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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 Signing of Share Subscription Agreement with Xanadu Mines Ltd**

On 19 April 2022, Zijin Mining Group Co., Ltd.\* (the “Company”) signed a share subscription agreement with Xanadu Mines Ltd (“Xanadu Mines”). The Company proposed to acquire a total of 19.9% equity interest in Xanadu Mines and 50% equity interest in Khuiten Metals Pte. Ltd. (“Khuiten Metals” or the “Joint Venture”), which is a subsidiary of Xanadu Mines, through phases of investment, in order to obtain approximately 45.9% interest in the Kharmagtai copper-gold project in Mongolia. Details are as follows:

Phase 1: The Company proposed to subscribe for 139 million ordinary shares of Xanadu Mines at an issue price of 0.04 Australian dollar (“A\$”) per share through a wholly-owned subsidiary incorporated in Singapore. After the subscription, the Company will own 9.9% equity interest in Xanadu Mines. The total investment will be approximately A\$5.56 million (equivalent to approximately RMB26.06 million, based on the central parity rate of A\$1 to RMB4.6872 on 19 April 2022 as announced by the China Foreign Exchange Trade System).

Phase 2: The Company proposed to continue to further subscribe 10% equity interest in Xanadu Mines at an issue price of A\$0.04 per share. The Company’s total shareholding in Xanadu Mines will then increase to 19.9%. The Company will have the right to appoint one director to the board of Xanadu Mines.

Phase 3: The Company proposed to subscribe for the newly issued shares of Khuiten Metals, a wholly-owned subsidiary of Xanadu Mines, by way of share placement for a cash payment of US\$35 million (equivalent to approximately RMB223.02 million, based on the central parity rate of US\$1 to RMB6.3720 on 19 April 2022 as announced by the China Foreign Exchange Trade System). After the share placement, the Company and Xanadu Mines will each hold 50% equity interest in Khuiten Metals, respectively. Khuiten Metals holds a 76.5% effective interest in Kharmagtai copper-gold project in Mongolia. For the operatorship of the Joint Venture, Xanadu Mines will remain the operator of the Joint Venture until a decision to construct is made. At the point of a future construction decision, the Company will then become the operator of the Joint Venture

and take leadership of the development of the mine.

It is expected that the abovementioned Phase 1 of the transaction will be completed in the near future. For Phase 2 and Phase 3 of the transaction, both parties have only signed a non-legally binding term sheet, which sets out the key terms and conditions to the transaction. No formal agreement has been signed yet. The transaction is subject to approvals, filings and other procedures of the Chinese Government and the Australian Foreign Investment Review Board. Both parties to the transaction have also signed an exclusivity deed for Phase 3 of the transaction, pursuant to which the Company has a four-month exclusivity period to negotiate and finalise the terms.

Xanadu Mines is a mining company focusing on the exploration and development of copper and gold mines in Mongolia. It was established in 2005. It is listed on the Australian Securities Exchange and the Toronto Stock Exchange of Canada. The main assets of Xanadu Mines are three exploration projects, including the advance exploration of Kharmagtai copper-gold project in Ömnögovi Province, Mongolia, the advance exploration of Red Mountain copper-gold project and the primary exploration of Yellow Mountain copper project. These projects are close to each other and have a large amount of resources, of which the Kharmagtai project is the flagship asset. For information about Xanadu Mines, please refer to its company website [www.xanadumines.com](http://www.xanadumines.com).

The Kharmagtai copper-gold project is located in the porphyry copper belt in Ömnögovi Province, Mongolia, approximately 420km from Ulaanbaatar. Several porphyry copper-gold deposits have been discovered in this area, including the Oyu Tolgoi copper-gold operations (120km south of the project) and the Tsagaan Suvarga porphyry copper-molybdenum development (170km east of the project). According to the 2021 annual report of Xanadu Mines, the Kharmagtai copper-gold project has a mineral resource estimate of 1.1 billion tonnes, containing 2.93 million tonnes of copper and 7.8 million ounces (about 243 tonnes) of gold. The overall resources of the project have increased significantly compared with 2018.

Issue date	Cutoff (% CuEq)	Classification	Ore tonnes (Mt)	Grades			Contained metal		
				CuEq (%)	Cu (%)	Au (g/t)	CuEq (Mt)	Cu (Mt)	Au (Moz)
2021	0.2%-Open-cast	Indicated	455	0.4	0.3	0.2	1.85	1.25	3.70
	0.3%-Underground	Inferred	664	0.3	0.2	0.2	2.33	1.68	4.10
2018	0.3%-Open-cast	Indicated	131	0.5	0.4	0.4	0.71	0.48	1.50
	0.5%-Underground	Inferred	477	0.4	0.3	0.2	1.97	1.50	2.93

The Kharmagtai copper-gold project has completed the scoping study. It is planned to use a conventional open pit mine and sulphide process plant, which demonstrated a US\$630 million net present value (NPV),

20% investment rate of return (IRR) project, with a 4-year payback. The next step of project will complete a pre-feasibility study and a JORC compliant ore reserve, which is anticipated to require 18 months and cost US\$20 million to complete.

The Kharmagtai copper-gold mine, which is the flagship project of Xanadu Mines, has a thick and huge ore deposit, and the main ore deposit is open at depth and along strike, with great potential for increasing reserves. The project is close to the China-Mongolia border crossing and has mature logistics and sales channels.

The Company is of the view that the project has a large volume of resources and low total investment amount, as well as a relatively high development potential and prospect. However, the overall grade of mine resources is relatively low. The environment and development conditions are challenging (for example, the project may encounter the lack of water in the mine and the difficulties faced by other mines developed nearby). The Company has successful practical experiences and leading technical advantages in the development and utilisation of low-grade resources, which can support the development of this project. Through investments by phases, the Company will conduct further in-depth researches on the project, which can control investment risks.

The acquisition is in line with the Company's development strategy and is beneficial to further increasing the Company's copper and gold resource and reserves. The Company's copper and gold production volumes and efficiency will be further enhanced if the mine construction completes and production commences. However, due to low ore grade and difficulties in development, the project is sensitive to the changes in metal prices. There are investment risks, which investors are advised to pay attention to.

**The transaction does not constitute a notifiable transaction or connected transaction of the Company under Chapters 14 and 14A of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. 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, 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*

20 April 2022, Fujian, the PRC

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