

[Press Release]



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)

**Jinchuan International Announces 2019 Interim Results:
Records US\$705 million Revenue for the Period,
Copper and Cobalt Production Volume Continue to Increase**

**Flexible Marketing Strategy in response to
Commodity Price Fluctuation**

2019 Interim Results Highlights

- During the first half of 2019, the Group recorded revenue of US\$705.4 million, in which revenue from the trading of mineral and metal products segment increased by more than 20.2% to US\$493.3 million over the same period in 2018.
- Mine production continued to increase, the Group produced 36,897 tonnes of copper and 2,611 tonnes of cobalt, and sold 38,091 tonnes of copper and 844 tonnes of cobalt in the Period.
- The Group strategically slowed its sale of cobalt and has approximately 3,200 tonnes of cobalt inventory by the end of the Period, with an estimated net realization value of approximately US\$65 million under the current market price and term.

(22 August 2019, Hong Kong) **Jinchuan Group International Resources Co. Ltd** (the “**Company**” or “**Jinchuan International**”, together with its subsidiaries, collectively referred to the “**Group**”, Stock Code: 2362.HK), announced the unaudited consolidated interim results of the Group for the six months ended 30 June 2019 (the “**first half of 2019**” or the “**Period**”).

For the six months ended 30 June 2019, the Group’s recorded revenue of US\$705.4 million (for the same period 2018: US\$800.7 million), in which the revenue from trading of mineral and metal products segment was US\$493.3 million (for the same period 2018: US\$410.5 million). The segment revenue was achieved by Shanghai Jinchuan Junhe, a 60% owned subsidiary of the Group, via the trading of commodities including copper cathode and the trading volume of this subsidiary has been

increasing rapidly.

For the first half of 2019, the Group's recorded gross profit of US\$60.1 million (for the same period 2018: US\$177.7 million); Profit attributable to shareholders of US\$4.2 million (for the same period 2018: US\$61.0 million); Earnings before interest (net finance costs), income tax, depreciation and amortisation and impairment loss ("**EBITDA**") of US\$66.8 million (for the same period 2018: US\$187.5 million).

The deterioration in the Group's gross profit and profit attributable to shareholders in the period was mainly due to the materially lower prices for benchmark copper and cobalt as compared to the corresponding period in 2018. For the first half of 2019, the average benchmark for LME copper and MB cobalt prices fell by approximately 11% and 59% respectively as compared to the same period 2018. The Group has strategically slowed its sale of cobalt to connected party and has increased its storage of cobalt inventory, leading to the significant decrease in cobalt quantity sold by approximately 67%. And the significant increase in royalty rate in the Democratic Republic of Congo ("**DRC**") on copper and cobalt from 2% to 3.5% since June 2018 and on cobalt from 3.5% to 10% near the end of 2018, leading to a drop in net profit ratio. Such impact was partially offset by the decrease in commodity volume sold.

During the first half of 2019, the Group produced 36,897 tonnes of copper and 2,611 tonnes of cobalt, sold 38,091 tonnes of copper and 844 tonnes of cobalt, and generated revenue of US\$203.4 million and US\$8.7 million from copper and cobalt sales respectively. The Group's copper production was 21% higher in the period as compared to the same period 2018, contributed by Ruashi Mine as a result of higher volume of ore mined and milled, higher recovery rate recorded and the shift in focus from cobalt to copper during the period.

Cost of mining operations recorded US\$153.9 million (for the same period 2018: US\$213.4 million) during the period, representing a decrease of 27.9% as compared to the same period 2018, due to Ruashi Mine has focused on the development of own mine and has reduced the purchase of foreign ore in the Period, and the increase in cobalt's finished goods inventory during the period.

Flexible Marketing Strategy in response to Commodity Price Fluctuation

In view of the low cobalt price, the Group has strategically slowed its sale of cobalt and has increased its storage of cobalt inventory during the period. Approximately 3,200 tonnes of cobalt inventory was recorded during the period, with an estimated net realization value of approximately US\$65 million under the current market price and terms.

The Group is confident that the demand and supply of cobalt will remain strong. And with the shift of focus in producing cobalt in 2018 back to producing copper by some miners, global cobalt production growth is expected to be slowed down, and the downward trend of cobalt price in 2019 will come to an end. The healthier and more sustainable demand for cobalt will lead a gradual

recovery of cobalt price in the future, and the Group has the ability to sell its inventories in the global commodity market quickly to realise its inventory value. The Group will continue to monitor the commodity market price fluctuation closely in order to react timely to market changes.

Development Project Progress Steadily, Actively Seek for Investment Opportunities

With the Kinsenda Mine already producing at full capacity, the Group's will focus on the construction of the Musonoi copper-cobalt mine, and the development of the Ruashi's sulphide deposit, and is closely accelerating the exploration work in Ruashi sulphide zone, Musonoi Project deeper area and Kinsenda Mine infill drilling.

Looking ahead, the Group will actively look into the market and seek for investment opportunities, in particular southern Africa which was close to its existing mines to bring growth and synergy to the group. The Group will strives continuously to reduce production costs, with its strategy of "Improvement on Cobalt and Maintaining Growth on Copper" to increase production and sales and achieve better profitability.

The Group commented, "To be a world-class mineral corporation is the ultimate goal of the Group. The Group will continually, prudently and actively pursue any new business development opportunity. And with the continuous support of the Jinchuan Group Co., Ltd* and prudent strategic planning of the broad of directors, the Group remains confident that the performance of the Group will overcome the disadvantages and stand out from the crowd under such unfavorable market conditions, and create value for the shareholder."

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About Jinchuan Group International Resources Co. Ltd (Stock Code: 2362.HK)

Jinchuan International is a Hong Kong listed company established by the Jinchuan Group Co., Ltd for the purposes of accelerating the establishment of the mining group's multinational operational strategy and elevating Jinchuan Group's global investing, financing and operating capabilities. By virtue of Hong Kong's advantages as an international financial and trade center, and through the Company's focus on an internationalized operating strategy, the Company has established itself as the flagship platform for the Jinchuan Group to develop its overseas non-ferrous metal mining business. The Company is primarily engaged in the development of overseas mining resources projects, capital operation and assets management of overseas mining resources projects, as well as trading of raw materials and products of nickel, copper, cobalt and precious metals.

About Jinchuan Group Co., Ltd*

Jinchuan Group Co., Ltd*, founded in 1958, is a state owned enterprise with its majority interest held by the People's Government of Gansu Province. Jinchuan Group specializes in mining, concentrating, metallurgy, chemical engineering and further downstream processing. Jinchuan Group is widely

recognized as a renowned mining corporation and is the third largest nickel producer and fourth largest cobalt producer in the world and the third largest copper producer in China. Jinchuan Group ranks no. 369 in “Fortune” Global 500.

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*For identification purposes only