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Zijin Mining Group Co., Ltd.*

紫金礦業集團股份有限公司

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

(Stock code: 2899)

Announcement in relation to Acquisition of Interest in the Lower Zone of the Timok Copper-gold Mine

Summary:

1. Acquisition target: 72% class B shares of CuAu International Holdings (BVI) Ltd. ("CuAu", formerly known as "Freeport International Holdings (BVI) Ltd.") ("Class B Shares") held by Freeport-McMoRan Exploration Corporation ("FMEC") (the "Transaction") to obtain interest in the lower zone of the Timok copper-gold mine indirectly owned by FMEC (the "Lower Zone") and interests in the exploration licences owned by Rakita Exploration d.o.o. ("Rakita"). After completion of the Transaction, the Company will own 100% interests in the resources of both the Upper Zone and the Lower Zone of the Timok copper-gold mine.

2. Purchase price of the Transaction: The purchase price shall be an amount equal to the sum of (1) an Initial Purchase Price Amount of USD240 million on the closing date and (2) four tenths of one percent (0.4%) of the net proceeds from the sales of all products annually to be made to FMEC pursuant to the Deferred Payment Agreement after the Lower Zone of the Timok copper-gold mine commences production, up to an aggregate maximum amount of USD150 million.

3. Significance of the Transaction:

(1) The Lower Zone of Timok has abundant copper (gold) resources

The Lower Zone of the Timok copper-gold mine is a giant porphyry type copper deposit and possesses 14.30 million tonnes of copper metal grading 0.86% in average and 9.60 million ounces of gold metal (approximately 299 tonnes) grading 0.18g/t in average. The peripheral and deep parts of the deposit are still not closed, having a good potential for increasing reserve volume. The acquisition also involves five exploration licences at the surrounding, with favorable potential for prospecting.

After completion of the Transaction, the Company will further increase its resources reserves in copper and gold. The Company's copper metal resources volume on equity basis will increase by 7.72 million tonnes, total controlled copper resources volume on equity basis will be 57.24 million tonnes, representing an increase of 15.59%; its gold metal resources volume on equity basis will increase by 161 tonnes and its total controlled gold resources volume on equity basis will be 1,889 tonnes, representing an increase of

9.3%.

(2) Synergy with the Upper Zone of Timok

The acquisition will break the development constraint of the original agreements regarding class A shares (“Class A Shares”) and Class B Shares. After completion of the acquisition, the Company will practically own 100% interests in the Upper Zone and the Lower Zone of Timok copper-gold mine, which will benefit the unified planning, construction and operation of the Upper Zone and the Lower Zone of the Timok copper-gold mine. The Lower Zone of Timok can fully make use of the land and construction resources on the land surface and underground construction resources of the upper zone (the “Upper Zone”), and extends the service life of facilities of the Upper Zone significantly. The Lower Zone of Timok is a low-sulphidation porphyry type gold and copper deposit with simple component and low impurities. Harmful impurities of the ore of the Upper Zone can be reduced by ore blending practically.

(3) The Lower Zone of Timok is a giant and complete porphyry type copper mine body, providing the condition for large-scale development

The Lower Zone of Timok has the technical and economic conditions for adopting natural caving mining method, and the caving zone of the initial mining area is also situated outside the area of the mining and processing facilities of the Upper Zone. It can be planned and constructed simultaneously with the Upper Zone, and it can be mined simultaneously at a suitable time. The potential value of the Lower Zone can be realised in advance and in a better manner. According to the probable study on the Lower Zone of Timok project, the mining in the Lower Zone of Timok can be divided into two phases. The mining scale of the first and second phase is 30 thousand tonnes/day and 60 thousand tonnes/day respectively, and the service life of the first and second phase is 21 years and 28 years respectively.

4. The closing of the Transaction is scheduled to be completed on or before 31 December 2019, and shall be completed no later than 29 February 2020, subject to the major terms and conditions as stated in this announcement, including the effective approvals of and registrations at the Chinese government, the Serbian government or their authorised departments.

5. The acquisition does not constitute a discloseable transaction or a connected transaction under the listing rules of Shanghai and Hong Kong. This announcement is made by the Company on a voluntary basis.

