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Zijin Mining Group Co., Ltd.*

紫金礦業集團股份有限公司

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

(Stock code: 2899)

Announcement in relation to the Acquisition of Guyana Goldfields Inc. in Cash

Important notes:

Zijin Mining Group Co., Ltd.* (the "Company" or "Acquirer") entered into an arrangement agreement (the "Arrangement Agreement") with Guyana Goldfields Inc. ("Guyana Goldfields" or the "Target Company") on 11 June 2020. The Company, through a wholly-owned subsidiary established in Canada by Gold Mountains (H.K.) International Mining Company Limited ("Gold Mountains (H.K.)"), the Company's overseas wholly-owned subsidiary, proposed to acquire all the issued and outstanding common shares of Guyana Goldfields (the "Target Shares") for cash consideration of CAD\$1.85 per Target Share (the "Acquisition" or "Transaction"). The total consideration for 100% Target Shares under the Acquisition is approximately CAD\$323 million (the "Consideration"). After completion of the Acquisition, the Company will own 100% equity interest in Guyana Goldfields.

The Consideration offered per Target Share represents a premium of 29.37% over the closing price of CAD\$1.43 per Target Share on 2 June 2020 (the trading day prior to the date Guyana Goldfields announced receipt of the superior proposal) as quoted on the Toronto Stock Exchange (the "TSX"); a premium of 31.96% over the weighted average trading price of the Target Shares for the 5 trading days prior to the date Guyana Goldfields announced receipt of the superior proposal.

The Consideration payable under the Transaction was determined in accordance with multiple careful assessments of the Company on the asset value of Guyana Goldfields, with reference to Guyana Goldfields' stock price and the offer price under another proposal and based on normal commercial terms.

The Acquisition will be implemented under a plan of arrangement under the Business Corporations Act (Ontario), and is subject to, among other things, the approvals of the Guyana Goldfields' shareholders at a special meeting (the "Special Meeting"), and the approvals and/or filing as well as registration of the relevant regulatory authorities and courts in Canada.

The Consideration offered under the Transaction is approximately CAD\$323 million, equivalent to approximately RMB1.699 billion or USD\$241 million (based on the middle rate of foreign exchange rate quotation of CAD\$1:RMB5.2623 and USD\$1:RMB7.0608 of China Foreign Exchange Trade System on 11 June 2020, same hereafter). The amount of consideration of the Transaction is subject to the final amount of the consideration of the Acquisition.

Concurrently with the entering into of the Arrangement Agreement, Gold Mountains (H.K.) entered into a loan agreement (the “Loan Agreement”) with Guyana Goldfields, pursuant to which Gold Mountains (H.K.) will provide a secured loan facility to Guyana Goldfields in the principal amount of USD\$30 million, mainly for the purpose of financing ongoing operations of the project and working capital needs.

The Transaction does not constitute a connected transaction or a material asset restructuring.

The Transaction was considered and approved by the board of directors of the Company (the “Board”), and does not require the approval of the Company’s shareholders at a shareholders’ general meeting.

The Transaction is subject to necessary filings or approvals including but not limited to effective approvals, notices or waivers from the PRC government or its authorised departments and the relevant regulatory authorities and courts in Canada.

The success of the Acquisition is subject to uncertainties. Investors should be aware of investment risks.

I. Overview of the investment

The Company entered into the Arrangement Agreement with Guyana Goldfields on 11 June 2020. The Company, through a wholly-owned subsidiary established in Canada by Gold Mountains (H.K.), the Company’s overseas wholly-owned subsidiary, proposed to acquire all the Target Shares for cash consideration of CAD\$1.85 per Target Share. The total Consideration under the Acquisition is approximately CAD\$323 million. The Transaction was unanimously approved at an extraordinary Board meeting.

