Company cannot be easily identified but there are substantial capital expenditure arrangements, the Company may distribute cash dividends in accordance with the preceding paragraph.

(4) Intervals and proportion of profit distribution

Subject to the premise of fulfilling the profit distribution conditions under the provisions of the Articles of Association, the Company shall at least carry out profit distribution once a year. The board of directors of the Company can propose to distribute interim cash dividends according to the operating conditions and capital requirements of the Company.

On satisfaction of the abovementioned conditions to distribute cash dividends, the Company's accumulative profit distribution in cash for the last 3 years shall not be less than 75% of the average annual distributable profits realised for the last 3 years, that is: (the accumulative profit distribution in cash for the last 3 years \geq [sum of the annual distributable profit realised in the last 3 consecutive years]/3 x 75%). In principle, the Company's annual distribution of cash dividends shall not be less than 25% of the realised distributable profits for the year (excluding the undistributed profits of last year).

(5) Conditions for distribution of bonus shares

The board of directors of the Company may consider adopting methods such as distribution of bonus shares and conversion of capital reserves into issued capital for distribution. The Company shall consider the scale of the existing share capital before distribution of bonus shares, and pay attention to simultaneous growth in share capital and operating performance.

(6) Formulation procedures of profit distribution plan

According to the provisions of the Articles of Association, the board of directors may, after fully considering a variety of factors such as the Company's profitability, cash flow conditions, repeat production and investment needs of the Company together with the requests of shareholders (especially minority shareholders), and the opinion of independent directors and supervisors, propose an annual or interim profit distribution plan for the board of directors' consideration.

The profit distribution plan shall be approved by more than half of the board of directors at the board meeting, and by more than half of the voting rights held by the shareholders attending the shareholders' general meeting. If the shareholders' general meeting considers the proposal of dividend distribution by bonus shares or conversion of capital reserves into issued capital for distribution, the proposal shall be approved by more than two-thirds of the voting rights held by the shareholders attending the shareholders' general meeting.

When formulating cash dividend distribution proposal, the board of directors of the Company shall actively communicate and exchange views with shareholders, especially minority shareholders

**APPENDIX 4 PROPOSAL IN RELATION TO PROFIT DISTRIBUTION
AND RETURN PLAN FOR THE NEXT THREE YEARS
(YEAR 2018-2020) OF THE COMPANY**

through various channels (including but not limited to telephone, fax and mail communication, etc.), to fully listen to their views and requests, and provide timely responses to minority shareholders' concerns. Independent directors shall deliver independent opinion on the dividend distribution proposal.

(7) Amendment procedures of profit distribution policies

If there are material changes in the external environment or the Company's own operating conditions, where amendments of the profit distribution policies are necessary, protection for the interest of minority shareholders of the Company shall be fully taken into account. The amended profit distribution policies shall not violate the requirements of relevant laws, regulations and regulatory documents. The proposal for amendment of profit distribution policies shall be considered at the board meeting and the shareholders' general meeting. The proposal for amendment of profit distribution policies shall be approved by more than two-thirds of the board of directors at the board meeting, and independent directors shall provide independent opinion. The proposal for amendment of profit distribution policies shall be approved by more than two-thirds of the voting rights held by the shareholders attending the shareholders' general meeting.

When considering the amendment of profit distribution policies, especially profit distribution in cash, the board of directors shall fully listen to the opinion of shareholders (especially minority shareholders of the Company), independent directors and supervisors.

- (8) The Company's shareholders, independent directors and supervisory committee shall supervise the execution progress and decision-making procedures of the Company's profit distribution policies executed by the board of directors and management.
- (9) During the implementation of profit distribution proposal, if there is any misappropriation of the Company's capital by any shareholder of the Company, the Company shall deduct the cash dividends allocated to such shareholder in order to repay the amount of misappropriated capital.
- (10) With respect to executing the right to confiscating unclaimed dividends, the right cannot be executed until the relevant effective period expires.
- (11) When formulating, considering and executing a specific profit distribution proposal, the board of directors shall comply with the profit distribution policies as stipulated in applicable laws, administrative regulations, administrative rules of governmental departments, regulatory documents and the provisions of the Articles of Association.
- (12) The Company shall disclose the execution status of distribution proposal and cash dividend distribution policies in its regular reports and indicate if it is compliant with laws and regulations.

**APPENDIX 4 PROPOSAL IN RELATION TO PROFIT DISTRIBUTION
AND RETURN PLAN FOR THE NEXT THREE YEARS
(YEAR 2018-2020) OF THE COMPANY**

4. Mechanism for the Profit Distribution and Return Plan to take effect

This Profit Distribution and Return Plan shall be interpreted by the board of directors of the Company and take effect after being considered and approved by the shareholders of the Company at the shareholders' general meeting.

The aforesaid proposal has been considered and approved by the fifteenth extraordinary meeting in 2018 of the sixth term of the board of directors and is hereby tabled to the shareholders' general meeting for consideration.

Zijin Mining Group Co., Ltd.*
Board of Directors
28 March 2019

Should there be any discrepancy, the Chinese text of this appendix shall prevail over its English text.

**APPENDIX 5 PROPOSAL IN RELATION TO ZHUOXIN INVESTMENTS' PURCHASE
OF GOLD AND SILVER BULLION FROM BNL, WHICH
CONSTITUTES A CONTINUING CONNECTED TRANSACTION**

Zijin Mining Group Co., Ltd.*

**Proposal in relation to Zhuoxin Investments' Purchase of Gold and Silver Bullion from BNL,
which Constitutes a Continuing Connected Transaction
(Not a continuing connected transaction under Chapter 14A of the Hong Kong Listing Rules)**

To all Shareholders,

Zhuoxin Investments Limited ("Zhuoxin Investments"), an overseas wholly-owned subsidiary of Zijin Mining Group Co., Ltd.* (the "Company"), entered into a gold and silver bullion purchase agreement (the "Purchase Agreement" or "Agreement") for the years 2019-2021 with Barrick (Niugini) Limited ("BNL") on 28 January 2019, pursuant to which Zhuoxin Investments will purchase gold bullion and silver bullion from BNL.

