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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 Change in One of the Projects to be Invested by the Proceeds Raised

Important notes:

- Name of the original project: The Kamo-a-Kakula Copper Mine project of Kamo-a Holding Limited in the Democratic Republic of the Congo (the “DR Congo”)
- Name of the new project: Phase 1 underground mining construction project of the Aurora Gold Mine in Guyana (the “New Investment Project” or “New Project”)
- Total investment amount in the construction of the New Project: USD279.892 million (equivalent to approximately RMB1.7768104 billion, based on the exchange rate of USD1:RMB6.3482 on 31 March 2022)
- The amount of proceeds raised involved in the change: RMB770.4530 million
- The change in the project to be invested by the proceeds raised does not constitute a connected transaction. Its implementation is subject to the consideration at the forthcoming annual general meeting of Zijin Mining Group Co., Ltd.* (the “Company”), and the completion of registration and filing or approval procedures of the relevant departments of the People’s Republic of China (the “PRC”).

I. Basic information about the change in one of the projects to be invested by the proceeds raised

(I) Basic information about the proceeds raised

Pursuant to the approval under the Reply in relation to Approval of Public Issuance of A Share Convertible Corporate Bonds of Zijin Mining Group Co., Ltd.* issued by the China Securities Regulatory Commission (Zhengjian Xuke [2020] No. 2613), the Company publicly issued A Share convertible corporate bonds with a total face value of RMB6 billion to the public. The total amount of proceeds raised from public issuance of A Share convertible corporate bonds was RMB6 billion. After deducting the issuance fees of RMB29,714,932.75 (excluding value-added tax), the actual net proceeds raised was RMB5,970,285,067.25. Ernst & Young Hua Ming LLP verified and confirmed the deposit of the proceeds raised by the Company and issued the Verification Report of Proceeds Raised in Public Issuance of Convertible Corporate Bonds of Zijin Mining Group Co., Ltd.* (Ernst & Young Hua Ming (2020) Yanzi No. 60468092_H01).

As the terms of redemption of the A Share convertible corporate bonds had been triggered, the Company exercised the early redemption right. Starting from 28 June 2021, “Zijin Convertible Bonds” had been delisted from the Shanghai Stock Exchange.

According to the Offering Document for Public Issuance of A Share Convertible Corporate Bonds in 2020 of the Company, the proceeds raised from the issuance will be mainly invested in three projects including the Kamo-a-Kakula Copper Mine project of Kamo-a Holding Limited in the DR Congo. As at 31 March 2022, the details of the use of the proceeds raised are as follows:

Unit: RMB billion

Project name	Total investment amount of the project	Amount of proceeds raised committed for investment	Accumulated amount of proceeds raised invested	Amount of unutilised proceeds raised (including interest)
The Kamo-a-Kakula Copper Mine project of Kamo-a Holding Limited in the DR Congo	5.1635074	3.1102851	2.3487866	0.770453
Mining and processing project in the Upper Zone of the Timok Copper and Gold Mine of Rakita Exploration d.o.o. Bor in Serbia	3.3619773	2.18	2.1913494	0.0000796
Mining project in the Tongshan Mine of Heilongjiang Tongshan Mining Co., Ltd.	0.9475115	0.68	0.0813250	0.611177
Total	9.4729962	5.9702851	4.6214610	1.3817096

Note: The amounts of United States dollars in the bank accounts for the proceeds raised were translated at the exchange rate on 31 March 2022.

(II) Introduction to the change in the project to be invested by the proceeds raised

“The Kamo-a-Kakula Copper Mine project of Kamo-a Holding Limited in the DR Congo” is the project proposed to be changed among the projects to be invested by the proceeds raised. The amount of proceeds raised committed for investment was RMB3.1102851 billion, representing 52.10% of the net proceeds raised from the A Share convertible corporate bonds. As at 31 March 2022, the accumulated amount of proceeds raised invested was RMB2.3487866 billion. The project was completed and put into production ahead of schedule and generated good efficiency. The outstanding balance of the unutilised proceeds raised was RMB0.770453 billion (including interest).