The Acquisition will be implemented under a plan of arrangement under the Business Corporations Act (Ontario), which is subject to approval by 66^{2/3rds}% of the votes cast by Guyana Goldfields’ shareholders exercising voting rights at the Special Meeting, which will be convened on or before 31 July 2020. In addition to the approval at the Special Meeting, the Acquisition is subject to the approvals of the relevant regulatory authorities and Canadian courts, and the satisfaction of customary closing conditions for transactions in the same nature.

The Consideration payable under the Transaction is approximately CAD\$323 million, equivalent to

approximately RMB1.699 billion or USD\$241 million. The amount of consideration of the Transaction is subject to the final amount of the consideration of the Acquisition.

Concurrently, Gold Mountains (H.K.) entered into the Loan Agreement with Guyana Goldfields, pursuant to which Gold Mountains (H.K.) will provide a secured loan facility to Guyana Goldfields in the principal amount of USD\$30 million, at an annual interest rate of 12%.

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) Gold Mountains (H.K.) International Mining Company Limited, a wholly-owned subsidiary of the Company. The address of its registered office is Unit 7503A, Level 75, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong. Gold Mountains (H.K.) is an important overseas investment, financing and operating platform of the Company. It mainly engages in external investment and trading.

(3) Guyana Goldfields Inc.

For basic information of the Target Company, please refer to its company website, <https://www.guygold.com/Home/default.aspx>.

III. Basic information of the acquisition target

(1) General information of the Target Company

Guyana Goldfields Inc. is a Canadian incorporated mining company the shares of which are listed on the TSX (TSX: GUY). It primarily focuses on investment, acquisition, exploration, development and operation in the mining industry. Its main assets are 100% interest in the Aurora Gold Mine project (in current production) and 15 separate exploration properties held by its wholly-owned subsidiaries, Aranka Gold Inc. and GuyGold Inc., all of which are situated in Guyana, South America.

According to the data of Bloomberg, as at 10 June 2020, the top three shareholders of Guyana Goldfields are as follows:

Name of shareholder	Number of shares held	Shareholding proportion
Sentry Investments Corp	23,211,457	13.30%
Franklin Resources Inc.	16,742,200	9.59%
Baupost Group LLC	15,395,569	8.82%

(2) Major assets and operating status

The core asset of Guyana Goldfields is its 100% interest in the Aurora Gold Mine.

1. Geographical location and natural environment

The political situation in Guyana is generally stable and its legal system is comparatively refined. Guyana is one of the countries in the Caribbean Region with the best economic performance in recent years. It is also the only country in South America using English as its official language.

The Aurora Gold Mine is situated at approximately 170 kilometres west of Georgetown, the capital of Guyana, and 130 kilometres west-northwest of Bartica, a town at the intersection of Essequibo River and Cuyuni River. Bartica is the regional transportation hub for entering the northwestern region of inland Guyana.

Guyana is situated in the equatorial trough, the weather and climate of which are affected by the seasonal movement of equatorial trough and the relevant rainbands. The relative humidity of the region is comparatively high. The temperature throughout the year is between 22 °C to 34 °C.

The project is situated in a remote inhabited area in Guyana. The project region has a medium topographic relief and is covered by dense rainforest with a highest altitude of 130 metres.

The Aurora Gold Mine has an established accommodation complex, simple repairing workshop, fuel storage tanks and a camp under expansion, which can meet the needs of mine production.

2. Major mining licence

Guyana Goldfields holds mining licence of the Aurora Gold Mine. The mining licence of the Aurora Gold Mine was issued on 18 November 2011 covering an area of 58 square kilometres, with a period of 20 years. Pursuant to provisions of the Mining Act of Guyana, after the mining licence expires, it can be extended on application for an additional period of not more than 7 years.

Guyana Goldfields owns 15 independent exploration assets held by its wholly-owned subsidiaries, Aranka Gold Inc. and GuyGold Inc.