The Company owns 50% equity interest in BNL through its overseas wholly-owned subsidiary, Gold Mountains (H.K.) International Mining Company Limited ("Gold Mountains (H.K.)"). Mr. Fang Qixue, the director of the Company, serves as a director of BNL. Pursuant to the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, BNL is a connected person to the Company, and the abovementioned transaction constitutes a continuing connected transaction.

The board of directors of the Company (the "Board" or "Board of Directors") considered that the terms of the Purchase Agreement entered into between Zhuoxin Investments and BNL are under normal commercial terms, which reflects the principles of fairness and reasonableness. It is in line with the interests of both parties to the transaction and the Company's shareholders as a whole.

The continuing connected transaction is subject to consideration at the shareholders' general meeting.

I. Basic information of the continuing connected transaction

(1) Summary of the connected transaction

The Company owns 50% shareholding in BNL through its overseas wholly-owned subsidiary, Gold Mountains (H.K.). The remaining 50% shareholding in BNL is owned by Barrick (PD) Australia Pty Limited. BNL owns 95% interest in Porgera Joint Venture, which is the operator of the Porgera gold mine in Papua New Guinea (the "Porgera Gold Mine").

As the gold and silver bullion purchase agreement (the "Previous Agreement") entered into between Zhuoxin Investments and BNL on 26 November 2015 (effective period from 1 January 2016 to 31 December 2018, please refer to the Company's announcement (Lin 2015-095) dated 27 November 2015 for details) has expired, Zhuoxin Investments renewed the Purchase Agreement with BNL on 28 January 2019, pursuant to which Zhuoxin Investments will purchase from BNL, the gold bullion and silver bullion produced by BNL at a percentage equals to the proportionate interest that Gold Mountains (H.K.) holds in BNL (i.e. 50%). The effective period of the Purchase Agreement is from 1 January 2019 to 31 December 2021.

**APPENDIX 5 PROPOSAL IN RELATION TO ZHUOXIN INVESTMENTS' PURCHASE
OF GOLD AND SILVER BULLION FROM BNL, WHICH
CONSTITUTES A CONTINUING CONNECTED TRANSACTION**

Based on BNL's production plan for the next 3 years and metal price forecast, Zhuoxin Investments expects to purchase gold bullion and silver bullion from BNL with a maximum transaction amount of not more than USD400 million (equivalent to RMB2.699 billion based on the exchange rate of USD1 to RMB6.7472 published by China Foreign Exchange Trading Centre on 28 January 2019, same hereafter) per year during the contractual period for the years 2019, 2020 and 2021, respectively.

(2) Approval procedures of the connected transaction

Since the Company indirectly owns 50% equity interest in BNL through Gold Mountains (H.K.), and Mr. Fang Qixue, the director of the Company, also serves as a director of BNL, BNL is deemed to be a connected person to the Company under the Rules Governing the Listing of Stocks on Shanghai Stock Exchange. Zhuoxin Investments' purchase of gold bullion and silver bullion from BNL constitutes a continuing connected transaction.

All of the four independent directors of the Company provided their prior consents to the aforementioned continuing connected transaction, and agreed to put forward to the extraordinary meeting of the sixth term of the Board for consideration. As the maximum transaction amount of the aforementioned connected transaction exceeds 5% of the Company's net assets in its audited consolidated financial statements for the latest reporting period, pursuant to the relevant stipulations including the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the aforementioned continuing connected transaction shall first be approved by the Board and subsequently at the shareholders' general meeting, and information disclosure obligation shall also be performed regarding such transaction. The abovementioned connected transaction was passed at the second extraordinary meeting in 2019 of the sixth term of the Board on 28 January 2019. Mr. Fang Qixue, the connected director, abstained from voting on the proposal. The Board meeting agreed to put forward the proposal to the shareholders' general meeting for consideration.

(3) Expected amount and implementation status of the connected transaction under the Previous Agreement

Category of the connected transaction	Connected person	Expected amount of transaction under the Previous Agreement	Actual amount under the Previous Agreement	Reasons for deviation
Others	BNL	Within USD400 million annually for 3 years	2016: USD280 million 2017: USD288 million 2018: USD243 million	Actual mine production volume and price factor

Note: The actual amounts under the Previous Agreement for the years 2016 and 2017 are audited while the actual amount for the year 2018 is unaudited.

**APPENDIX 5 PROPOSAL IN RELATION TO ZHUOXIN INVESTMENTS' PURCHASE
OF GOLD AND SILVER BULLION FROM BNL, WHICH
CONSTITUTES A CONTINUING CONNECTED TRANSACTION**

(4) Expected amount and category of the connected transaction under the Agreement

Category of the connected transaction	Connected person	Expected amount of transaction under the Agreement	Proportion to the same kind of business (%)	Actual amount under the Previous Agreement	Proportion to the same kind of business (%)	Reason for difference between the expected amount of transaction under the Agreement and the actual amount under the Previous Agreement	Accumulated amount of transaction with the connected person up to the date of disclosure
Others	BNL	Within USD400 million annually for 3 years	48%	Total of USD811 million for 3 years	45%	Actual mine production volume and price factor	USD18.7694 million

