

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement is for information purpose only and does not constitute an offer or invitation to sell or the solicitation of, or an invitation to induce, an offer to buy or subscribe for, any securities.*



**ZHAOJIN**

**ZHAOJIN MINING INDUSTRY COMPANY LIMITED\***

**招金礦業股份有限公司**

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

**(Stock Code: 1818)**

## **DISCLOSEABLE TRANSACTION**

### **CONDITIONAL TAKEOVER BID FOR THE ENTIRE SHARE CAPITAL OF TIETTO MINERALS LIMITED**

The Board is pleased to announce that on 30 October 2023, Zhaojin Capital, an indirect wholly-owned subsidiary of the Company, has lodged its bidder's statement, pursuant to which it shall make a conditional offer to acquire all of the Target Shares (including Target Shares that are issued during the Offer Period whether due to the conversion of Target Options, Performance Rights or otherwise, pursuant to the bidder's statement), not currently held by the Company, at an offer price of AUD0.58 per Target Share.

#### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in respect of the Proposed Acquisition exceed 5% but are all less than 25%, the Proposed Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

The Board is pleased to announce that on 30 October 2023, Zhaojin Capital, an indirect wholly-owned subsidiary of the Company, has lodged its bidder's statement, pursuant to which it shall make a conditional offer to acquire all of the Target Shares (including Target Shares that are issued during the Offer Period whether due to the conversion of Target Options, Performance Rights or otherwise, pursuant to the bidder's statement), not currently held by the Company, at an offer price of AUD0.58 per Target Share.

## **THE OFFER**

The principal terms of the Offer are as follows:

### **Date**

30 October 2023

### **Parties involved**

- (1) Zhaojin Capital
- (2) The Target
- (3) Shareholders of the Target

Save and except for the 79,204,311 Target Shares (representing approximately 7.02% of the issued share capital of the Target) held by the Company (via its subsidiaries) as of 30 October 2023, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Target and its other ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

### **Conditions**

Completion of the Proposed Acquisition is conditional on fulfilment or waiver of certain conditions before the end of the Offer Period. The principal terms of such conditions are set out as follows:

- (1) Chinese regulatory approvals, including approvals from the NDRC, the MOFCOM and the SAFE;
- (2) approval from the Ministry of Mines, Petroleum and Energy of Côte d'Ivoire;
- (3) other regulatory approvals that are necessary to permit the making and accepting of the Offer and the completion of the Proposed Acquisition;
- (4) there is no regulatory action that restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, or materially impact upon, the making of the Offer and the completion of the Proposed Acquisition or which requires the divestiture by Zhaojin Capital or any associate of Zhaojin Capital of any shares or any material assets of the Target or any subsidiary of the Target;
- (5) Zhaojin Capital has relevant interests in at least 50.1% of the Target Shares (on a fully diluted basis);
- (6) absence of 'prescribed occurrences' of certain events (listed in section 652C of the Corporations Act) under the bidder's statement;
- (7) before the end of the Offer Period (inclusive), the Target does not announce, make, declare or pay any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie);

- (8) the Target does not agree to, and is not under any pre-existing obligation (other than an obligation having been publicly disclosed on ASX as at 30 October 2023) to, whether conditionally or unconditionally, pay any break fee to any person other than Zhaojin Capital as contemplated under the bidder's statement; and
- (9) the Target does not enter into (or disclose that it has entered into, where this has not previously been disclosed) any contract, arrangement or commitment which requires, or may require, the Target to pay or incur, or commit to pay or incur, an amount of more than AUD 50 million (individually or in aggregate).

### **Comparison of the offer price**

The offer price of AUD0.58 per Target Share represents a premium of:

- 36% to the Target's last closing price on ASX prior to the date of this announcement, being AUD0.425 per Target Share;
- 42% to the Target's five-day VWAP as at 27 October 2023 (the last trading day prior to the date of this announcement), being AUD0.408 per Target Share;
- 60% to the Target's one-month VWAP as at 27 October 2023 (the last trading day prior to the date of this announcement), being AUD0.362 per Target Share;
- 41% to the Target's three-month VWAP as at 27 October 2023 (the last trading day prior to the date of this announcement), being AUD0.412 per Target Share; and
- 71% to the equity conversion price of the US\$8 million short term loan announced to ASX by the Target on 17 October 2023, being AUD0.340 per Target Share.