3. Status of resources

The Aurora Gold Mine lies within the South American greenstone belt. The local stratigraphy comprises metasedimentary and metavolcanic supracrustal rocks metamorphosed to greenschist facies. The supracrustal units have been intruded by suites of phaneritic and sub-volcanic rocks which vary in composition from mafic to felsic phases. Gold mineralisation in the Aurora deposit has been observed in almost all lithologies identified.

Gold mineralisation within the mining right scope of the Aurora Gold Mine is divided into four main mineralised zones. Among which, the Rory's Knoll is the most significant host to gold mineralisation,

accounting for 70% of the open pit resources and 80% of the underground resources. The mining activities are mainly conducted at the Rory's Knoll open pit mine.

According to the NI 43-101 technical report released by Guyana Goldfields in 2020, the gold reserve volume and resource volume of the Aurora Gold Mine are as follows:

Category	Ore volume (million tonnes)	Grade (g/t Au)	Gold metal volume (tonne)
Reserve volume			
Proven	1.88	2.03	3.83
Probable	23.97	2.75	65.88
Proven + probable	25.85	2.70	69.67
Resource volume			
Measured + indicated	37.60	3.15	118.69
Inferred	25.90	2.28	59.13

Note 1: Resource volume includes reserve volume. The above data is converted based on 1 troy ounce = 31.1035 grammes.

In accordance with the model provided by the geological prospecting institute of the Company, measured at different cutoff grade to delineate the orebody, the retained resource volume of the mine as at 31 December 2019 are as follows:

Cutoff grade (g/t)	Resource type	Ore volume (kt)	Au (g/t)	Au (kg)
0.6	331	30,164	2.18	65,696
	332	32,293	2.21	71,342
	333	27,398	2.4	65,634
	Total	89,855	2.26	202,672
1.0	331	21,620	2.73	59,101
	332	23,863	2.72	64,797
	333	21,680	2.82	61,137
	Total	67,163	2.76	185,035
1.7	331	13,855	3.53	48,935
	332	15,248	3.51	53,485
	333	14,299	3.59	51,374
	Total	43,403	3.54	153,794

4. Progress of the project development

The Aurora Gold Mine commenced commercial production in 2016. Gold production from 2016 to 2019 were 4.7 tonnes, 5 tonnes, 4.8 tonnes and 3.87 tonnes respectively. Open pit mining has been conducted in

the Aurora Gold Mine since its production commencement. According to the plan, production will be changed to underground mining in 2021. Underground mining development project started in 2018. However, the operation is currently suspended due to disease outbreak and lack of funds.

According to the NI 43-101 technical report which is disclosed most recently by Guyana Goldfields, the mine life of the Aurora Gold Mine is 14 years. Production is expected to turn from open-pit mining to underground mining in mid-2021. The processing volume of the plant is expected to be 7,500 tonnes/day, with crude ore grade of 2.7g/t and gold recovery rate of 92.4%. The average annual gold production volume is expected to be 147 thousand ounces (approximately 4.57 tonnes), of which, the average annual gold production from underground mining from 2022 to 2026 is expected to be 170 thousand ounces (approximately 5.27 tonnes).

According to the general research of Zijin (Xiamen) Engineering Co., Ltd. (a subsidiary of the Company) on the Aurora Gold Mine, through redesign by means such as re-measuring the open-pit mining boundary, joint open-pit and underground mining and optimising the mining and processing methods, etc., the overall designed project scale is expected to be approximately 2.5 million tonnes/year and the total mine life can be extended.