II. Information on the connected parties and their connected relationship

(1) Zhuoxin Investments Limited

Registered address: Road Town, Tortola, British Virgin Islands

Registered capital: USD1

Scope of business: Investment and trading

Financial status: As at 31 December 2017, the total assets and net assets of Zhuoxin Investments amounted to RMB294,657,900 and -RMB106,069,500 respectively. Zhuoxin Investments realised sales revenue and net profit of RMB1,884,958,200 and RMB2,278,700 for the year 2017 respectively. (The above financial information is audited)

As at 30 September 2018, the total assets and net assets of Zhuoxin Investments amounted to RMB238,530,400 and -RMB110,233,000 respectively. Zhuoxin Investments realised sales revenue and net profit of RMB1,062,083,300 and RMB1,633,500 for the period from January to September 2018 respectively. (The above financial information is unaudited)

Zhuoxin Investments is principally engaged in external investment and trading.

(2) Barrick (Niugini) Limited

Registered address: Port Moresby, Papua New Guinea

Paid-up capital: USD383,318,147

Scope of business: Development of gold mine

Financial status: As at 31 December 2017, the total assets and net assets of BNL amounted to USD1,004,260,700 and USD387,201,000 respectively. BNL realised sales revenue and net profit of USD645,231,800 and USD87,328,500 for the year 2017 respectively. (the above financial information is audited)

APPENDIX 5 PROPOSAL IN RELATION TO ZHUOXIN INVESTMENTS' PURCHASE OF GOLD AND SILVER BULLION FROM BNL, WHICH CONSTITUTES A CONTINUING CONNECTED TRANSACTION

As at 30 September 2018, the total assets and net assets of BNL amounted to USD940,222,100 and USD356,612,900 respectively. BNL realised sales revenue and net profit of USD358,714,900 and USD29,411,900 respectively for the period from January to September 2018 respectively. (The above financial information is unaudited)

III. Basic information of the transaction

(1) Basic information

During the effective period of the Purchase Agreement (from 1 January 2019 to 31 December 2021), Zhuoxin Investments will purchase from BNL the gold bullion and silver bullion produced by BNL based on the shareholding ratio that Gold Mountains (H.K.) holds in BNL (50%). The maximum transaction amount for the years 2019, 2020 and 2021 will not be more than USD400 million per year respectively. The Porgera gold and silver bullion purchased by Zhuoxin Investments shall be in a form acceptable by the principal gold and silver markets respectively.

(2) Pricing principles

The price for purchase of gold and silver bullion shall equal to the London Gold Price and the London Silver Price, in each case, on the date of the invoice respectively.

(3) Invoicing and settlement

1. BNL shall, upon receiving a credit of Porgera gold and silver bullion to its metals account from a refinery, issue an invoice (the "Invoice") to Zhuoxin Investments which shall set out, among other things: (a) the number of troy ounces of gold bullion and silver bullion to be delivered (which amount shall be based on the pro-rata shareholding interest), and (b) the price payable to BNL.
2. Zhuoxin Investments shall pay the applicable purchase price in full to the account of BNL within two business days following delivery of the Invoice from BNL in the way stipulated in the Agreement;
3. Within two business days following the delivery of the Invoice, BNL shall arrange for credit of gold bullion and silver bullion that is the subject of the Invoice to the appropriate metal account of Zhuoxin Investments in the way stipulated in the Agreement.

(4) Terms and termination of the Agreement

1. The Agreement shall be effective from 1 January 2019 to 31 December 2021, or until terminated by Zhuoxin Investments in writing upon ninety days prior written notice to BNL;

**APPENDIX 5 PROPOSAL IN RELATION TO ZHUOXIN INVESTMENTS' PURCHASE
OF GOLD AND SILVER BULLION FROM BNL, WHICH
CONSTITUTES A CONTINUING CONNECTED TRANSACTION**

2. The Agreement may also be terminated by BNL upon written notice to Zhuoxin Investments under the following circumstances:

- (1) Zhuoxin Investments defaults on its payment or purchase obligations and does not cure such default within fifteen days of receiving written notice of such default (the "Purchaser Payment Default"); or
- (2) Zhuoxin Investments suffers a material disability (including a declaration by it as bankrupt or insolvent, the commencement of a proceeding relating to itself or the commencement of a proceeding against it) that interferes with Zhuoxin Investments' performance under the Agreement and such material disability continues (or remains unstayed or is not dismissed) for thirty days.

(5) Overdue payments

Upon the occurrence or during the continuance of a Purchaser Payment Default, Zhuoxin Investments shall pay interest on, to the fullest extent permitted by applicable law, the amount payable hereunder to BNL that is not paid when due, from the date such amount shall be due until such amount shall be paid in full and on demand, payable in arrears on the date such amount shall be paid in full, at a rate equal at all times to LIBOR plus 2% per annum.

IV. Impacts of the connected transaction on the Company

Zhuoxin Investments' purchase of the gold bullion and silver bullion produced by BNL based on the shareholding ratio that Gold Mountains (H.K.) holds in BNL (i.e. 50%) is under normal commercial terms. The terms of the Agreement are consistent with those entered into between BNL and its other shareholder, which reflect the principles of fairness and reasonableness and is in the interests of both parties to the transaction and the shareholders of the Company as a whole.

V. Prior consents of independent directors of the Company and their independent opinion

Prior consents of independent directors of the Company have been obtained for matters relating to the aforementioned continuing connected transaction. The independent directors agreed to put forward such matters to the extraordinary meeting of the sixth term of the Board for consideration.

