

[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 Annual Results
Records US\$1,247 million Revenue,
Copper and Cobalt Production Volume Continue to Increase**

**Promotes Project Construction Continually and
Responds Optimistically to Market Fluctuations**

2019 Annual Results Highlights

- During 2019, the Group recorded revenue of US\$1,246.9 million, in which revenue from the trading of mineral and metal products segment was US\$781.5 million.
- Mine production continued to increase, the Group produced 73,057t of copper and 5,070t of cobalt, and the production was 18.6% and 6.7 % higher respectively in 2019 as compared to 2018.
- Cost of mining operations decreased by 7.2% in 2019 due to less foreign ore was secured by Ruashi Mine during the year ended 31 December 2019 as Ruashi Mine focused on the development of own mine resources.

(25 March 2020, 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 audited consolidated annual results of the Group for the year ended 31 Dec 2019 (the “**2019**” or the “**Year**”).

During the year ended 31 December 2019, the Group’s recorded revenue of US\$1,246.9 million (2018: US\$1,400.0 million), in which the revenue from mining operations was US\$465.4 million (2018: US\$606.2million), and the revenue from trading of mineral and metal products segment was US\$781.5 million (2018: US\$793.8 million).

For 2019, the Group’s recorded gross profit of US\$89.1 million (2018: US\$198.8 million); Profit

attributable to shareholders of US\$8.7 million (2018: US\$66.9 million); Earnings before interest (net finance costs), income tax, depreciation and amortisation and impairment loss (“EBITDA”) of US\$116.2 million (2018: US\$214.2 million).

The deterioration in the Group’s profit attributable to shareholders of the company in 2019 as compared to 2018 was mainly due to the materially lower prices for benchmark copper and cobalt for the year ended 31 December 2019 as compared to 2018 with average LME copper and MB cobalt prices falling by approximately 8% and 56% respectively from 2018 to 2019. The Group recorded a net reversal of impairment loss of US\$9.7 million in the year ended 31 December 2019, as compared to the net reversal of impairment loss of US\$53.5 million recorded in the year ended 31 December 2018. 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. Royalties expenses have increased from US\$33.9 million in the year ended 31 December 2018 to US\$36.1 million in the year ended 31 December 2019. Meanwhile, the subsidiaries entered into a settlement agreement with the non-controlling shareholder of the subsidiary on 11 November 2019 relating to payment of a settlement sum of US\$25,000,000.

For the year ended 31 December 2019, the Group produced 73,057t of copper and 5,070t of cobalt, and the production of copper and cobalt were 18.6% and 6.7% higher respectively in the year ended 31 December 2019 as compared to the year ended 31 December 2018. Meanwhile, the Group sold 75,549t of copper and 4,831t of cobalt, and the volume of copper and cobalt sold were 17.9% and 43.4% higher respectively in the year ended 31 December 2019 as compared to the year ended 31 December 2018. The increase of the Group’s copper production was mainly contributed by the increase in copper cathode produced by Ruashi Mine during the year 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 year ended in 2019.

Cost of mining operations decreased by 7.2% to US\$379.3 million (2018: US\$408.9 million) for the year ended 31 December 2019 principally due to less foreign ore was secured by Ruashi Mine during the year as Ruashi Mine focused on the development of own mine resources and hence resulted in the increase in mineral rights amortisation and mining costs in the year.

Benefit from Elastic Supply and Demand Copper, Cobalt Prices can be Expected to Grow

Looking forward, the Group will benefit from an expected rise in copper and cobalt prices. In August 2019, one of the largest cobalt supplier in the world announced the partial temporary suspension of production for an expected two years limiting the global cobalt supply in the near future, cobalt price has since rebounded to US\$15.1/lb by the end of 2019 and reached US\$17.0/lb by the end of

February 2020. The Group also anticipate that as manufacturers and traders drain their stock, the year long downward trend of cobalt price will come to an end, and healthier and more sustainable demand for it will lead the gradual recovery of cobalt price.

The fundamental of the copper market is sound and with the entrance of US-China Phase 1 trade deal in January 2020, copper price has rebounded healthily to US\$6,300/t level. However, the widespread of the coronavirus has affected normal logistics arrangement globally and have delayed the resumption of refineries and factories production in the PRC after Chinese new year, which dragged down short term copper price in February and March 2020. While the precise timing of the coronavirus to be gone is unknown, a quick rebound is expected from the market after the coronavirus gone. Chile's Mining Minister predicted that the copper price will surge to US\$6,600/t this year once the coronavirus passed.

In addition, according to market research, electric vehicle industry worldwide will need 250% more copper by 2030 for charging stations, and each electric vehicle consumes double to triple copper as compared to conventional internal combustion engine-powered vehicle, copper will benefit from the modest growth of the electric vehicle industry.

Continue to Carry Out Project Construction to Meet Market Opportunities

The Group strives to multinational mining development and operation business. With Kinsenda Mine already producing at full capacity, the Group's focus in the near future is the construction of the Musonoi copper-cobalt mine in Kolwezi, the DRC and the development of the Ruashi's sulphide deposit. Construction work was started at Musonoi Project in late 2018.

Exploration work will continue in Ruashi's sulphide zone below oxide, Musonoi Project deeper area and Kinsenda Mine infill drilling.

The Group commented, "To be a world-class mineral corporation is the ultimate goal of the Group. Apart from the existing operations in Africa, the Group will actively look into the market and seek for investment opportunities which can provide the Group with growth and synergies. More efforts had been put towards new business development, in particular identifying opportunities at Southern Africa which was close to our existing mines to look for synergy. We will continually, prudently and actively pursue any new business development opportunity."

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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