I. Overview of the Transaction

Zijin Mining Group Co., Ltd.* (the “Company”) and its wholly-owned subsidiary, Zijin (Europe) International Mining Company Limited (“Zijin Europe”), entered into a share purchase agreement (the “Share Purchase Agreement”) with Freeport-McMoRan Inc. (“Freeport”), Freeport-McMoRan Exploration Corporation (“FMEC”), Global Reservoir Minerals (BVI) Inc. (“GRMB”), etc. on 3 November 2019, and Zijin Europe also entered into a deferred payment agreement (the “Deferred Payment Agreement”) with FMEC on the same date.

Pursuant to the abovementioned agreements, Zijin Europe proposed to acquire 72% Class B Shares of CuAu held by FMEC at an initial purchase price amount of USD240 million (the “Initial Purchase Price Amount”) to obtain the interest in the Lower Zone of the Timok copper-gold mine owned by FMEC and

interests in exploration licences owned by Rakita. After the Lower Zone of the Timok copper-gold mine commences production, Zijin Europe shall pay to FMEC four tenths of one percent (0.4%) of the net proceeds from the sales of all products annually, up to an aggregate maximum amount of USD150 million (the “Deferred Payment”). Assuming the copper price is USD3/lb and the annual production is 100 thousand tonnes of copper equivalent, the amount payable of the Deferred Payment for that year will be USD2.65 million. The aggregate Deferred Payments shall not exceed USD150 million, and the net present value of the Deferred Payment based on I=8% is approximately USD24 million.

For a period of 12 months commencing on the third anniversary of the initial sale of products from the Lower Zone of the Timok copper-gold mine, Zijin Europe shall have the option (the “Call Option”) to repurchase the Deferred Payment obligation for USD60 million (“Deferred Payment Obligation”) and FMEC shall have the option (the “Put Option”) to sell the Deferred Payment Obligation for USD60 million.

The Company completed the acquisition of 100% equity interest in Nevsun Resources Ltd. (“Nevsun”) on 12 March 2019. Nevsun owns 100% interest in the Upper Zone and a final 46% interest in the Lower Zone of the Timok copper-gold mine in Serbia. After completion of this acquisition, the Company will own 100% interests in both the Upper Zone and the Lower Zone of the Timok copper-gold mine project and the five exploration licences at the surrounding.

The Transaction is subject to the major terms and conditions as stated in this announcement, including the effective approvals of and registrations at the Chinese government, the Serbian government or their authorised departments.

The 12th extraordinary meeting in 2019 of the sixth term of board of directors of the Company was convened on 3 November 2019 via telecommunication. Based on the voting result of 11 For, 0 Against and 0 Abstain, the relevant proposal was considered and passed.

II. Basic information of the parties to the Transaction

(1) Zijin Mining Group Co., Ltd.*

For basic information of the Company, please refer to its company website, <http://www.zjky.cn>.

(2) Zijin (Europe) International Mining Company Limited, a wholly-owned subsidiary of Gold Mountains (H.K.) International Mining Company Limited, the Company’s wholly-owned subsidiary. It mainly engages in overseas investment, investment holding, etc.

(3) Freeport-McMoRan Inc., the world’s premier publicly traded copper company headquartered in Phoenix, Arizona, the United States of America. It owns several large-scale mine assets and its main mine-produced metal products include copper, gold and molybdenum.

(4) Freeport-McMoRan Exploration Corporation, a wholly-owned subsidiary of Freeport. It mainly engages in exploration for reserves and resources.

(5) Global Reservoir Minerals (BVI) Inc., a wholly-owned subsidiary of Nevsun. It engages in screening and acquisition of investment opportunities in precious metal deposits, base metal deposits, other resources and prospecting.

III. Basic information of the acquisition target

(1) Shareholding structure of the acquisition target

CuAu issued 1,000 Class A Shares and 1,000 Class B Shares in total. GRMB owns 1,000 Class A Shares and 280 Class B Shares, i.e. 100% of Class A Shares and 28% of Class B Shares. FMEC owns 720 Class B Shares, i.e. 72% of Class B Shares. CuAu is mainly engaged in investment business relating to mining industry.

(2) Financial data of the acquisition target

Unit: USD'000

| | First half of 2019 (unaudited) | Year 2018 (audited) | Year 2017 (audited) |
|-------------------|---|--------------------------------|--------------------------------|
| Total assets | 61,966 | 45,819 | 8,810 |
| Total liabilities | 129,986 | 110,875 | 61,755 |
| Net assets | -68,020 | -65,056 | -52,945 |
| Operating income | 0 | 0 | 0 |
| Net profit | -2,965 | -12,111 | -43,881 |

Note:

1. The above financial statements items include the overall status of Class A Shares and Class B Shares. Among which, the Lower Zone of Timok represented by Class B Shares has not commenced construction and development yet. Hence, the above financial statements items mainly reflect the financial status of the Upper Zone of Timok represented by Class A Shares.