The project to be invested by the proceeds raised after the change will be “Phase 1 underground mining construction project of the Aurora Gold Mine in Guyana”. The implementation entity of the New Investment Project will be AGM Inc., the equity interest of which is indirectly held as to 100% by the Company. The total investment amount in the construction of the New Investment Project will be RMB279.892 million (equivalent to approximately RMB1.7768104 billion), and the amount of proceeds raised proposed to be invested is RMB0.770453 billion. The remaining portion will be paid by the self-owned fund or self-raised fund of AGM Inc.

The Proposal in relation to the Change in One of the Projects to be Invested by the Proceeds Raised was considered and approved at the eleventh meeting of the seventh term of the board of directors (the “Board”) and the eleventh meeting of the seventh term of the supervisory committee (the “Supervisory Committee”) of the Company convened on 11 April 2022. The Company’s independent directors and sponsors expressed their independent opinions and verification opinions of agreement. The change does not constitute a connected transaction. Its implementation is subject to the consideration and approval at the forthcoming annual general meeting of the Company, and the completion of registration and filing or approval procedures of the relevant departments of the PRC.

II. Specific reasons for the change in project to be invested by the proceeds raised

(I) Information about the planned investment and actual investment of the original project to be invested by the proceeds raised

According to the Feasibility Study Report of the Mining and Processing Construction Project of Kakula Deposit of the Kamoia Copper Mine in the DR Congo, the Company shall, in accordance with its shareholding percentage of 49.50% of Kamoia Holding Limited, contribute RMB5.1635074 billion to the project. The amount of proceeds raised committed for investment was RMB3.1102851 billion. After the completion of construction and reaching designated production capacity, the annual ore processing volume of the project is 6 million tonnes. It is expected to produce 595.9 thousand tonnes of copper concentrate per annum in average, equivalent to approximately 307 thousand tonnes of copper metal. The total infrastructure construction period of the project is 3 years and the total life of mine is 20 years (infrastructure construction period exclusive). After the project completes construction and commences production, Kamoia Copper SA, the project’s implementation entity, is expected to realise an average annual sales income of USD1.4136260 billion in the years reaching designated production capacity, an average annual net profit after tax of USD618.6230 million, and an internal rate of return (after tax) of 40.61%. The investment payback period is 4.96 years (after tax, construction period inclusive).

As at 31 March 2022, the accumulated amount of proceeds raised invested in the project was RMB2.3487866 billion, and the outstanding balance of the unutilised proceeds raised was RMB0.770453 billion (including interest).

(II) Specific reasons for the change

The Phase 1, 3.8 million-tonne-per-annum (Mtpa) concentrator plant of the Kamo-a-Kakula Copper Mine project in the DR Congo completed construction and commenced production in May 2021. In 2021, 106 thousand tonnes of copper were produced, and the realised net profit was RMB1.76159 billion. The Phase 2, 3.8 Mtpa concentrator plant commenced hot commissioning in March 2022. The 2022 production guidance of the Kamo-a-Kakula Copper Mine is between 290,000 to 340,000 tonnes of copper in concentrate. Since the Phase 2 plant commenced production earlier than expected, it is anticipated that the upper end of the copper production guidance for 2022 can be achieved.

As the project has reached the intended usable condition and achieved decent results, there is no need for shareholders to continue to invest. In order to improve the efficiency of the use of the proceeds raised and maximise the interests of the Company's shareholders, after thorough study, the Company proposes to invest the outstanding balance of the unutilised proceeds raised of the "Kamo-a-Kakula Copper Mine project of Kamo-a Holding Limited in the DR Congo" into the "Phase 1 underground mining construction project of the Aurora Gold Mine in Guyana".