### **Determination of the offer price and details of consideration**

The total consideration under the Proposed Acquisition is up to approximately AUD629 million (equivalent to approximately HK\$3,126 million), which was determined with reference to (i) the operating performance of the Target; (ii) the Target's historical trading price and the premia to trading price in recent comparable public takeover transactions; and (iii) the Target's market capitalisation of approximately AUD479 million as at 27 October 2023.

As of 30 October 2023, there are 1,127,690,451 Target Shares in issue, 22,000,000 Target Options granted and outstanding and 14,050,000 Performance Rights on issue. Pursuant to the Offer, if Zhaojin Capital becomes entitled to exercise the general compulsory acquisition right under Part 6A.2 of the Corporations Act, it may exercise those rights to compulsorily acquire or cancel any outstanding Target Options and Performance Rights then on issue in accordance with the provisions of Part 6A.2 of the Corporations Act.

The consideration for the Proposed Acquisition will be satisfied by internal cash reserves of the Company.

## **OUTCOME OF THE PROPOSED ACQUISITION**

If Target Shares held by shareholders of the Target who accepted the offer upon expiration of the Offer Period is equal to or more than 50.1% of total Target Shares (on a fully diluted basis) and all the condition precedents of the Proposed Acquisition have been fulfilled or waived, the Company (through Zhaojin Capital) will acquire all the Target Shares (including Target Shares that are issued during the Offer Period whether due to the conversion of Target Options, Performance Rights or otherwise) held by shareholders of the Target who have accepted the offer. In particular:

- (1) if the Target Shares held by shareholders of the Target who accepted the offer and the Target Shares held by the Company (through Zhaojin Capital) is less than 90% of all the Target Shares, Zhaojin Capital cannot compulsorily acquire the Target Shares held by the remaining shareholders of the Target and it is expected that the Target's listing on the ASX will be maintained upon closing of the Proposed Acquisition, but it will become a non-wholly owned subsidiary of the Company; and
- (2) if the Target Shares held by shareholders of the Target who accepted the offer and the Target Shares held by the Company (through Zhaojin Capital) is at least 90% of all the Target Shares, Zhaojin Capital has the right to conduct a compulsory acquisition of the remaining Target Shares in accordance with the Corporations Act and realize 100% control over the Target, which will become a wholly-owned subsidiary of the Company. The Target is expected to be delisted from the ASX after closing of the Proposed Acquisition.

If the Target Shares held by shareholders of the Target who accepted the offer upon expiration of the Offer Period is less than 50.1% of total Target Shares (on a fully diluted basis), the situations set out above at the immediately preceding paragraphs are not applicable, and the Company will, through Zhaojin Capital, continue to hold any stake in the Target with a view to maximising returns for the Company's shareholders.

## **REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION**

The Company is a gold producer and gold smelting corporation and has a long and successful record of investing in the gold mining industry. The Company believes that the acquisition of the Target represents an attractive opportunity to expand its business overseas and to improve the overall profitability of its operations.

The Proposed Acquisition is in line with the Company’s strategy. If the Proposed Acquisition is completed, the Company intends to support and accelerate the growth of the Target, including, but not limited to, the development of the Abujar Gold Mine and continued exploration in Côte d’Ivoire, Liberia and other regions.

Having considered the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Proposed Acquisition and the transactions contemplated thereunder are fair and reasonable, and are in the interests of the Company and its shareholders as a whole.

## **INFORMATION ON THE TARGET**

### **General Information of the Target**

The Target is an Australian-headquartered and ASX listed (ASX: TIE) gold miner, operating the Abujar Gold Mine in Côte d’Ivoire, which achieved commercial production on 6 July 2023.