2. Total liabilities are basically shareholder's loans from the wholly-owned subsidiaries of Nevsun to the target company, which are mainly for the purpose of development and construction of the Upper Zone of Timok. They are intra-group loans and are eliminated in Nevsun's consolidated financial statements level.

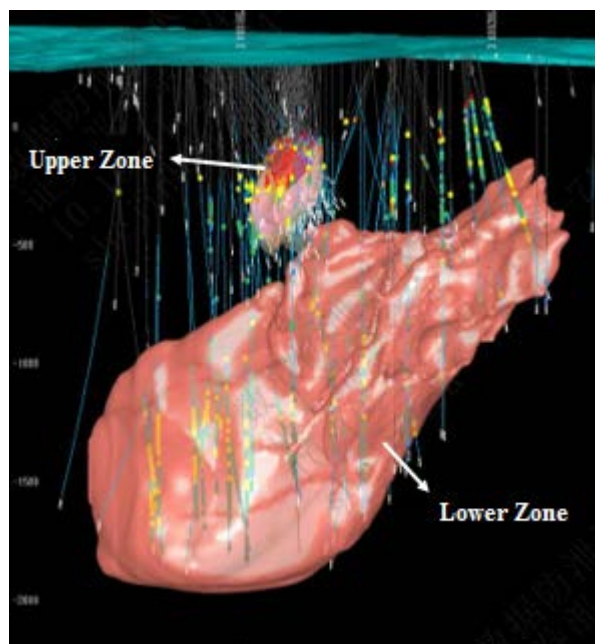
(3) The overall condition and development plan of the acquisition target

1. Basic information of the project and its resources

The Timok copper-gold mine project is located in eastern Serbia, 5 kilometres from Bor, an administrative and mining centre, and approximately 245 kilometres from Belgrade, the capital of Serbia.

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. The Upper Zone contains resources of high-grade copper-gold deposits, and the Lower Zone contains resources of giant porphyry type copper deposits.

The picture on the right illustrates the distribution of the Upper Zone and the Lower Zone.



The Upper Zone of the Timok copper-gold mine is a high-sulphidation epithermal deposit. According to the NI 43-101 technical report released by Nevsun, in April 2017, the measured + indicated ore resource volume in the Upper Zone of the Timok copper-gold mine was 28.70 million tonnes, including 1.05 million tonnes of copper metal grading 3.7% in average and 68.43 tonnes of gold metal grading 2.4g/t in average. The inferred ore resource volume was 13.90 million tonnes, including 230 thousand tonnes of copper metal grading 1.6% in average and 13.06 tonnes of gold metal grading 0.9g/t in average. The upper section of the Upper Zone of the Timok copper-gold mine contains a super high-grade mine body, the distribution of which is relatively concentrated. Measured at a cut-off grade of 8%, there exist 2.95 million tonnes of high-grade ore resources, 360 thousand tonnes of copper metal grading 12.3% in average and 25 tonnes of gold associated with other metal grading 8.67g/t in average, which will be focused on for development at the early stage.

The Lower Zone of the Timok copper-gold mine is a giant porphyry type copper deposit. According to the NI 43-101 technical report on Timok project released by Nevsun, in 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 approximately 299 tonnes of gold metal grading 0.18g/t in average. The peripheral and deep parts of the Timok copper-gold mine are still not closed, having a good potential for increasing reserve volume.

Rakita also owns the following 5 exploration licences: (1) Brestovac-Metovnica; (2) Jasikovo-Durlan Potok; (3) Leskovo; (4) Brestovac Zapad and (5) Nikolicero Zapad (transferred from Tilva in the second half of 2018). The abovementioned exploration licences have favorable potential for prospecting. FMEC's interests

in the abovementioned exploration licences will be sold altogether to the Company in the Transaction.

2. Project structure

CuAu is a company jointly set up by GRMB, a wholly-owned subsidiary of Nevsun, and FMEC. GRMB owns 100% of Class A Shares and 28% of Class B Shares of CuAu, while FMEC owns 72% of Class B Shares of CuAu.

Timok JVSA (BVI) Ltd. (“Timok JVSA”) is a company jointly set up by GRMB and CuAu. GRMB and CuAu owns 45% and 55% equity interest in Timok JVSA respectively.