III. Detailed information on the New Project

(I) Name of the New Project: Phase 1 underground mining construction project of the Aurora Gold Mine in Guyana

(II) Implementation entity: AGM Inc. (the Company indirectly holds 100% of its equity interest)

(III) Project location: Cuyuni-Mazaruni Region, Guyana, South America

(IV) Resources of the project

According to the Company's 2021 annual report, as at the end of 2021, the retained resources/reserves of the Aurora Gold Mine were as follows:

	Resources				Reserves			
	Measured + Indicated	Inferred	Total	Grade	Proved	Probable	Total	Grade
Gold metal	127.07 tonnes	63.61 tonnes	190.68 tonnes	2.53 grammes/tonne	8.01 tonnes	78.49 tonnes	86.50 tonnes	2.36 grammes/tonne

(V) Introduction on the project

The Aurora Gold Mine is a mine in current production and acquired by the Company in 2020. It is mainly an open-pit operation. The mine produced 1.4 tonnes of gold in 2021, and it is planned that 3.3 tonnes of gold will be produced in 2022. For the purpose of fully utilising the resources of the Aurora Gold Mine and securing the sustainable development of the project, according to the Feasibility Study Report on the Mining

Project of the Aurora Gold Mine in Guyana published by Zijin (Xiamen) Engineering Co., Ltd. (the “Feasibility Study Report”) in April 2021, it was proposed that joint open-pit mining + underground mining shall be adopted for the overall Aurora Gold Mine. Open-pit mining + underground mining at the smaller satellite deposits will be carried out first to supplement the production capacity. The mining scale will be 2.50 million tonnes/year. After the end of the open-pit mining, the mine will turn into underground mining. The open-pit mining scale will be 2.20 million tonnes/year with a life of mine of 6 years (the 1st to 6th years of the production period). Underground mining will be implemented in three phases. During Phase 1, mining will be conducted at the main deposit + the satellite deposits above -800m. During the joint open-pit mining + underground mining period, the underground mining scale will be approximately 300 thousand tonnes/year. After the end of the opening-pit mining, the underground mining scale will be expanded to 1.98 million tonnes/year. The life of mine of Phase 1 underground mining will be approximately 12 years, covering the 2nd to the 13th years of the production period; during Phase 2 and Phase 3, mining will be carried out at the main deposit at -800m~-1,400m and -1,400m~-2,000m, respectively, with a mining scale of 1.65 million tonnes per year and a life of mine of 15 years (from the 13th to 27th years of the production period).

The project to be invested by the proceeds raised after the change will be Phase 1 underground mining construction project of the Aurora Gold Mine. Production and construction will be carried out at the same time.

(VI) Development plan for Phase 1 underground mining

Mining area: The mining area of Phase 1 covers the MK, AH satellite deposits and the RK main deposit above -800m.

Mining scale: During the joint mining period, the mining scale of underground mining will be approximately 300 thousand tonnes/year. After the end of the opening-pit mining, the underground mining scale will be expanded to 1.98 million tonnes/year.

Mining method: Sectional filling mining method

Development systems: As the first mining location of Phase 1 underground mining will be at the shallowly buried ore deposits, ramp method will be adopted, and trackless vehicle will be used for transportation in the underground mining. The “main and auxiliary shafts + ramp” combined method will be adopted for the RK main deposit and implemented in three phases.

Product plan: After Phase 1 underground mining reaches the designated production capacity, it is expected that 4.5 tonnes of gold metal will be produced annually.

Electricity: Diesel generator is planned to be installed in the mining site; photovoltaic power is proposed to

be used for lighting, hot water, etc. at the mining area.

Water supply and drainage: Pit water will be used as the source of new water intake for mining and production.

Construction period: The project has commenced construction since November 2021, which will be implemented by phases. The total construction period will be 56 months. It is expected that the construction period can be shortened by further optimising the construction plan.

Life of mine: 12 years. Ramp system for the satellite deposits will be constructed in the 1st year of the production period, and underground mining at the satellite deposits will commence in the 2nd year to supplement the open-pit mining capacity. In the 4th year of the production period, mining at the main deposit will commence through the ramp system. When the open-pit mining completely ends in the 6th year, the shaft system at the main deposit will commence production.

