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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 the Sawayaerdun Gold Mine in Wuqia County, Xinjiang

On 14 July 2022, Zijin Mining Group Northwest Co., Ltd. (“Northwest Co.”), a wholly-owned subsidiary of Zijin Mining Group Co., Ltd.* (the “Company”), acquired 100% equity interest in Xinjiang Weifu Mining Co., Ltd. (“Weifu Mining”) held by Alexis Investments Limited (“Alexis Investments”) through transfer by agreement. The consideration of the equity interest transfer was RMB461,083,900. At the same time, the Company invested RMB38,236,100 to acquire the debt interests in Weifu Mining and Xinjiang Tongyuan Mining Co., Ltd. (“Tongyuan Mining”) held by Alexis Investments and other creditors. The total investment was RMB499,320,000. Upon the completion of the acquisition, the Company will hold 70% equity interest in Tongyuan Mining and RMB263 million debt interests in Tongyuan Mining. Tongyuan Mining holds 100% interest in the Sawayaerdun Gold Mine in Wuqia County, Xinjiang.

I. Introduction to the gold mine project

The Sawayaerdun Gold Mine is located in the Ulugqat Township, Wuqia County, Xinjiang. It is approximately 110 kilometres from Wuqia County in a straight-line distance. The mine area is located in the western part of the Southwestern Tianshan Mountain, with an elevation of 3,100~4,348 metres. The northern part is higher than the southern part, and the mountain is steep. The mine area is in the Pamir climate subregion of the typical continental climate. The annual precipitation is 1,000~1,500 millimetres. The largest evaporation reaches 1,500 millimetres. There is no inhabitant within the mine area. The transportation is fine. Ulugqat Township, which is 45 kilometres from the mine area, has a 110kV electrical substation. The Sawayaerdun River, which is 2 kilometres from the mine area, flows perennially throughout the year and can satisfy the water need for production and domestic use of the project. The auxiliary materials and fuels required for project construction and production can be obtained locally.

The Sawayaerdun Gold Mine has a mining right of the Sawayaerdun Gold Mine in Wuqia County, Xinjiang and an exploration right of the peripheral exploration of the Sawayaerdun Gold Mine in Wuqia County, Xinjiang, both rights of which are held by Tongyuan Mining. The exploration of the Sawayaerdun Gold Mine

has been completed and a mining permit has been obtained. The mining right covers an area of 1.709 square kilometres, with a production scale of underground mining of 140,000 tonnes per year, and is valid until 22 March 2023. The mine has not yet been developed or constructed. The exploration right of the peripheral exploration of the Sawayaerdun Gold Mine covers an area of 10.93 square kilometers, and is valid until 15 June 2023.

The Sawayaerdun Gold Mine is a shallow metamorphic medium-low temperature infiltration hydrothermal (carlin-like) gold deposit. A total of 21 mineralised zones have been found in the mine area. Among which, the main ore body is 3,660 metres long and has an average thickness of 6.22 metres in plate-like shape. According to the Exploration Report of the Sawayaerdun Gold Mine in Wujia County, Xinjiang, with a cut-off grade of 0.8 gramme/tonne, the ore volume (331+332+333) in the mine area is 76.5399 million tonnes, the gold metal volume is 119.5 tonnes grading 1.56 grammes/tonne in average. Among which, the volume of industrial-grade ore is 23.2529 million tonnes, the volume of gold metal is 60.07 tonnes grading 2.59 grammes/tonne in average. The volume of low-grade ore is 53.2870 million tonnes, the volume of gold metal is 59.43 tonnes grading 1.12 grammes/tonne in average. The resources of the project reach a super-large scale.

The Sawayaerdun Gold Mine is located in the Central Asian Orogenic Belt. The regional metallogenic condition is satisfactory. The deep part of the deposit and its surrounding have considerable exploration potential.

II. Project development plan

According to the pre-feasibility study report on the mining and processing project of the Sawayaerdun Gold Mine prepared by Zijin Engineering Company, a subsidiary of the Company, the planned construction scale of the project is 8,000 tonnes per day and the annual processing volume of ores is 2.64 million tonnes. The construction period and production period are 2 years and 25 years, respectively. Open-pit mining will be adopted at the shallow part of the mine. Open-pit mining will be adopted first, followed by underground mining. Subsection caving and stoping without bottom pillars will be adopted in the underground mining.