Based on publicly available information, as of 27 October 2023, the substantial shareholders of the Target (i.e. with shareholding exceeds 5%) are as follows:

<b>Name of Shareholder</b>	<b>Shareholding percentage</b>
The Company (via its subsidiaries)	7.02%
Chifeng (via Chijin International (HK) Limited)	12.49%

Save and except for the 79,204,311 Target Shares (representing approximately 7.02% of the issued share capital of the Target) held by the Company (via its subsidiaries) as of 27 October 2023, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Target and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Subject to the Proposed Acquisition becoming unconditional and if Zhaojin Capital and its associates acquire a relevant interest in 90% or more of the Target Shares, and proceed to compulsory acquisition of outstanding shares in accordance with the Corporations Act as set out in the section headed “Outcome of the Proposed Acquisition” above, upon closing, the Target will become an indirectly wholly-owned subsidiary of the Company and its results, assets and liabilities will be consolidated into the accounts of the Group.

### **Major Assets and Operational Status**

The core asset of the Target is the Abujar Gold Mine in Côte d’Ivoire, which commenced operation on 3 January 2023 and achieved first gold pour on 16 January 2023. The Target declared commercial production at its Abujar Gold Mine on 6 July 2023.

## 1. *Geographical location and natural environment*

As the economic hub of the West African region, Côte d'Ivoire is one of the fastest-growing economies in Africa and in the world since 2011. The economy of Côte d'Ivoire relies heavily on agriculture, with smallholder cash-crop production predominating. It remains the globe's leading producer and exporter of cocoa beans and cashew nuts. The financial policy of Côte d'Ivoire is fundamentally liberal, and investments are welcomed through tax exemptions and legal protection against nationalization.

The Abujar Gold Mine is approximately 30km from Daloa, a major regional city in central western Côte d'Ivoire, Africa. It is close to regional and local infrastructure, only 15km from the nearest tarred road and grid power, which has facilitated the exploration and development of the mine.

## 2. *Project structure and mining properties*

The Target indirectly owns 88% interest in the Abujar Gold Mine through its wholly-owned Australian subsidiary, Tietto Minerals Austar Pty Ltd, which was incorporated solely for the purpose of indirectly holding the Target's interest in the Abujar Gold Mine. The Government of Côte d'Ivoire is entitled to a 10% interest and the remaining 2% interest is owned by two local partners.

The Abujar Gold Mine includes three contiguous exploration tenements, namely Middle, South, and North. In October 2020, the Target received environmental approval and in December 2020 a gold exploitation (mining) licence within the Abujar Middle tenement. The mining license of the Abujar Middle tenement covers an area of 120.36km<sup>2</sup>, and the expiry date of the current mining license for the Middle tenement is 8 December 2030.

## 3. *Reserves and resources*

Based on the updated life of mine plan for the Abujar Gold Mine disclosed by the Target on 5 October 2023 on the ASX, the proved and probable ore reserves for the Abujar Gold Mine are estimated as 36.7 Mt at a grade of 1.15 g/t gold and containing 1.36 Moz of gold. Details are as follows:

Ore Reserves		Proved			Probable			Proved + Probable		
Deposit	Deposit Type	Quantity	Grade	Gold	Quantity	Grade	Gold	Quantity	Grade	Gold
		Mt	g/t gold	M oz	Mt	g/t gold	M oz	Mt	g/t gold	M oz
AG	Open Pit	12.0	1.12	0.43	19.2	1.28	0.79	31.2	1.22	1.22
APG	Open Pit	0.0	0.00	0.0	5.4	0.77	0.13	5.4	0.77	0.13
Stockpiles	Stockpile	0.1	0.72	0.0	/	/	/	0.1	0.72	0.0
Total		<u>12.1</u>	<u>1.12</u>	<u>0.43</u>	<u>24.6</u>	<u>1.17</u>	<u>0.92</u>	<u>36.7</u>	<u>1.15</u>	<u>1.36</u>