(VII) Technology analysis

The main and auxiliary shafts + supplemental ramp development plan to be adopted for the main deposit is a development plan for underground mining which the Company is familiar with; the sectional filling mining method to be adopted has several advantages including high flexibility, high adaptability and high mechanisation level. The mining method is relatively reliable, and the project is technologically feasible.

(VIII) Estimated investment amount

According to the Feasibility Study Report, the total investment amount in Phase 1 underground mining construction will be USD279.8920 million, including construction fees of USD130.0570 million, acquisitions of equipment and tools of USD53.2120 million, installation fees of USD11.8850 million, other expenses of USD47.0570 million and preparation fees of USD37.6810 million.

(IX) Economic analysis

According to the Feasibility Study Report, after Phase 1 underground mining construction is completed, with an assumption of the base gold price at USD1,450/ounce, it is expected that the average annual realisable operating income, average annual profit before tax, average annual net profit and financial net present value of investment after tax of the project (discount rate at 10%) will be USD240.895 million, USD108.907 million, USD82.739 million and USD119.198 million, respectively; the financial internal rate of return after tax will be 16.94%, and the investment payback period after tax (construction period inclusive) will be 8.36 years (if the construction period of underground mining is not counted, the payback period will be 3.36 years).

The project has favourable financial efficiency, a low breakeven point and considerable risk tolerance capacity. The project is financially feasible.

Financial sensitivity analysis is as follows:

Financial indicators	Unit	Amount			
		1,600	1,700	1,800	1,900
Gold price	USD/ounce	1,600	1,700	1,800	1,900
Financial internal rate of return after tax	%	20.15	22.15	24.01	25.78
Financial net present value of investment after tax of the project (discount rate at 10%)	USD'000	183,181	225,837	268,271	310,680
Financial net present value of investment after tax of the project (discount rate at 8%)	USD'000	250,023	300,090	349,962	399,812
Investment payback period after tax (construction period inclusive)	Year	7.85	7.60	7.39	7.21

Note: The above financial data is for indicative purpose only.

(X) Approvals required for the project construction

Phase 1 underground mining construction has obtained the approvals required at the project location including the mining permit, environmental impact assessment report and the land needed for the construction.

IV. Feasibility analysis and risks warning of the New Project

(I) Feasibility analysis

Gold has the dual attributes of commodity and finance. The demand for financial attribute represented by investment and hedging is the main driving force determining the trend of gold price in recent years, providing support for gold price to stay in high ranges.

After the end of the open-pit mining of the Aurora Gold Mine, there are still vast underground ore resources with a relatively high ore grade. The commencement of the underground mining project construction can extend the life of mine. After the completion of Phase 1 underground mining construction project, an underground mining capacity of 1.98 million tonnes per year can be achieved after reaching the designated production capacity. The project has good profitability and investment payback capabilities, which can ensure the sustainable development of the mine, and bring better economic and social benefits to the Company and the project location.

The Company operates about 30 mines and a batch of world-class mining projects around the world, all of which are primarily designed, constructed, operated and managed by itself. A highly-efficient, highly-profitable and low-cost “Zijin Model” is hereby created. Leveraging the strong mining development and operation capabilities, the Company will make every effort to promote Phase 1 underground mining construction project of the Aurora Gold Mine and the production and operation after completion of construction of the project, and strive to realise the benefits of the project as scheduled.

(II) Risks warning

Pursuant to the provisions of the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the articles of association of the Company and other relevant rules and regulations, the change in the project to be invested by the proceeds raised is subject to the consideration at the shareholders' general meeting of the Company, and the registration and filing or approval procedures of the relevant departments of the PRC.

Although the project to be invested by the proceeds raised has gone through the Company's careful feasibility study, the implementation of the project may still be affected by unpredictable risks, such as international politics, economic situation, the pandemic situation. There are risks of metal price fluctuation as well as risks caused by rising transportation, raw materials and other costs, such as over-expenditure of construction investment, slower-than-expected construction progress and failure to reach the production targets and indicators, which may bring uncertainties to the profitability of the project.

