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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 SIX MONTHS ENDED 30 JUNE 2021

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 six months ended 30 June 2021 (“**2021 1H**”).

OPERATIONAL UPDATE FOR THE SIX MONTHS ENDED 30 JUNE 2021

Operational Data

The Group’s operational data of mining operations and the revenue generated from trading of mineral and metal products summarised 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 the announcement regarding the interim results of the Group for the six months ended 30 June 2021, which is expected to be published before the end of August 2021.

| | For the six months ended 30 June 2021 | For the six months ended 30 June 2020 |
|---|--|--|
| Mining operations | | |
| Production: | | |
| Copper (<i>tonne</i>) | 28,503 | 39,006 |
| Cobalt (<i>tonne</i>) | 1,447 | 2,635 |
| Product sold: | | |
| Copper (<i>tonne</i>) | 29,385 | 34,000 |
| Cobalt (<i>tonne</i>) | 1,187 | 2,970 |
| Revenue (including provisional pricing adjustment) – approximate figures: | | |
| Copper (<i>US\$'000</i>) | 272,716 | 148,961 |
| Cobalt (<i>US\$'000</i>) | 50,958 | 57,832 |
| Mining operations revenue (<i>US\$'000</i>) | 323,674 | 206,793 |
| Trading of mineral and metal products | | |
| Revenue – trading of externally sourced mineral and metal products – approximate figures (<i>US\$'000</i>) | 36,770 | 140,748 |
| Total revenue (<i>US\$'000</i>) | 360,444 | 347,541 |

Note: Pricing coefficients were considered in actual sales revenue

In 2021 1H, the Group's mining operations produced 28,503 tonnes of copper content included in copper cathode and copper concentrate (six months ended 30 June 2020 ("2020 1H"): 39,006 tonnes) and 1,447 tonnes of cobalt content included in cobalt hydroxide (2020 1H: 2,653 tonnes).

In 2021 1H, the Group's mining operations sold 29,385 tonnes of copper (2020 1H: 34,000 tonnes), representing a decrease of approximately 14% year-on-year compared to 2020 1H, and 1,187 tonnes of cobalt (2020 1H: 2,970 tonnes), representing a decrease of approximately 60% year-on-year compared to 2020 1H.

Out of the sales of the copper and cobalt, the Group's mining operations generated revenue of approximately US\$272.7 million and US\$51.0 million in 2021 1H, respectively (2020 1H: approximately US\$149.0 million and US\$57.8 million, respectively), representing approximately 83% year-on-year increase and 12% year-on-year decrease respectively compared to 2020 1H.

Moreover, the revenue generated from trading of externally sourced mineral and metal products amounted to approximately US\$36.8 million in 2021 1H, representing a decrease of 74% as compared to US\$140.7 million in 2020 1H.

Provisional pricing

The following table provides a summary of the metal that was sold but which remains provisionally priced at the end of June 2021 and the month that final average pricing is expected to occur at the time of final invoicing.

| | Open pricing at 30 June 2021 | | | Total |
|--------------------------|------------------------------|----------------|-------------------|-------|
| | July 2021 | August 2021 | September 2021 | |
| Copper (<i>tonnes</i>) | 3,672 | 1,887 | 2,341 | 7,900 |

Analysis and Prospect

Copper and cobalt production volume in 2021 1H decreased by 27% and 45% respectively as compared to 2020 1H as the Group has processed ores with lower copper and cobalt grade at the Group's Ruashi Mine and Kinsenda Mine in 2021 1H. The decrease was also due to the finance lease of Chibuluma which became effective in 2021 1H. Mining assets at Chibuluma are leased out to an independent third party under a finance lease arrangement in 2021 1H. For details of the finance lease arrangement, please refer to the Company's announcement dated 28 December 2020. The lessee produced and sold 1,069 tonnes of copper in 2021 1H and the Group has recorded a royalty income of approximately US\$877,000 under the finance lease arrangement. In 2020 1H, Chibuluma produced 7,964 tonnes of copper content under the Group's operation.

Despite the decrease in volume of copper and cobalt sold in 2021 1H, the total revenue generated from the mining operations had increased owing to materially higher prices for copper and cobalt in 2021 1H as compared to 2020 1H, with market copper and cobalt prices increased by approximately 66% and 28% respectively, leading to a significant increase in revenue. Also, as a result of higher commodity price, there has been an adjustment to the provisional sales price previously recognized.

The average benchmark London Metal Exchange (“LME”) copper and Metal Bulletin (“MB”) cobalt prices in 2021 1H were US\$9,095 per tonne and US\$20.1 per pound respectively, representing a 66% and 28% increase as compared to the average benchmark copper and cobalt price for 2020 1H of US\$5,490 per tonne and US\$15.7 per pound respectively.

LME copper price has increased by approximately 21% from the end of 2020 and reached US\$9,385 per tonne by the end of June 2021. This has led to the increase in the Group’s mining operation’s revenue and profit in 2021 1H.

The trading of mineral and metal products segment recorded a significant decrease in revenue on trading of externally sourced commodities of 74% from US\$140.7 million in 2020 1H to US\$36.8 million in 2021 1H. The decrease was due to the voluntary liquidation of Shanghai Jinchuan Junhe Economic Development Co., Ltd.* (上海金川均和經濟發展有限公司), one of the principal trading arms of the Group. For details, please refer to the “Significant Events” section in the Company’s annual report 2020.

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.

The overall financial results of the Group for the six months ended 30 June 2021 will only be ascertained when all the relevant results and accounting treatments are finalised. Since the Group’s financial performance will also be affected by other factors, such as valuation on the Group’s assets and liabilities which possibly may result in additional impairment loss and/or provision to be recorded, the Company will make further announcement as and when required if there is further information in relation to the finalization of financial results of which are material is available. Shareholders of the Company and potential investors are also advised to refer to the details of the interim results announcement of the Group for the six months ended 30 June 2021 which will be announced before the end of August 2021.

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.

* for identification purposes only

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

Hong Kong, 30 July 2021

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.