Timok JVSA indirectly owns 100% interest in Rakita, and consequently owns 100% interest in the Timok copper-gold mine project and five exploration licences.

Under the relevant joint venture shareholder agreement, the Class A Shares correspond to all the interest of CuAu in the Upper Zone of the Timok copper-gold mine project, while the Class B Shares correspond to all the interest of CuAu in the Lower Zone of the Timok copper-gold mine project. Therefore, Nevsun owns 100% of the Upper Zone and 60.4% of the Lower Zone of the Timok copper-gold mine in total; FMEC owns 39.6% of the Lower Zone of the Timok copper-gold mine.

In accordance with the relevant joint venture shareholder agreement, upon the completion of the feasibility report of the Timok copper-gold mine project, CuAu’s shares in Timok JVSA will increase to 75%, while GRMB’s interest in Timok JVSA would decline to 25%. Upon then, Nevsun’s actual ownership interest in the Lower Zone of the Timok copper-gold mine will decline to 46% and FMEC’s actual ownership interest in the Lower Zone will increase to 54%.

After completion of the Transaction, the relevant agreements entered into between FMEC and Nevsun (including shareholders’ agreements and joint venture shareholder agreements) will be terminated. FMEC shall not be entitled to any rights, ownerships and benefits regarding CuAu, Timok JVSA or their respective subsidiaries or the interest in the Lower Zone of the Timok copper-gold mine represented by the Class B Shares.

3. Development plan

The feasibility study report on the Upper Zone of the Timok copper-gold mine is completed. According to the feasibility study, the service life of the Upper Zone of the Timok copper-gold mine is 13 years, with average annual production of 77.3 thousand tonnes of copper and 2.12 tonnes of gold. For the first three years after commencing production, 51.5 thousand tonnes, 135.4 thousand tonnes and 144.9 thousand tonnes of copper will be produced respectively; 2.46 tonnes, 6.08 tonnes and 5.03 tonnes of gold will be produced respectively. As the upper section of the Upper Zone of the Timok copper-gold mine contains super high-grade mine body, the initial return of the development will significantly overpass the average

return of the mine. The after-tax financial internal rate of return of the project is 60.54%, and the payback period (construction period included) of the project is 3.5 years.

At present, the preliminary work in the Upper Zone of the Timok copper-gold mine is in smooth progress, and the production is expected to commence in 2021.

The development of the Lower Zone of the Timok copper-gold mine has not commenced yet. According to the probable study of the Lower Zone of the Timok copper-gold mine conducted by the Company, its mining requirements are simple with advantage in large-scale development. It has the technical and economic conditions for adopting natural caving mining method, and the caving zone of the initial mining area is also situated outside the area of the mining and processing facilities of the Upper Zone. It can be planned and constructed simultaneously with the Upper Zone, and it can be mined simultaneously at a suitable time. The potential value of the Lower Zone can be realised in advance and in a better manner. Mining of the Lower Zone of Timok can be divided into two phases. The mining scale of the first and second phase is 30 thousand tonnes/day and 60 thousand tonnes/day respectively, and the service life of the first and second phase is 21 years and 28 years respectively.

IV. Major contents of the agreements

(1) Acquisition target

According to the agreements, Zijin Europe will pay the Initial Purchase Price Amount on the closing date to obtain 72% Class B Shares of CuAu held by FMEC.

(2) Consideration

Purchase price of the Transaction: The Initial Purchase Price Amount to be paid on the closing date will be USD240 million, and the Deferred Payments to be made to FMEC pursuant to the Deferred Payment Agreement.

The Deferred Payments equal to four tenths of one percent (0.4%) of the net proceeds from the sale of all products, up to an aggregate maximum amount of USD150 million.

The consideration of the Transaction was determined based on normal commercial terms through arm's length negotiation between both parties.

The acquisition will be mainly self-financed by Zijin Europe.

(3) Closing

The closing of the Transaction is scheduled to be completed on or before 31 December 2019, and shall be completed no later than 29 February 2020.

(4) Conditions to closing

1. No governmental authority shall have enacted, issued, promulgated or entered any order or applicable law which is in effect and has the effect of making the transactions contemplated by the agreement illegal or otherwise prohibiting consummation of the closing.
2. The relevant approvals of and registrations at the Chinese governmental departments shall have been obtained.
3. The relevant approvals of the Serbian national organisations shall have been obtained.

