

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this document, 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 document.



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 the La Arena Gold Mine and La Arena II Project in Peru

Important notes:

- Jinteng (Singapore) Mining Pte. Ltd. ("Jinteng Mining"), an overseas wholly-owned subsidiary of Zijin Mining Group Co., Ltd.* (the "Company"), proposed to acquire 100% interest of the La Arena Gold Mine and La Arena II copper-gold project in Peru (the "La Arena project") indirectly owned by Pan American Silver Corp. ("Pan American") for a cash consideration of USD\$245 million, plus a USD\$50 million contingent payment and a 1.5% NSR payable on commercial production from La Arena II (the "Transaction").
- The Transaction has received approvals from the relevant Chinese and Canadian governmental authorities. The closing of the Transaction is still subject to the final completion of a series of procedural conditions. Investors are advised to pay attention to investment risks.

I. Overview of the Transaction

Pursuant to the share purchase agreement (the "Share Purchase Agreement" or the "Agreement") entered into among the Company, Jinteng Mining and Pan American and its two subsidiaries, namely, Aquiline Resources Inc. and 0799714 B.C. Ltd. (collectively, the "Sellers"), Jinteng Mining proposed to acquire a total of 100% equity interest in La Arena S.A. (the "Target Company") directly and indirectly held by the Sellers for a cash consideration of USD\$245 million (equivalent to approximately RMB1.73933 billion, calculated based on the Renminbi central parity rate of USD\$1:RMB7.0993 on 6 November 2024 announced by the China Foreign Exchange Trade System). In addition, upon commencement of commercial production from the La Arena II project, the Share Purchase Agreement provides for a contingent payment of USD\$50 million to Pan American. In addition, Pan American will retain a gold net smelter return royalty of 1.5% for the La Arena II project, and have the right to offtake a portion of the copper concentrate supply from the La Arena II project on commercial terms.

The core asset of the Target Company is its 100% interest of the La Arena project in Peru. The La Arena project consists of the La Arena I mine and the La Arena II project. Among which, the La Arena I mine is a heap leach gold mine currently in production, while the La Arena II project is a porphyry copper and gold project in the exploration stage.

The Transaction has received approvals from the relevant Chinese governmental authorities and the relevant approval under the Investment Canada Act. The Transaction was considered and unanimously approved by the board of directors of the Company. It does not constitute a connected transaction or a material asset restructuring.

II. Basic information on the counterparty to the Transaction

Pan American is headquartered in Vancouver, Canada, and its shares trade on the New York Stock Exchange and the Toronto Stock Exchange under the symbol “PAAS”. Pan American is a leading producer of silver and gold in the Americas, operating mines in Canada, Mexico, Peru, Brazil, Bolivia, Chile and Argentina.

III. Basic information on the transaction target

(I) Overview of the Target Company

The Target Company is registered in Peru. The Sellers hold a total of 100% equity interest in the Target Company directly and indirectly. The Target Company holds 100% interest of the La Arena project. As at 31 December 2023, the total assets, total liabilities and net assets of the Target Company amounted to USD\$320 million, USD\$155 million and USD\$165 million, respectively. In the year 2023, the Target Company realised sales revenue and net profit of USD\$190 million and USD\$10 million, respectively (the abovementioned financial data has been audited).

(II) Overview of the La Arena project

1. Information on natural geography and infrastructure

The La Arena project is situated in the Department of La Libertad in northern Peru, at elevations ranging from 3,000 to 3,600 metres above sea level. The average annual temperature is 10.6°C and the average annual rainfall is estimated at 1,124 millimetres. The mining area is intersected by national and provincial highways, located approximately 175 kilometres from the port of Salaverry and approximately 150 kilometres from Trujillo, Peru’s third-largest city. The transportation is convenient. The project is connected to the national power grid of Peru, providing stable and sufficient electricity supply. The La Arena II project is adjacent to the existing in-production mining area of the La Arena I mine, with favourable conditions for mining production facilities.

2. Information on mining rights

The Target Company holds 25 mineral concessions totalling approximately 33,140 hectares. The orebodies of the La Arena I mine and La Arena II projects are both situated within the scope of the abovementioned mineral concessions. Under Peruvian law, mineral concessions have no expiry date and are continuously effective as long as legal requirements are met.

3. Information on resource reserves

The La Arena project is located in the porphyry Cu-Mo-Au metallogenic belt in northern Peru, within the world-renowned Andes Mountains in South America. The orebodies are generally distributed in a “gold upper layer, copper lower layer” pattern. Details of the resource reserves of the La Arena I and La Arena II projects are as follows:

(1) The La Arena I mine

According to the report of reserves & resources, as at 30 June 2024, the La Arena I mine had a total of 22.60 million tonnes of proven and probable ore reserves, containing approximately 8 tonnes of gold at an average grade of 0.33g/t.

