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JINCHUAN 金川

JINCHUAN GROUP INTERNATIONAL RESOURCES CO. LTD

金川集團國際資源有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2362)

**OPERATIONAL UPDATE
FOR THE THREE MONTHS ENDED 31 MARCH 2020**

This announcement is made by Jinchuan Group International Resources Co. Ltd (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company announces the unaudited operational update for the three months ended 31 March 2020 (the “**First Quarter**”).

**OPERATIONAL UPDATE FOR THE THREE MONTHS ENDED 31 MARCH
2020**

Operational Data

The Group’s operational data of mining operations and the revenue generated from trading of mineral and metal products summarized and shown in the table below are derived from the management account and internal records currently available to the Group. Such operational data are intended to give investors an overview of the Group’s operations in a timely manner which may differ from the actual data to be disclosed in future periodic report(s) of the Group.

| | For the three months ended 31 March 2020 | For the three months ended 31 March 2019 |
|--|---|--|
| Mining operations | | |
| Production: | | |
| Copper (<i>tonne</i>) | 17,209 | 18,210 |
| Cobalt (<i>tonne</i>) | 1,333 | 1,355 |
| Product sold: | | |
| Copper (<i>tonne</i>) | 14,664 | 19,656 |
| Cobalt (<i>tonne</i>) | 1,296 | 212 |
| Revenue (including provisional pricing adjustment): | | |
| Copper (<i>US\$'000</i>) | 71,164 | 110,439 |
| Cobalt (<i>US\$'000</i>) | 27,863 | 5,468 |
| Trading of mineral and metal products | | |
| Revenue – trading of externally sourced mineral and metal products (<i>US\$'000</i>) | 133,813 | 267,247 |

During the First Quarter, the Group's mining operations produced 17,209 tonnes of copper (three months ended 31 March 2019: 18,210 tonnes) and 1,333 tonnes of cobalt (three months ended 31 March 2019: 1,355 tonnes).

During the First Quarter, the Group's mining operations sold 14,664 tonnes of copper (three months ended 31 March 2019: 19,656 tonnes), representing a decrease of 25% year-on-year compared to the corresponding period in 2019, and 1,296 tonnes of cobalt (three months ended 31 March 2019: 212 tonnes), representing an increase of 511% year-on-year compared to the corresponding period in 2019.

Out of the sales of the copper and cobalt, the Group's mining operations generated revenue of approximately US\$71.2 million and US\$27.9 million, respectively (three months ended 31 March 2019: US\$110.4 million and US\$5.5 million, respectively) in the First Quarter, representing approximately 36% year-on-year decrease and 410% year-on-year increase compared to the corresponding period in 2019 respectively.

Moreover, the revenue generated from trading of externally sourced mineral and metal products amounted to approximately US\$133.8 million, representing a decrease of 50% as compared to US\$267.2 million in the corresponding period in 2019.

Analysis and Prospect

The decrease in revenue in the First Quarter was attributable to the softer trading conditions and the factors below:

1. Materially lower prices for copper and cobalt in the First Quarter as compared to the corresponding period in 2019 with market copper and cobalt prices falling by approximately 9.4% and 7.4% respectively, leading to a drop in revenue. Also, as a result of lower commodity price as compared to the fourth quarter of 2019, there is a downward adjustment to the provisional sales price previously recognized; and
2. The sale of copper is slower than expected as the Group has decided to send part of the concentrate produced by our Kinsenda operation to a local smelter for further processing starting in First Quarter. The Group will start selling copper blister to international market starting from the second quarter of the year.

The Group will continue to monitor the commodity market price fluctuation closely in order to react timely to market changes, and will continue to expand its customer base in search of the best market terms available.

COVID-19 Update on Operations

On 11 March 2020, the World Health Organization officially declared the outbreak of novel coronavirus pneumonia epidemic (“**COVID-19**”) to be a pandemic. The Group is closely monitoring the progress of the virus and is taking measures to contain the impact of COVID-19 on the health of its employees and on its operations.

Various governments have imposed far-reaching restrictions on daily life and economic activity, and the Group has been engaging with relevant authorities and other stakeholders to understand the impact of these measures on the Group’s operations.

The Group has introduced a number of precautionary measures in response to the COVID-19 pandemic. These include the implementation of health monitoring and travel history controls for international arrivals, temperature monitoring at its mine site entry points, enhanced hygiene and cleaning measures, social distancing and measures to identify higher risk groups. To date, no COVID-19 cases have been identified at any of our operation.

While there were no material disruptions to the Group’s productive operations during the First Quarter, there can be no certainty that the COVID-19 pandemic and the restrictive measures implemented by the government of the Democratic Republic of the Congo (the “**DRC**”) and other governments to slow the spread of the virus will not impact the Group’s productive operations in the coming weeks and months. Further, the lack of extensive health infrastructure in the DRC, should there be an outbreak of COVID-19, may materially and adversely impact the operation of the Group in the DRC.

Export of finished product out of the DRC via South Africa were temporarily suspended in April 2020 due to the lockdown in South Africa and has affected the Group's delivery to customers. The Group will be materially and adversely impacted if its operations are disrupted for any extended period of time, or if it is unable to either import required supplies or export finished product. The Group has been closely monitoring the impact of the developments on the Group's businesses and has put in place contingency measures, such as temporary adjustment to levels of deliveries of final product. The Group will keep contingency measures under review as the situation evolves.

The information contained in this announcement is based only on the preliminary assessment by the Board upon its review of the unaudited consolidated management accounts of the Group and the current information available to the Board which have not been audited nor reviewed by the Company's independent auditor.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company, and should note that undue reliance on or use of the above information may cause investment risks.

By order of the Board
Jinchuan Group International Resources Co. Ltd
Wong Hok Bun Mario
Company Secretary

Hong Kong, 8 May 2020

As at the date of this announcement, the Board comprises two executive directors, namely Mr. Gao Tianpeng and Mr. Cheng Yonghong; three non-executive directors, namely Mr. Zhang Youda, Mr. Liu Jian and Mr. Wang Qiangzhong; and three independent non-executive directors, namely Mr. Wu Chi Keung, Mr. Yen Yuen Ho, Tony and Mr. Poon Chiu Kwok.