(5) Deferred Payment Agreement

1. Deferred Payments

The Deferred Payments equal to four tenths of one percent (0.4%) of the net proceeds from the sale of all products annually of the Lower Zone of the Timok copper-gold mine shall be made from Zijin Europe to FMEC, up to an aggregate maximum amount of USD150 million.

2. Repurchase rights

For a period of 12 months commencing on the third anniversary of the initial sale of products from the Lower Zone of the Timok copper-gold mine, (i) Zijin Europe shall have the Call Option to repurchase the Deferred Payment Obligation from FMEC for USD60,000,000; and (ii) FMEC shall have the Put Option to sell the Deferred Payment Obligation to Zijin Europe for USD60,000,000. To exercise the Call Option or the Put Option, Zijin Europe or FMEC, as applicable, shall provide written notice to the other party hereto and Zijin Europe shall pay the repurchase payment to FMEC within ninety days following the date of the written notice.

3. Payments

Deferred Payment Obligation payments will be due and payable within ninety days of the end of each calendar year in which the same accrued.

(6) Deferred payment amount for the Upper Zone of Timok

Pursuant to the joint venture shareholder agreement, Nevsun still has a deferred payment obligation of USD107.5 million to FMEC. As FMEC proposes to sell all of its interests in CuAu, after negotiation, Zijin Europe and FMEC agreed that such amount shall be settled before 2022, among which, USD45 million, USD50 million and USD12.50 million will be payable on or before 31 July 2020, 31 December 2021 and 31 March 2022 respectively.

V. Impacts of the Transaction on the Company

The Lower Zone of the Timok copper-gold mine is a giant porphyry type copper deposit. At present, the Company owns 60.4% in its interest (which will decline to 46% finally). After completion of the acquisition,

the Company will own 100% interest in the Lower Zone, which is beneficial for the Company to increase its resources reserves and align with the development strategy of internationalisation of the Company and the interests of the Company and shareholders as a whole.

At present, the Upper Zone and the Lower Zone of the Timok copper-gold mine are separated into two development entities. Pursuant to the relevant agreements, the development in the Lower Zone can only commence after the fundamental completion of the development of the Upper Zone. The acquisition will break the development constraint of the original agreements regarding Class A Shares and Class B Shares. After the completion of the acquisition, the Company will practically own 100% interest in the Upper Zone and the Lower Zone of the Timok copper-gold mine, which will benefit the unified planning, construction and operation of the Upper Zone and the Lower Zone of the Timok copper-gold mine. The Lower Zone of Timok can fully make use of the land and construction resources on the land surface and underground construction resources of the Upper Zone, and extends the service life of facilities of the Upper Zone significantly. The Lower Zone of Timok is a low-sulphidation porphyry type gold and copper deposit with simple component and low impurities. Harmful impurities of the ore of the Upper Zone can be reduced by ore blending practically.

The consideration of the Transaction shall be an amount equal to the sum of (a) the Initial Purchase Price Amount of USD240 million and (b) the aggregate payments to be made to FMEC annually pursuant to the Deferred Payment Agreement, up to an aggregate maximum amount of USD150 million. Assuming the copper price is USD3/lb and the annual production is 100 thousand tonnes of copper equivalent, the amount payable of the Deferred Payment for that year will be USD2.65 million. The aggregate Deferred Payments shall not exceed USD150 million, and the net present value of the Deferred Payment based on I=8% is approximately USD24 million. The Initial Purchase Price Amount for the Transaction is USD240 million, equivalent to approximately RMB1.6904880 billion (based on the middle rate of foreign exchange rate quotation of USD1:RMB7.0437 of China Foreign Exchange Trade System on 1 November 2019), representing 4.18% of the Company's audited net assets attributable to owners of the parent at the end of 2018.

VI. Investment risks

(1) Foreign exchange risks

The Transaction will be settled in United States dollar. The continuous fluctuations in the exchange rate will bring foreign currency risks to the acquisition of interest to a certain extent.

(2) Market risks

Market risks lie in the future price trend of metals. If the metal prices fluctuate substantially in the future, there will be uncertainties to the profitability of the projects.

(3) Development risks

The deposit of the Lower Zone is comparatively deeply buried. Although it is a giant deposit, its grade is comparatively low for an underground mining of deposit. There may be substantial technical issues for mining such as ground pressure and geothermal issues, etc. There is uncertainty whether a large-scale, highly-effective development can be achieved.

This announcement is made on a voluntary basis.

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

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

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

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

3 November 2019, Fujian, the PRC

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