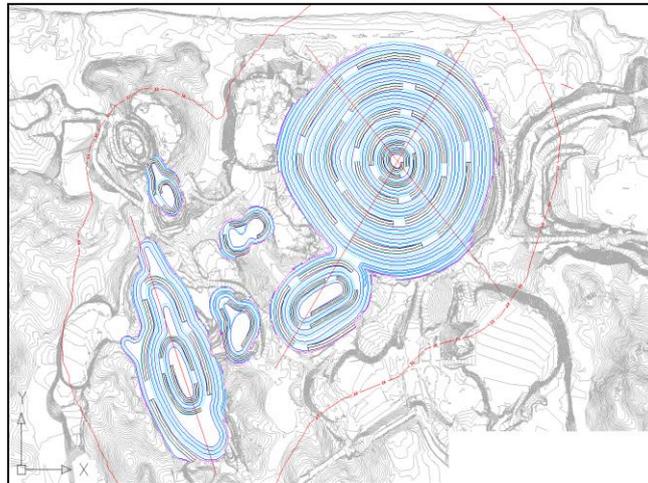


Diagram of open-pit boundary

(3) Major financial data

Unit: USD'000

	Year 2019	Year 2018
Revenue	174,218	187,890
Net profit	-263,340	5,367
	As at 31 December 2019	As at 31 December 2018
Total assets	163,624	476,395
Total liabilities	41,707	91,003

Net assets	121,917	385,392
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Note 1: The substantial loss for the year 2019 was mainly attributable to 1) a decrease in revenue from operating activities; 2) asset impairments of USD235 million for mining properties, plant and equipment.

IV. Major contents of the agreements

The Company and Guyana Goldfields entered into the Arrangement Agreement and the Loan Agreement. The Company also entered into the support and voting agreements with the directors and senior officers of Guyana Goldfields. The major contents of the agreements are as follows:

(1) Arrangement Agreement

1. Transaction structure

The Acquisition will be conducted by way of a plan of arrangement, which has been approved by the board of directors of Guyana Goldfields.

2. Acquisition target

100% of the 174,564,184 currently issued and outstanding common shares of Guyana Goldfields.

3. Consideration of the Transaction

The total Consideration under the Acquisition is approximately CAD\$323 million.

4. Outside date for completion of the Acquisition

30 October 2020, or such later date as may be agreed to in writing between the parties.

5. Major conditions precedent

- (1) The approval of at least 66^{2/3}rd% of the votes cast by the Target Company shareholders present in person or by proxy at the Special Meeting on the resolution to approve the Transaction;
- (2) Receipt of approvals of the PRC and regulatory authorities and relevant courts in Canada;
- (3) No illegality, i.e. no law being in effect that makes the completion of the Transaction illegal or otherwise prohibits or enjoins the Target Company or the Acquirer from completing the Transaction.
- (4) There shall not have occurred a material adverse effect, etc.

6. Other major terms

- (1) Covenants during transition period: The business of the Target Company shall be conducted in ordinary course of business and in accordance with an approved budget, and customary undertakings for transactions in the same nature.
- (2) Covenant of non-solicitation: The Target Company, its directors and senior officers shall be prohibited from soliciting, directly or indirectly, competitive offers from any third party.
- (3) Right to match: If the Target Company receives an unsolicited friendly acquisition proposal, the Target

Company has the right to make response and immediately notify the Acquirer of such proposal and if the Target Company determines that such proposal constitutes a superior proposal to the Transaction, the Target Company shall notify the Acquirer and the Acquirer will have the right to match the competitive proposal within five business days.

(4) Termination fee and reverse termination fee: The Target Company shall pay the following termination fees in the following events: ① if the Arrangement Agreement is terminated due to the failure of Target Company shareholders to approve the Transaction at the Special Meeting and the Acquirer terminates the Transaction as a result, the Target Company shall pay CAD\$500,000 to the Acquirer; ② if the board of directors of the Target Company changes its recommendation, materially breaches the agreement or accepts a superior offer and the Transaction is terminated as a result, the Target Company shall pay a termination fee in the amount of CAD\$11,300,000 to the Acquirer; and ③ if the Acquirer cannot obtain the approvals of the PRC regulatory authorities and the Transaction is terminated as a result, the Acquirer shall pay a termination fee in the amount of CAD\$11,300,000 to the Target Company.

(2) Loan Agreement

1. Lender: Gold Mountains (H.K.) International Mining Company Limited

Borrower: Guyana Goldfields Inc.