Based on announcement of the Target on the ASX dated 19 April 2023, the mineral resource estimate of Abujar Gold Mine is 124.0 Mt at a grade of 1.0 g/t gold containing 3.83 Moz of gold. Details of the estimate are as follows:

Mineral Resource		Measured			Indicated			Inferred			Total		
Deposit	Deposit Type	Quantity	Grade	Gold	Quantity	Grade	Gold	Quantity	Grade	Gold	Quantity	Grade	Gold
		Mt	g/t gold	M oz	Mt	g/t gold	M oz	Mt	g/t gold	M oz	Mt	g/t gold	M oz
AG	Open Pit	12.3	1.2	0.5	29.0	1.3	1.2	15.6	1.5	0.7	57	1.3	2.42
APG	Open Pit	/	/	/	9.5	0.8	0.2	30.8	0.7	0.7	40	0.7	0.93
SG	Open Pit	/	/	/	/	/	/	5.5	0.8	0.1	5	0.8	0.14
APG-ex	Open Pit	/	/	/	/	/	/	21.2	0.5	0.3	21	0.5	0.34
Total		<u>12.3</u>	<u>1.2</u>	<u>0.5</u>	<u>39.0</u>	<u>2.2</u>	<u>1.45</u>	<u>73.0</u>	<u>0.8</u>	<u>1.90</u>	<u>124.0</u>	<u>1.0</u>	<u>3.83</u>

Notes:

- Ore reserves are based on the mineral resource estimate as of 30 June 2023.
- Rounding of values may cause values in the table to appear to have computational errors.

#### 4. Current project status

Based on the Target's announcement on 5 October 2023, the mine life of the Abujar Gold Mine is currently forecasted to be ten years, with operations ceasing in 2033, at an average life-of-mine ("LOM") production of 170 Koz per annum forecasted over the next nine years until 2032, with the last year processing lower grade waste material. Open pit designs were completed using a US\$1,500/oz gold price.

Mining at Abujar is based on conventional open pit method at a LOM mining rate of 36.4Mt per annum, including 5.4Mt of ore. Stripping ratio is at 1:5.74. Ore is mined from two deposits, namely AG and APG, with AG providing majority of value to the operation. Waste is taken to dumps located near the AG Main Pit and several other supplementary dumping locations. Tailings are stored in a single HDPE lined storage facility.

The process plant comprises of a conventional SAG milling circuit, gravity and carbon in leach (CIL) processing flow, with a LOM ore throughput of 5.37Mt per annum, at a head grade of 1.04 g/t and gold recovery rate of 94.26%. LOM all-in sustaining cost is approximately US\$982/oz.

## **Major Financial Data**

According to the published consolidated accounts of the Target as at 30 June 2023, the net assets of the Target were approximately AUD257,074,499. The revenue of the Target for the year ended 30 June 2022 was nil. The audited net loss (before and after taxation) of the Target for the year ended 30 June 2022 (the most recent financial year with audited accounts) were AUD46,594,459, and the audited net loss (before and after taxation) of the Target for the year ended 30 June 2021 were AUD19,553,822. The above financial information was prepared in accordance with Australian Accounting Standards and complied with International Financial Reporting Standards. As at 27 October 2023, the market capitalisation of the Target was approximately AUD479 million.

## **INFORMATION ON THE COMPANY AND ZHAOJIN CAPITAL**

### **The Company**

The Company is a joint stock limited company incorporated in the PRC on 16 April 2004 and the H Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1818). The Company and its subsidiaries are principally engaged in gold exploration, mining, ore processing and smelting, as well as processing and sale of by-products in the PRC.