(2) The La Arena II project

According to the February 18, 2018 NI 43-101 Technical Report on the La Arena Project, Peru, details of the specific resources of the La Arena II project are as follows:

Material type	Classification	Tonnes	Gold	Copper	Contained Gold	Contained Copper
		M	g/t	%	t	Mt
Oxide	Measured + Indicated	49.1	0.28		13.7	
	Inferred	41.3	0.26		10.9	
Sulphide	Measured + Indicated	693.2	0.23	0.38	161.6	2.627
	Inferred	50.4	0.21	0.31	10.7	0.158
Total	Measured + Indicated	742.4	0.24	0.35	175.3	2.627
	Inferred	91.6	0.23	0.17	21.2	0.158

4. Mine development situation and plans

The La Arena project has two types of mineral deposits, namely the high-sulphidation epithermal gold deposit in the southwest and the porphyry-hosted copper-gold deposit in the northeast. Among which:

The La Arena I mine is a gold mine in production in the southwest. It is an open-pit mining and heap leach project that commenced production since 2011. At present, the daily ore processing volume is 36 thousand tonnes, producing approximately 3 tonnes of gold annually. The remaining life of mine is 3 years. It is expected that the life of mine can be extended with the gold ores extracted from the La Arena II project.

The La Arena II project will develop the porphyry copper and gold deposit in the northeast. At present, the project is still in the exploration stage and requires further supplementary exploration, development plan and validation work. According to the preliminary validation by the Company's technical team, open-pit mining and flotation processing are proposed to be adopted by the La Arena II project. Based on a design with an annual mining and processing scale of 33 million tonnes, a construction period of 3 years and a production period of 19 years, it is expected that the mine will produce approximately 100 thousand tonnes of copper and approximately 3.8 tonnes of gold annually after reaching the designated production capacity.

IV. Main contents of the Agreement

(I) Share purchase

The Sellers agree to sell, and Jinteng Mining agrees to purchase, a total of 100% of the equity interest in the Target Company directly and indirectly held by the Sellers.

(II) Consideration for the Transaction

The cash consideration for the Transaction is USD\$245 million, which is payable at closing. In addition to the consideration for the Transaction, both parties to the Transaction shall separately settle the cash, working capital and other items of the Target Company in accordance with the procedures and criteria as agreed in the Agreement.

(III) Other obligations in relation to the La Arena II project

Upon commencement of commercial production from the La Arena II project, the Share Purchase Agreement provides Pan American for a contingent payment of USD\$50 million. In addition, Pan American will retain a gold net smelter return royalty of 1.5% for the La Arena II project, and upon closing, it will separately enter into a copper concentrate offtake agreement with the Target Company, whereby Pan American will have the right to offtake 60% of the copper concentrate supply from the La Arena II project on commercial terms. The annual available concentrate for the offtake shall not exceed the total copper concentrate produced from the La Arena II project in any contract year, less any quantities mandated by Peruvian governmental authorities to be sold or otherwise allocated for use within Peru, multiplied by 60%. The available concentrate for the offtake acquired by Pan American shall be sold exclusively to final receivers in Canada or the United States of America.

(IV) Other terms

The Agreement also stipulates customary terms such as representations and warranties, conditions precedent, tax matters, indemnification and dispute resolution.

V. Impact of the Transaction on the Company

The Company is of the view that the La Arena project, being a mine in production situated in a world-renowned metallogenic belt and possessing relatively large copper and gold resources, has relatively favourable potentials for exploration and reserve increment. The mining area has relatively complete infrastructure, a long life of mine and good local transportation and electricity supply conditions. It is expected that the La Arena project will bring significant economic benefits.

The area where the La Arena project is located is a traditional mining area in Peru. There are many in-production mines and the history of mining development is long. The Company will maintain and strengthen the good community relations already established by the La Arena project and strive to contribute to the local social and economic development.

The La Arena project is approximately 360 kilometres away from the Company's Río Blanco Copper-Molybdenum Mine, and acquisition of the project will generate management synergies. The Company is of the view that the development of the La Arena project will also help to accelerate the commencement of the Río Blanco project.

The Transaction is in line with the Company's development strategy and will help to further enhance the Company's resource reserves, raise the Company's mine-produced copper and mine-produced gold production volumes, and contribute to the realisation of the Company's five-year production target.

VI. Investment risks

The Company reminds that the closing of the Transaction is still subject to the final completion of a series

of procedural conditions. There are uncertainties as to whether the La Arena II project will meet conditions for development and construction. There are risks that the mining volume of the project may not reach the designated production capacity, and the metal output falling below expectations. The economic benefits of the project will be affected by fluctuations in metal prices. Investors are advised to pay attention to investment risks.

As none of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) in respect of the Transaction exceeds 5%, the Transaction does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules. The Transaction also does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. This announcement is made by the Company on a voluntary basis.

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

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), Zou Laichang, Lin Hongfu, Ms. Lin Hongying, Messrs. Xie Xionghui and Wu Jianhui as executive directors, Mister Li Jian as non-executive director, and Messrs. He Fulong, Mao Jingwen, Li Changqing, Suen Man Tak, Bo Shao Chuan and Ms. Wu Xiaomin as independent non-executive directors.

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

6 November 2024, Fujian, the PRC

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