Regarding the continuing connected transaction, the independent directors considered that: (1) as the connected director abstained from voting when the Board was in consideration of the connected transaction, the voting procedure is legitimate and valid; (2) the aforesaid connected transaction proceeds under normal commercial terms, and the terms are fair and reasonable, which reflect the principles of fairness and justice without any prejudicing act to the interests of the Company and its shareholders. It is in the interests of both parties to the transaction and the shareholders of the Company as a whole.

**APPENDIX 5 PROPOSAL IN RELATION TO ZHUOXIN INVESTMENTS' PURCHASE
OF GOLD AND SILVER BULLION FROM BNL, WHICH
CONSTITUTES A CONTINUING CONNECTED TRANSACTION**

The aforesaid proposal has been considered and approved at the second extraordinary meeting in 2019 of the sixth term of the Board of Directors and is hereby tabled to the shareholders' general meeting for consideration.

Mr. Fang Qixue, the connected shareholder, shall abstain from voting.

Zijin Mining Group Co., Ltd.*
Board of Directors
28 March 2019

Should there be any discrepancy, the Chinese text of this appendix shall prevail over its English text.

Zijin Mining Group Co., Ltd.***Proposal in relation to the Satisfaction of the Conditions for the Public Issuance of
A Shares of the Company**

To all Shareholders,

Zijin Mining Group Co., Ltd.* (the “Company”) proposed to apply for public issuance of Renminbi-denominated ordinary shares (A shares) (the “Issuance” or “Public Issuance”) in the People’s Republic of China (the “PRC”).

The Board of Directors of the Company (the “Board” or “Board of Directors”) has conducted conscientious self-examination by verifying the relevant qualifications and conditions for listed companies’ public issuance of A Shares according to the stipulations in the relevant laws, regulations and regulatory documents including the Company Law of the People’s Republic of China (the “Company Law”), the Securities Law of the People’s Republic of China (the “Securities Law”) and the Administrative Measures on the Issuance of Securities by Listed Companies (the “Administrative Measures”) issued by the China Securities Regulatory Commission (the “CSRC”), and considered that the Company complies with the provisions and requirements of the relevant laws, regulations and regulatory documents regarding listed companies’ public issuance of A Shares, including but not limited to:

I. The Company’s organisation is sound and well-functioning

- (1) The Company’s articles of association is legitimate and valid, and the shareholders’ general meeting, the Board of Directors, the supervisory committee and the independent directors are in a sound system and can perform their duties effectively according to law;
- (2) The Company’s internal control system is sound, which can effectively guarantee the efficiency of the Company’s operation, legal compliance and the reliability of financial reporting; there is no material defect in the completeness, rationality and effectiveness of the Company’s internal control system;
- (3) The current directors, supervisors and senior management of the Company are qualified to perform their duties faithfully and diligently. They are not in violation of articles 147 and 148 of the Company Law, have not received any administrative punishment from the CSRC in the last 36 months, and have not been publicly censured by stock exchanges in the last 12 months;
- (4) The personnel, assets and finance of the Company are separated from those of the controlling shareholder or actual controller. The Company’s organisations and business are independent, and they are under independent operation and self-management;
- (5) The Company has not provided guarantees for external parties which are in violation of any regulation in the last 12 months.

II. The Company's profitability is sustainable

- (1) The Company has recorded profit continuously for the last three financial years (based on the lower of net profits before and after non-recurring profit or loss);
- (2) The Company's business and sources of profit are relatively stable, and there is no heavy dependence on the controlling shareholder or actual controller;
- (3) The Company's current main business or investment direction are sustainable, with stable business model and investment plan, good market prospects of major products or services, and there are no realistic or foreseeable material adverse changes in the operating environment of the industry and market demand;
- (4) The Company's senior management and core technical personnel are stable, and no material adverse changes have occurred in the last 12 months;
- (5) The Company's major assets, core technologies or other material interests are obtained in a legitimate manner and can be used continuously. There are no realistic or foreseeable material adverse changes;
- (6) There are no guarantees, litigations, arbitrations or other significant matters which may seriously affect the Company's continuing operations;
- (7) The Company has not publicly issued securities in the last 24 months.

III. The Company has a good financial position

- (1) The Company's basic accounting work is regulated and in strict compliance with the uniform accounting system of the PRC;
- (2) With respect to the financial statements for the recent three years, no certified public accountant has issued an auditor's report with qualified opinion, adverse opinion or disclaimer of opinion, and no certified public accountant has issued an unqualified auditor's report with emphasis of matters;
- (3) The Company's assets are of good quality and there are no non-performing assets that have a material adverse effect on the Company's financial position;
- (4) The Company's business outcomes are genuine and its cash flows are normal. It has strictly complied with the relevant accounting standards of the PRC to account for its operating income, costs and expenses. It has made adequate and reasonable provisions for impairment on assets in the recent three years and has never manipulated its operating results;

- (5) The accumulated amount of profits distributed in cash in the recent three years are not less than 30% of the average annual distributable profits realised in the recent three years.

IV. The Company has made no false statement in its financial and accounting documents within the last 36 months and has not committed any of the following serious illegal acts:

- (1) Violation of securities laws, administrative regulations or rules which leads to administrative penalties from the CSRC or criminal punishment;
- (2) Violation of industrial and commercial regulations, tax law, land rules, environmental protection regulations, customs law, administrative regulations or rules which leads to administrative penalties in serious nature or criminal punishment;
- (3) Violation of other laws and administrative regulations of the PRC in serious nature.