### **Zhaojin Capital**

Zhaojin Capital, an indirect wholly-owned subsidiary of the Company, is a special purpose vehicle incorporated in Hong Kong for the purposes of the Offer. Zhaojin Capital is a direct wholly-owned subsidiary of Sparky International, being a company incorporated in Hong Kong, which is, in turn, a direct wholly-owned subsidiary of the Company.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in respect of the Proposed Acquisition exceed 5% but are all less than 25%, the Proposed Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules, but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

## **MAJOR RISKS FACTORS OF THE OFFER AND THE PROPOSED ACQUISITION**

### **Risk of uncertainties in completion of the Proposed Acquisition**

Completion of the Proposed Acquisition is subject to certain conditions precedent beyond control of the Company and Zhaojin Capital (see the section headed "Conditions" above). There are uncertainties in whether the Proposed Acquisition can be completed.

### **Operational risk of the project**

There are risks that the mining volume may not reach the designated production capacity; there may be declining of ore grade; the grade of mined ores may fall short of the designated grade, and the volumes of metals mined and produced may be lower than expectation. These may adversely affect the economic benefits of the project.



## Foreign exchange risks

The Proposed Acquisition will be settled in AUD. The continuous fluctuations in the exchange rate will bring foreign currency risks to the Proposed Acquisition to a certain extent.

## Market risks

Market risks lie in the future price trend of gold. If the gold price fluctuates substantially in the future, there will be uncertainties as to the profitability of the project, which has impact on the value of the Target.

**The Offer is subject to certain conditions precedent which may or may not be satisfied and therefore, completion of the Proposed Acquisition may or may not take place. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“Abujar Gold Mine”	the Target’s gold mine located in western Côte d’Ivoire and comprised of three contiguous tenements with a total land area of around 1,114 km <sup>2</sup>
“ASX”	Australian Securities Exchange
“AUD”	Australian dollar, the lawful currency of Australia
“Board”	the board of Directors
“Chifeng”	Chifeng Jilong Gold Mining Co., Ltd., a company incorporated in the PRC with limited liability and an indirect substantial shareholder of the Target, the shares of which are listed on the Shanghai Stock Exchange (stock code: 600988)
“Company”	Zhaojin Mining Industry Company Limited, a company incorporated in the PRC with limited liability, the H shares of which are listed on the Main Board of the Stock Exchange (stock code: 1818)

“Corporations Act”	the Corporations Act 2001 (Cth) of Australia
“Côte d’Ivoire”	the Republic of Côte d’Ivoire
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administration Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“MOFCOM”	the Ministry of Commerce of the PRC
“NDRC”	the National Development and Reform Commission of the PRC
“Offer Period”	the period for which the Offer remains open in accordance with the Corporations Act
“Performance Right”	the performance rights issued by the Target
“PRC”	the People’s Republic of China
“Proposed Acquisition” or “Offer”	the conditional cash takeover offer which shall be made by Zhaojin Capital for all of the Target Shares not currently held by the Company
“SAFE”	the State Administration of Foreign Exchange of the PRC
“Sparky International”	Sparky International Company Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Tietto Minerals Limited ABN 53 143 493 118, an Australian-headquartered metals exploration company listed on the ASX (ASX: TIE)

“Target Option(s)”	option(s) issued by the Target carrying rights to subscribe for new Target Shares subject to the terms and conditions of such option(s)
“Target Share(s)”	the fully paid ordinary share(s) in the capital of the Target
“VWAP”	volume-weighted average price
“Zhaojin Capital”	Zhaojin Capital (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company

By order of the Board  
**Zhaojin Mining Industry Company Limited\***  
**Jiang Guipeng**  
*Chairman*

Zhaoyuan, the PRC, 30 October 2023

*As at the date of this announcement, the Board comprises:*

*Executive Directors:* **Mr. Jiang Guipeng, Mr. Duan Lei, Mr. Wang Ligang and Mr. Chen Lunan**

*Non-executive Directors:* **Mr. Long Yi, Mr. Li Guanghui and Mr. Luan Wenjin**

*Independent non-executive Directors:* **Ms. Chen Jinrong, Mr. Choy Sze Chung Jojo, Mr. Wei Junhao and Mr. Shen Shifu**

\* *For identification purpose only*

*For the purpose of this announcement only, the conversion of Hong Kong dollars to Australian dollars is based on the exchange rate of AUD1.00 to HK\$4.9701.*