V. Opinion of the independent directors

After consideration, the independent directors are of the view that: the change in the project to be invested by the proceeds raised is a reasonable adjustment based on the Company's development strategy, which had taken into account the Company's actual operating situation, and fully taken into consideration the changes in market demand. It is beneficial for improving the efficiency of the use of proceeds raised. It also further strengthens the Company's core competitiveness, and safeguards the interests of all shareholders. The relevant decision-making procedures of the Company were carried out in accordance with the relevant provisions of the China Securities Regulatory Commission Guideline No. 2 on the Supervision of Listed Companies - Supervision Requirements for Proceeds Raised Management and Use of the Listed Companies (Revised in 2022), Rules Governing the Listing of Stocks on Shanghai Stock Exchange (Revised in 2022), Guideline No. 1 of the Shanghai Stock Exchange on the Self-regulation of Listed Companies - Standard Operation, Guideline No. 11 of the Shanghai Stock Exchange on the Self-regulation of Listed Companies - Continuous Regulations and other laws and regulations, as well as the Management Policy for Proceeds Raised of Zijin Mining Group Co., Ltd.*. It is in line with the interests of the Company and all shareholders. All the independent directors unanimously agreed on the change in the projects to be invested by the proceeds raised, and agreed to table such matter to the shareholders' general meeting of the Company for consideration.

VI. Opinion of the Supervisory Committee

On 11 April 2022, the Company convened the eleventh meeting of the seventh term of the Supervisory Committee, at which the Proposal in relation to the Change in One of the Projects to be Invested by the Proceeds Raised was considered and approved. The Supervisory Committee is of the view that: the change in the project to be invested by the proceeds raised is in line with the Company's strategic plan and aims to improve the efficiency of use of the proceeds raised. There is no prejudice to the interests of the Company and shareholders, and the relevant decision-making procedures were carried out in accordance with the

relevant provisions of the China Securities Regulatory Commission, the Shanghai Stock Exchange and other laws and regulations. The Supervisory Committee unanimously agreed on the change in the project to be invested by the proceeds raised, and agreed to table such matter to the shareholders' general meeting of the Company for consideration.

VII. Verification opinion of the sponsor

Upon verification, the sponsor, Essence Securities Co., Ltd. is of the view that:

(I) The change in one of the projects to be invested by the proceeds raised has been considered and approved by the Company's Board and the Supervisory Committee. The Company's independent directors all expressed their clear consent. The necessary legal procedures have been performed, which is in line with the relevant provisions of the China Securities Regulatory Commission Guideline No. 2 on the Supervision of Listed Companies - Supervision Requirements for Proceeds Raised Management and Use of the Listed Companies (Revised in 2022), Rules Governing the Listing of Stocks on Shanghai Stock Exchange (Revised in 2022), Guideline No. 1 of the Shanghai Stock Exchange on the Self-regulation of Listed Companies - Standard Operation and other laws and regulations. The change in one of the projects to be invested by the proceeds raised is subject to the consideration and approval at the shareholders' general meeting.

(II) The change in the one of the projects to be invested by the proceeds raised is a necessary adjustment made by the Company based on the operating conditions and development strategies, which can help improve the efficiency of the use of proceeds raised, support the Company's business development, and further strengthen the Company's core competitiveness.

In conclusion, the sponsor has no objection to the Company's change in one of the projects to be invested by the proceeds raised.

The future operation and financial data (if any) in this announcement are stated as goals of the Company and shall not constitute a profit forecast of the Company. There is no guarantee that the Company will be able to achieve such goals or not. In light of the risks and uncertainties, the inclusion of forward-looking statements in this announcement should not be regarded as or constitute any representations or actual commitment by the Board or the Company to investors that the plans and objectives in this announcement will be achieved, and investors should not place undue reliance on such statements. The Company undertakes no obligation to update publicly or revise any forward-looking statements or information in this announcement, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

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, 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, Suen Man Tak and Bo Shao Chuan as independent non-executive directors.

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

11 April 2022, Fujian, the PRC

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