V. The amount and use of the proceeds raised by the Company are in compliance with the regulations

- (1) The amount of proceeds raised does not exceed the amount required for the project;
- (2) The use of proceeds raised is in compliance with national industrial policies, relevant laws and administrative regulations on environmental protection, land management, etc.;
- (3) The project to be invested by the proceeds raised will not hold held-for-trading financial assets or available-for-sale financial assets, will not be used for lending to other parties, entrusted wealth management or other financial investments, and will not be directly or indirectly invested in any company principally engaging in buying and selling of securities;
- (4) The implementation of the project to be invested by the proceeds raised will neither lead to competition within the same industry with controlling shareholder or actual controller, nor affect the independence of the Company's production and operation;
- (5) The Company has established a system for specific deposit of proceeds raised, and the proceeds raised will be deposited in the specific accounts assigned by the Board of Directors;
- (6) At the end of the latest financial period, the Company did not have any held-for-trading financial asset, available-for-sale financial asset, fund lent to other parties, entrusted wealth management or other financial investments in significant amount or under long maturity period.

VI. The Company does not have any of the following circumstances:

- (1) The application documents for the Issuance contain any false or misleading statements or material omissions;
- (2) Proceeds raised are not used in accordance with the purpose of fund raising set out in the offering documents, or unauthorised change of the use of proceeds raised from previous public issuance of securities which is not corrected nor approved at the shareholders' general meeting;
- (3) The Company has been publicly censured by stock exchanges in the last 12 months;
- (4) The Company and its controlling shareholder or actual controller failed to fulfill the undertakings publicly made to investors in the last 12 months;
- (5) The Company, its current directors and senior management have been the subject of any investigation by the judicial authority due to any suspected criminal offense or any investigation by the CSRC due to any suspected violation of laws and regulations;
- (6) Other circumstances where the legitimate rights and interests of investors and public interests are severely impaired.

VII. The Company meets the following requirements:

- (1) The weighted average return on net assets for the last three financial years (based on the lower of net profits before and after non-recurring profit or loss) was not lower than 6%;
- (2) At the end of the latest financial period, the Company did not have any held-for-trading financial asset, available-for-sale financial asset, fund lent to other parties, entrusted wealth management or other financial investments in significant amounts;
- (3) The issuance price under the Issuance will be no less than the lower of the average trading price of the A Shares for the 20 trading days or the average trading price of the A Shares on the trading day preceding the date of publication of the offering documents.

VIII. The Issuance meets the following requirements:

- (1) The shares to be issued under the Issuance are Renminbi-denominated ordinary shares (A Shares). The Issuance is under the principles of fairness and equitable. Each share has the same rights, is subject to the same issuance conditions and has the same issuance price with each other;

APPENDIX 6**PROPOSAL IN RELATION TO THE SATISFACTION
OF THE CONDITIONS FOR THE PUBLIC ISSUANCE OF
A SHARES OF THE COMPANY**

- (2) The Company's shares are to be issued at a premium, and the issuance price exceeds the face value of the shares.

The aforesaid proposal has been considered and approved at the fifteenth extraordinary meeting in 2018 of the sixth term of the Board and is hereby tabled to the shareholders' general meeting for consideration.

Zijin Mining Group Co., Ltd.*
Board of Directors
28 March 2019

Should there be any discrepancy, the Chinese text of this appendix shall prevail over its English text.

1. DISCLOSURE OF INTERESTS

(a) Interests and short positions of the Directors, Supervisors and chief executive under Hong Kong laws and regulations

As at the Latest Practicable Date, the interests and short positions of the Directors, Supervisors and chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors, Supervisors and chief executive are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO to be entered into the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange are as follows:

Name	Position	Class of Shares	Long/ short position	Capacity	Number of Shares	Percentage of the relevant class of issued Shares (%)	Percentage of all the issued Shares (%)
Chen Jinghe	Director	A Share	Long	Beneficial owner	102,000,000	0.59%	0.44%
		H Share	Long	Beneficial owner	8,000,000	0.14%	0.03%
		Total	Long	Beneficial owner	110,000,000		0.48%
Lan Fusheng	Director	A Share	Long	Beneficial owner	7,530,510	0.04%	0.03%
Zou Laichang	Director	A Share	Long	Beneficial owner	1,430,000	0.01%	0.01%
Lin Hongfu	Director	A Share	Long	Beneficial owner	862,500	0.01%	0.01%
Fang Qixue	Director	A Share	Long	Beneficial owner	301,000	0.01%	0.01%
Lin Hongying	Director	A Share	Long	Beneficial owner	200,000	0.01%	0.01%
Lin Shuiqing	Supervisor	A Share	Long	Beneficial owner	300,000	0.01%	0.01%
Liu Wenhong	Supervisor	A Share	Long	Beneficial owner	24,450	0.01%	0.01%
		H Share	Long	Beneficial owner	10,000	0.01%	0.01%
		Total	Long	Beneficial owner	34,450		0.01%

(b) Directors' and Supervisors' positions in other companies

As at the Latest Practicable Date, as far as the Company is aware, the following Director(s) and Supervisor(s) are employed by the following company which has interests or short positions in the Shares or underlying Shares of the Company which are required to be notified to the Company and the Stock Exchange pursuant to Division 2 and 3 of Part XV of the SFO:

Name of Director	Position held in the specific company
Li Jian	The chairman of Minxi Xinghang

(c) Substantial Shareholders' and other persons' interests and short positions in the Shares and underlying Shares under Hong Kong laws and regulations

