

[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 2020 Annual Results

Profit Attributable to Shareholders Increased by 242%

Revenue of Mining Operations Rises Steadily

2020 Annual Results Highlights

- During 2020, the Group recorded revenue of US\$664.6 million, in which revenue from the mining segment was US\$ 497.7 million. Profit attributable to shareholders increased significantly by 242% to US\$29.9 million as compared to 2019.
- The Group produced 72,477t of copper and 4,158t of cobalt, and sold 67,843t of copper and 5,468t of cobalt in the Year.
- Cost of sales for mining operations decreased by 1.2% as the Group has maintained tight cost control.

(26 March 2021, 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 2020 (the “**2020**” or the “**Year**”).

During the year ended 31 December 2020, the Group’s recorded revenue of US\$664.6 million (2019: US\$1,246.9 million), in which the revenue from mining operations was US\$497.7 million (2019: US\$465.4 million), and the revenue from trading of mineral and metal products segment was US\$166.9 million (2019: US\$781.5 million). The decrease in revenue was mainly due to the scale back of trading business in the year which leads to the drop in trading revenue.

In 2020, the Group’s recorded gross profit of US\$87.3 million (2019: US\$53.0 million); profit attributable to shareholders of the Company of US\$29.9 million (2019: US\$8.7 million), representing a 242% increase compared to last year; earnings before interest (net finance costs), income tax, depreciation and amortisation and impairment loss (“**EBITDA**”) of US\$140.4 million (2019: US\$116.2 million).

The main reasons for significant increase in profit attributable to shareholders of the Company for the Year were the rebound of copper and cobalt prices in the second half of the year, the strict cost control implemented throughout the year, and the one-off net reversal of impairment loss of US\$27.0 million in 2020 (2019: US\$9.7 million).

In 2020, the Group produced 72,477t of copper and 4,158t of cobalt, and sold 67,843t of copper and 5,468t of cobalt which generated revenue of US\$388.2 million and US\$109.5 million respectively. The slight decrease in copper production in the Year was mainly due to the Group temporarily placed Chibuluma in care and maintenance since July 2020, and the decrease in Kinsenda's ore and feed grade in 2020. Lower cobalt production in the Year was due to lower grade of cobalt ore mined in the Year. Revenue in the Year increased as the Group successfully reduced the inventory of cobalt. The inventory of cobalt was successfully reduced from 1,606t at the end of 2019 to 296t at the end of 2020.

Actively Adjust Business Strategies to Deal with Market Uncertainty

The Group has decided to send copper concentrate produced by Kinsenda Mine to a local smelter for processing into copper blister starting from March 2020, to enhance its copper products in the long run and to minimize copper sales in March and April 2020 when copper price was low. Kinsenda started selling copper blister to international market in May 2020, and managed to realise a higher achieved price for copper sold as the market copper price rebounded in the second half of 2020.

During the Year, the Group has reviewed the updated life of mine model of the Group's two operating mines incorporating revised minable reserves and new commodities prices assumption, the Group has reversed part of the impairment loss recognised in prior year to reflect the changes in assumptions of price and mineable reserves.

Conforms to The Market Development Trend and Actively Grasp The Growth Opportunities of Copper and Cobalt

The copper market remains tight in the short-term future, with COVID-19 pandemic ("pandemic") still causing disruption in major copper producing countries including Peru and Chile. Global commodities trader Trafigura sees a significant deficit in the region of ten million tonnes of copper by 2030. Although the precise timing of the pandemic to be contained is still unknown, however, with the gradual recovery of the global macroeconomic and the modest growth of the electric vehicle industry, copper fundamental factors will definitely stay strong in the future.

In the case of cobalt, due to the major cobalt miners in the DRC who supplied over 18% of the global cobalt market has been maintained under caring and maintenance scheduled for an estimated two years period, together with the DRC Government placing stricter control on the source of cobalt,

cobalt supply will remain tight in the near future. According to analysts' research reports, the long-term demand for cobalt will grow from 143,000 tonnes in 2020 to 230,000 tonnes in 2025. At the same time, the Group also anticipates that as manufacturers and traders drain their stock, the year long downward trend of cobalt price has come to an end, and a more sustainable demand will lead to the gradual recovery of cobalt price.

The Group aims to further develop its international multinational mining development and operation business, and will continue to monitor factors that caused market fluctuation and to ensure the Group is able to respond to any market changes in a prepared and timely manner. With Kinsenda Mine already operating in full capacity, the Group's focus in the near future will be the construction of the Musonoi copper-cobalt mine in Kolwezi, the DRC and the development of the Ruashi's sulphide deposit. Construction work at Musonoi Project has progressed well in the Year and the Group has entered into a financing agreement with CDIBC for the construction of Musonoi Project. The Group's exploration work will continue in Ruashi's sulphide zone below oxide zone, 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 has placed efforts towards business development, to continually, prudently and actively looking into the market to seek new opportunities, which can provide the Group with growth and synergies. Looking ahead, the Group will continue to improve quality, efficiency and production, and reduce production costs with its strategy of 'Improvement on Cobalt and Maintaining Growth on Copper', to achieve better profitability and create more values for the shareholders of the Company."

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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 production and trading of base 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 in 2020.

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*For identification purposes only