Guarantor: Aurora Gold (Barbados) Inc. (“Barbados Subsidiary”) and AGM Inc. (“Guyana Subsidiary”)

(Note: Guyana Goldfields owns 100% shareholding interest in Barbados Subsidiary, Barbados Subsidiary owns 100% shareholding interests in Guyana Subsidiary, and Guyana Subsidiary owns the mining right of the Aurora Gold Mine).

2. Loan principal: USD\$30 million

3. Loan interest: Annual interest rate of 12%. In the interest increase trigger event (e.g. the termination of the Arrangement Agreement for any reason other than as a result of a breach by the lender), annual interest rate is 14%.

4. Maturity date: 120 days after the outside date of the Arrangement Agreement, or an earlier date as stipulated in the Loan Agreement

5. Guarantee: Guyana Goldfields provided its existing and future assets as lien, and pledges the shares of Aurora Gold (Barbados) Inc. and AGM Inc.

(3) Support and voting agreements

The directors and senior officers of Guyana Goldfields entered into the support and voting agreements and agreed that 1. they would vote their Target Shares in favour for the resolution to approve the Transaction at the Special Meeting; and 2. they would not sell or dispose of their Target Shares.

V. Impacts of the Transaction on the Company

(1) Increasing gold resource reserve volume

According to the NI 43-101 technical report released by Guyana Goldfields in 2020, the Aurora Gold Mine

has measured + indicated gold resources volume of 118.69 tonnes, grading 3.15g/t in average, and inferred gold resource volume of 59.13 tonnes, grading 2.28g/t in average. After the verification of the Company, the resource volume is reliable. The project has a large volume of retained resource and considerable potential for reserve increment, which is in line with the development strategy of the Company.

(2) Increasing the Company's gold production volume

The Aurora Gold Mine is in current production. The mineralisation of the main mineral deposit is concentrated and continuous. The mining conditions are favourable and the processing and refining techniques are simple. The processing system construction is completed and the system has been put into operation, with a current production capacity of more than 7,000 tonnes/day. After completion of the Acquisition, it is anticipated that the Company's gold production volume will be raised.

(3) Anticipating quick effect of investment return

Based on the evaluation of the existing production system and resource reserve volume, the entry cost of the project is not high and the capital investment required for underground mining afterwards is in a relatively small amount. Joint open-pit and underground mining can be realised in a short term. Quick effect of investment return is anticipated.

The Consideration offered under the Transaction is approximately CAD\$323 million, equivalent to approximately RMB1.699 billion, representing 3.32% of the audited net assets attributable to the parent of the Company as at the end of 2019. The amount of consideration of the Transaction is subject to the final amount of the consideration of the Acquisition. The fund for the Acquisition will be self-financed by the Company.

VI. Investment risks

(1) Risk of uncertainties in completion of the Transaction

In the process of executing the Transaction, there are possibilities that other competitors may offer to the Target Company more superior acquisition terms than those offered by the Company. Completion of the Transaction is subject to external conditions precedent to the closing. Whether the Transaction can be completed is subject to uncertainties.

(2) Risk in project operation

The Company has been closely following with and paying attention to the project, and a general research was carried out. The Company is of the view that the project has a good potential for development, while in the possible events of progress behind expected schedule, incapability to reach the production capacity and standard, etc., uncertainties may arise from project profitability.

(3) Foreign exchange risks

The foreign exchange reserve of Guyana, the host country of the project, is relatively small. Hence, there exist foreign exchange risks.

(4) Market risks

Market risks are mainly attributable to future gold price trend.

This announcement is made by the Company 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 of directors 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, Ms. Lin Hongying and Mister Xie Xionghui as executive directors, Mister Li Jian as non-executive director, and Messrs. Zhu Guang, Mao Jingwen, Li Changqing, He Fulong and Suen Man Tak as independent non-executive directors.

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

12 June 2020, Fujian, the PRC

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