As at the Latest Practicable Date, as far as the Company is aware, the following persons (other than the Directors, Supervisors and chief executive (as defined in the Listing Rules) of the Company) had interests and short positions in the Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Class of Shares	Long/ short position	Capacity	Number of Shares	Percentage of the relevant class of issued Shares (%)	Percentage of all issued Shares (%)
Minxi Xinghang	A Share	Long	Beneficial owner	5,960,742,247	34.47%	25.88%
The Bank of New York Mellon Corporation	H Share	Long	Interest of controlled corporation	430,545,693	7.50%	1.87%
		Lending pool	Interest of controlled corporation	421,513,763	7.35%	1.83%
BlackRock, Inc.	H Share	Long	Interest of controlled corporation	421,835,454 (Note 1)	7.35%	1.83%
		Short	Interest of controlled corporation	2,146,000 (Note 1)	0.04%	0.01%
Van Eck Associates Corporation	H Share	Long	Investment manager	401,225,661 (Note 2)	6.99%	1.74%
VanEck Vectors ETF – VanEck Vectors Gold Miners ETF	H Share	Long	Beneficial owner	399,140,000	6.96%	1.73%

Note 1: BlackRock, Inc. had a long position in 421,835,454 H Shares (in which 1,038,000 H Shares were held through cash settled unlisted derivatives) and a short position in 2,146,000 H Shares (in which 2,146,000 H Shares were held through cash settled unlisted derivatives) of the Company by virtue of its direct or indirect control over a number of subsidiaries.

Note 2: VanEck Vectors ETF - VanEck Vectors Gold Miners ETF is managed by Van Eck Associates Corporation. Van Eck Associates Corporation is deemed to be interested in 401,225,661 H Shares (long position) of the Company.

Save as disclosed above, the Company is not aware of any other person (other than the Directors, Supervisors and chief executive (as defined in the Listing Rules) of the Company) having any interests or short positions in the Shares and underlying Shares of the Company as at the Latest Practicable Date as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

2. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective close associates had engaged in or had any interest in any business which competes or may compete, either directly or indirectly, with the businesses of the Group.

3. DIRECTORS' AND SUPERVISORS' INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors or Supervisors had any direct or indirect interest in any assets which had since 31 December 2017, being the date to which the latest published audited accounts of the Group were made up, been acquired or disposed of by or leased to any member of the Group or is proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors or Supervisors was materially interested, either directly or indirectly, in any contract or arrangement entered into by any member of the Group which was subsisting at the Latest Practicable Date and was significant to the business of the Group.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors or Supervisors had entered into a service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

5. EXPERT AND CONSENT

Messis Capital Limited has given and has not withdrawn its consent to the issue of this circular with the inclusion herein of its letter dated 28 March 2019, and references to its name included in the form and context in which it appears.

The following is the qualification of the expert who has given an opinion or advice, which is contained in this circular:

Name	Qualification
Messis Capital Limited	a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, MESSIS Capital Limited did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, MESSIS Capital Limited was not interested, directly or indirectly, in any assets which had since 31 December 2017, being the date to which the latest published audited accounts of the Group were made up, been acquired or disposed of by or leased to, or proposed to be acquired or disposed of by or leased to, any member of the Group.

6. MATERIAL ADVERSE CHANGE

Save as publicly disclosed by the Company on the HKExnews website on or before the date of this circular, as at the Latest Practicable Date, the Directors confirmed that they were not aware of any material adverse change in the financial or trading positions of the Group since 31 December 2017, being the date to which the latest published audited accounts of the Group were made up.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours from 9 a.m. to 5 p.m. on any business day (except Saturdays, Sundays and public holidays) at the Company's principal place of business in Hong Kong at Unit 7503A, Level 75, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong from the date of this circular up to and including 12 April 2019 (both days inclusive) and at the EGM.

- (a) the letter from the Independent Board Committee dated 28 March 2019, the text of which is set out on pages 24 to 25 of this circular;
- (b) the letter from the Independent Financial Adviser dated 28 March 2019, the text of which is set out on pages 26 to 44 of this circular;
- (c) the consent letter from MESSIS Capital Limited referred to in the paragraph headed "Expert and Consent" in this Appendix; and
- (d) this circular.

8. GENERAL

- (a) The registered office of the Company is at No.1 Zijin Road, Shanghang County, Fujian Province, the PRC.
- (b) The H Share Registrar, Computershare Hong Kong Investor Services Limited is situated at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

Should there be any discrepancy, the Chinese text of this appendix shall prevail over its English text.

NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING IN 2019

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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)

Notice of the First Extraordinary General Meeting in 2019

NOTICE IS HEREBY GIVEN THAT the first extraordinary general meeting in 2019 (the “EGM”) of Zijin Mining Group Co., Ltd.* (the “**Company**”) will be held at 9 a.m. on Friday, 12 April 2019, at the conference room at 21/F., Zijin Headquarters, No. 1 Zijin Road, Shanghang County, Longyan City, Fujian Province, the People's Republic of China (the “**PRC**”) to consider, approve and authorise the following matters:

RESOLUTIONS

1. Ordinary Resolution: “To consider and approve the satisfaction of the conditions for the public issuance of A Shares of the Company”;
2. Special Resolution: “To consider and approve the Proposal on the Public Issuance of A Shares of the Company for the year 2018 (revised version)” (the following resolutions to be voted item by item);
 - 2.01 Class of the shares to be issued;
 - 2.02 Nominal value of the shares to be issued;
 - 2.03 Number of shares to be issued;
 - 2.04 Amount of proceeds to be raised and the project to be invested by the proceeds raised;
 - 2.05 Methods of issuance;
 - 2.06 Issuing objects and methods of subscription;
 - 2.07 Subscription arrangement for the existing A Shareholders;
 - 2.08 Pricing principles and issuance price;

NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING IN 2019

- 2.09 Time of issuance;
- 2.10 Place of listing;
- 2.11 Lock-up period of the issued A Shares;
- 2.12 Arrangement of the accumulated distributable profits before the public issuance of A Shares;
- 2.13 Effective period of the resolutions;
3. Special Resolution: “To consider and approve the Plan for the Public Issuance of A Shares of the Company for the year 2018 (revised version)”;
4. Ordinary Resolution: “To consider and approve the Feasibility Report on the Use of Proceeds Raised in the Public Issuance of A Shares of the Company (revised version)”;
5. Ordinary Resolution: “To consider and approve the Specific Report on the Use of Proceeds Previously Raised”;
6. Ordinary Resolution: “To consider and approve the Recovery Measures and the Undertakings on the Dilutive Impact of the Public Issuance of A Shares on Immediate Returns of the Company (revised version)”;
7. Special Resolution: “To consider and approve the Profit Distribution and Return Plan for the Next Three Years (Year 2018-2020) of the Company”;
8. Special Resolution: “To consider and approve the possible connected transactions of subscription of A Shares under the public issuance by the controlling shareholder, directors and supervisors of the Company and/or the directors under Phase 1 of the Employee Stock Ownership Scheme of the Company”;
9. Special Resolution: “To consider and approve the authorisation to the board of directors of the Company or its authorised persons to handle all the matters relating to the public issuance of A Shares of the Company”; and
10. Ordinary Resolution: “To consider and approve Zhuoxin Investments’ purchase of gold and silver bullion from BNL, which constitutes a continuing connected transaction”.

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

Fujian, the PRC, 26 February 2019

NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING IN 2019

Notes:

- (A) **The Company's register of H Shares members will be closed from 13 March 2019 (Wednesday) to 12 April 2019 (Friday) (both days inclusive), during such period no transfer of H Shares will be registered. Holders of H Shares whose names appear on the H Share register of members on 12 April 2019 (Friday, being the record date) will be entitled to attend and vote at the EGM of the Company to be convened on 12 April 2019 (Friday) at the conference room at 21/F., Zijin Headquarters, No. 1 Zijin Road, Shanghang County, Longyan City, Fujian Province, the PRC. In order to be qualified for attending and voting at the EGM, all transfers of shares must be lodged with the Registrar of H Shares of the Company no later than 4:30 p.m. on 12 March 2019 (Tuesday).**

The address of the Hong Kong Registrar of H Shares is:

Computershare Hong Kong Investor Services Limited
Shops 1712-1716,
17th Floor, Hopewell Centre,
183 Queen's Road East,
Wanchai,
Hong Kong

- (B) Holders of H Shares who intend to attend the EGM must complete and return the reply slip in writing to the Secretariat of the Board of Directors or Registrar of H Shares of the Company - Computershare Hong Kong Investor Services Limited, the address is: 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong twenty days before the EGM, that is 22 March 2019 (Friday).

Details of the office of the Secretariat of the Board of Directors are as follows:

41/F., Tower B, Zhonghang Zijin Plaza,
No. 1811 Huandao Road East, Siming District,
Xiamen City, Fujian Province,
People's Republic of China
Tel: (86)592-2933652
Fax: (86)592-2933580

- (C) Holders of H Shares who have the right to attend and vote at the EGM are entitled to appoint one or more proxies (whether or not a member) in writing to attend and vote on their behalf. For those shareholders who appoint more than one proxy, such proxies can only exercise their voting rights by way of polls.
- (D) The instrument appointing a proxy must be in writing and signed by the appointer or his attorney duly authorised in writing. In the event that such instrument is signed by an attorney of the appointer, an authorisation that authorises such signatory shall be notarised.
- (E) To be valid, the form of proxy (and if the form of proxy is signed by a person under a power of attorney or other authority on behalf of the appointer, then together with such power of attorney or other authority) must be deposited at the Registrar of H Shares of the Company - Computershare Hong Kong Investor Services Limited no later than 24 hours before the specified time for the holding of the EGM (i.e. no later than 9 a.m. on Thursday, 11 April 2019, Hong Kong time). The address is: 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (F) If a proxy is appointed to attend the EGM on behalf of a shareholder, the proxy must indicate its identification document and the authorisation instrument with the date of issue and duly signed by the proxy and its legal representative, and in the case of legal representative of legal person shareholders, such legal representative must show its own identification document and valid document to identify its identity as legal representative. If a legal person shareholder appoints a company's representative other than its legal representative to attend the EGM, such representative must show its own identification document and the authorisation instrument bearing the company chop of the legal person shareholder and duly signed by its legal representative.

NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING IN 2019

- (G) The EGM is expected to last for a half day, and shareholders attending the EGM will be responsible for their own travelling and accommodation expenses.

EXPECTED TIMETABLE

	<i>Year 2019 (Note)</i>
Latest time for lodging transfer of shares	12 March (Tuesday) 4:30 p.m.
Book closure period (both days inclusive)	13 March (Wednesday) to 12 April (Friday)
Record date	12 April (Friday)
EGM	12 April (Friday)
Announcement on results of the EGM	12 April (Friday)
Register of members re-opens	15 April (Monday)

Note: All times refer to Hong Kong local times.

As at the date of this notice, 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.

** The English name of the Company is for identification purpose only*

Should there be any discrepancy, the Chinese text of this notice shall prevail over its English text.