The processing flow is preliminarily confirmed as follows: crude crushing - semi-autogenous grinding - hard rock crushing (pending) - ball milling - flotation processing (including re-grinding of medium ore) - gold concentrate pretreatment (biological pre-oxidation) - cyanide leaching and adsorption. Since the ores are refractory, the Company proposed to adopt the biological pre-oxidation method to handle the refractory gold concentrate. The process flow is simple, low in investment, relatively high in gold recovery rate, environmentally friendly and low pollution. The total construction investment of the project is expected to be RMB1.43 billion. The product of the project is gold-loaded carbon, with an annual output of approximately 2.76 tonnes of gold.

III. Project valuation

The Company entrusted Zhejiang CNGEO Appraisal & Consultation Co., Ltd. to assess the value of the mining right of the Sawayaerdun Gold Mine in Wuqia County, Xinjiang of Xinjiang Tongyuan Mining Co., Ltd. Taking 31 March 2022 as the base date for valuation, the project had a retained gold metal resources of 119.5 tonnes, and the annual processing volume of ores of 2.64 million tonnes.

IV. Introduction on the project company

Weifu Mining was established in 2003 with a registered capital of RMB230 million. It is wholly-owned by Alexis Investments Limited of Hong Kong. As at 30 June 2022, the total assets, total liabilities and net assets of Weifu Mining amounted to RMB264 million, RMB1.9045 million and RMB262 million, respectively. As the project has not yet been developed, the net loss realised for the period from January to June 2022 amounted to RMB406,000. (The abovementioned financial data has not been audited)

The registered capital of Tongyuan Mining is RMB50 million. Among which, Weifu Mining holds 70% of the equity interest, Xinjiang Baokai Nonferrous Metals Co., Ltd. (a subsidiary of Xinjiang Uygur Autonomous Region State-owned Assets Supervision and Administration Commission) and Kashgar Dadi Industrial Geological Exploration Co., Ltd. (a subsidiary of Xinjiang Geology and Mineral Bureau) each holds 15% of the equity interest, respectively. As at 30 June 2022, the total assets, total liabilities and net assets of Tongyuan Mining amounted to RMB313 million, RMB263 million (upon the completion of the acquisition, debt interests will be held by Weifu Mining and Northwest Co.) and RMB50 million, respectively. The net profit realised for the period from January to June 2022 amounted to RMB0. (The abovementioned financial data has not been audited)

Weifu Mining and Tongyuan Mining do not have any connected relationship with the Company.

V. Impact of the acquisition and risk warning

The board of directors of the Company is of the view that the resources of the Sawayaerdun Gold Mine reach a super-large scale. It is a rare, undeveloped 100-tonne level gold mine in China, and has certain potential for exploration, which can help the Company further enhance its reserves of gold resource; the project is under good construction conditions and has a small-scale mining permit, which will lay certain foundation for the subsequent expansion of production scale. The Company has invested in the Wulagen Lead and Zinc Mine and a zinc smelting project in Wuqia County, where synergies can be formed with this acquisition. Upon the completion of the transaction, the Company will obtain 70% equity interest in Tongyuan Mining and hold RMB263 million debt interests in Tongyuan Mining (Tongyuan Mining will repay with the funds generated from operation).

The project's resources have been verified preliminary. Yet, there is still a possibility of deterioration in the resources and grades. Conditions of the wall rocks of the ore body are unfavourable, and the mining area is

in an earthquake-prone area, which will increase the difficulty of mine construction and mining costs. The deposit belongs to the micro-disseminated deposit. The ore body contains arsenic, carbon and antimony. It will affect the comprehensive recovery rate and overall operating efficiency. The overall grade of the project is relatively low. As the ores are refractory, there are certain technological and operational risks in terms of mining, processing and metallurgy. The capability to resist market price risk is relatively low. Investors are advised to pay attention to the risks.

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 Hong Kong Stock Exchange Limited. 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 director 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. 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

14 July 2022, Fujian, the PRC

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