NOTICE OF THE FIRST H SHAREHOLDERS' CLASS MEETING IN 2019

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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)

Notice of the First H Shareholders' Class Meeting in 2019

NOTICE IS HEREBY GIVEN THAT the first H Shareholders' class meeting in 2019 (the **"First H Shareholders' Class Meeting"**) of Zijin Mining Group Co., Ltd.* (the **"Company"**) will be held at 11:30 a.m. on Friday, 12 April 2019, at the conference room at 21/F., Zijin Headquarters, No. 1 Zijin Road, Shanghang County, Longyan City, Fujian Province, the People's Republic of China (the **"PRC"**) to consider, approve and authorise the following matters:

SPECIAL RESOLUTIONS

1. To consider and approve the Proposal on the Public Issuance of A Shares of the Company for the year 2018 (revised version) (the following resolutions to be voted item by item);
 - 1.01 Class of the shares to be issued;
 - 1.02 Nominal value of the shares to be issued;
 - 1.03 Number of shares to be issued;
 - 1.04 Amount of proceeds to be raised and the project to be invested by the proceeds raised;
 - 1.05 Methods of issuance;
 - 1.06 Issuing objects and methods of subscription;
 - 1.07 Subscription arrangement for the existing A Shareholders;

NOTICE OF THE FIRST H SHAREHOLDERS' CLASS MEETING IN 2019

- 1.08 Pricing principles and issuance price;
- 1.09 Time of issuance;
- 1.10 Place of listing;
- 1.11 Lock-up period of the issued A Shares;
- 1.12 Arrangement of the accumulated distributable profits before the public issuance of A Shares;
- 1.13 Effective period of the resolutions;
- 2. To consider and approve the Plan for the Public Issuance of A Shares of the Company for the year 2018 (revised version); and
- 3. To consider and approve the authorisation to the board of directors of the Company or its authorised persons to handle all the matters relating to the public issuance of A Shares of the Company.

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

Fujian, the PRC, 26 February 2019

Notes:

- (A) The Company's register of H Shares members will be closed from 13 March 2019 (Wednesday) to 12 April 2019 (Friday) (both days inclusive), during such period no transfer of H Shares will be registered. Holders of H Shares whose names appear on the H Share register of members on 12 April 2019 (Friday, being the record date) will be entitled to attend and vote at the First H Shareholders' Class Meeting of the Company to be convened on 12 April 2019 (Friday) at the conference room at 21/F., Zijin Headquarters, No. 1 Zijin Road, Shanghang County, Longyan City, Fujian Province, the PRC. In order to be qualified for attending and voting at the First H Shareholders' Class Meeting, all transfers of shares must be lodged with the Registrar of H Shares of the Company no later than 4:30 p.m. on 12 March 2019 (Tuesday).

The address of the Hong Kong Registrar of H Shares is:

Computershare Hong Kong Investor Services Limited
Shops 1712-1716,
17th Floor, Hopewell Centre,
183 Queen's Road East,
Wanchai,
Hong Kong

NOTICE OF THE FIRST H SHAREHOLDERS' CLASS MEETING IN 2019

- (B) Holders of H Shares who intend to attend the First H Shareholders' Class Meeting must complete and return the reply slip in writing to the Secretariat of the Board of Directors or Registrar of H Shares of the Company - Computershare Hong Kong Investor Services Limited, the address is: 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong twenty days before the First H Shareholders' Class Meeting, that is 22 March 2019 (Friday).

Details of the office of the Secretariat of the Board of Directors are as follows:

41/F., Tower B, Zhonghang Zijin Plaza,
No. 1811 Huandao Road East, Siming District,
Xiamen City, Fujian Province,
People's Republic of China
Tel: (86)592-2933652
Fax: (86)592-2933580

- (C) Holders of H Shares who have the right to attend and vote at the First H Shareholders' Class Meeting are entitled to appoint one or more proxies (whether or not a member) in writing to attend and vote on their behalf. For those shareholders who appoint more than one proxy, such proxies can only exercise their voting rights by way of polls.
- (D) The instrument appointing a proxy must be in writing and signed by the appointer or his attorney duly authorised in writing. In the event that such instrument is signed by an attorney of the appointer, an authorisation that authorises such signatory shall be notarised.
- (E) To be valid, the form of proxy (and if the form of proxy is signed by a person under a power of attorney or other authority on behalf of the appointer, then together with such power of attorney or other authority) must be deposited at the Registrar of H Shares of the Company - Computershare Hong Kong Investor Services Limited no later than 24 hours before the specified time for the holding of the First H Shareholders' Class Meeting (i.e. no later than 11:30 a.m. on Thursday, 11 April 2019, Hong Kong time). The address is: 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (F) If a proxy is appointed to attend the First H Shareholders' Class Meeting on behalf of a shareholder, the proxy must indicate its identification document and the authorisation instrument with the date of issue and duly signed by the proxy and its legal representative, and in the case of legal representative of legal person shareholders, such legal representative must show its own identification document and valid document to identify its identity as legal representative. If a legal person shareholder appoints a company's representative other than its legal representative to attend the First H Shareholders' Class Meeting, such representative must show its own identification document and the authorisation instrument bearing the company chop of the legal person shareholder and duly signed by its legal representative.
- (G) The First H Shareholders' Class Meeting is expected to last for a half day, and shareholders attending the First H Shareholders' Class Meeting will be responsible for their own travelling and accommodation expenses.

NOTICE OF THE FIRST H SHAREHOLDERS' CLASS MEETING IN 2019

EXPECTED TIMETABLE

	<i>Year 2019 (Note)</i>
Latest time for lodging transfer of shares	12 March (Tuesday) 4:30 p.m.
Book closure period (both days inclusive)	13 March (Wednesday) to 12 April (Friday)
Record date	12 April (Friday)
First H Shareholders' Class Meeting	12 April (Friday)
Announcement on results of the First H Shareholders' Class Meeting	12 April (Friday)
Register of members re-opens	15 April (Monday)

Note: All times refer to Hong Kong local times.

As at the date of this notice, 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.

** The English name of the Company is for identification purpose only*

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